

MOS 1021 Human Resource Management Unit Chapter Notes

Chapter 1

HRM Close-up: Tania Goodine

- Get work done through other people
- Develop & coach people & help solve problems
- “In a service business, all you have are your people”
- All human resource processes & programs are critical to company success
- Embrace individual differences & develop people to their full potential
- Help people understand important business issues before new ideas can be implemented, all the time being positive & supportive of their need & ability to contribute with fresh thinking
- “When employees can see a behaviour themselves, it makes learning and development so much easier”
- Vary your style of leadership according to individual differences

What is Human Resource Management (HRM)?

- An integrated set of processes, programs & systems in an organization that focuses on the effective development & deployment of its employees
- “Employee” also covers contract workers, people from other organizations who are working on a project, or any other similar working relationship
- “Human Resources” implies people are as important to the success of any business as other resources (ie. money, materials, machinery & information)

What are the HRM Processes & Activities?

- Organizational, Work & Job Design
 - Determining what tasks need to be done, in what order, with what skills & how individual tasks fit together in work units
- Planning
 - Ensuring you have the right people, with the right skills, at the right time & place
- Recruitment & Selection
 - Sourcing, attracting & hiring people with necessary skills & background
- Training & Development
 - Providing resources to assist employees in developing necessary knowledge & skills
- Performance Management
 - Ensuring that there are appropriate mechanisms in place to provide feedback to employees on a regular basis
- Compensation (Pay & Benefits)
 - Developing & administering pay & benefits programs that will attract & retain employees
- Occupational Health & Safety
 - Ensuring that safety & health of employees are maintained
- Employee & Labour Relations
 - Ensuring that there are positive & constructive relations between employees & their supervisors/managers and/or union representatives

- Emerging Areas:
 - Organizational Development & Learning
 - High-Performance Work Groups/Teams
 - Flexible Work Arrangements
 - Human Resource Information (and Management) Systems (HRIS and HRMS)

Why Study Human Resource Management?

- Understand your roles & responsibilities in helping to manage your company's people
- Attention to individual needs of employees
- Through good people management, the individual & overall society are improved

The Partnership of Line Managers & HR Professionals

- Role of Line Managers:
 - Managing people depends on effective supervisors/line managers
 - Through effective leadership of line manager/supervisor, talent/"intellectual capital" of organization is enhanced
 - Line manager directly interacts with employees & is responsible for their contribution
 - Employees tend to trust information from their direct managers more
 - **Line Authority:** line managers are directly responsible for a product/service
- Role of HR Professionals:
 - Need for sound business knowledge, good problem-solving & influential skills, & personal credibility (trust & ability to build personal relationships)
 - Help equip the line manager with the best people practices
 - Provide service activities (recruiting & training), policy formation & implementation, be an employee advocate & ensure organization is responding to concerns, actively involve other in development & design of HR programs
 - Focus on delivering value to various stakeholders
 - Be able to integrate business skills, HR skills & skills in helping employees handle change, to maintain a competitive advantage
- The Partnership:
 - Managing people is the organization's and every manager's responsibility
 - Successful organizations equip line managers with thorough understanding of good HRM practices
 - Find ways to develop & utilize talents of employees so they reach their potential
 - HR managers assume a greater role in top-management planning, decision making & leveraging best practices
 - Integrated approach to compensation & employee learning & development enables organizations to retain top performers & increase financial performance
 - Frequently when an organization has 75-100 employees, owners/senior management may decide it best to have professional HR assistance

Current Business Challenges

- Global Economy (Globalization)
 - Canadian economy primarily built on exports (natural resources)
 - Many companies have created global operations or worked with foreign companies

- 70-80% of Canadian economy is affected by international competition
- Trade agreements allow a freer flow of goods & services
- In order to remain competitive, companies need to manage productive, efficient & effective human resources
- Issues include:
 - Identifying capable expatriate managers
 - Designing training & development opportunities to enhance managers' understanding of foreign cultures/work practices
 - Adjusting compensation plans for different costs of living
- Survival of Firms & Business Sectors
 - Alberta faced with significant shortfall in oil royalties
 - Stock market declined
 - Without sufficient cash flow & declining revenue, companies are in survival mode
 - Natural resources & manufacturing industries declining
 - Companies need to reduce labour costs to acquire money from government
 - **Downsizing:** planned elimination of jobs
 - **Outsourcing:** hiring someone outside company to perform tasks internally
 - Attempt to minimize impact on individuals while dealing with financial realities
 - Attention to remaining & leaving employees
 - Focus organization's activities on what they do best
 - Activities like maintenance, security, catering & payroll are being outsourced
 - What type of work is appropriate for outsourcing?
 - How will service providers be evaluated?
 - What will structure of arrangement be? (Another country? Exchange rate?)
 - **Employee leasing:** employees let go, then hired by leasing company that contracts back with original company
 - Contract workers & part-time workers
- Technology & Quality
 - Improve processes, reduce costs & improve quality
 - Computer networks store & access unlimited data
 - Skills important for contributing to innovation:
 - Creativity & continuous improvement skills (necessary to generate ideas)
 - Risk-taking skills (necessary for being entrepreneurial)
 - Relationship-building skills (develop relationships that support innovation)
 - Implementation skills (turn ideas into processes, products & services)
 - **HR Information Systems (HRIS):** provides data for control & decision making
 - Produce reports, forecast needs, assist in strategic & career/promotion planning & evaluate policies/practices
 - **Information Technology (IT):** allows firms to store & retrieve large amounts of info quickly & inexpensively
 - Lower admin costs, increase productivity, speed response times, improve decision making & enhance service
 - **Operational impact:** automate routine activities, alleviate admin burden, reduce costs & improve internal HR productivity
 - Enhancing services to line managers & employees (employees bypass HR to handle problems)

- Internet has revolutionized ability to access & use information
 - **Transformational impact:** redefining HR activities from executing processes & functions to being a leader for new models of talent & collaborative work
 - **Total Quality Management (TQM):** understanding customer needs, doing things right the first time & striving for continuous improvement
 - **Six Sigma:** statistical method of translating a customer's needs into separate tasks and defining the best way to perform each task in concert with others
 - Saves money to be invested in developing innovative ideas
 - Also used to improve internal organizational processes
 - **ISO:** companies go through a certification process to demonstrate they have achieved certain quality standards
 - ISO 9000 (product design & delivery)
 - ISO 14000 (environmental management)
 - **Benchmarking:** looking at "best practices" in other companies to assess whether something could be used to improve overall performance in their own organization
 - HR manager plays key role in motivating employees to care about quality
 - **The Baldrige Award for Performance Excellence:** systems perspective of leadership, strategic planning, customer focus, measurement & knowledge management, workforce focus, process management & results
 - Some practices are better not standardized (ie relationship building)
- Environment & Climate Change
 - World population increasing, natural resources decreasing & climate changes
 - Increased demand for oil & gas, yet desire to reduce reliance on fossil fuels
 - New demand for cleaner, "green" energy (hydro & solar)
 - New jobs & careers in areas of sustainability (environment engineers etc.)
- Human Capital & Talent Management
 - **Human capital:** value of knowledge, skills & capabilities (not on balance sheet)
 - Employees own their own human capital (but managers are key in maintenance)
 - Identifying, recruiting, hiring & training the best talent available
 - **Core competencies:** combination of knowledge, skills & characteristics needed to effectively perform a role in an organization
 - Necessary to be different from competition & provide value to customer
 - Find ways of using & improving existing competencies (empowerment)
 - Developmental assignments & effective communications
 - **Talent management:** leveraging competencies for high organizational performance
 - Ensure competencies are in right places & measure impact against goals
 - HR practices needed to attract, retain & engage employee:
 - Leadership development
 - Succession planning
 - Career planning
 - Performance planning
 - High-potential employee development
 - Learning & training
 - Competency management
 - Retention
 - Professional development

