

BU354 - HUMAN RESOURCE MANAGEMENT – FINAL EXAM CHAPTER NOTES

Chapter 1: The Strategic Role of Human Resource Management

Human Resource Management (HRM) is the management of people in organizations to drive successful organizational performance and achievement of the organization's strategic goals. HR professionals must manage the workforce by attracting, retaining, and engaging talent.

Human Capital is the knowledge, education, training, skills, and expertise of an organization's workforce.

*Effective HR practices are related to better organizational performance.

Human Resource Management Responsibilities

- **Operational Responsibilities** are where HR professionals hire and maintain employees and also manage separations.
 - **Outsourcing** is the practice of contracting with outside vendors to handle specified functions on a permanent basis.
 - These services include:
 - analyzing jobs
 - planning future workforce requirements
 - selecting employees
 - orienting and training employees
 - managing compensation and reward plans
 - communicating with employees (including counseling and disciplining)
- **Strategic Responsibilities** is where HR professionals are focused on ensuring that the organization is staffed with the most effective human capital to achieve its strategic goals.
 - **Strategy** – the company's plan for how it will balance its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage
 - increasingly, the HR department is being viewed as an equal partner in strategic planning process
 - HR specialists are expected to be change agents
 - Role in Formulating Strategy
 - **Environmental Scanning** involves identifying and analyzing external opportunities and threats that may be crucial to the organization's success.
 - **Details regarding a successful incentive plan being used by a competitor, impending labour shortages, and information about pending legislative changes are examples.*
 - Role in Executing Strategy
 - Strategy execution is typically the area where HR makes the biggest strategic contribution (i.e. downsizing, flattening the hierarchy, redesigning jobs, etc.)
 - HR Professionals and line managers have a significant impact on employee turnover, engagement and engagement so it is important that there is employee recognition, developmental programs, and career-oriented performance appraisals.
 - Measuring the Value of HR: Metrics
 - Need **metrics** to measure the effectiveness of HRM procedures by measuring results
 - **Balanced Scorecard** is a measurement system that translates an organization's strategy into a comprehensive set of performance measures.

Environmental Influences on HRM

Must monitor the environment on an ongoing basis, assess the impact of any changes, and be proactive in responding to challenges.

External Environmental Influences

- **Economic Conditions:** affect demand and supply for products and services and in turn has an effect on the numbers and types of employees required as well as a company's ability to pay for wages or benefits.
 - **Productivity** – the ratio of an organization's output (goods and services) to its inputs (people, capital, energy, and materials)
 - Must be able to produce more outputs with the same or lesser input levels as productivity rates drop in Canada.
 - i. Employment Levels
 - ii. Productivity Levels
 - iii. Growth of the service sector

- **Primary sector** – agriculture, fishing and trapping, forestry, and mining; represent 4% of jobs
- **Secondary sector** – manufacturing and construction; represent 19% of jobs
- **Tertiary or service sector** – public administrating, personal and business services, finance, trade, public utilities, and transportation/communications; represents 77% of jobs
- **Workforce Issues**
 - Increasing workforce diversity by age, race, gender, sexual orientation, disabilities, generational and demographic differences as there will be less workers taking over the jobs of the baby boomers; education and functional illiteracy; non-standard contingent workers.
- **Technology:** lines between family and work are blurred; concerns about data, accuracy and privacy arise
- **Government:** considerable variation between jurisdictions exist; EI and CPP apply to all jurisdictions; ensuring policies and practices comply with new and changing laws
- **Globalization:** refers to the emergence of a single global market for most products and services; HR professionals need to familiarize themselves with the employment legislations and manage ethical dilemmas; firms extend business operations abroad; increased international competition
- **Environmental Concerns:** interest in environmental issues is motivating companies to be accountable for their actions
 - sustainability
 - climate change
 - global warming
 - pollution and carbon footprint
 - extinction of wildlife species
 - ecosystem fragility
 - other related issues are increasingly important to people around the world

Internal Environmental Influences

- **Organizational Culture:** the core values, beliefs, and assumptions that are widely shared by members of an organization; has a great impact on employer branding, recruitment, retention, and productivity.
 - What is the purpose of OC?
 - Communicating what the organization “believes in” and “stands for”
 - Providing employees with a sense of direction and expected behaviour (norms)
 - Shaping employees’ attitudes about themselves, the organization, and their roles
 - Creating a sense of identity, orderliness, and consistency
 - Fostering employee loyalty and commitment
- **Organizational Climate:** refers to the prevailing atmosphere that exists in an organization and its impact on employees. Influenced by management leadership style, HR policies, and amount and style of organizational communication.
- **Empowerment:** refers to providing workers with the skills and authority to make decisions that would traditionally be made by managers.

A Brief History of HRM (not covering this)

- **Scientific Management: Concern for Production** is the process of “scientifically” analyzing manufacturing processes, reducing production costs, and compensating employees based on performance theorized by Frederick Taylor.
- **Human Relations Movement: Concern for People** is a management philosophy based on the belief that the attitudes and feelings of workers are important and deserve more attention; that the physical and social aspects of the workplace have equal importance based on the Hawthorne Studies.
- **The Human Resources Movement: Concern for People and Productivity** is a management philosophy focusing on concern for people and productivity. Phase 1 – HRM focused on hiring and firing, payroll, and administering benefits. Phase 2 – unionization, orientation, performance appraisals, and employee relations. Phase 3 – penalties emerged for failing to meet employment legislations. Phase 4 – making strategic moves to secure talent and retaining human capital.

Growing Professionalism in HRM

- Canadian Council of Human Resources Associations (CCHRA)
- Certified Human Resources Professional (CHRP)
 - common body of knowledge
 - certification of members (CHRP)
 - self-regulation
 - code of ethics, social responsibility

Ethics

- The professionalization of HRM has created the need for a uniform code of ethics, as agreement to abide by the code of ethics is one of the requirements of maintaining professional status. Codes do not tell employees what to do, it is simply a guide for employees, and they use their own judgement in taking a course of action.
- **Social Responsibility** is the implied, enforced, or felt obligation of managers, acting in their official capacities, to serve or protect the interests of groups other than themselves.

*Trends in HR:

- Outsourcing HR and payroll functions
- Talent shortage for promotion into senior positions, so HR is being taken into consideration when looking at strategy
- Increasing globalization, increased competition
- Women in the workforce

Chapter 2: The Changing Legal Emphasis

The Legal Framework for Employment Law in Canada

Companies with employees in different provinces/territories must monitor the legislations in each of those jurisdictions and remain current as legislation changes. 14 jurisdictions: 10 provinces; 3 territories; Canada as a whole.

- **constitutional law** - Charter of Rights and Freedoms
- **legislated Acts of Parliament** - Income Tax Act.....
- **regulations** (for legislated Acts) - rules to aid interpretation of laws
- **common law** - judicial precedents
- **contract law** - collective agreements/employment contracts
- provincial/territorial employment laws govern 90% of Canadian workers
- federal laws govern 10% of workers in federal civil service, Crown corporations and agencies, transportation, banking and communications

Regulations are legally binding rules established by special regulatory bodies, such as the Ministry of Labour and Human Rights Commissions, created to enforce compliance with the law and aid in its interpretation.

Employment/Labour Standards Legislation

- Are laws present in every Canadian jurisdiction that establish minimum employee entitlements and set a limit on the maximum number of hours of work permitted per day or week
- Establish minimum employee entitlements pertaining to:
 - wages, paid holidays and vacation
 - maternity, parenting and adoption leaves
 - bereavement and compassionate care leave
 - termination notice and overtime pay
- Set limit on maximum number of work hours permitted per day or week
- Principle of equal pay for equal work
- *Equal Pay for Equal Work* specifies that an employer cannot pay male and female employees differently if they are performing the same or substantially similar work.

Legislation Protecting Human Rights

1. **The Charter of Rights and Freedoms** – is a federal law enacted in 1982 that guarantees fundamental freedoms to all Canadians. It applies to all levels of government and takes precedence over all other laws.
 - Guarantees fundamental freedoms to all Canadians
 - **Equality rights** - Section 15 guarantees the right to equal protection and equal benefit of the law without discrimination (in particular without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability, sexual orientation)
2. Human Rights Legislation

- **Discrimination:** distinction, exclusion or preference based on a prohibited ground which nullifies or impairs a person's rights to full and equal recognition and exercise of human rights and freedoms; intentional and unintentional prohibited in all policies; making choices on the basis of perceived but inaccurate differences, to the detriment of specific individuals/groups
 - **Intentional Discrimination:**
 1. Intentional discrimination doesn't necessarily have to be overt
 2. Employers are also prohibited from differential or unequal treatment of individuals/groups
 3. Employers cannot discriminate indirectly through a third party (i.e. employment agencies)
 4. Discrimination because of association is prohibited)
 - **Unintentional Discrimination:** is typically embedded in policies and practices that appear neutral on the surface and being implemented impartially have an adverse impact on specific groups of people for reasons that are not job related or required for the safe and efficient operation of the business (i.e. firefighter case where women were required to run the same distance as men – inherently built into the policies)
 - **Requirement for Reasonable Accommodation:** based on prohibited grounds in hr legislation, it is the adjustment of employment policies/ practices so that no individual is: denied benefits, at a disadvantaged in employment, and prevented from carrying out a job
 - **Undue Hardship:** the point where financial cost or health and safety risks make accommodation impossible; hr legislation mandates employers must accommodate to point of 'undue hardship' (becomes financially difficult)
 - **Permissible Discrimination:** Bona Fide Occupational Requirement
 - justifiable reason for discrimination
 - based on business necessity for safe and efficient operations
 - intrinsically required by job tasks (eg. must have sight to drive a truck)
 - **Human Rights Case Examples**
 - **Race and Colour** – discrimination on the basis of race and colour is illegal in every Canadian jurisdiction. (e.g. BC Human Rights Tribunal found that two construction companies had discriminated against 38 Latin American workers brought in to work on a public transit project (treated unfairly – lower wages and inferior accommodation) compared to the workers brought in from European countries)
 - **Sexual Orientation** – Prohibited in all jurisdictions. All laws must define “common-law partners” to include both same sex and opposite sex couples.
 - **Age** – Evidence is rarely available to support the position that age is an accurate indicator of a person's ability to perform a particular type of work. (Refer to pg. 33 for example)
 - **Religion** – can take many forms in Canada's multicultural society; (e.g. it is a violation of human rights laws across Canada to deny time to pray or to prohibit the wearing of a hijab)
 - **Family Status** – Definition of family status as being a parent and a broad definition encompassing all possible parental obligations
 - **Harassment** - Unwelcome behaviour that demeans, humiliates, or embarrasses a person and that a reasonable person should have known would be unwelcome; includes bullying/psychological harassment, onus is on the employer to have responsible practices and provide a duty of care
 1. **Sexual Harassment:** offensive or humiliating behaviour that is related to a person's sex, as well as behaviour of a sexual nature that creates an intimidating, unwelcome, hostile, or offensive work environment or that could reasonably be thought to put sexual conditions on a person's job or employment opportunities
 2. **Sexual Coercion:** harassment of a sexual nature that results in some direct consequence to the worker's employment status or some gain in or loss of tangible job benefits (suffer consequence)
 3. **Sexual Annoyance:** sexually related conduct that is hostile, intimidating, or offensive to the employee but has no direct link to tangible job benefits or loss thereof
- Harassment Policies**
- To reduce liability, employers should:
- establish sound harassment policies, communicate such policies to all employees, enforce policies in a fair and consistent manner, take an active role in maintaining a working environment that is free of harassment
 - must be driven down from the top, must be understandable, fair, accessible, a process to go about.
- Effective harassment policies:**
1. have a clear workplace anti-harassment policy statement
 2. information for victims

3. employees' rights and responsibilities
 4. employers' and managers' responsibilities
 5. have clear workplace anti-harassment policy procedures
 6. penalties for retaliation against a complainant
 7. guidelines for appeals
 8. other options such as union grievance procedures and human rights complaints
 9. how the policy will be monitored and adjusted
- Enforcement – the responsibility of the human rights commission in each jurisdiction.
 - All costs are borne by the commission, not the complainant; makes it accessible to all employees, regardless of financial means.