- Demographic & Employee Concerns
 - Diversity of backgrounds
 - Immigrants represent almost 70% of workforce growth (mostly Asian)
 - Help immigrants overcome barriers (professional qualifications assessments)
 - Toronto Region Immigrant Employment Council (TRIEC)
 - Assisting Local Leaders with the Employment of Skilled Immigrants (ALLIES)
 - Make better use of young Aboriginal community talent
 - Generations at work
 - Working-age population is becoming older & generationally diverse
 - **Baby Boomers (1946-65):** competitive, optimistic, respond well to hierarchy
 - **Gen X (1966-79):** skeptical, independent, tech-savvy, career-oriented & less comfortable with hierarchy
 - **Gen Y/Millennials (1980-99):** candid about participating in workforce, want responsibility, highly educated, grew up with technology & raised to be energetic & achievement-oriented; not comfortable with change
 - More attention to corporate culture (see figure 1.4 on pg. 21)
 - Skills & labour shortage
 - Aging workforce & fewer new entrants (especially skilled workers)
 - Provide more mentoring for Millennials, ensure suitable management style & use risk-management approach to recruitment
 - Pressure on post-secondary schools to increase graduates
 - Shortage of labour could cause a decline in standard of living
 - Removal of labour barriers (re-qualification of professionals)
 - Gender distribution of the workforce
 - 62% of labour force are women
 - Pressure to ensure equality in employment, promotion & compensation
 - Need to accommodate families (child care & senior care assistance)
 - Need to enforce sexual harassment policies
 - Rising levels of education
 - Less employment for unskilled workers
 - More people are combining school & work
 - 60% of graduates are actively employed women (primarily in sales & service)
 - Widening gap between education & uneducated
 - 40% of adults in Canada lack basic literacy skills
 - Changing nature of the job
 - Nearly half of jobs created in last 20 years are non-traditional
 - More part-time, temporary, contract or self-employed work
 - Less benefits for part-time workers (pension, health care etc.)
 - Cultural changes
 - Attitudes, beliefs, values & customs affect behaviour on the job & in the organizational environment
 - Influences reactions to work assignments, leadership styles & reward systems
 - Employee rights
 - Laws granting right to equal employment opportunity, union representation, safe & healthy work environment, minimum working conditions & privacy

- Ethics
 - Only slightly over half of employees believe managers have personal integrity
 - Many employees feel pressure to cut corners/have witnessed ethical violations
 - CEO is most important in setting tone for creating/maintaining ethical culture
- Concern for privacy
 - Personal Information Protection and Electronic Documents Act (PIPEDA)
 - Requires federally regulated organizations to obtain consent before using, collecting or disclosing personal info on customers or employees
- Changing attitudes towards work
 - Employees define success in terms of personal self-expression & fulfillment of potential
 - Look more for life satisfaction than acquisition of wealth (work-life balance)
 - More focus on finding interesting work & may pursue multiple careers
 - Seeking simpler & more meaningful ways of life
- Balancing work & family
 - Due to common & new family forms (single parent & dual income), organizations need to provide more family friendly options for employees
 - Flexible schedules, parental leave, executive transfers, spousal involvement in career planning, assistance w/ family issues, teleworking, daycare & eldercare
 - Companies must accept that employees have commitments in life beyond work

Business Strategy & Strategic Human Resource Management

- Strategy helps determine what industry organization will be in, why it exists, what its key goals are & what actions it needs to take to realize goals
- **Corporate strategies:** company-wide & focus on overall objectives
 - **Restructuring strategy:** to ensure long-term survival (turnarounds, divestitures, liquidation & bankruptcy)
 - **Growth strategy:** adding new products or distribution networks & gaining new customers (mergers & acquisitions)
- **Business strategy:** focuses on one line of business & how to compete
 - Be a low-cost provider
 - Differentiate products to attract large # of buyers
 - Be a best-cost provider (give more value for money)
 - Focus on a niche market based on lower cost
 - Offer niche product customized to narrow market segment
- Today's employees are critical to a firm's competitive advantage
- **Competitive advantage:** capacity/quality that gives organization an edge over its competition
 - Productivity, price, quality, delivery, service
- HR strategy aligned with business strategy is critical for knowledge workers
- **Strategic Human Resource Management (SHRM):** identifying key HR processes & linking those to overall business strategy
- When a company buys another company, often success revolves around how well people side of merge was handled
- When company doesn't link people processes with business objectives, company may not be able to achieve competitive advantage

Chapter 4

HRM Close-up: Sean Frisky

- Let the market drive need to add staff
- Be responsive but careful at the same time
- Use newspapers, Internet advertising & referrals to find employees
- Get to know individual's personality in interview because they've probably prepared answers
 - Place less emphasis on credentials & more on person
 - Hire for attitude & train for skills
- Find people who work well on a team

Introduction

- Work should be done by people qualified to do work
- Define core competencies (critical to recruitment & selection process)
 - Starts with the line manager
- Process must support operational goals & strategic planning
- Employee recruiting & selection is one of the top concerns of all levels of management
- Managers cannot rely solely upon unsolicited applications to fill openings or be slopping in hiring decisions (jobs are harder to staff)

Human Resource Planning

- Essential that an organization look strategically at its people
- **Strategic plans:** broader scope, longer time frames, provide overall direction & apply to entire organization
 - Strategy lies in determining key goals & actions needed to achieve them
- To link goals to skills, managers need to anticipate current & future needs of company & develop a road map
 - Ensuring people have right skills for present & future organizational growth
- **Human resource planning:** process to ensure people required to run a company are being used as effectively as possible, where & when needed, to accomplish organization's goals
 - Also called "manpower planning" or "employment planning"

Linking HR Planning to Strategic Planning

- Strategic planning used where major objectives are identified & comprehensive plans developed to achieve them
 - Involved allocation of resources, including people resources (HR planning)
- Line manager makes plans for business objectives & staffing resources
- HR plan must assess skills of current employees & attract new employees with necessary skills
- Through HR planning, all HR processes, systems & practices are aligned with business strategy
 - Ensure organization has people capabilities to adjust to changes in environment
- **Succession planning:** developing future leaders; focusing efforts on training & development programs so leaders have competencies necessary to keep with direction of organization
- Workforce simulations can test various options to ensure staff planning fits overall strategy

Importance of Planning for Staffing Needs

- Dramatic shifts in composition of labour force affect employee recruitment, methods of employee selection, training, compensation & motivation (requires manager involvement)
- Company may incur intangible costs from inadequate people planning (ie. low productivity)
- Planning occurs systematically in medium & larger organizations but on a short-term basis for small organizations
- Succession planning especially necessary in niche markets & yearly plans according to demand
- **Population pyramid:** animated diagram to demonstrate changes in population from which organizations can determine trends in relation to staffing needs (accessible from Stats Can)

HR Planning Approaches

- **Trend analysis:** quantitative approach to forecasting labour demand on an organizational index projections (ie. sales, units of production)
- **Management forecast:** opinions & judgements of people who are knowledgeable about the organization's future needs will develop scenarios used for planning
- **Staffing table:** graphic representations of organizational jobs along with the # of employees currently occupying these jobs & future employment needs
- **Markov analysis:** method for tracking pattern of employee movements through various jobs; % of employees who remain in each job, are promoted, demoted, transferred or leave
- **Skills inventory:** assessment about staff skills compared to key skills & core competencies needed for success (ie. education, experience, skills of staff)

Results of HR Planning

- Outcome is to achieve a useable balance between the demand for & supply of employees
- Supply & demand of labour is an economic function
- Ways to deal with an oversupply of labour:
 - Attrition: natural departure of employees through people quitting, retiring or dying
 - Avoid downsizing by estimating how many people will leave
 - If turnover is high, costs of replacement are twice as high as compensation
 - Suggest leave of absence without pay, job-sharing, reducing hours or redeploying people to other units in need
- Ways to deal with a shortage of labour:
 - Request that employees work extra hours, especially in peak periods (overtime)
 - Hire part-time staff to cover absences of full-time employees
 - Temporary employment agencies for short-term staff
 - Retention strategies
 - Employee leasing (see Ch. 1)

Recruitment

- Process of locating & encouraging potential applicants to apply for existing or anticipated job openings
 - Purpose is to have a large pool of potential, qualified applicants
- Process informs applicants about qualifications required to perform job & career opportunities organizations can offer its employees
- Biggest challenge is continuing recruitment during difficult economic times

- Important to also focus on employee retention
- “branding” to have a uniform image come into prospective employees’ minds

Recruiting Within the Organization

- Many companies try to fill job vacancies through promotions & transfers to capitalize on recruitment investment
- Advantages of recruiting from within:
 - Promotion rewards employees who know organization & have already contributed
 - Gives other employees motivation to improve morale
 - Transfers protect employees from layoff & broaden job experiences
 - Eliminates orientation & training costs
 - Employee performance record more accurate predictor of success than resumes
- Methods of locating qualified internal job candidates:
 - Human Resource Information Systems (HRIS)
 - Databases that contain complete records & qualifications of each employee
 - User-friendly search engines make it easy to identify potential job candidates
 - Resume-tracking systems allow managers to query online database
 - Allows organization to rapidly screen entire workforce for opening
 - Data can predict career paths of employees (anticipate when & where promotions will happen)
 - Include provisions for recording changes (value dependent on accuracy)
 - Succession Planning
 - Identifying, developing & tracking key employees for future promotions
 - Relies on identifying long-term goals, outlining required competencies & making sure employee is developed to assume other roles & responsibilities
 - Internal Job Posting
 - Posting vacancy notices on company employment board in HR department or common areas (popular in the past)
 - Advertising done through company intranet, emails, internal memos or company newsletters
 - Computerized job posting system, voluntary list of employees looking to upgrade
 - Only works if employees believe process is fair
 - More effective as part of a career development program
- Limitation of recruiting from within:
 - Some jobs requiring specialized training & experience cannot be filled
 - May be necessary to hire outside individuals who have gained expertise elsewhere
 - **Employee cloning:** inbreeding of ideas & attitudes (outside applicants bring fresh perspectives)
 - Competing firms attempt to gain best talent by hiring away from competitors