Employment Equity Legislation

- **Occupational Segregation** is the existence of certain occupations that have traditionally been male dominated and others that have been female dominated.
- **Glass Ceiling** refers to an invisible barrier, caused by attitudinal or organizational bias, which limits the advancement opportunities of qualified designated group members.
 - federal Employment Equity Act
 - based on Charter of Rights
 - proclaimed in 1987, amended in 1995
 - protects women, visible minorities, persons with disabilities, Aboriginal peoples
 - removes employment barriers
 - promotes equality
 - Outcomes for the 4 groups: lower pay, underutilization, underemployment, higher rates of unemployment, low status jobs with little career growth potential

Plight of the Four Designated Groups

1. **Women** account for 47% of the employed workforce, this hasn't changed in the past decade and will continue over the years as women are under-represented in university programs
2. **Aboriginals** have higher unemployment rates, and lower income as they are concentrated in low-skill trade helper jobs
3. **People with Disabilities** only 45% of which are in the labour force
4. **Visible Minorities** face underemployment, being employed in a job that does not fully utilize one's knowledge, skills, and abilities

Legislation to Address Employment Barriers

- Employment Equity Legislation is intended to remove employment barriers and promote equality for the members of the four designated groups.

Employment Equity Programs

- **Employment Equity Program** is a detailed plan designed to identify and correct existing discrimination, redress past discrimination, and achieve a balanced representation of designated group members in the organization.
- **Step 1: Senior Management Commitment and Support** – an organization should appoint a senior official to whom overall responsibility and authority for program design and implementation is assigned, and this should be endorsed by senior management.
- **Step 2: Data Collection and Analysis** – must perform **utilization analysis**, the comparison of the internal workforce representation with external workforce availability.
- **Step 3: Employment Systems Review** – a thorough examination of corporate policies and procedures, collective agreements, and informal practices to determine their impact on designated group members so that existing international or systemic barriers can be eliminated.
- **Step 4: Plan Development** – once steps 1-3 are completed an employment equity plan can be prepared with goals and timetables are its core. Quantitative and qualitative goals need to set, special measures include:
 - **Positive measures** are initiatives designed to accelerate the entry, development, and promotion of designated group members, aimed at overcoming the residual effects of past discrimination.
 - **Accommodation measures** are strategies to assist designated group members.
 - **Supportive measures** are strategies that enable all employees to achieve better balance between work and other responsibilities.
 - **Reverse Discrimination** – giving preference to designated group members to the extent that non members believe they are being discriminated against.
- **Step 5: Implementation** – process that transforms goals, timetables, and special measures into reality
- **Step 6: Monitoring** – requirement of a control system to evaluate progress and success, or lack thereof

Diversity Management

- **Diversity management** – activities designed to integrate all members of an organization’s multicultural workforce and use their diversity to enhance the firm’s effectiveness
- Broader/more inclusive than employment equity
- **Creating an Inclusive Environment**
 - top management commitment
 - integration of diversity initiatives and talent management into recruiting, training and development processes
 - diversity training programs
 - support groups
 - critical relationship networks
 - open dialogue
 - management responsibility and accountability

*HR legislation is typically reactive to situations occurring in the workplace. There are problems with reporting, and so usually people aren’t aware because employees don’t report it. If the HR policies encourage reporting then employees will report the issue, but if not it will be a recurring issues.

*Bullying is hard to define as it is mainly based on psychological effects. Employees don’t want to get involved because they fear the consequences of blowing the whistle on your boss.

*Discrimination in itself is not bad, but how it is used to manipulate a situation is wrong (i.e. distinction, exclusion, special preference in the definition.)

Chapter 3: Designing and Analyzing Jobs

Organizing Work for Strategic Success

- **Organizational Structure** refers to the formal relationships among jobs in an organization. An **organization chart** depicts the organization’s structure in chart form at a particular point in time; it shows the chain of command and who is accountable to whom.
 - **Bureaucratic Structure**
 - Top-down management approach
 - Many levels, and hierarchical communication channels and career paths
 - Highly specialized jobs with narrowly defined job descriptions
 - Focus on independent performance
 - **Flat Structure**
 - Decentralized management approach
 - Few levels and multi-directional communication
 - Broadly defined jobs, with general job descriptions
 - Emphasis on teams and on product development
 - **Matrix Structure**
 - Each job has two components: functional and product
 - Finance personnel for product B are responsible to both the finance executive and the product B executive

Job Design

- **Job design** is the process of systematically organizing work into tasks that are required to perform a specific job. A **job** is a group of related activities and duties, held by an employee. The collection of tasks and responsibilities performed by one person is known as a **position**.

Job Specialization (Industrial Engineering)

- **Work Simplification** is an approach to job design that involves assigning most of the administrative aspects of work (such as planning and organizing) to supervisors and managers, while giving lower-level employees narrowly defined tasks to perform according to methods established and specified by management.
 - Work simplification can increase efficiency in a workplace with intellectual disabilities; lack of education and training. But will decrease efficiency in one with educated workers and changing environment where customers want specialized, quality products.
- **Industrial Engineering** is concerned with analyzing work methods; making work cycles more efficient by modifying, combining, rearranging, or eliminating tasks; and establishing time standards.
 - However, it is hard to find fulfilment when jobs are so simplified. To be effective job design must also satisfy human psychological and physiological needs.

Behavioural Aspects of Job Design

- **Job Enlargement (horizontal loading)** involves assigning workers additional tasks at the same level of responsibility, increasing tasks, and decreasing monotony.
- **Job Rotation** involves systematically moving employees from one job to another to increase task variety, motivation, and productivity
- **Job Enrichment (vertical loading)** is any effort that makes an employee's job more rewarding or satisfying by adding more meaningful tasks and duties. It involves increasing autonomy and responsibility by allowing employees to assume a greater role in the decision making process.
- **Team-based Job Designs** focus on giving a team a while and meaningful piece of work to do and empowering team members to decide among themselves how to accomplish the work.

Ergonomic Aspects of Job Design

- **Ergonomics** seeks to integrate and accommodate the physical needs of workers into the design of jobs. It aims to adapt the entire job system – the work environment, machines, equipment, and processes – to match human characteristics.

Increasing Job Flexibility

- The meaning of a job as having clearly defined tasks and responsibilities is lessening as employees are performing different tasks and adapting to different needs of the company as it comes.

The Nature of Job Analysis

- **Job Analysis** is the procedure for determining the tasks, duties, and responsibilities of each job, and the human attributes (in terms of KSA's) required to perform it. Once this is complete, it is used for developing job descriptions and job specifications.

Uses of Job Analysis Information:

- Human Resources Planning – knowing what is required of jobs will help determine staffing needs
- Recruitment and Selection – used to know what type of person to hire
- Compensation – helps assess the relative value of jobs and therefore the compensation
- Performance Appraisal – must be related to duties and responsibilities identifies through job analysis
- Labour Relations – union-approved job descriptions become the basis for negotiations
- Training, Development, and Career Management – allows us to identify gaps in reaching where we aspire
- Job Design – useful for identifying duties that need to be completed and areas with overlap

Steps in Job Analysis

1. Identify the use to which the information will be put, since this will determine the types of data that should be collected and the technique used.
2. Review relevant background information, such as organization charts, process charts (*shows flow of inputs and outputs*), and existing job descriptions.
3. Select the representative positions and jobs to be analyzed.
4. Analyze the job by collecting data on job activities, required employee behaviours, working conditions, and human traits and abilities needed to perform the job and use a job analysis technique.
5. Review the information with job incumbents to ensure the information is correct and complete.
6. Develop a job description and job specification that are the two concrete products of job analysis.

*Process for analyzing the job's workflow – looking at who is relevant to the job, and getting their feedback on what to include in the description.

Methods of Collecting Job Analysis Information
Qualitative Job Analysis Techniques

TABLE 4.1 | A Summary of Conventional Data Collection Methods for Job Analysis and the Advantages/Disadvantages of Each

Method	Variations	Brief Description	Advantages	Disadvantages
Observation	Structured	<ul style="list-style-type: none"> • Watch people go about their work; record frequency of behaviours or nature of performance on forms prepared in advance 	<ul style="list-style-type: none"> • Third-party observer has more credibility than job incumbents, who may have reasons for distorting information 	<ul style="list-style-type: none"> • Observation can influence behaviour of job incumbents • Meaningless for jobs requiring mental effort (in that case, use information processing method) • Not useful for jobs with a long job cycle
	Unstructured	<ul style="list-style-type: none"> • Watch people go about their work; describe behaviours/ tasks performed 	<ul style="list-style-type: none"> • Focuses more on reality than on perceptions 	
	Combination	<ul style="list-style-type: none"> • Part of the form is prepared in advance and is structured; part is unstructured 		
Questionnaire	Structured	<ul style="list-style-type: none"> • Ask job incumbents/ supervisors about work performed using fixed responses 	<ul style="list-style-type: none"> • Relatively inexpensive • Structured questionnaires lend themselves easily to computer analyses • Good method when employees are widely scattered or when data must be collected from a large number of employees 	<ul style="list-style-type: none"> • Developing and testing a questionnaire can be time-consuming and costly • Depends on communication skills of respondents • Does not allow for probing • Tends to focus on perceptions of the job
	Unstructured	<ul style="list-style-type: none"> • Ask job incumbents/ supervisors to write essays to describe work performed 		
	Combination	<ul style="list-style-type: none"> • Part of the questionnaire is structured; part is unstructured 		

TABLE 4.1 | continued

Method	Variations	Brief Description	Advantages	Disadvantages
Diary/Log	Structured	• Ask people to record their activities over several days or weeks in a booklet with time increments provided	• Highly detailed information can be collected over the entire job cycle	• Requires the job incumbent's participation and cooperation
	Unstructured	• Ask people to indicate in a booklet over how long a period they worked on a task or activity	• Quite appropriate for jobs with a long job cycle	• Tends to focus on perceptions of the job
	Combination	• Part of the diary is structured; part is unstructured		
Individual Interview	Structured	• Read questions and/or fixed response choices to job incumbent and supervisor; must be face to face	• Provides an opportunity to explain the need for and functions of job analysis • Relatively quick and simple way to collect data	• Depends heavily on rapport between interviewer and respondent
	Unstructured	• Ask questions and/or provide general response choices to job incumbent and supervisor; must be face to face	• More flexible than surveys • Allows for probing to extract information and provides the interviewee with an opportunity to express views and/or vent frustrations that might otherwise go unnoticed	• May suffer from validity/reliability problems
	Combination	• Part of the interview is structured; part is unstructured	• Activities and behaviours may be reported that would be missed during observation	• Information may be distorted due to outright falsification or honest misunderstanding
Group Interview	Structured	• Same as structured individual interviews except that more than one job incumbent/ supervisor is interviewed	• Groups tend to do better than individuals with open-ended problem solving	• Cost more because more people are taken away from their jobs to participate
	Unstructured	• Same as unstructured individual interviews except that more than one job incumbent/supervisor is interviewed	• Reliability/validity are likely to be higher than with individuals because group members cross check each other	• Like individual interviews, tends to focus on perceptions of the job
	Combination	• Same as combination individual interview except more than one job incumbent/supervisor is interviewed		

Quantitative Job Analysis Techniques

- **Position Analysis Questionnaire**

- questionnaire used to collect quantifiable data concerning the duties and responsibilities of various jobs; best at classifying jobs and can be used to determine appropriate pay levels (ie. rating certain responsibilities from 1 to 5 to indicate how frequently you do it)
- very structured job analysis questionnaire which contains 194 items
- provides quantitative job score on six dimensions of job requirements:
 - information input
 - mental processes
 - work output (physical activities and tools)
 - relationships with others
 - job context (physical and social environment)
 - other job characteristics (pace and structure)

- **Functional Job Analysis**

- quantitative method for classifying jobs based on types and amounts of responsibility for data, people, and things (i.e. ratings from simple to complex responsibilities to get a better perspective on the skills and abilities needed to perform the job)
- identifies what kinds of training is needed to perform the job based on how complex it is; establishes performance standards and training requirements are also identified

- **National Occupational Classification (NOC)**
 - reference tool for writing job descriptions and job specifications
 - compiled by the federal government (HRSDC)
 - contains comprehensive, standardized descriptions of about 30,000 occupations and the requirements for each
 - NOC and its counseling component, *The Career Handbook*, both focus on occupations rather than jobs
 - an **occupation** is a collection of jobs that share some or all of a set of main duties

Internet Based Job Analysis

- Can easily collect data and update it to employees in different areas.

Using Multiple Sources of Job Analysis Information

- Job analysis data should be collected using multiple sources otherwise the data may be inaccurate and lead to misleading conclusions.

Writing Job Descriptions and Job Specifications

- **Job Description:** a list of the duties, responsibilities, reporting relationships, and working conditions of a job—includes:
 - job identification – position title; department; location; who to report to
 - job summary – general nature of the job, listing only its major functions or activities
 - relationships – indicates jobholders' relationships with people in and outside the organization
 - duties and relationships – detailed list of the job's major duties and responsibilities
 - authority – defines limits of the decision making authority
 - performance standards/indicators
 - working conditions and physical environment – (i.e. hours of work, amount of travel, hazards, etc)
 - Job Descriptions and Human Rights Legislation
 - job descriptions are not legally required but are highly advisable
 - essential job duties should be clearly identified in the job description
 - the only criteria examined should be knowledge, skills, and abilities required for the essential duties of the job
 - when an employee cannot perform one or more of the essential duties because of reasons related to a prohibited ground, such as a physical disability or religion, reasonable accommodation to the point of undue hardship is required
- **Job Specification:** a list of the “human requirements,” that is, the requisite knowledge, skills, and abilities, needed to perform the job—another product of a job analysis; human traits required.
 - Complying with human rights legislation means keeping a few pointers in mind:
 - all listed qualifications are bona fide occupational requirements (BFORs), based on the current job duties and responsibilities
 - unjustifiably high educational and/or lengthy experience requirements can lead to systemic discrimination
 - qualifications of the current incumbent should not be confused with the minimum requirements, since he or she might be under-qualified or overqualified
 - For entry-level jobs, identifying the actual physical and mental demands is critical
 - **Physical demands analysis** – identification of the senses used and the type, frequency, and amount of physical effort involved in a job.

Competency Based Job Analysis

- Companies sometimes need to have employees move from job to job seamlessly and so listing specific job duties might hinder the type of flexibility companies are looking for. Competency based job analysis lists what an employee must be capable of doing, rather than listing out specified duties; it is worker focused in that it looks at what the worker should be competent to do.
- **Competencies** - Demonstrable characteristics of a person that enable performance of the job
- **Competency-based job analysis** - Describing a job in terms of the measurable, observable behavioural competencies an employee must exhibit to do a job well
- **3 reasons to describe jobs in terms of competencies rather than duties:**
 - traditional job descriptions (lists of specific duties) may actually backfire if a high-performance work system is your goal
 - describing the job in terms of the skills, knowledge, and competencies the worker needs is more strategic
 - measurable skills, knowledge, and competencies support the employer's performance management process

- **Examples of Competencies**

- The job's required competencies might include general or core competencies (such as readings, writing, and mathematical reasoning), leadership competencies (such as leadership, strategic thinking, and teaching others, and technical/task/functional competencies (which focus on the specific technical competencies required for specific types of jobs and/or occupations)

Chapter 4: Human Resource Planning

Strategic Importance of Human Resources Planning

Human Resources Planning (HRP) is the process of forecasting future human resources requirements to ensure that the organization will have the required number of employees with the necessary skills to meet its strategic objectives.

- Forecasted shortage of 1M workers over the next 15 years.

Steps in Human Resource Planning

- *forecasting demand for labour*
 - considerations: organizational strategic plans; economic conditions; market trends; social concerns; demographic trends, etc.
 - techniques utilized: trend analysis; ratio analysis; scatter plot; Delphi technique; staffing tables; managerial judgement, etc.
- *analyzing the labour supply*
 - Internal Analysis: skills inventories; replacement summaries; succession planning
 - External Analysis: labour market conditions; occupational market conditions
- *planning and implementing HR programs to balance supply and demand*
 - Labour Shortage: overtime; temp workers; subcontract; recruitment; transfer; promotion
 - Labour Surplus: hiring freeze; buyouts and early retirement; job sharing; part time; reduced workweek; layoffs; termination; outplacement assistance
 - Equal Labour Demand and Supply: vacancy filled internally through transfers/promotions

The Relationship between HRP and Strategic Planning

- It is clear that HRP and strategic planning become effective when a reciprocal and interdependent relationship exists between them. Determining how many people will be available to carry out the strategic goals of the organization as well as what skills they have is essential to the strategic planning process.

The Importance of Environmental Scanning

The most successful organizations are prepared for change before it even occurs.

- The external environmental factors most frequently monitored include:
 - economic conditions (general, regional, and local) – affects demand for products
 - market and competitive trends
 - new or revised laws
 - social concerns related to health care, childcare, and educational priorities
 - technological changes
 - demographic trends – demographic composition affecting lack of Gen X & Y to fill baby boomers

STEP 1: Forecasting Future Human Resource Needs (Demand)

Involves forecasting for the number and type of people needed to meet organizational objectives.

Forecasting is based on:

- projected turnover as a result of resignations or terminations
- quality and nature of employees relative to needs of the organization
- decisions regarding product quality and new markets, and the required employee skill mix
- plans for technological and administrative changes to increase productivity and reduce headcount
- financial resources available

Quantitative Approaches: relies on statistical analysis.

- **trend analysis:** reviewing past employment levels to predict future needs; used for initial estimate only
- **ratio analysis:** ratio of some causal factor and number of employees needed (assumes productivity and volume do not change, like trend analysis)
- **scatter plot:** used to determine whether two factors (business activity and staffing levels) are related; a graphical method to help identify the relationship between two variables; line of best fit gives estimation

- **regression analysis:** examines the statistical relationship between business activity and employees; a statistical technique involving the use of a mathematical formula to project future demands based on an established relationship between an organization's employment and some measurable factor of output

Qualitative Approaches: rely solely on expert judgment.

- **Nominal Group Technique**
 - decision making technique that involves a group of experts meeting face to face
 - steps include independent idea generation, clarification and open discussion, and private assessment (ranking of ideas)
- **Delphi Technique**
 - judgmental forecasting method used to arrive at a group decision, typically involving outside experts as well as organizational employees
 - ideas are exchanged without face-to-face interaction and feedback is provided and used to fine-tune independent judgements until a consensus is reached
 - better for long-range forecasting
- **Managerial judgment**
 - Using professional judgement plays a key role even in quantitative forecasting as trends are unlikely to be unchanging in the future.
 - **Staffing Table**
 - a pictorial representation of all jobs within the organization, along with the number of current incumbents and future employment requirements (monthly or yearly) for each

STEP 2: Forecasting Availability of Internal and External Candidates (Supply)

Forecasting the Supply of INTERNAL Candidates

- **Markov Analysis**
 - a method of forecasting internal labour supply that involves tracking the pattern of employee movements through various jobs and developing a transitional probability matrix; shows transitory movement through jobs and exits
- **Skills Inventories**
 - manual or computerized records summarizing employees' education, experience, interests, skills, and so on, which are used to identify internal candidates eligible for transfer and/or promotion; if skills pertaining to the job are updated they must let HR know
- **Management Inventories**
 - records summarizing the qualifications, interests, and skills of management employees, along with the number and types of employees supervised, duties of such employees, total budget managed, previous managerial duties and responsibilities, and managerial training received
- **Replacement Charts**
 - visual representations of who will replace whom in the event of a job opening
 - likely internal candidates are listed, along with their age, present performance rating, and promotability status
- **Replacement Summaries**
 - lists of likely replacements for each position and *their relative strengths and weaknesses*, as well as information about current position, performance, promotability, age, and experience
- **Succession Planning**
 - process of ensuring suitable supply of successors for current and future senior or key jobs so that careers of individuals can be effectively planned and managed (highly confidential information)
 - for every two senior executives there is only one is job ready successor
 - includes:
 - analysis of the demand for managers and professionals in the company
 - audit of existing executives and projection of likely future supply
 - planning of individual career paths based on objective estimates of future needs, performance appraisal data, and assessments of potential
 - career counselling and performance-related training and development to prepare individuals for future roles
 - accelerated promotions, with development targeted at future business needs
 - planned strategic recruitment, aimed at obtaining people with the potential to meet future needs, as well as at filling current openings

Forecasting the Supply of EXTERNAL (Outside) Candidates

- To project supply of outside candidates, employers assess:
 - **General economic conditions** – look at unemployment rate; low means less candidates

- **National labour market conditions** – looking at demographic composition; incoming labour force composed mainly of immigrants
- **Local labour market conditions** – local labour markets are affected by community growth rates and attitudes
- **Occupational market conditions** – want to forecast the availability of potential candidates in specific occupations for which they will be recruiting in order to plan for the future

STEP 3: Planning and Implementing HR Programs to Balance Supply and Demand

Labour Surplus

A **labour surplus** exists when the internal supply of employees exceeds the organization's demand

- Employers may respond with:
 - **hiring freeze** – a common initial response to an employee surplus. Openings are filled by reassigning current employees, and no outsiders are hired.
 - **Attrition** – the normal separation of employees from an organization because of resignation, retirement, or death. When employees leave the vacancies aren't filled and staffing level decreases gradually without termination. Disadv: time; can't control who stays and who leaves
 - **early retirement buyout programs** – to accelerate attrition; costly; must be voluntary!
 - **job sharing** – dividing the duties of a single person between two or more employees
 - **work sharing** – employees work 3-4 days a week and on the 5th day receive EI
 - **reduced work week** – employees work fewer hours and receive less pay
 - **layoff** – temporary withdrawal of employment to workers for economic reasons
 - **supplemental unemployment benefits** – a top-up of EI benefits to bring income levels closer to what an employee would receive if on the job
 - **termination** – permanent separation from the organization for any reason
 - **severance package** – a lump-sum payment, continuation of benefits for a specified period of time, and other benefits that are provided to employees who are being terminated; legally required in mass layoffs
 - **survivor sickness** – is a range of negative emotions experienced by employees remaining after a major restructuring initiative, which can include feelings of betrayal or violation, guilt, and detachment, and can result in stress symptoms, depression, increased errors, and reduced performance

Labour Shortage

A **labour shortage** exists when the internal supply of human resources cannot meet the organization's needs