Recruiting Outside the Organization

- Question is not whether to bring people in, but at what level
- HR department or line manager will perform this function
- Advantages & disadvantages of external recruitment:
 - Individual brings unique, needed skills, experiences & perspectives (✓)

- Lack of solid first-hand information about person's performance on job (✖)
- Applicant may not know organization/industry, needing orientation & training (✖)
- Constraints prevent orgs from accessing large applicant pools (ie. salary level) (✖)
- Significant costs (ie. time, advertising, orientation/training) (✖)
- Legislative requirements lead to certain applicant pools (ie. employment equity) (✓)
- **The labour market:** area from which applicants are recruited
 - Varied with type of position to be filled & amount of compensation
 - Recruitment for top execs & technical personnel is often national or international
 - Also affected by people's willingness to relocate for employment
 - During periods of high unemployment (high supply of labour), organizations can maintain adequate applicant pool from resumes alone
 - During periods of low unemployment (low supply of labour), organizations may advertise heavily or use employment agencies
 - Typically several recruitment sources are necessary at once
 - Canadian businesses recruiting immigrants due to shortage of young, local workers
- **Outside sources of recruitment:**
 - Advertisements
 - Websites, newspapers, trade journals, radio, TV, billboards/posters & email
 - Advantage of reaching a large audience of specific markets
 - Good advertisements highlight major assets of position, responsiveness of organization to job & career needs of applicants (equal-opportunity)
 - Canada's Human Resources & Skills Development (HRSDC) administers Employment Insurance (EI) & provides international work permits
 - Internet
 - Cheaper, faster & potentially more effective for both companies & applicants
 - Job posting appear on company websites or recruitment sites
 - Prepare advertisements in a careful way to attract right people (see Manager's Toolkit 4.2 on pg. 104)
 - Organization must also have means to quickly & easily process applications
 - Front-end career websites pull right data from applications
 - Increase opportunity to attract people with right skill sets
 - Employment Agencies
 - Attempt to match applicants with needs of companies
 - Fee charged to employer for services (often % of salary)
 - Private agencies focus on clerical, technical & junior-middle management
 - Executive search firms focus on senior & executive management (head hunters)
 - Increasingly common to bring in outside CEO's
 - Temporary employment is also common for short-term needs & cheaper staffing alternatives (no benefits paid), however commitment is lower
 - Educational Institutions
 - Source of young applicants w/ formal training but little work experience
 - Universities are a good source for technical & managerial positions
 - Community colleges provide candidates for technical, sales & retail jobs
 - High schools are often a source for clerical/blue-collar jobs
 - Students look for opportunities for advancement & good people to work with
 - Open Houses & Job Fairs

- Job fairs at education institutions to attract specific skilled people
 - Open houses to applicants can view company
 - **Virtual career fairs:** virtual chats with employers, submit resumes, read articles
- Employee Referrals
 - Quality of employee-referred applicants is high since employees are hesitant to recommend individuals who won't perform well
 - Effectiveness increased by paying commission/time off/travel for successful referrals
 - Organization must also ensure employee referrals are not being discriminatory
- Unsolicited Applications & Resumes
 - Employers receive applications from candidates who may/may not be suitable
 - Individuals apply to organizations/jobs they are interested in
 - Good public relations dictates that all applicants be treated with respect
- Professional Organizations
 - Provide placement service to members
 - List of members seeking employment published in journals/national meetings
- Unions
 - Labour unions, principal source of blue-collar workers & some professional jobs
 - Some unions maintain hiring halls w/ supply of applicants for short-term needs
- Recruitment for Diversity
 - Organizations that fall under legislation must have a workforce that is reflective of the general population of Canada (no quota like USA)
 - Diverse workforces are essential for performance
 - Toronto Region Immigrant Employment Council (TRIEC): partnership between various organizations/institutions to facilitate solution to better integration of immigrants into regional workforce

Selection

- Line manager's responsibility to make final selection
- HR helps w/ arranging interviews, doing reference checks & administering employment tests
- Choosing individuals who have relevant qualifications to fill existing/projected job openings

Matching People & Jobs

- Hiring decisions are systematic, not scientific (not perfect)
- Need adequate info to base decisions on (predict job performance)
- Reconfirm necessary knowledge, skills & abilities for job (identified through job analysis)

Selection Process

- Continuous process
- # and type of steps may vary according to type of job
 1. Completion of application form/submission of resume
 2. Initial screening/interview by HR
 3. Employment test
 4. Supervisory or team interview
 5. Reference Checks

6. Hiring Decision

Obtaining Reliable & Valid Information

- **Reliability:** degree to which interviews, tests & other selection procedures yield comparable data over time & alternative measures
- **Validity:** how well a test or selection procedure measures a person's attributes
 - Indicator of extent to which data predicts job performance
- Selection procedures/tools must be reliable AND valid to be useful
- May need to be modified for cultural differences

Sources of Information about Job Candidates

- Application forms & resumes
 - Provide quick & systematic means for obtaining info
 - Provide info for deciding whether applicant meets minimum requirements
 - Provide basis for interview questions
 - Offer sources for reference checks
 - Often done online
 - Can sometimes be subject to applicants "stretching" the truth
 - Application forms should contain:
 - Application date
 - Educational background
 - Experience
 - Arrests & criminal convictions (to be avoided)
 - Country of citizenship (not allowed, must only ask if legal to work in Canada)
 - References
 - Disabilities (avoid)
- The employment interview
 - Very rare to hire employee without interview
 - Especially practical with small # of applicants
 - Serves other purposes like public relations
 - Interviewers maintain great faith & confidence in their judgements
 - Problems of subjectivity & personal bias
 - Purpose is to gather relevant info about candidate's skills, abilities & knowledge
 - Interview questions must be based on work requirements & specific job knowledge
 - Interview conducted in professional/business-like manner
 - One-on-one
 - Questions asked & observations made of both interviewer & applicant
 - Panel/Group Interview
 - A board of interviewers questions and observes a single candidate
 - Interviewers pool observations & reach a consensus
 - Telephone Interview
 - Low-cost form for pre-screening
 - Internet-Based Interview
 - GMA (General Mental Ability) tool or personality profiles
 - Online surveys

- Online video interview (Skype etc.)
 - Structured Interview Questions
 - Based on job requirements & established set of comparable answers
 - More consistent evaluation without discrimination
 - **Behavioural Description Interview (BDI):** question about what a person actually did in a given situation (past experiences)
 - Past performance is an indicator of future performance
 - Questions based on job requirements related to necessary skills
 - Answers more easily rated against established criteria
 - Minimizes bias on part of interviewers
 - **Situational Question:** Applicant given hypothetical incident & asked how they would respond
 - Often used for young/inexperienced applicants
 - Unstructured Interview Questions
 - Broad & open-ended to allow applicant to talk freely
 - Interviewer listens & does not argue or interrupt
 - Some believe conversation provides better insight to personality
 - Not as reliable/valid as structured questions
 - Best used together
 - Guidelines for Employment Interviewers
 - Establish an interview plan
 - Establish and maintain rapport
 - Be an active listener
 - Pay attention to nonverbal cues
 - Provide information as freely & honestly as possible
 - Use questions effectively
 - Separate facts from inferences
 - Recognize biases & stereotypes
 - **Halo effect:** tendency to assume if one competency is high, they all are
 - **Central tendency:** assumption that all competencies are average
 - Control the course of the interview
 - Standardize the questions asked
- Employment Tests
 - Objectives & standardized way to assess KSAs, competencies & other characteristics
 - Tests must relate to the job or work
 - **Aptitude tests:** measures of a person's capacity to learn or acquire skills
 - **Achievement tests:** measures of what a person knows or can do right now
 - **Cognitive ability test:** measures mental capabilities (ie. general intelligence, verbal fluency, numerical & reasoning ability, reading comprehension & spatial relations)
 - Best indicator of performance
 - General Aptitude Test Battery (GATB)
 - Graduate Management Aptitude Test (GMAT)
 - Bennett Mechanical Comprehension Test
 - **Personality & Interest Inventories:** measure personal characteristics such as extroversion, agreeableness & openness to experience

- Only useful if employers know what kinds of personality traits are needed
 - Possibility of discriminating against individuals who otherwise can perform
 - **Emotional Intelligence:** measures composition of emotional reasoning abilities such as perceiving, understanding & regulating emotions
 - Still under debate whether this can properly be measured & used to predict job performance
 - **Physical Ability Tests:** used for demanding & potentially dangerous jobs where physical abilities such as strength & endurance are necessary for performance & safety
 - Not the same as a medical exam
 - **Job Sample Test:** require applicant to perform tasks that are part of work on the job
 - Content valid due to being constructed from outline of major job functions
 - Substance Abuse Test
 - Employer cannot do random substance abuse testing, even in safety sensitive work environments, unless it is part of a negotiated rehabilitation program
 - If drug testing is job related, candidate must be informed of requirement
 - Employers can also do mandatory testing in the case of workplace accidents
- Reference Checks
 - Done through email & telephone
 - References used to screen & select but not an indicator of job performance
 - Letters of reference are often inflated
 - Employers must be careful of privacy laws
 - Provide info on employment dates, position & final salary
 - Inadequate reference checking can contribute to high turnover & difficulties with ee

Reaching a Selection Decision

- Most important step
- Must be as sound as possible due to cost of placing new employees on the payroll, the short probationary period & human rights considerations
- Summarizing Information about Applicants:
 - What an applicant can do & will do
 - “can do”: knowledge & skills & aptitude for acquiring new ones
 - “will do”: motivation, interests & other personality characteristics
 - Specific criteria & standards must be established to evaluate
 - OUCH test: Objective, Uniform in application, Consistent in effect, Has job relatedness
 - Ensures criteria is appropriate & conforms to legal requirements
- Decision Strategy:
 - Differs between categories of jobs
 - Should individual be hired according to potential or needs of organization?
 - At what grade/wage level should individual be started?
 - Selection based on ideal match of ee & job or potential for advancement considered?
 - To what extent should those qualifiable but not qualified be considered?
 - What effect will decision have on employment equity plans & diversity considerations

The Final Decision

- Made by the line manager, but candidate is notified & arrangements made by HR department

Chapter 7

Introduction

- Managers decide who gets paid what
- Important to understand how compensation is derived & what factors influence the setting of wage & benefit structure
- Work-related variables leading to job satisfaction:
 - Challenging work
 - Interesting job assignments
 - Equitable rewards
 - Competent supervision
 - Rewarding careers
- Employees want compensation that is fair & commensurate with their skills & expectations
- **Direct compensation:** employee wages & salaries, incentives, bonuses & commissions
- **Indirect compensation:** benefits supplied by employers & nonfinancial compensation like employee recognition programs, rewarding jobs & flexible work hours
- **Total compensation/total rewards approach:** combination of direct & indirect compensation
- How compensation is allocated communicates what management sees as important
- Compensation constitutes a sizable operating cost

Rewards as Part of Company Strategy

- Structure compensation to enhance employee motivation & growth while aligning employee efforts with objectives, philosophies & culture of organization
- Companies that make rewards strategy part of overall motivational framework have higher organizational performance
- Organizations use compensation to attract & retain scarce skills
- Organization should ensure it has a systematic way to manage employee compensation & that it is linked to business performance
 - As pay increases, # of applicants will increase and so selection standards increase
- “Total rewards” also includes peer-to-peer recognition & fun events etc.

Linking Compensation to Organizational Objectives

- Compensation revolutionized by heightened domestic competition, globalization, increased employee skill requirements & new technology
- Pay philosophies shifted from paying by position to paying by individual
- Shift employees’ focus to achieving business goals
- Employees will find off-the-clock ways of rewarding themselves if their employer is not acknowledging extra efforts (ie. longer coffee breaks)
- Common compensation goals:
 - To reward employees’ past performance
 - To remain competitive in the labour market
 - To maintain salary equity among employees
 - To mesh employees’ future performance with organizational goals
 - To control the compensation budget
 - To retain key staff
 - To influence employee behaviours & attitudes

The Pay-for-Performance Standard

- Standard by which managers tie compensation to employee effort & performance
- Raises productivity & lowers labour costs
- Employees see link between performance & reward
- Range of direct compensation to differentiates between pay of average & outstanding performers
- Difficult to design due to difficulty in determining how to measure employee performance, how to allocate monies, who & what will be paid etc.
- Other difficulties include perceived value to employees vs. cost of living

The Motivating Value of Compensation

- Pay is a quantitative measure of an employee's relative worth
 - Direct bearing on standard of living & status/recognition
- Pay must be equitable in relation to contributions & others
- **Equity**: anything of value earned through the investment of something of value
- **Equity Theory**: individuals form a ratio of their inputs in a situation to their outcomes and then compare the value of that ratio with the value of others' in a similar situation
 - Role of perception in motivation & comparisons
 - Inequity creates tension & motivates employee to reduce inequity
- **Equitable Pay**: compensation received is perceived to be equal to value of work performed
- Line managers do not design compensation systems but must respond to employee concerns
- Compensation policies are internally equitable when employees believe that wage rates for job approximate job worth to organization
- Compensation policies are externally equitable when employees believe that the organization is paying relatively equal to what other employers are paying

The Bases for Compensation

- **Hourly work**: work paid on an hourly basis (more common)
- **Piecework**: work paid according to the # of units produced
- **Hourly employees/wage earners**: employees compensated on an hourly basis
- **Salaried employees**: employees compensated on a weekly, biweekly or monthly basis
 - Paid same amount for each period regardless of hours worked
 - Receive extra benefits not provided to hourly employees

Internal Factors in Determining Compensation

- Employer's compensation strategy
 - Organizations state compensation objectives & policies such as:
 - Internal wage relationship among jobs & skills levels
 - External competition or an employer's pay position relative to competitors
 - A policy rewarding employee performance
 - Administrative decisions concerning elements of the pay system (ie. overtime premiums, payment periods & short-/long-term incentives)
- Worth of a job
 - Without formal compensation program, worth of job is based on subjective opinions
 - Pay rates influenced heavily by labour market or collective bargaining (unions)

- Organizations with formal compensation program rely on system of job evaluation
- **Job evaluation:** systematic process of determining the relative worth of jobs in order to establish which jobs should be paid more than others in an organization
 - Helps establish internal equity
- Measured by level of skill, effort, responsibility & working conditions of job
- Determined by comparing it with others in organization
- Comparisons made on basis of job as whole or parts constituting job
- Employee's relative worth
 - Performance recognized & rewarded through promotion & incentives
 - Superior performance rewarded by granting merit raises within a rate range
 - Merit raises must be determined by an effective performance appraisal system that differentiates the deserving & undeserving
 - Must provide visible & credible relationship between performance & raise
 - Tendency to compare performance of one employee to another
- Employer's ability and willingness to pay
 - Compensation in public sector limited by budgeted taxpayer funds
 - Compensation in private sector limited by profits, economy, competition & finances

External Factors in Determining Compensation

- Economy
 - Organizations' actions to adjust compensation to recession:
 - Differentiating between average & high performers when making compensation adjustments
 - Reducing bonuses
 - Creating unpaid vacations
 - Managing workforce costs by freezing hiring & terminating poor performers
- Labour Market Conditions
 - Supply & demand forces for qualified labour influence wage rates
 - Counterforces such as unions & employment laws reduce natural S&D effect
- Area Wage Rates
 - Providing wage rates in line with comparable job compensation by other employers
 - Data may be obtained at low cost from local area wage surveys, consulting firms, gov./local board of trade surveys, conducting own survey or engaging in cooperative exchange of info with professional associations
- Cost of Living
 - Compensation increases with inflation to maintain employee purchasing power
 - **Consumer Price Index (CPI):** measure of the average change in price over time in a fixed "market basket" of goods & services
 - Calculated by Stats Canada on a monthly basis
 - Affects unionized employees more than non-unionized employees
 - Compresses pay rates within a pay structure & creates inequities among those who receive wage increase (ie. \$0.50 is 10% of pay for some and 5% of pay for others)
- Collective Bargaining
 - Union goal is to achieve increases in real wages
 - **Real wages:** wage increases larger than rises in the consumer price index

- Includes gaining wage settlements that equal or exceed pattern of other unions
- Agreements negotiated by unions establish rate patterns in labour market
 - Wages are higher where organized labour is strong
 - Non-union employers must meet or exceed these rates
- **Union scale:** prevailing rate all employers must pay
- Legal Requirements
 - Legislation influences or requires certain pay rates
 - Minimum hourly wage
 - Pay equity or “gender-neutral” system of job comparison

Job Evaluation Systems

- A way to determine the relative worth of jobs in an organization
- Job ranking system
 - Arrays jobs on basis of relative worth (simplest & oldest system)
 - Done by single, knowledgeable individual or committee of management & employees
 - Does not provide refined measure of each job’s worth
- Job classification system
 - Jobs sufficiently alike in duties/responsibilities are grouped with common name & pay
 - Jobs also compared by factors such as skill, knowledge, ability, risk to health etc.
 - Description of job classes constitute scale for comparison
 - Simple but less precise because job is evaluated as a whole to fit into a “slot”
- Point system
 - Quantitative job evaluation procedure that determines a job’s relative value by calculating the total points assigned to it
 - Complicated to establish but simple to understand & use
 - Provides refined basis for making judgements & procedures more valid results
 - Evaluates job quantitatively on basis of factors/elements (compensable factors)
 - Skills, efforts, responsibilities, working conditions etc.
- Factor comparison system
 - Job evaluation accomplished on factor-by-factor basis
 - Typically used for pay equity purposes
 - Compensable factors of evaluated jobs compared against those of key jobs within organization (evaluation scale)
 - Compensable factors of key jobs include skill, mental effort, physical effort, responsibility & working conditions
 - Ranking of different factors for each key job
- All job evaluations require varying amounts of individual judgement
- Frequent use of HRMS to collect & assess data & record final decision