- Employers may respond with:
 - Overtime – it's difficult to sustain overtime because of exhaustion
 - hiring temporary employees or temporarily subcontracting
 - **transfer** – lateral movement from one job to another that is relatively equal in pay, responsibility, and organizational level
 - **promotion** – movement of an employee from one job to another that is higher in pay, responsibility, organizational level, usually based on merit, seniority or a combination of both
 - external recruitment
- **Canada's Looming Labour Shortage**
 - over the next 20 years, the vast majority of baby boomers will transition from working life to retirement, creating a critical undersupply of labour
 - employers are trying to retain older workers past the retirement age and trying to change stereotypes about them: slow; resistant to change; hard to get along with
 - Strategies to deal with Canada's looming labour shortage:
 - increase the workforce participation of older Canadians
 - increase the number of Aboriginal employees
 - increase the number of visible minority employees
 - increase the number of female employees
 - access largely untapped pool of talent from people with disabilities
 - offer flexible work arrangements
- **Flexible Work Arrangements** – although flexible work arrangements have traditionally been associated with improving work/life balance, they are increasingly seen as part of a business strategy because they can assist organizations in meeting customers' needs when and where they need to be met.
 - Telecommuting is a common flexible work arrangement; employees work at home, using their computers, iPhones, and email to transmit completed work to the offices – reduces travel time, permits the employee to work whenever he or she is most productive, and provides flexibility for dealing with family responsibilities.
 - **Flextime** – employees build their workday around a core of midday hours
 - **Compressed Work Week** – an arrangement that most commonly allows employees to work four ten hour days instead of the more usual five eight-hour days

- **Flexyear** – a work arrangement under which employees can choose (at six-month intervals) the number of hours that they want to work each month over the next year

Labour Supply Matches Labour Demand

- When the labour supply matches the labour demand, organizations replace employees who leave the firm with individuals transferred or promoted from inside or hired from outside.
 - as in shortage situations, performance management, training, and career development play crucial roles

Chapter 5: Recruitment

Strategic Importance of Recruitment

- The quality of an organization's human resources begins with a strategic perspective in management of recruitment
- **Recruitment** is the process of searching out and attracting qualified job applicants, which begins with the identification of a position that requires staffing and is completed when résumés and/or completed application forms are received from an adequate number of applicants
- **Recruiter** is a specialist in recruitment, whose job it is to find and attract capable candidates

Employer Branding is the image or impression of an organization as an employer based on the benefits of being employed by the organization

- Branding includes experiences a candidate goes through while interacting with a company throughout the recruitment process, including:
 - what candidates experience when they go to the company's website
 - whether HR sends an acknowledgement letter or email thanking each candidate who sends in a résumé
 - how candidates are greeted by the receptionist when they make initial contact by phone or in person
 - whether the HR person who interviews candidates is a good spokesperson who can articulate organization's values and culture
- Employer Branding involves three steps:
 - **Step 1** - define the target audience, where to find them, and what they want from an employer
 - **Step 2** - develop the employee value proposition - the specific reasons why the organization is a unique place to work and a more attractive employer for the target audience compared to other organizations
 - **Step 3** - communicate the brand by incorporating the value proposition into all recruitment efforts

The Recruitment Process



1. Job openings are identified through HR Planning or manager request.
2. This step includes reviewing the job description and the job specification and updating them.
3. Appropriate sources of recruitment and methods are chosen, as well as internal or external.
4. The requirements of equity legislation and the organization's diversity goal should be reflected in the pool.

Recruiting Within the Organization

- Advantages
 - employees see that competence is rewarded thus enhancing commitment, morale and performance
 - insiders may be more committed to company goals and less likely to leave
 - managers are provided with a longer-term perspective when making business decisions
 - firm is likely to have a more accurate assessment of person's skills and performance level
 - inside candidates require less orientation
- Disadvantages
 - discontent of unsuccessful candidates
 - time consuming to post and interview all candidates if one is already preferred
 - employee dissatisfaction with insider as new boss
 - possibility of "inbreeding" – making decisions by the book
- **Job Posting** is the process of notifying current employees about vacant positions. Outlines: job title, duties, qualifications, hours of work, pay range, posting date, and closing date.

- **Human Resources Records** – often consulted to ensure that qualified individuals are notified, in person, of vacant positions.
- **Skills Inventories** – used as a supplement to job descriptions; ensures that qualified internal candidates are identified and considered for transfer or promotions when opportunities arise.

Limitations of Recruiting from Within

- Jobs may be vacated unexpectedly, without any replacements yet qualified.
- Hiring from outside may be preferable to acquire the latest knowledge and expertise to revitalize the organization.

Recruiting Outside the Organization

- **Advantages**
 - generation of a larger pool of qualified candidates
 - availability of a more diverse applicant pool, which can assist in meeting employment equity goals and timetables
 - acquisition of skills or knowledge not currently available within the organization and/or new ideas and creative problem-solving techniques
 - elimination of employee rivalry and competition for transfers and promotions
 - potential cost savings resulting from hiring individuals who already have the skills, rather than providing extensive training
 - larger, more diverse pool of qualified candidates

Planning External Recruitment

- type of job affects recruitment method chosen
- **yield ratios** - percentage of applicants that proceed to next stage of selection process
- **time lapse data** - time from start of recruitment to new employee starting work

External Recruitment Methods

- **online recruiting**
 - internet job boards (pay firm to post, post to database)
 - corporate websites help the company create a pool of candidates who have already expressed interest in the company; career pages on the employer's platform promote the employer brand, educates the applicant about the company, and captures data about the applicant.
 - Best Practices: include info about company culture; third party sources of info such as rankings; design separate sections for different job seekers; direct link from homepage to career page; have job search tool; standardized resume builder; and email to a friend option.
- **social networking sites** – allows companies to create virtual recruitment booths or a company profile where they can post jobs or promote the employer brand while connecting with million at no cost.
- **print advertising – two issues:** mediums used and construction of the ad needs to be addressed.
 - Two types of ads:
 - **Want ad** – a recruitment ad describing the job and its specifications, the compensation package, and the hiring employer. The address to which applications and resumes should be submitted is also provided
 - **Blind ad** – a recruitment ad in which the identity and address of the employer are omitted
 - Employers can use print ads to reach large geographical areas and target designated group members
 - To achieve optimum results from an advertisement, the following four-point guide, called AIDA, should be kept in mind as the ad is being constructed:
 - The ad should attract attention
 - The ad should develop interest in the job
 - The ad should create a desire for the job
 - The ad should instigate action
- **private employment agencies** – employers pay a 15-30% fee of individuals salary. Agencies take an employer's request for recruits and then solicit job seekers, relying primarily on internet job boards, advertising, and walk-ins, expanding the applicant pool, and doing preliminary screening. Used when firm does not have HR dept., when firm has difficulty hiring certain positions, a position needs to be filled quickly, reaching designated groups or currently employed.
- **executive search firms** – employers retain search firms to fill middle-senior level professional or executive positions. These firms know and understand the marketplace, have many contacts, and are adept at contacting employees who are not actively looking to change jobs.

- **walk-ins and write-ins** – people who go to organizations or submit unsolicited resumes without referral or invitation
- **employee referrals** – applications from friends and relatives of current employees. Disadvantages include inbreeding, nepotism and systemic discrimination.
- **former employees** – employers make effort to keep contact with former employees who may be interested in rejoining in the future, “boomerangs”
- **educational institutions** – effective when candidates require formal training but relatively little work experience; intern, co-op, and field placements allow employers to assess potential employees while benefiting from knowledge and enthusiasm of the students.
- **Human Resources and Skills Development Canada (HRSDC)** – helps unemployed individuals to find suitable jobs and employers to locate qualified candidates to meet their needs at no cost to either party.
- **professional and trade associations** – many such associations conduct ongoing placement activities on behalf of their members, and regularly send out newsletters in which organizations can place job ads.
- **labour organizations** – the union maintains a roster of members whom it sends out on assignments as requests from employers are received. Once completed they notify the firm of their availability for assign.
- **military personnel** – The Canadian Forces Liaison Council’s Reserve Employment Assistance Program (REAP) allows employers to place job postings for skilled personnel at more than 300 military units across the country at no charge.
- **open houses and job fairs** – top prospects are invited to visit the firm at a later date for a more in-depth assessment.

Recruiting Non-Permanent Staff

Companies are increasing their use of contingent staff to attain labour flexibility, and acquire employees with special skills and abilities on an as-needed basis. Three sources of non-permanent staff are:

- **temporary help agencies** – temporary workers are agency employees and are reassigned to another employer when their services are no longer required. *3 Major Benefits:*
 - cost much less than permanent employees;
 - if a temp performs unsatisfactorily, a substitute can be requested immediately;
 - temps are fully motivated, knowing that firms may choose from top-performing ranks to fill permanent positions.
- **contract workers** – employees who develop work relationships directly with the employer for a specific type of work or period of time.
- **employee leasing** - arrangement in which a firm (called subscribing firm) transfers its employees to another firm (called leasing firm) which specializes in HRM, payroll accounting, and risk administration.

Recruiting A More Diverse Workforce

- It’s not just socially responsible – it’s a necessity.

Attracting older workers – because workforce is aging, employers try to retain older workers or have them return to the firm. Older workers have loyalty, commitment, job satisfaction, and strong work ethic. It is essential for companies to deal with stereotypes, increase flexible work arrangements and make sure their HR policies don’t discourage older workers from applying.

Attracting younger employees – taking steps to address the pending shortage of younger employees; must have employees who mirror their customer base; Gen Xers want to work independently and have work/life balance; Gen Y’s want to know that they will have a variety of experiences.

Recruiting designated group members – alternative publications targeted at designated group members should be considered for advertising, and linkages can be formed with organizations and agencies specializing in assisting designated group members.

Developing and Using Application Forms

- Application forms provide an efficient means of collecting verifiable historical data from each candidate in a standardized format.
- Even when detailed résumés have been submitted, most firms also request that a standardized company application form be completed, there are many reasons for this practice:
 - candidate comparison is facilitated because information is collected in a uniform manner
 - information that the company requires is specifically requested, rather than just what the candidate wants to reveal
 - candidates are asked to complete an application form while on company premises, and thus it is a sample of the candidate's own work
 - application forms ask the candidate to provide written authorization for reference checking
 - candidates are asked to acknowledge that the information provided is true and accurate, which protects the company from applicants who falsify credentials
 - many application forms have an optional section regarding designated group member status

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Human Rights Legislation and Application Forms

- application forms cannot (in)directly classify candidates on the basis of any of the prohibited grounds under the human rights legislation.
- specific guidelines regarding questions that can and cannot be asked on application forms are available through the human rights commissions in each jurisdiction

Using Application Forms to Predict Job Performance

- Firms may use application forms to predict whether candidates will be successful or not, in the same way that tests are used in the screening process.
- **Weighted Application Blank (WAB)** – responses weighted based on statistical relation to job performance; applicant's responses are scored to calculate a composite score for each applicant.
- **Biographical Information Blank (BIB)** – uses biographical data as a predictive indicator of job success; data predictive of job success is scored. Items that are valid predictors of job success are identified and weights are established for different responses to these items, a total composite score is then generated for each applicant.

Chapter 6: Selection

The Strategic Importance of Employee Selection

Selection is the process of choosing among individuals who have been recruited to fill existing or projected job openings

- quality of human resources determines organizational performance
- high cost of inappropriate selection decisions
- significant legal implications

Guidelines for Avoiding Legal Problems

- selection criteria based on the job
- adequate assessment of applicant ability
- careful scrutiny of applicant-provided information
- written authority for reference checking
- save all records and information
- reject applicants who make false statements

Supply Challenges

- **Selection ratio** is the ratio of the number of applicants hired to the total number of applicants. If the ratio is low, it is better to start from scratch due to low quality or limited number of applicants.
- A small selection ratio, such as 1:2, means that there are a limited number of applicants from which to select, and it may also mean low-quality recruits.