The Compensation Structure

- Job evaluation systems do not determine wage rate
- Evaluated worth of job is converted into hourly or salaried wage rate
- **Wage & salary surveys:** survey of wages paid to employees of other employers in the surveying organization’s relevant labour market
 - Permits organization to maintain external equity

- Many organizations conduct own wage & salary surveys
- Variety of “pre-conducted” pay surveys are also available
- **The wage curve:** representation of relationship between relative worth of jobs & wage rates
 - Indicates current rates, new rates or comparable rates in other organizations
- **Pay grades:** groups of jobs within a particular class that are paid the same rate or rate range
 - In classification systems, jobs are grouped into grades as part of evaluation
 - In point & factor systems, pay grades are established at selected intervals
- Rate ranges (for each pay grade)
 - Same for each pay grade or proportionally greater for successive grades
 - Latter provides greater incentive to accept promotion to higher grade
- Other ways to determine wages
 - Job-based system (predominate but fails to reward for new skills & encourage culture & involvement)
 - **Competency-based pay:** pay based on how many capabilities employees have or how many jobs they can perform
 - Also referred to as skills-based, knowledge-based, multiskilled-based pay or pay-for-knowledge
 - Results in higher productivity, increased employee learning & commitment to work, improved staffing flexibility to meet company needs & reduced effects of absenteeism & turnover
 - Encourages employees to acquire training
 - To establish, company must:
 - Identify competencies that demonstrably affect performance
 - Devise methods to measure achievement of each competency
 - Compensate each competency
 - Provide learning opportunities
 - **Competency:** knowledge, skills, abilities & behaviours an employee applies in performing work & that are key employee-related levers for achieving results relevant to organization’s business strategies
 - **Broad banding:** collapses many traditional salary grades into a few, wide ones
 - May have midpoints, quartiles, wide ranges or no ranges
 - Encourages lateral skill-building while addressing need to pay employees performing several jobs with different skill-level requirements
 - Eliminates obsession with grades
 - Encourages employees to develop in career & add value to organization
 - Enables organizations to consider job responsibilities, individual skills & competencies & career mobility patterns in assigning employees to bands

Incentive Plans

- Also called variable pay programs
- Has been reduced or eliminated in many organizations due to recession
- Incentive plans are also focusing more on attainment of group/business goals
- Create operating environment that champions a philosophy of shared commitment through belief that every individual contributes to organizational performance & success

- Managers believe through linking compensation & organizational objectives, employees will take “ownership” of their jobs
- Designed to encourage employees to put out more effort towards job tasks
- Relationship exists between incentive plans & improved organizational performance
- Well-designed plan needs to recognize that person closest to work/customer knows best what needs to be done & how
- **Individual bonus:** incentive payment that supplements basic pay
 - Security of base wage & more pay for greater effort
 - Common for managers & increasingly for frontline staff
- **Team/Group-based incentive:** rewards team members with incentive bonus when agreed-upon performance standards are exceeded
 - Promotes team culture
 - **“free-ride” effect:** individual puts in little effort but shares benefits
- **Merit raises:** based on achievement of performance standards
 - Most common for salaried employees
 - May be perpetuated year after year even when performance declines
- **Gain sharing:** both employees & organization share financial gain from improved productivity or reduced labour costs
- **Profit-sharing:** employer pays special sums based on profit of organization
- **Employee Stock Ownership Plans (ESOPs):** organization puts shares of stock in established trust for purchase by employees
- Incentives can be powerful motivators if expectations are clear
- To be effective, incentive must help corporate goals

Employee Benefits

- Indirect form of compensation intended to improve quality of employee work/personal lives
- Cost of benefits are high for an organization
- Employers expect employees to be productive & supportive of organization
- Motivational value depends on how benefits program is designed & communicated
- Problem of providing benefits because of pressure from other employers, authority & unions

Linking Benefits to the Overall Compensation Program

- Objectives depend on firm size, profitability, location, degree of unionization & industry patterns
- Objectives must be compatible with strategic rewards, recognition plan, philosophy & policies
- Chief objectives of most benefits programs:
 - Improve employee work satisfaction
 - Meet employee health & security requirements
 - Attract & motivate employees
 - Retain top performing employees
 - Maintain a favourable competitive position
- Benefits become more important when people decide to join & stay with a company
- Good idea to consult employees when considering new benefits
 - Employee & manager committees
 - Opinion surveys

Cost Concerns of Benefits

- Organizations typically spend 35-45% of annual payroll costs on benefits
- Many benefits are fixed costs
- Must weigh cost-benefit under declining economic conditions
- Employers enlist cooperation of employees in evaluating benefits to minimize negative effects & unnecessary expense
- Employers are also requiring employees to pay part of the benefit costs
 - Co-payments or higher deductibles
- Benefit plan administrators select benefit service vendors who have most to offer for cost
- Escalating cost of health-care benefits is a growing concern
- Some employers consider reducing health care premiums for employees with healthy lifestyles as a way to reduce costs & encourage healthy choices

Benefits Required by Law

- Cost over 12% of organization's annual payroll
- Canada & Quebec Pension Plans (CPP/QPP)
 - Covers almost all Canadian employees ages 18-70
 - Require employers to match contributions made by employees
 - Revenues generated pay retirement pensions, disability benefits & survivor benefits
 - With aging population, CPP funds won't meet needs unless contributions are increased
- Employment Insurance (EI)
 - Income protection to employees between jobs
 - Contributions by employee & employer
 - Formula based on # of hours worked & regional unemployment rate
 - EI programs recently extended & insured by government due to economic recession
- Provincial Hospital & Medical Services
 - Most provinces fund health-care from general taxes & federal cost sharing
 - ON, QC & NFD levy a payroll tax, others charge premiums to resident/agent/employer
- Leaves Without Pay
 - Legislation in some provinces mandates leaves of absence without pay for personal reasons with no loss of seniority or benefits
- Other required Benefits
 - Employers must pay for statutory holidays, minimum vacation pay, premiums for overtime & severance pay in some provinces

Voluntary Employee Benefits

- Employers choose to provide additional benefits to attract & retain employees
- Health & Welfare Benefits
 - Used to only cover medical, surgical & hospital expenses
 - Now includes prescription drugs, dental, optical & mental health care
 - **Dental coverage:** encourages employees to receive regular dental attention (insurance pays portion & employee pays remainder)
 - **Extended Health Coverage:** provides for semi-private/private hospital rooms, prescription drugs, private nursing, ambulance services, out-of-country medical expenses that exceed provincial limits & vision care

- Some employers formed association with manufacturers to lower drug prices
 - Little competition in drug market results in high prices
 - Duplication of coverage if partners in a relationship both have benefit
 - **Life Insurance:** provides death benefits to beneficiaries & may provide accidental death & dismemberment benefits (oldest & more popular benefit)
- Retirement & Pension Plans
 - **Defined benefit plan:** amount based on yrs of service & avg earnings, regardless of amount of contributions
 - **Defined contribution plan:** amount based on accumulated funds & how much those funds can purchase at time of retirement
 - Organization is liable in defined benefit plan
 - Economic downturn is causing issues because more people are planning to retire soon with less resources available (gov. taking the fall organizations in respect to pensions)
- Pay for Time Not Worked
 - **Vacations with pay:** eligibility varies by industry, locale & organizational size
 - To qualify for 3, 4 or 5 week vacations, one would work for 7, 15 or 20 yrs
 - **Paid holidays:** both hourly & salaried workers get paid for statutory holidays
 - Many employers also give 1-3 personal days off
 - **Sick leave:** many organizations get set # of sick-leave days a year
 - Some sick-leave days (or vacation) may accumulate to cover long absences
 - Group insurance for long-term disability is becoming more common
 - Average sick-leave absences have risen due to aging population
- Wellness Programs
 - Make life at work more rewarding & enhance employee well-being
 - For every \$1 spent on wellness, return of increased production, fewer absences & more satisfied employees is close to \$6
 - **Employee Assistance Programs (EAPs):** provides diagnosis, limited counselling & referral for advice/treatment when necessary for problems related to substance abuse, emotional/financial/family difficulties that interfere with performance
 - **Educational Assistance Plans:** help keep employees up to date with advances in their field & to get ahead in the organization
 - Often covers tuition, books & related fees
 - **Childcare & Eldercare:** includes financial assistance, alternative work schedules & family leave as well as on/near-site childcare centres
 - **Mildly ill childcare:** benefit offered to employees with children with short illness
 - **Eldercare:** care provided to an elderly relative by an employee active at work
 - Counselling, seminars, resource material, support groups & flexible schedules/leaves of absence
 - More caregivers are women & often families with children as well
- Other Services
 - Group insurance for employee pets
 - Sports game tickets/concert tickets for friends/family
 - Summer vacations (ie. cruises)
 - Subsidized haircuts