The Selection Process

- **Multiple-hurdle strategy** is an approach to selection involving a series of successive steps or hurdles. Only candidates clearing the hurdle are permitted to move on to the next step.

Step 1: Preliminary Applicant Screening

- initial applicant screening is performed by HR department
- application forms and résumés are reviewed
- candidates not meeting essential selection criteria are eliminated first

- candidates who most closely match the remaining job specifications are identified and given further consideration
- use of technology is becoming increasingly popular to help HR professionals improve the initial screening process

Step 2: Selection Testing

- selection testing is a common screening device used by approximately two thirds of Canadian organizations
- used to assess specific job-related skills, general intelligence, personality characteristics, mental abilities, interests, and preferences
- testing techniques provide efficient, standardized procedures for screening large numbers of applicants
- tests and other selection techniques are only useful if they are reliable and valid

Importance of Reliability and Validity

Reliability:

- the degree to which interviews, tests, and other selection procedures yield comparable data over time
- in other words, the degree of dependability, consistency, or stability of the measures used

Validity:

- the accuracy with which a predictor measures what it is intended to measure
- Types of Validity
 - **Differential Validity:** confirmation that the selection tool accurately predicts the performance of all possible employee subgroups, including white males, women, visible minorities, persons with disabilities, and Aboriginal people
 - **Criterion-Related Validity:** extent to which a selection tool predicts or significantly correlates with important elements of work behaviour
 - **Content Validity:** extent to which a selection instrument, such as a test, adequately samples the knowledge and skills needed to perform the job
 - **Construct Validity:** extent to which a selection tool measures a theoretical construct or trait deemed necessary to perform the job successfully (ie. intelligence, analytical ability, etc)

Tests of Cognitive Abilities

- **intelligence tests** – tests that measure the general intellectual abilities, such as verbal comprehension, inductive reasoning, memory, numerical ability, speed or perception, spatial visualization, and word fluency.
- **emotional intelligence tests** – tests that measure ability to monitor one's own emotions and the emotions of others and to use that knowledge to guide thoughts and actions.
 - e.g. someone with a high emotional quotient (EQ) is self-aware, can control his or her impulses, is self-motivated, and demonstrates empathy and social awareness
- **specific cognitive abilities** measured by **aptitude tests** – tests that measure an individual's aptitude or potential to perform a job, provided he or she is given proper training.

Tests of Motor/Physical Abilities

- Measure the speed and accuracy of simple judgment and things such as dexterity and arm movements.
- *Functional Abilities Evaluation (FAE)* - measures a whole series of physical abilities for jobs that require a multitude of physical demands.

Measuring Personality and Interests

- Personality and interest motivators are sometimes used as predictors of job performance.
- **Personality Tests** can measure basic aspects of an applicant's personality, such as introversion, stability, and motivation (ie. extraversion, emotional stability, agreeableness, conscientiousness, and openness to experience)
- **Interest Inventories** compare a candidate's interest with those of people in various occupations.

Achievement Tests

- A measure of knowledge and/or proficiency acquired through education, training, or experience.

Work Sampling

- Focuses on measuring job performance directly. Each applicant performs key tasks and is monitored by an administrator. Work-sampling test is validated by determining the relationship between the applicants' scores on the work samples and their actual performance on the job.

Management Assessment Centres

- A strategy used to assess candidates' management potential that uses a combination of realistic exercises, management games, objective testing, presentations, and interviews.

Situational Testing

- Refers to tests in which candidates are presented with hypothetical situations representative of the job for which they are applying and evaluated on their responses.

Micro-assessments

- Are a series of verbal, paper-based, or computer-based questions and exercises that a candidate is required to complete, covering the range of activities required on the job for which he or she is applying.

Physical Examination and Substance Abuse Testing – 3 reasons to include a medical examination in selection:

- *to determine that applicant qualifies for the physical requirements of the position and, if not, to document any accommodation requirements*
- *to establish a record and baseline of the applicant's health for the purpose of future insurance or compensation claims*
- *to reduce absenteeism and accidents by identifying any health issues or concerns that need to be addressed*
- Medical exams are only permitted after a written offer of employment has been extended (except in the case of bona fide occupational requirements)
- the purpose of pre-employment substance abuse testing is to avoid hiring employees who would pose unnecessary risks to themselves or others and/or perform below expectations
- in Canada, employers are not permitted to screen candidates for substance abuse
- alcohol and drug addiction is considered to be a disability under human rights codes, and an employee cannot be discriminated against during the selection process based on a disability

Step 3: The Selection Interview

The **selection interview** is a procedure designed to predict future job performance on the basis of applicant's oral responses to oral inquiries.

Interviewer Objectives:

- assess applicant's qualifications
- observe applicant's behaviour and gather information to predict future performance
- communicate information about job
- promote organization
- determine how well applicant would fit in

Applicant Objectives:

- present a positive image
- sell their skills and market positive attributes
- gather information about job and organization

Types of Interviews

Selection interviews can be classified according to:

- *The structure of the interview*
 - Unstructured – conversational style interview. The interviewer pursues points of interest as they come up in response to questions. Low reliability and validity.
 - Structured – an interview following a set of predetermined, job-related sequence of questions.
 - mixed (semi-structured) – an interview format that combines the structured and unstructured techniques.
- *The content of the interview*
 - Situational – a series of job-related questions that focus on how the candidate would behave in a given situation; premise being that intents predict future behaviour.
 - Behavioural - involves describing various situations and asking interviewees how they behaved in the past in such situations' premise that past behaviour predicts future behaviour.
- *Administering the interview*
 - one on one or panel of interviewers, sequentially or all at once, face to face or videoconferencing
 - **panel interview** – an interview in which a group of interviewers questions the applicant

Interviewing and the Law

1. interviewers cannot ask questions that would violate human rights legislation, either directly or indirectly
2. all interviewees must be treated in the same manner
3. cutting short an interview based on preconceived notions about the gender or race of the "ideal" candidate should be avoided because this is an example of illegal differential treatment
4. interviewers should focus on the job description and job specification in order to gather all the information required to assess applicants without infringing on the candidates' legal rights

Common Interviewing Mistakes

- poor planning
- snap judgments
- negative emphasis – being more influenced by unfavourable behaviours than favourable
- **halo effect** – a positive initial impression that distorts an interviewer's rating of a candidate because subsequent information is judged with a positive bias.
- poor job knowledge
- **contrast or candidate-order error** – in which the order that applicants are seen can affect how they are rated.
- influence of nonverbal behaviour
- telegraphing – interviewers may help applicants to respond correctly to their questions by telegraphing the expected answer.
- too much/too little talking – 30/70 rule
- similar-to-me bias

Designing an Effective Interview

1. decide who will be involved and develop selection criteria
2. specify “musts” and “wants” and weigh “wants”
 - **Must criteria** – requirements that are absolutely essential for the job, include a measurable standard of acceptability, or are absolute, and can be screened initially on paper.
 - **Want criteria** – those criteria that represent qualifications that cannot be screened on paper or are not readily measurable, as well as those that are highly desirable but not critical.
3. determine assessment strategies and develop evaluation form
4. develop interview questions to be asked of all candidates
5. develop candidate-specific questions

Conducting an Effective Interview

- Planning the interview
- Establishing rapport – finding out as much as possible about the candidate's fit with organization and job specifications.
- Asking questions – questions written in advance, should be asked in order. Recording answers to ensure nothing is forgotten, reduce snap judgments, and ensure all candidates are judged on the same criteria.
- Closing the interview – time should be allocated at the end for the candidate to ask questions.
- Evaluating the candidate – should occur immediately after the interview.

Step 4: Background Investigation/Reference Checking

Information to be Verified

- basic background check includes a criminal record check, verification of educational qualifications, verification of at least five years' employment, checks of performance-related references from past supervisors
- for financially sensitive positions, a credit check may also be included

Obtaining Written Permission

- need permission for credit and reference checks.

Making Reference Checks More Effective

- asking references to provide other references, or people the candidate has worked with, information obtained this way makes this process more objective

Providing References

- qualified privilege and negligent misrepresentation (pg. 170)

Top Seven Résumé Lies

- Dates of employment
- Job title (inflated rank)
- Salary level
- Criminal records
- Education (bogus degrees diploma mills)
- Professional license (MD, RN etc.)
- “Ghost” company (self-owned business)

Step 5: Supervisory Interview and Realistic Job Preview

- supervisor is best qualified to assess job knowledge and skills
- supervisor can answer job-specific questions
- supervisor must feel comfortable with new hire
- supervisor can assess fit with current team members
- supervisor should be committed to the new hire's success and will try to provide assistance and guidance

Realistic Job Preview (RJP) is a strategy used to provide applicants with realistic information—both positive and negative—about the job demands, the organization's expectations, and the work environment

- leads to improved employee job satisfaction, reduced voluntary turnover, and enhanced communication

Step 6: Hiring Decision and Candidate Notification

- combine information from all selection techniques used
- subjective evaluation of information about each candidate
- immediate supervisor usually makes final hiring decision
- **statistical strategy:** a more objective technique used to determine to whom the job should be offered; identify valid predictors and weight them statistically e.g. multiple regression;
- often, the initial offer is made by telephone, but it should be followed up with a written employment offer that clearly specifies important terms and conditions of employment, such as starting date, starting salary, probation period, and so on.
- candidates should be given a reasonable length of time in which to think about the offer and not be pressured into making an immediate decision
- all finalists not selected are notified

Chapter 7: Orientation & Training

Orienting Employees

New employees need a clear understanding of company policies, of expectations regarding their performance, and of operating procedures before and after hiring. This can lead to reduced turnover, increased morale, and fewer grievances.

Purpose of Orientation Programs

Employee Orientations (onboarding) provides new employees with basic background information about the employer and specific information that they need to perform their jobs satisfactorily. It is part of the new-employee socialization process.

- **Socialization** is the ongoing process of instilling in all employees the prevailing attitudes, standards, values, and patterns of behaviour that are expected by the organization. Strong onboarding can speed up socialization and allow the employee to be productive asap.
- **Reality Shock** is the discrepancy between what the new employee is expected from his or her new job and its realities.
- Good opportunity to set goals with the employee and establish early foundations.

Content of Orientation Programs

Employee is given:

- Handbook that covers policies, benefits, regulations, company history and current mission
- Tour of the company facilities, and introductions to the employees supervisor and co-workers
- Explanation of job procedures, duties, and responsibilities
- Summary of training
- Explanation of performance appraisal criteria

Responsibility for Orientation

HR Specialist meets with new hire and hands them off to their supervisor who familiarizes them with their surroundings: workplace, co-workers, nature of the job. A mentor may be paired up with the new hire during the initial months. Good idea to follow up with new hire after the initial orientation to address any remaining questions.

Special Orientation Situations

- *Diverse Workforce* – proposes a challenge to companies that have not had a diverse workforce in the past. New employees should be advised on what reactions are prohibited and how to report them.
- *Mergers and Acquisitions* – employees need information on new company history, what difficulties in operations to expect, resocialization to the new company culture that may evolve.

- *Union vs. Non-Union Employees* – employees need a copy of collective agreement and information pertaining to their job. Need introduction to union steward, explanation of union dues, and informed about executive members.
- *Multi-location Organizations* – new employees in a multi-location company need to be made aware of where the other locations are and what business functions are performed in each location.

Problems with Orientation Programs

- Too much information in a short time leading to overwhelmed employee
- Too many forms to fill out
- Too little or no orientation is provided
- Information is too broad to be meaningful or too detailed for the new employee to remember it all; supervisory information too detailed

Evaluation of Orientation Programs

Three approaches:

1. *Employee Reaction* – interview/survey for opinion on orientation program
2. *Socialization Effects* – assessing employee's progress towards organization beliefs
3. *Cost/Benefit analysis* – comparing costs and benefits of orientation

Executive Integration

- Executives do not normally go through an orientation process, because there is an assumption that they will know what to do (18 month integration); this is especially hard because they are expected to be change agents.
 - Identifying position specifications
 - Providing realistic information to job candidates
 - Assessing candidates previous record at making organizational transitions
 - Stressing importance of listening and demonstrating competency
 - Assisting executives in balancing cultural norms, while they are part of the culture themselves

The Training Process

Training employees involves a learning process in which workers are provided with the information and skills that they need to successfully perform their jobs. *Development* is of a long-term nature and prepares employees for future jobs within the organization. It is a strategic investment in human capital that ensures commitment from employees.

Training and Learning

Learning occurs in three ways: *auditory (talking and listening)*, *visual (pictures and prints)*, and *kinesthetic (tactile learning through whole body experience)*. Training effectiveness can be enhanced by identifying learning styles and personalizing the training accordingly.

- Material presented should have a logical flow and have meaning to the trainings while providing an overall picture of the organization.
- Skills learned in training should be transferable to the actually job/work-site
- Most motivate the trainee, with positive reinforcement
- Prepare the trainee by letting them know what might occur on the job and what to expect

Legal Aspects of Training

- Must make sure that there is no systemic discrimination in the training process (ie. reading level of manual may be too advanced)
- Avoid *negligent training*: occurs when an employer fails to train adequately, and an employee subsequently hurts a third party.

The Five-Step Training Process

1. Needs Analysis
2. Instructional Design
3. Validation
4. Implementation
5. Evaluation and Follow-up

Step 1: Training Needs Analysis

- determine what training is required, if any
- for new employees, determine what the job entails and break it down into subtasks, each of which is taught to the new employee
- for current employees, determine whether or not training is the solution to the problem

- *analyze the skills and needs of the prospective trainees, and to develop specific, measurable knowledge and performance objectives.*
- Task analysis and task performance are two techniques used to assess training needs
- **Task analysis** - It is a detailed study of a job to identify the skills and competencies it requires so that an appropriate training program can be instituted.
- **Performance analysis** - verify performance deficiency and determine whether deficiency should be rectified through training or some other means

Task Analysis: Assessing the Training Needs of New Employees

- The job description becomes the basic reference point in determining the training required to perform on the job.
- **Task analysis form:** task list; when and how often performed; quantity and quality of performance; conditions under which performed; competencies and specific knowledge required; where best learned.

Performance Analysis: Determining the Training Needs of Current Employees

- Can't do problems: employees do not know what to do or what the standards are; job aids are needed, poor selection has resulted, training is inadequate.
- Won't do problems: employees could do a good job if they wanted to; reward system may need to be enhanced because the employees don't want to do the job.

Training Objectives

- concrete, measurable training objectives should be set after training needs have been analyzed

Step 2: Instructional Design

- prepare curriculum
- ensure training materials support learning objectives
- ensure quality and effectiveness of program elements
- *Actual content of the training program is compiled and produced, including workbooks, exercises, and activities.*

Traditional Training Techniques

- on-the-job training: more structured and concrete, inexpensive, trainees learn while producing
- apprenticeship training: having the learner/apprentice study under the tutelage of a master craftsman
- informal learning: results from day-to-day unplanned interactions between the new worker and their colleagues; any learning that occurs in which the learning process is not determined or designed by the organization.
- job instruction training: the listing of each job's basic tasks, along with key points, in order to provide step-by-step training for employees
- classroom training: lecturing. Quick and simple way to deliver information to large group of people.
- audiovisual techniques: more expensive than lectures. **Video conferencing** is a means of joining two or more distant groups by using audiovisual equipment.
- programmed learning: presenting question, facts, or problems to the learner; allowing the person to respond, providing feedback on the accuracy of his or her answers. This method reduces training time by 1/3; it lets trainees learn at their own pace, provides immediate feedback, and reduces the risk of error. Expensive.
- vestibule or simulated training: training trainees on special off-the-job equipment that will be used on the job, in turn reducing costs and hazards.

E-Learning

- delivery and administration of learning opportunities and support via computer, networked, and web-based technology, to enhance employee performance and development
- flexible, personalized and cost effective
- 3 types:
 - computer-based training – presents trainees with integrated computerized simulations and uses multimedia to help the trainee to learn how to do the job. Advantages: instructional consistency, mastery of learning, flexibility and increased motivation.
 - online training – costs 50% less than classroom training, and is ideal for people who want to learn what they want when and where they want.
 - **electronic performance support systems (EPSS)** – are computer based job aids, or sets of computerized tools and displays that automate training, documentation, and phone support. (Example: Dell's customer service representatives asking questions about your problem through screen prompts.)
- *good to have *blended learning*, a combination of personal interaction and online learning tools.

Step 3: Validation

- *It is necessary to conduct a pilot study to ensure bugs are worked out and the training program is presented to a small representative audience.*
- an often-overlooked step in the training process

- validate training using representative audience
- make revisions based on pilot results to make sure program is producing desired improvement in skill level

Step 4: Implementation

- once the program has been validated, it is ready to be implemented by professional trainers
- train-the-trainer workshops may be required to focus on presentation as well as content

Step 5: Evaluation of Training

- a follow up or evaluation is completed in which the program's successes and failures are assessed to assess whether the training achieved its objectives
- **Transfer of training** is the application of skills acquired during the training program into the work environment and the maintenance of these skills over time.
 - *Before the training*, potential trainees can be assessed on their level of ability and those with higher skills can be selected for the training program.
 - *During the training*, it is important to provide frequent feedback, opportunities for practice, and positive reinforcement.
 - *After training*, the program should be evaluated to see how well its objectives have been met and the extent to which transfer of training has occurred.
- **Controlled Experimentation** is the best method to use in evaluating a training program.

Training Effects to Measure: reaction, learning, behaviour, results

Training for Special Purposes

Literacy and essential skills training

- Enhanced literacy gives employees a better chance for success in their careers
- It improves bottom-line performance of the employer – through time savings, lower costs, and improved quality of work

Diversity Training

- Enhances cross-cultural sensitivity among supervisors and nonsupervisors, with the aim of creating more harmonious working relationships among a firm's employees
- *Cross-cultural communication training* – focuses on workplace cultural etiquette and interpersonal skills
- *Cultural sensitivity training* – focuses on sensitizing employees to the views of different cultural groups toward work so that employees from diverse backgrounds can work together more effectively.

Customer-Service Training

- Aim is to train all employees to: (1) have excellent product knowledge, and (2) treat the company's customers in a courteous and hospitable manner

Training for Teamwork

- Teamwork does not just happen
- Employees must be trained to be good team members
- E.g. outdoor training – overcome physical obstacles – learn team spirit, co-operation, and the need to trust and rely on each other

Training for First-time Supervisors/Managers

- Interpersonal and communication skills are needed for networking and to get work done through other people
- Need to learn to define their personal management style, how to give and receive feedback, how to motivate others, and how to manage conflict
- Formal training is required, higher level managers need to coach, mentor, and provide performance feedback

Training for Global Business

- **4 Global Literacies:**
 - personal literacy – understanding and valuing oneself
 - social literacy – engaging and challenging other people
 - business literacy – focusing and mobilizing the business
 - cultural literacy – understanding and leveraging cultural differences

Chapter 8 - Performance Management

The Strategic Importance of Performance Management

Performance management is a process encompassing all activities related to improving employee performance, productivity, and effectiveness, including *goal setting, pay for performance, training and development, career management, and disciplinary action*.

- The foundation of performance management is the performance appraisal process
 - The purpose is to instill in them the desire for continuous improvement
- Performance management is a largely untapped opportunity to improve profitability; more productive employees means using a minimal number of employees.

The Performance Management Process

1. Defining performance expectations and goals to make sure that job duties and standards are clear to all.
2. Providing ongoing feedback and coaching through open two-way communication.
3. Conducting performance appraisal and evaluation discussions at specific intervals.
4. Determining performance rewards/consequences such as promotions, salary increases, and bonuses.
5. Conducting development and career opportunities discussions in order to review each employee's career plans.

Step 1: DEFINING PERFORMANCE EXPECTATIONS

- should be linked to current strategic objectives and implementation plans
- job description often insufficient to clarify performance expectations
- measurable standards related to strategic objectives should be developed for each position
- employees should always know ahead of time how and on what basis they will be appraised

Step 2: PROVIDING ONGOING COACHING AND FEEDBACK

- important to have open two-way communication
- both the employee and the manager need to check in frequently throughout the performance management process to talk about progression toward goals

Step 3: PERFORMANCE APPRAISAL AND EVALUATION DISCUSSION

The appraisal itself is generally conducted with the aid of a predetermined and formal method.

Formal Appraisal Methods

- **graphic rating scale:** a scale that lists a number of traits and a range of performance for each. The employee is then rated by identifying the score that best describes his or her level of performance for each trait; *simplest and most popular technique, instead of generic traits firms specify duties to be appraised*.
- **alternation ranking method:** ranking employees from best to worst on a particular trait. Highest-ranking employee is ranked first, then lowest ranking, then second highest, then second lowest, until each employee is ranked; *b/c it's usually easier to distinguish between the worst and best employees, this method is popular*.
- **paired comparison method:** ranking employees by making a chart of all possible pairs of employees for each trait and indicating the better employee of the pair with a positive and negative sign and summing the positives for the highest ranking; *more precise, every employee is paired with and compared with every other employee*.
- **forced distribution method:** predetermined percentages of ratees are placed in various performance categories, for example, it may be decided to distribute employees as follows:
 - 15 percent high performers
 - 20 percent high-average performers
 - 30 percent average performers
 - 20 percent low-average performers
 - 15 percent low performers

*One's performance is always rated relative to that one's colleague, can be demotivating.
- **critical incident method:** keeping a record of uncommonly good or undesirable examples of an employee's work-related behaviour and reviewing the list with the employee at predetermined times; used as a supplement to other methods of appraisal and provides hard examples of performance; it also makes sure that the rating isn't based on most recent activity.
- **narrative forms:** identifies a performance issue and presents a performance improvement plan

- **behaviourally anchored rating scales:** an appraisal method that aims to combine the benefits of narratives, critical incidents, and quantified ratings by anchoring a quantified scale with specific narrative examples of good and poor performance.