Chapter 5

Introduction

- Critical to success is organization's ability to ensure its people learn, grow & develop
- **Orientation:** formal process of familiarizing new employees with the organization, their jobs & their work unit & embedding organizational values, beliefs & accepted behaviours
- **Training:** the acquisition of skills, behaviours & abilities to perform current work
- **Development:** the acquisition of skills, behaviours & abilities to perform future work or to solve an organizational problem
- Changing technologies require employees to hone knowledge, skills & abilities (KSAs)
- Key lever in attracting & retaining key competencies for competition
- Trends toward empowerment, total-quality management, teamwork & international business

Approach to Orientation, Training & Development

- Primary goal is to contribute to organizational goals
- Fads, fashions & "whatever the competition is doing" are often the wrong main drivers of training agenda
- A systems approach to training should be used
 - Needs assessment
 - Program design
 - Training delivery
 - Evaluation of training
- "Training" refers to orientation & development as well

The Scope of Orientation, Training & Development

- Some employees come equipped with necessary & others need extensive training but all need some training
- "Training" casually used to describe any effort initiated by organization to foster learning among members
- Training more focused/oriented toward acquiring skills, behaviours & abilities for current work & development for future work or problems
 - **"Training & development":** combination of activities used by organizations to increase abilities & capabilities of employees
- **Learning:** ongoing change in behaviour & thinking

Investments in Training

- Canadian businesses spend about \$852/employee each year on formal training
- Average expenditure is 1.8% of payroll (25 hrs annually)
- Organizations in "Best Employers" list place higher value on learning & development
- More than \$180 billion is spent on informal instruction
- Organizations providing training on an "as needed" basis, ensuring linkage to actual work experiences
- While there is no enterprise-wide moratorium on training, there is greater scrutiny on the training expenditures
- Compared to earlier economic downturns, organizations are much more supportive of continuing with some training as those organizations believe it is worthwhile

- Training that has a direct financial return will take precedence over certain types of development, such as for soft skills
- Training can improve employee engagement (reduce turnover)
- For training to be effective, employers must provide strong support
- 1/3 of workforce participates in job-related training
- Even more important in recession to provide growth opportunities (keep commitment)

Systematic Orientation, Training & Development

- Phase 1: Conducting the Needs Assessment
 - Stay alert to kinds of training needed, where, for whom & which methods are best
 - Consistent employee failure to meet objectives or customer complaints are signs of inadequate training (additional training needed)
 - Approach systematically to focus on priorities in a timely fashion
 - Occurs at organizational, task & person levels
 - How important is the issue to success?
 - What competencies/KSAs do employees need?
 - What competencies/KSAs do employees currently have?
 - What is the gap between hases & needs?
 - Issues can occur due to strategic, technological, tactical & trend changes
 - Managers must assess if training is right solution (worthy of investment)
- Phase 2: Designing the Training Program
 - Success depends on taking info gained in needs analysis & utilizing it to design first-rate training programs
 - Instructional objectives:
 - Desired outcomes of a training program (written format)
 - Frequently, training program & objectives are designed by external source
 - Trainee readiness & motivation
 - **Readiness:** consideration of a trainee's maturity & experience when assessing
 - Prospective trainees must be screened for readiness
 - For optimum learning, trainee must recognize own needs & maintain desire to learn
 - Focus on trainee for an environment conducive to learning
 - Use positive reinforcement
 - Eliminate threats & punishment
 - Be flexible
 - Have participants set personal goals
 - Design interesting instruction
 - Break down physical & psychological obstacles to learning
 - Employees' motivating needs differ in importance at different times
 - Principles of Learning
 - Training must build bridge between employees & organization
 - Must give full consideration to psychological principles of learning
 - Characteristics of training programs that help employees grasp new material, make sense of it in their own lives & transfer it back to job
 - **Goal setting:** important to have clear goals/objectives for training

- **Individual differences:** people learn at different rates in different ways
 - **Active practice & repetition:** give frequent opportunity to practice job tasks
 - **Whole-vs-Part learning:** determine most effective manner for completing specific parts within a job
 - **Massed-vs-Distributed learning:** time devoted to practice in 1 session
 - Spacing out training results in faster learning & longer retention
 - **Feedback & reinforcement:** feedback from self-monitoring, trainers & fellow trainees serves as knowledge of results & motivation
 - **Meaningfulness of presentation:** material must connect with familiar things
 - **Modelling:** learning by watching
 - **Behaviour modification:** technique that if behaviour is rewarded, it will be exhibited more frequently (positive reinforcement)
- Characteristics of Trainers
 - Success of training depends on skills/characteristics of trainer
 - Trainer must be knowledgeable about subject, well-prepared, have good communication skills & be enthusiastic with a sense of humour
- Phase 3: Implementing the Training Program (Training & Development Methods)
 - **On-the-job training (OJT):** method by which employees are given hands-on experience with instructions from their supervisor or trainer
 - Most common & allows for relationship building (most cost effective)
 - Poorly implemented due to lack of well-structured training environment, poor training skills of managers & absence of well-defined job performance criteria
 - **PROPER:** Prepare, Reassure, Orient, Perform, Evaluate, Reinforce & Review
 - **Apprenticeship training:** worker entering skilled trades given thorough instruction & experience (on & off job) in practical & theoretical aspects of work
 - **Cooperative training & internship programs:** combines practical on-the-job experience with formal education
 - Companies benefit by getting student employees with fresh ideas & energy
 - **Classroom instruction:** enables max # of trainees handled by min # of trainers
 - Good for info presented in lectures, demos, films & computer instruction
 - Vestibule training: occurs in special classroom to learn to operate equipment
 - **Self-directed learning:** individuals work at own pace at programmed instruction
 - Involves books, manuals or computers that requires continuous response
 - **Audio-visual:** used to teach skills & procedures where technique is important
 - **Simulation:** used when it is impractical or unwise to train on actual equipment
 - **E-learning:** learning that takes place through electronic media
 - Computer-based training (CBT)
 - Cheaper & more engaging (cuts 30-70% of training costs)
 - Easier individual learning
 - Requires planning
 - **On-the-job experiences:** opportunities for managers to perform under pressure & learn from mistakes
 - Commonly used & must be well organized, supervised & challenging
 - Coaching (most effective for small businesses)
 - Mentoring (often used with someone being considered for promotion)
 - Understudy assignments (succession planning)

- Job rotation (broadens knowledge through variety of experiences)
 - Lateral transfer (horizontal moves through departments & upward movement)
 - Special projects & junior boards (opportunity to involve in problem-solving)
 - Action learning (release time to work full-time on projects)
 - Staff meetings (familiarize with problems & events outside immediate area)
 - Planned career progressions (provide T&D necessary to progress through jobs)
 - **Seminars & conferences:** communicate ideas, policies or procedures and raising points of debate/discussion
 - Used when attitude change is a goal
 - **Case studies:** use documented examples to analyze & synthesize facts to improve decision making skills
 - **Management games:** bring hypothetical situation life & provide experiential learning
 - **Role playing:** assuming attitudes & behaviours of others involved in a problem
 - Improve ability to understand & cope with others
 - Learn how to counsel others by seeing a different perspective
- Phase 4: Evaluating the Training Program
 - Method 1: Reactions
 - Simplest & most common approach
 - Happy trainees focus on training principles & utilize info on job
 - Trainees can give insights to content & techniques most useful as well as critique instructors & make suggestions
 - Positive reactions do not guarantee successful training unless performance improves
 - Method 2: Learning
 - Testing knowledge & skills before & after program to determine improvement
 - Learning must be used at work
 - Method 3: Behaviour
 - **Transfer of training:** effective application of principles learned to what is required on job
 - Important for supervisor to expect behaviour change & reinforce changes
 - Success of training determined by maximum transfer of skills
 - Feature identical elements of job in training
 - Focus on general principles that adapt to situations at work
 - Establish climate supportive of transfer so employee uses new skills
 - Method 4: Results
 - Trainers & managers under pressure to produce “bottom-line” results
 - Training measured in ROI (return on investment)
 - Calculated based on costs & benefits of training
 - Organizations with sophisticated training systems want training to support long-term strategy
 - W. Edwards Deming’s Process for benchmarking:
 - **Plan:** conduct self-audit to determine area to be benchmarked
 - **Do:** collect data
 - **Check:** analyze data for performance gaps & to suggest improvements
 - **Act:** establish goals, implement changes & redefine benchmarks

- To use benchmarking properly, managers must clearly define competencies & performance & objectively assess situation to identify areas for improvement