Five steps in developing a BARS:

- *generate critical incidents:* job experts specify effective and ineffective performance
- *develop performance dimensions:* cluster the incidents into a smaller set of performance dimensions
- *reallocate incidents:* different experts group incidents into same clusters and retain incidents similarly assigned twice
- *scale the incidents:* rate the behaviour described in the incident as to how effectively or ineffectively it represents performance
- *develop the final instrument:* a subset of the incidents is used as behavioural anchors for each dimension

Advantages: more accurate measure; clearer standards; assists feedback; independent dimensions; consistency
Disadvantage: time consuming

- **management by objectives (MBO):** involves setting specific measurable goals with each employee and then periodically reviewing the progress made through 6 main steps:
 - set the organization's goals
 - set departmental goals
 - discuss departmental goals
 - define expected results (individual goals)
 - performance reviews: measure the results
 - provide feedback

Disadvantages: time consuming; setting unclear, unmeasurable objectives; tug of war between supervisor and employee

- **computerized and web based performance appraisal:** enables managers to keep computerized notes on employees, combine these with ratings on several performance traits, and then generate written text to support each part of the appraisal
 - most web-based performance management systems provide advanced reporting capabilities, which allow managers to track the status of performance management initiatives easily
 - **electronic performance monitoring (EPM)** refers to having supervisors electronically monitor the amount of computerized data an employee is processing per day and thereby his or her performance

Performance Appraisal Problems

- **validity and reliability** – appraisal systems must be based on performance criteria that are valid for the position being rated and must be reliable, in that their application must produce consistent ratings for the same performance. Must be:
 - relevant to the job being appraised
 - broad enough to cover all aspects of the job requirements
 - specific
- **rating scale problems:**
 - **unclear performance standards** – an appraisal scale that is too open to interpretation of traits and standards; e.g. different supervisors define “good” performance, “fair” performance etc. differently
 - **halo effect** – in performance appraisal, the problem that occurs when a supervisor's rating of an employee on one trait biases the rating of that person on other traits
 - **central tendency** – a tendency to rate all employees in the middle of the scale
 - **leniency or strictness** – the problem that occurs when a supervisor has a tendency to rate all employees either low or high
 - **appraisal bias** – the tendency to allow individual differences, such as age, race, and sex to affect the appraisal ratings that these employees receive
 - **recency effect** – the rating error that occurs when ratings are based on the employee's most recent performance rather than on performance throughout the appraisal period
 - **similar-to-me bias** – the tendency to give higher performance ratings to employees who are perceived to be similar to the rater in some way

How to Avoid Appraisal Problems

- Understand the problems listed above as understanding will in prevention
- Raters must choose the right appraisal tool
- Train supervisors to eliminate rating errors

Legal and Ethical Issues in Performance Appraisal

- Accurate, well-documented performance records and performance appraisal feedback are necessary to avoid legal penalties and to defend against charges of bias based on grounds prohibited under human rights legislation
- Guidelines for developing an effective appraisal process include the following:
 1. Conduct a job analysis to ascertain characteristics required for successful job performance.
 2. Incorporate these characteristics into a rating instrument.
 3. Make sure that definitive performance standards are provided to all raters and ratees.
 4. Use clearly defined individual dimensions of job performance rather than undefined, global measures of job performance.
 5. When using a graphic rating scale, avoid abstract trait names unless they can be defined in terms of observable characteristics.
 6. Employ subjective supervisory ratings as only one component of the overall appraisal process.
 7. Train supervisors to use the rating instrument properly.
 8. Allow appraisers regular contact with the employee being evaluated.
 9. Have more than one appraiser conduct the appraisal independently.
 10. Utilize formal appeal mechanisms and a review of ratings by upper-management.
 11. Document evaluations and reasons for any termination decision.
 12. Provide corrective guidance to assist poor performers in improving their performance.

Who should do the Appraising?

- Supervisors – is in the best position to observe and evaluate the performance of employees reporting to him or her and is responsible for their performance
- Peers – have more opportunity to observe rates and to observe them at more revealing times; a potential problem is *logrolling*, which is, all the peers get together to rate each other highly
- Committees – the composition of immediate supervisor and three to four other supervisors tend to be more reliable, fair, and valid
- Self – sometimes used in conjunction with supervisors' ratings
- Subordinates – employees anonymously evaluating their supervisors' performance is called *upward feedback*
- 360-degree appraisal – a technique that uses multiple raters (all of the above)

Appraisal Interviews: an interview in which the supervisor and employee review the appraisal and make plans to remedy deficiencies and reinforce strengths. Three basic types of appraisal interviews include:

- Satisfactory (promotable) - make development plans
- Satisfactory (not promotable) - maintain performance; promotion is not possible
- Unsatisfactory (correctable) – lay out action plan for correction

Preparing for the Appraisal Interview

1. Prepare the data relating to the employee's job and performance
2. Prepare the employee for the appraisal by notifying them
3. Find a mutually agreeable time and place and allow plenty of time for the interview

How to Conduct the Interview

- be direct and specific
- do not get personal
- encourage the person to talk
- develop an action plan

How to Handle Criticism and Defensive Employees

- recognize that defensive behaviour is normal
- never attack a person's defenses
- postpone action
- recognize human limitations

Ensuring that the appraisal interview leads to improved performance

- Legal experts suggest following these seven steps:
- Let the employee know that his or her performance is unacceptable and explain your minimum expectations
- Ensure that your expectations are reasonable
- Let employees know that warnings play a significant role in the process of establishing just cause
- Ensure that you take prompt corrective measures when required
- Avoid sending mixed messages, such as a warning letter together with a "satisfactory" performance review.
- Provide the employee with a reasonable amount of time to improve performance

- Be prepared to provide employees with support to facilitate improvement

How to Handle a Formal Written Warning

Written warnings should identify the standards under which the employee is judged, make it clear that the employee was aware of the standard, specify any violation of the standard, indicate that the employee has had an opportunity to correct his or her behaviour, and specify what the employee must now do to correct his or her behaviour.

Step 4: DETERMINE PERFORMANCE REWARDS/CONSEQUENCES

- two most important aspects used to determine the appropriate reward/consequence are:
 - achievement of goals
 - how the employee meets the defined standards

Step 5: CAREER DEVELOPMENT DISCUSSION

- manager and employee discuss opportunities for development to strengthen or improve the employee's knowledge, skills, and abilities
- business needs must be balanced with the employee's preferences

The Future of Performance Management

Effective performance management involves:

- linking individual goals and business strategy
- showing leadership and accountability at all levels of the organization
- ensuring close ties among appraisal results, rewards, and recognition outcomes
- investing in employee development planning
- having an administratively efficient system with sufficient communication support

Chapter 9: Pay-for-Performance & Financial Incentives

Money & Motivation

Financial incentives, pay-for-performance, and variable compensation plans are used to motivate employees to achieve the strategic objectives of an organization.

- **Variable pay:** any plan that ties pay to productivity or profitability.
- It is important to ensure that whatever incentive is being provided is appealing to the individual receiving it.

Types of Incentive Plans

- Individual incentive – gives income over and above base salary to individual employees who meet a specific individual performance standard
- Informal incentive – generally awarded to individual employees, for accomplishments that are not readily measured by a standard, such as “to recognize exemplary customer service this week.”
- Group incentive – provide payments over and above base salary to all team members when the group or team collectively meets a specified standard for performance, productivity, or other work-related behaviour
- Organization-wide incentive – provide monetary incentives to all employees of the organization; e.g. profit-sharing plans
- Non-monetary recognition programs – motivate employees through praise and expressions of appreciation for their work
- Incentives for operations employees, senior managers and executives, salespeople, other managers and professional employees

Incentives for Operations Employees

- **Piecework:** a system of pay based on the number of items processed by each individual worker in a unit of time, such as items per hour or items per day
 - *Advantages:* simple to calculate, easily understood, equitable, powerful incentive system
 - *Disadvantages:* employers raising production standards, difficult and tedious to change the rate, less fixated on quality and more on quantity, don't have to recalculate piece rate when hourly wages are re-evaluated
- **Straight Piecework Plan:** a set payment for each piece produced or processed in a factory or shop
- **Guaranteed Piecework Plan:** the minimum hourly wage plus an incentive for each piece produced above a set number of pieces per hour

- **Standard Hour Plan:** a plan by which a worker is paid a basic hourly rate plus an extra percentage of his or her base rate for production exceeding the standard per hour or per day; similar to piecework payment but is based on a percentage premium.
 - Less of a tendency for workers to link the production standard with pay, easy to understand, and is not expressed in monetary terms.
- **Team or Group Incentives:** a plan in which a production standard is set for a specific work group and its members are paid incentives if the group exceeds the production standard
 - Paid based on being: (1) highest producer, (2) lowest producer, or (3) the average of the group
 - Or, set a production standard based on final output of the group as a whole; all members receive the same pay, based on the piece rate that exists for the group's job
 - Or, choose a measurable definition of group performance or productivity that the group can control
 - **Advantages:** reduces jealousy, encourages collaboration and cooperation, facilitates training
 - **Disadvantages:** not as motivating as an individual pay plan.
 - *To be most effective group members must perceive it as fair, and there must be high levels of communication with employees about the plan.*

Incentives for Senior Managers & Executives

- **short term incentives – annual bonus** (can reduce with decreased performance); must consider:
 - **eligibility:** decided through key position, salary level cutoff, or salary grade; a percentage of base salary is offered as a bonus
 - **fund-size determination:** determined through a deductible (fluctuating) or non-deductible (straight line percentage) formula
 - **individual awards:** determined based on a target bonus or up to double target bonus
 - Top level executive bonuses are normally tied to corporate or divisional performance whereas if you move down the chain of command it becomes more tied to team / individual performance.
 - **Split award** method where bonuses are tied to individual and company performance (ie. 2 bonuses depending on each) – but this method awards even under performers.
 - To remedy this problem use **multiplier method** which takes the product of individual or company performance. If either is low then underperformers get little or nothing.
- **long term incentives** – is intended to reward executives for the long term performance of the company and to inject long term perspectives into executive decisions.
 - **Capital accumulation programs** are long-term incentives reserved for senior executives.
 - **Stock option** is the right to purchase a stated number of shares of a company stock at today's price at some time in the future.
 - **Performance share unit plan** provides units subject to the achievement of pre-determined financial targets such as profit or growth in earnings per share. If the performance goals are met, then the value of the units is paid to the executive in cash or stock.
 - **Deferred shared unit plan** is where units are promised to the executive but are only payable when the executive leaves the company.

*Relating strategy to executive compensation:

1. Define the internal and external issues that face the company and its business objectives.
2. Based on the strategic aims, shape each component of the executive compensation package and then group the components into a balanced whole.
3. Check the executive compensation plan for compliance with all legal and regulatory requirements and tax effectiveness.
4. Install a process for reviewing and evaluating the executive compensation plan whenever a major business change occurs.

Incentives for Salespeople

- **Salary Plan:** salespeople are paid a fixed salary, although there are occasional incentives.
 - **Advantages:** fixed sales force expenses; develops high degree of loyalty among sales staff; easy to switch quotas or reassign people; focus is on long-term relationship with customers.
 - **Disadvantages:** does not depend on results, which can be demotivating for high performing workers.
- **Commission Plan:** pays people in direct proportion to their sales.
 - **Advantages:** effort leads to reward; easy to understand and compute
 - **Disadvantages:** focus is on high-volume sales, rather than relationships; wide variances in income may occur; may neglect smaller accounts; pay is high in booms and low in recessions; leads to high turnover.
- **Combination Plan:** provides some of the advantages and disadvantages of both straight salary and straight commission plans
- **Sales compensation in the E-commerce era:** need to encourage the sales force to focus on the customer, integrate with e-commerce, and support rapid change

Widespread use of incentives for salespeople due to: tradition, unsupervised nature of work, and incentives motivate

Incentives for Other Managers and Professionals

Merit Pay (merit raise): any salary increase awarded to an employee based on his or her individual performance.

- Represents a continuing increment (bonus is a one-time payment)
- *Disadvantages:* giving everyone the same raise can detract from performance because everyone is rewarded the same regardless of performance; it will be unfair if appraisal system is unfair; supervisors minimize the differences between employees when calculating merit pay; may pit employees against one another and; create feelings of demoralization due to lower than expected raises.
- **2 basic characteristics:**
 1. Merit increases are granted to employees at a designated time of the year.
 2. The merit raise is usually based exclusively on individual performance.

Incentives for Professional Employees

- Problems: these professionals are paid well so money is not a prime motivator and they are already driven to create a high calibre of work.
- Differences: professional's bonuses are a small proportion of their salary and are paid out over a longer time cycle.