Orientation

- First objective is to get new employees off to a good start
- Formal process of familiarizing new employees with organization, their job, work units & embedding organizational values, beliefs & accepted behaviours
- Allows new employees to get “in sync” to become productive members of organization
- Socialization process: first impression is key & emphasizes “why”
- Benefits of orientation:
 - Lower turnover
 - Increased productivity
 - Improved employee morale
 - Lower recruiting & training costs
 - Facilitation of learning
 - Reduction of new employee anxiety
 - Employee value increases with orientation time & effort
- Continuous process
 - Organization must keep current employees up to date with changes
 - Often done online
- Cooperative endeavor
 - HR coordinates orientation activities
 - New & current employees look to manager/supervisor for info
 - “Buddy”/“sponsor” co-workers provide practical help & teamwork
- Careful planning
 - Emphasis on goals, topics to be covered & methods of organizing/presenting them & individual’s needs for information, understanding & a feeling of belonging
 - Checklists for those conducting orientation
 - Information printed or available online for new employees
 - Focus on matters of immediate concern (don’t overwhelm with info)
 - Reduce anxiety of new employees since anxiety can lead to absenteeism etc.
 - Establish coaching/question times
 - Assure performance levels are attainable in reasonable time frame
 - Orientation process can be lengthy for employees with limited work experience or from different countries

Special Topics in Training & Development

- Basic Skills Training
 - Almost half of Canadian adults are below literacy standard
 - Illiterate individuals defined as Gr. 6 education or less
 - Adults who improve literacy get higher pay, more promotions & longer employment
 - Top 5 skills needed in employees:
 - Reading & understanding info
 - Listening, asking questions & understanding
 - Working in teams

- Assessing situations & identifying problems
 - Sharing information orally & working with others
 - To implement a successful program in basic & remedial skills:
 - Explain to employees why & how training will help job
 - Relate training to employee goals
 - Respect & consider participant experiences (use as resource)
 - Use task-centered/problem-centered approach (“learn by doing”)
 - Give feedback on progress towards objectives
- Team Training
 - Organizations rely on teams to attain strategic & operational goals
 - Contributions of team members are functions of competencies & interactions
 - Task-related & team-related teamwork skills (task tools & interpersonal skills)
 - Teambuilding is a difficult & comprehensive process (best over time)
 - Team devel. a nonlinear sequence of “forming, storming, norming & performing”
 - Additional training required to assimilate new members (avoid large changes)
 - Skills must be acquired through practice & performance review
- Diversity Training
 - Emphasis sparked by awareness of varied demographics of workforce
 - Awareness building: helps employees appreciate benefits of diversity
 - Skill building: provides capabilities necessary for working with different people
 - Important to maintain a systems approach

Career Development – Individual & Organizational Needs

- Greater emphasis on individual, personalized aspect of “development”
- **Career development program:** dynamic process that attempts to meet needs of managers, employees & organizations
- **Career planning:** systematic approach, assessing values, interests, abilities & goals & identifying paths to take to realize career goals
- Individuals responsible for initiating own career planning & managers provide assistance
- Organization responsible for supplying info & providing support & opportunity
- Benefit managers by giving them increased skill in managing careers, greater retention of valued employees, increased understanding of organization & enhanced reputation as people developers
- Leadership career development programs
- Creating favourable conditions:
 - Management support (complete support of top management)
 - System reflects goals, culture & people philosophy of organization incorporated
 - People philosophy provides clear set of expectations & directions
 - Managerial staff must be trained in fundamentals of job design, performance appraisal, career planning & coaching
 - Goal setting
 - Individuals must understand organizational goals & align personal goals or face problems of turnover
- Changes in HRM practices:
 - Practice of job rotation can counteract obsolescence & maintain employee flexibility

- **Job transfer:** placement of individual in another job with similar duties, responsibilities, status & remuneration
 - Organizations can place employees in jobs with greater need & where they can acquire new knowledge/skills
 - **Downward transfer (demotion):** can provide developmental opportunities, but generally seen as unfavourable
- **Promotion:** change of assignment to higher level job in organization
 - Enables organization to utilize skills & abilities of staff more effectively
 - Serves as incentive for good performance
 - Based on merit & seniority
- Changing organizations find it more beneficial to capitalize transfers
- Specialized Development Needs
 - Different ways to give employees enhanced capabilities
 - Responsibility lies with ALL managers in organization
- Mentoring
 - **Mentors:** managers/execs who coach, advise & encourage less experienced employees
 - Generally mentor initiates relationship & develops over time on informal basis
 - Many organizations emphasize formal mentoring plans for those considered for upward movement
 - A good relationship is a reciprocal one (simultaneous learning)
 - Mentoring is a personal interaction
 - Being a mentor isn't for everyone
 - Make use of work assignments & challenges (for discussion)
 - Mentoring is a two-way street (mentees must be willing)
 - Be clear on expectations
 - E-mentoring brings experienced business professionals together with individuals needing advice & guidance
- Specialized Career Development for a Diverse Workforce
 - Extensive programs offered to women, minorities, youth & dual-career couples
 - Women traditionally left out of management networks (predominately male)
 - Organization actively creating conditions that recognize & reward performance on basis of objective, non-discriminatory criteria
 - Employees should reflect communities in which they function
- Keeping a Career in Perspective
 - Work is only a part of a person's life
 - Off-the-job interests provide break from career demands & allow for satisfaction from non-work-related activities
 - Conflict between work & family over issues like work schedules & relocation
 - Planning for retirement
 - Taking career goals of partners into consideration

Leadership Chapter

Angela Braly

- Energizing employees is part of a leader's job
- An important leadership role is being a spokesperson for the organization
- A leader should be personable
- A leader should have good negotiating skills

The Meaning of Leadership

- Leaders' most common characteristics are ability to inspire & stimulate others to achieve worthwhile goals
- **Leadership:** ability to inspire confidence & support among people needed to achieve organizational goals
 - Interpersonal influence, directed through communication toward goal attainment
 - Influential increment above/over mechanical compliance with directions & orders
 - Act that causes others to act or respond in a shared direction
 - Art of influencing people by persuasion or example to follow a line of action
 - Principal dynamic force that motivates & coordinates organization in accomplishment of objectives
 - Willingness to take the blame (Joe Montana)
 - Figuring out what's right & then explaining it to people (Rudy Giuliani)
- Not found only among people in high-level positions
- Even people not in formal leadership positions can show leadership by taking initiative
- Change (improvement) needs to come from initiative & risks of leaders at lower levels
- Ability to lead effectively is a rare quality (especially at high levels due to complexity)
 - Organizations seek select group of top executives & emphasize leadership T&D

Leadership as a Partnership

- Leadership is a long-term relationship
- **Partnership:** leader & group members are connected so power between them is balanced
- Occurs when control shifts from leader to group member (opposite of parenting)
 - Authoritarianism = shared decision making
- Empowerment & team building support partnership
 - Linked to optimistic view of group members who want to perform well for good of organization
- 4 things necessary for valid partnership:
 - Exchange of purpose (every member responsible for defining vision & values)
 - Right to say no
 - Joint accountability (every member responsible for success/failure of organization)
 - Absolute honesty (lying is betrayal, honesty a sign of confidence)

Leadership as a Relationship

- "Leadership isn't something you do to people. It's something you do with them" –Ken Blanchard
- Having good relationships with group members is a major success factor for top 3 positions in large organizations

- Online survey indicates social skills will be more essential to business success than internet skills (web of people matters more than web of technology)

Leadership VS Management

- Functions of management:
 - Planning
 - Organizing
 - Directing/Leading
 - Controlling
- Leadership is only part of a manager's job (deal with interpersonal aspects)
- Leadership deals with change, inspiration, motivation & influence
- Managers must know how to lead as well as manage
- Distinctions between management & leadership:
 - Management produces order, consistency & predictability
 - Leadership produces change & adaptability to new products/markets/competitors/customers/processes
 - Leadership involves having a vision of what organization can become & mobilizing people to accomplish it
 - Leadership requires eliciting cooperation & teamwork from a large network of people & keeping key people in network motivated by using every manner of persuasion
 - Top-level leaders transform organizations while managers manage/maintain organization
 - Leader creates vision & manager implements the vision
- To extremes: leader is inspirational figure & manager is stodgy bureaucrat
- Effective leaders have to be good managers themselves or be supported by effective managers
- Difference between leadership & management is one of emphasis

The Impact of Leadership on Organizational Performance

- Research & Opinion: Leadership Does Make a Difference
 - Not much research & opinion since idea is widely held as plausible
 - Study of impact of leadership styles on financial performance in Fortune 500 firms
 - Transactional (routine) leadership was not significantly related to performance
 - Charismatic (inspirational) leadership shows slight positive relationship with performance
 - When environment is uncertain, charismatic leadership is more strongly related to performance
 - Another study found that CEOs influence 15% of total variance (influencing factors) in a company's profitability or total return to shareholders
 - Industry also accounts for 15% of variance (CEOs just as important)
 - Franchises emphasize enthusiasm, leadership & ability to work with people
 - Consistent relationship found between who is in charge & how well organization performs
 - Changes in leadership are followed by changes in company performance
 - Statistical analysis suggests leaders are responsible for 15-45% of firm's performance

- Good results attained by developing teamwork & formulating right strategy
- **Attribution theory:** in their efforts to understand & simplify organizational events, people interpret & attribute cause of these events in simple human terms
 - I.e. Heroic leaders are the cause of success
- Research & Opinion: Formal Leadership Does Not Make a Difference
 - Leadership has smaller impact on organizational outcomes than forces in situation
 - **Substitutes for leadership:** leadership itself is of little consequence & substitutes are factors in work environment that provide guidance & incentives to perform
 - Close knit teams of highly trained individuals (directive leadership not needed)
 - Intrinsic satisfaction (task itself motivates workers)
 - Computer technology (monitor workers & provide feedback – control function)
 - Professional norms (don't need visionary leadership to encourage honesty etc.)
 - Substitution concept reflects naiveté about role of organizational leadership since self-management requires delegation by higher authority (leaders)
 - Study found likeability of leader & rewards system to be major correlates of performance
 - **Leadership irrelevance:** factors outside leader's control have larger impact on business outcomes than leadership actions
 - I.e. cellphone usage surge
 - High-level leaders have unilateral control over only a few resources (limited by obligations to stakeholders)
 - Firms tend to choose similar leaders (match company values but no new ideas)
 - Corporate leaders are slaves of larger organizational forces (causation illusion)
 - It is the organization's, not the leader's personality that makes a difference
 - Effective leadership means widespread collaboration rather than heroic leader doing all innovating
 - Leader irrelevance argument has greater practical value as **leader constraint theory** (leaders are limited in power but can still influence others)
 - **Complexity theory:** organizations are complex systems that cannot be explained by rules of nature
 - Leaders & managers do little to alter course of complex organizational systems
 - Managers cannot predict/control successful strategies, only innovate to adapt
 - Under what conditions do leaders make a difference? (i.e. crisis mode)

Leadership Roles (Mintzberg)

- Figurehead (particularly for high-ranking managers)
 - Entertaining clients or customers as an official representative of the organization
 - Making oneself available to outsiders as a representative of the organization
 - Serving as official representative of organization at gatherings outside organization
 - Escorting official visitors
- Spokesperson
 - Emphasis on answering letters or inquiries & formally reporting to individuals & groups outside managers direct organizational unit
 - Informs stakeholders about organizational unit's activities, plans, capabilities and possibilities (vision)
 - Dealing with outside groups & general public responsibility of top-level managers

- Negotiator
 - Make deals with others for needed resources
 - Bargaining with superiors for funds, facilities, equipment & other support forms
 - Bargaining with other units in org for staff, facilities, equipment & support
 - Bargaining with suppliers & vendors for services, schedules & delivery times
- Coach & Motivator
 - Informally recognizing team members' achievements
 - Providing team members with feedback concerning ineffective performance
 - Ensuring team members are informed of steps to improve their performance
 - Implementing rewards & punishments to encourage & sustain good performance
 - Inspiring people through such means as being charismatic, creating visions, telling interesting stories, and being highly ethical
- Team Builder
 - Ensuring that team members are recognized
 - Initiating activities that contribute to group morale, such as giving parties & sponsoring sports teams
 - Holding periodic staff meetings to encourage team members to talk about their accomplishments, problems & concerns
- Team Player
 - Displaying appropriate personal conduct
 - Cooperating with other units in the organization
 - Displaying loyalty to superiors by supporting their plans & decisions fully
- Technical Problem Solver
 - Serving as a technical expert or advisor
 - Performing regular individual contributor tasks (ie. sales calls, repairing machinery)
- Entrepreneur
 - Responsible for suggesting innovative ideas
 - Reading trade publications/professional journals to keep up with industry & profession
 - Talking with customers or others in organization to be aware of changing needs
 - Getting involved in situations outside unit to suggest ways of improving unit performance (ie visiting other firms, attending professional meetings/trade shows & participating in educational programs)
- Strategic Planner
 - Top-level managers assisted by input by others, practices strategic leadership
 - Setting a vision & direction for organization & providing innovative ideas to pursue
 - Helping firm deal with external environment
 - Helping develop organizational policies
- Managerial leader in some way inspires or influences others
- Basic role of corporate leaders is to release human spirit for initiative, creativity & entrepreneurship (Harvard Business Review)
- Managers at every level can exercise leadership

The Satisfactions & Frustrations of Being a Leader

- "Leader" has positive connotation & "follower" or "subordinate" has negative connotation
 - Preferred terms include "team member", "group member" or "associate"

- Satisfactions of leaders (depend on leadership position)
 - A feeling of power & prestige (addressed by title)
 - A chance to help others grow & develop (leader works directly with people)
 - High income (or comparable pay with high-paying potential)
 - Respect & status (on & off job)
 - Good opportunities for advancement (once on a managerial path)
 - A feeling of “being in on” things (access to inside information)
 - Opportunity to control money & other resources (control budget, financial judgement)
- Dissatisfactions/frustrations of leaders
 - 1/10 people classified as supervisor, administrator or manager but not all true leaders
 - Some refuse leadership roles due to seeing others endure frustrations
 - Too much uncompensated overtime (casual overtime – 55 hrs/wk, 80 hrs during peak)
 - Too many “headaches” (solving problems a source of stress)
 - Facing a perform-or-perish mentality (especially in private equity/buyout firms)
 - Not enough authority to carry out responsibility
 - Loneliness (limits on people you can confide in)
 - Too many problems involving people (lower positions face more problems)
 - Too much organizational politics (byplay from below, sideways & upward)
 - Political tactics such as forming alliances & coalitions necessary leader role
 - People challenging you, especially if you try to change status quo
 - Direct attack by avoiding discussion
 - Superiors try to divert your goals by telling you they’re unattainable
 - Backstabbers agree in person & badmouth to others
 - Pursuit of conflicting goals (empower others & align them to common purpose)
 - Being perceived as unethical, especially if you are corporate exec

A Framework for Understanding Leadership

- Interest in leadership as a practice & research topic has resulted in many different theories & explanations (integrated into comprehensive framework)
- Framework focuses on major sets of variables
- Basic assumption expressed in simple formula: $L=f(l, gm, s)$
 - Leadership process is a function of the leader, group members & situational variables
 - Function of leader/led & complexity of context (setting & environment)
 - Leadership does not exist in abstract but takes into account factors
- Leadership best understood by examining key variables
 - **Leader characteristics & traits:** refers to inner qualities, such as self-confidence & problem solving ability, that help a leader function effectively in many situations
 - **Leader behaviour & style:** activities engaged in by leader including characteristic approach that relate to their effectiveness
 - **Group member characteristics:** attributes of group members that could affect how effective leadership attempt will be (ie. intelligent & well-motivated group members)
 - **Internal/external environment:** affects needs (ie. multicultural skills in culturally diverse environment)
- **Leadership effectiveness:** attaining desirable outcomes such as productivity, quality & satisfaction in a given situation (depends on key variables)

- Reciprocal influence among variables
- Strongest link between leader characteristics & style; group characteristics & leadership styles
- External & internal environments influence leader's traits to some extent

Skill Development in Leadership

- Leadership skills in high demand, especially for high-level management jobs
- Developing leadership skills is more complex than developing a structured skill
- General learning model:
 - Conceptual information & behavioural guidelines
 - Conceptual info demonstrated by examples & brief descriptions of leaders in action
 - Experiential exercises
 - Feedback on skill utilization, or performance, from others
 - Practice in natural settings

Followership: Being an Effective Group Member

- Leaders cannot exist without followers
- "Followers" politically incorrect, but neutral term used by leadership researchers
- Leaders are also followers & followers also exhibit leadership (Hackman & Wageman)
- Bosses are also subordinates to higher bosses
- Leaders must understand followers & followers must understand themselves
- Types of followers (differ in talent & motivation, Barbara Kellerman):
 - **Isolates:** completely detached, do not care about leaders or change & passively support status quo by doing job without interest in organization
 - Need coaching or firing
 - **Bystanders:** free riders who are detached when it fits self-interests
 - Low internal motivation, leader must work to find right motivators
 - **Participants:** show enough engagement to invest own time to make a difference
 - Leader must review work & attitudes carefully so participant is constructive
 - **Activists:** considerably engages, heavily invested in people & processes
 - Leader must be aware of whether activist is for or against company
 - **Die-hards:** super-engaged to point where they are willing to go down for their cause
 - Asset or liability, leaders must make sure energy is pointed in service of org
- Essential qualities of effective followers (Robert Kelley):
 - **Self-management:** think for oneself & work well without supervision
 - Commitment (to goals)
 - Competence & focus (centers on mastering useful skills – T&D)
 - Courage (independent, critical thinkers who fight for what is right)
 - Effective followers often display characteristics of leaders
 - Support by coaching, empowerment, supportive communication & frequent feedback
- Collaboration between leaders & followers
 - Post-bureaucratic organization requires alliance of leaders & led (Warren Bennis)
 - Great leaders are made by great groups
 - Every group member needs to contribute energy & talent to help leaders