Organization-wide Incentive Plans

- **Profit Sharing Plans:** a plan whereby most or all employees share in the company's profits
 - *Advantages:* easy to administer; broad appeal for employees
 - *Disadvantages:* one-time improvement in performance; employees don't feel like they're contributing
- **Employee Share Purchase/Stock Ownership Plan:** a trust is established to hold shares of company stock purchased for or issued to employees; the trust distributes the stock to employees on retirement, separation from service, or as otherwise prescribed by the plan
 - *Advantages:* gives employees a sense of commitment to the firm
 - *Disadvantages:* vesting period or drop in stock prices may increase tax paid on behalf of the employee
- **Scanlon Plan:** an incentive plan developed in 1937 by Joseph Scanlon and designed to encourage cooperation, involvement, and sharing of benefits.
 - Involves: cooperation philosophy, identity, competence, involvement system, and sharing of benefits.
 - More effective when there are less than 1000 employees; stable product lines and costs; good supervision and healthy labour relations; strong commitment from top management.
- **Gainsharing Plan:** an incentive plan that engages employees in a common effort to achieve productivity objectives and share the gains; any resulting cost-saving gains are shared among employees and the company.
 - Works well in stable organizations with predictable goals and measures of performance but is less flexible and useful in dynamic industries with rapid business adjustment.

Developing Effective Incentive Plans

When to use incentives:

- performance pay cannot replace good management
- firms get what they pay for
- pay is not a motivator
- rewards rupture relationships
- rewards may undermine responsiveness

Pitfalls: not tying pitfalls to performance, not delivering on all rewards initially promised, or delivering rewards in an authoritarian style.

* Use incentive plans when units of output can be measured, the job is standardized, the workflow is regular, and delays are few or consistent. There should be a clear relationship between employee effort and quantity of output, that quality is less important than quantity, or, if quality is more important, that it is easily measured and controlled.

How to implement incentive plans:

- pay for performance
- link incentives to other activities that engage employees in the business (such as career development and challenging opportunities)
- link incentives to measurable competencies that are valued by the organization

- match incentives to the culture of the organization
- keep group incentives clear and simple
- over communicate
- remember that the greatest incentive is the work itself

*Line of sight is crucial! Employee must be able to see their impact on goals or objectives for which incentives are being provided.

Employee Recognition Programs

- Lack of recognition and praise is the number one reason that employees leave an organization. Receiving a compliment is just as rewarding as receiving a bonus.
- Effective recognition is specific, immediate, personal, and spontaneous.
- Personal attention and public celebration create recognition that is personal in nature and that addresses the deep needs that we all have for belonging and contributing to something worthwhile.

Chapter 10: Strategic Pay Plans

The Strategic Importance of Total Rewards

Total rewards is an integrated package of all rewards (monetary and non-monetary, extrinsic and intrinsic) gained by employees arising from their employment; aligned with business strategy.

Five Components of Total Rewards

1. Compensation: includes direct financial payments (e.g. wages, salaries, incentives, commissions, bonuses)
2. Benefits: indirect payments in the form of financial benefits (e.g. insurance and vacations)
3. Work-life programs: rewards relating to programs that help employees do their jobs effectively (e.g. flexible scheduling, telecommunicating, childcare)
4. Performance and recognition: includes pay-for-performance and recognition programs
5. Development and career opportunities: focuses on planning for the advancement (e.g. tuition assistance, professional development, sabbaticals, coaching and mentoring opportunities, succession planning, etc.)

Impact of Rewards

- Are to attract, retain, and motivate/engage employees
- Engagement – a positive emotional connection to the employer and a clear understanding of the strategic significance of the job, which results in discretionary effort from the employee

Basic Considerations in Determining Pay Rates

- **Legal Considerations in Compensation** – vary from jurisdiction to jurisdiction
 - Employment/Labour Standards Act (Canada Labour Code)
 - Pay Equity Acts
 - Human Rights Acts
 - Canada/Quebec Pension Plan
 - Workers' Compensation Laws
 - Employment Insurance Act
- **Union Influences on Compensation Decisions** – wage rates are central to collective bargaining
- **Compensation Policies** – includes the basis for salary increases, promotion and demotion policies, overtime pay policy, and policies regarding probationary pay and leaves.
- **Equity and Its Impact on Pay Rates** – both internal and external

Establishing Pay Rates

Stage 1: Job Evaluation

- **Job evaluation** is a systematic comparison to determine relative worth of jobs within a firm. The basic procedure is to compare the content of jobs in relation to one another in terms of their effort, responsibility, skills, and working conditions.
- **Benchmark job** is critical to the firm's operations or commonly found in other organizations. The resulting evaluations of benchmark jobs are used as reference points around which other jobs are arranged in order of relative worth.
- **Compensable Factor:** fundamental, compensable element of a job, such as *skill, effort, responsibility, and working conditions*. They are the factors that determine the definition of job content, establish how the jobs compare with one another, and set the compensation paid for each job.
- **Job evaluation committee:** establish to ensure the representation of the points of view of various people who are familiar with the jobs in question, each of whom may have a different perspective

- Include employees, HR staff, managers, and union representatives
- **Classification/Grading Method**
 - A method for categorizing jobs into groups (classes or grades)
 - *classes* group jobs based on a set of rules for each class, such as amount of independent judgment, skill, physical effort, and etc, contain similar jobs
 - *grades* groups jobs based on a set of rules for each grade, where jobs are similar in difficulty but otherwise different; contain dissimilar jobs of equal difficulty
 - *grade/group description* is a written description of the level of compensable factors required by jobs in each grade
- **Point Method**
 - identify compensable factors
 - determine the degree to which each factor is present in each job
 - calculate the overall point value
 - Point Method Steps
 1. preliminary steps – compensable factors and sub-factors must be determined
 2. determine factor weights and degrees – and varying amounts of each sub-factor (occasional, frequent, continuous)
 3. assign points for each degree of each sub-factor
 4. evaluate the jobs
 - **Pay grade** comprises jobs of approximately equal value.

Stage 2: Conduct a Wage/Salary Survey

Wage/Salary Survey is a survey aimed at determining prevailing wage rates.

- a good salary survey provides specific wage rates for comparable jobs
- formal written questionnaire surveys are the most comprehensive
- informal and formal surveys
- commercial, professional, and government salary surveys (ie. Stats Can)

Stage 3: Combine the Job Evaluation and Salary Survey Information to Determine Pay for Jobs

- **Wage curve** is a graphic description of the relationship between the value of the job and the average wage paid for this job. Determining pay range: find average wages, plot them, and use regression analysis to see if they are on par.

Developing Rate Ranges

- **Pay range** is a series of steps or levels within a pay grade, usually based on years of service
- Allows flexibility in attracting more experienced employees, or shows differences in performance or seniority of same level employees.

Broadbanding

- reducing the number of salary grades and ranges into just a few wide levels or “bands”, each of which then contains a relatively wide range of jobs and salary levels
- advantages: injects greater flexibility into employee compensation, facilitates less specialized, boundaryless jobs and organizations

Correcting Out-of-line Rates

- May be too high or too low, and in this case a wage freeze or a wage raise might be required.
- **Red circle pay rate** a rate of pay that is above the pay range maximum; freeze or transfer to higher position with same wage

Pay for Knowledge

- Pay for knowledge systems are known as competency based pay or skill based pay

These plans pay employees for competencies:

- **Competencies** are individual knowledge, skills and behaviours that are critical to successful individual or corporate performance
- pay for range, depth and types of knowledge that employees are capable of using, rather than current job duties (*core, functional, or behavioural*)

Pay for knowledge program should include:

- competencies and skills - directly important to job performance - that can be defined in measurable and objective terms
- new and different competencies that replace obsolete competencies or competencies that are no longer important to job performance
- On-the-job training, not “in the classroom.”

Pay for Executive, Managerial, and Professional Jobs

- Five elements in an executive/managerial compensation package: salary, benefits, short-term incentives, long-term incentives, and perquisites.
- The amount of salary paid usually depends on the value of the person's work to the organization and how well the person is discharging his or her responsibilities.
- Executive compensation tends to emphasize performance incentives more than other employees' pay plans do, since organizational results are likely to reflect the contributions of executives more directly than other employees.
- *Market pricing approach* is used in evaluating professional jobs because it is difficult to measure creativity and problem-solving

Pay Equity

- providing equal pay to male dominated job classes and female dominated job classes of equal value to the employer
- Wage gap: average pay for males is 30% higher than average pay for females
- pay equity intended to eliminate systemic pay discrimination by providing equal pay to male-dominated job classes and female-dominated job classes of equal value to the employer
- must ensure no gender bias in job evaluation
- **Pay Equity Results**
 - pay equity has narrowed the wage gap, but not eliminated it
 - no explanation other than systemic discrimination for much of 30% remaining gap
 - long-term solution is women and men equally represented in all jobs, i.e. no male or female- dominated jobs (occupational segregation)

Chapter 11: Employee Benefits & Services

The Strategic Role of Employee Benefits

Employee Benefits are indirect financial payments given to employees. They may include supplementary health and life insurance, vacation, pension, education plans, and discounts on company products.

Government-Sponsored Benefits

Employment Insurance: is a federal program that provides income benefits if a person is unable to work through no fault of his or her own; it does not apply to workers that are self-employed.

- Provides benefits for employees who are laid-off, terminated without just cause, or who quit their job for a justifiable reason
- Special EI benefits in cases of illness, maternity/paternity leave, and compassionate care leave
- *Qualifying period* – minimum hours during a minimum number of weeks
- *Waiting period* – from the last day of work till benefits begin
 - Any severance pay must run out before EI kicks in
- 55% of earnings during last 14-26 weeks of qualifying period (recently qualification period is being extended)
- Payable for up to 45 weeks
- Claimants must demonstrate they are actually seeking work
- Compassionate care – 6 weeks; illness – 15 weeks; maternity – 50 weeks
- Employers pay 1.4 times employee contribution
- **SUB (Supplemental Unemployment Benefit)** enables employees eligible for EI to receive additional funds out of the employer's SUB plan to maintain standard of living closer to full income (90%)

Canada/Quebec Pension Plan (C/QPP) are programs that provide three types of benefits: retirement income; survivor or death benefits payable to the employee's dependants regardless of age at time of death; and disability benefits payable to employees with disabilities and their dependants. Benefits are payable only to those individuals who make contributions to the plans and/or available to their family members.

- Employed Canadians between the ages of 18 and 65 are covered
- Employer will match 1.4 times the employee contribution
- 4.95 percent of pensionable earnings are matched by employers
- Plan members can start receiving benefits anywhere between ages 60-70
- *Survivor benefits* are paid on the death of a plan member and a monthly pension

Worker's Compensation provides income and medical benefits to victims of work-related accidents or illnesses and/or their dependents, regardless of fault.

- Every jurisdiction has its own laws
- Cannot sue other employees/employer

- Must only prove injury arose while on the job
- Benefits are non-taxable
- Benefits include payment of expenses for medical treatment and rehab, and income benefits during the time in which the worker is unable to work (temporarily or permanently) because of his or her disability (partial or total).
- *Accident prevention* is the best way to manage worker's compensation costs over the long term.
 - Even though claims are paid by the *Worker's Compensation Board*, premiums paid by employers are dependent on the number and amount of claims paid.
 - *Institute effective safety and health programs*
 - *Institute rehabilitation programs*

Vacations & Holidays

- Labour/employment standards legislation sets a minimum number of paid vacation that must be provided to employees (2 weeks), which vary by jurisdiction; minimum of 4%
- The actual number of paid employee vacation days also varies from employer to employer

Leaves of Absence

- All jurisdictions require unpaid leaves of absence to be provided to employees in certain circumstances
- Maternity leave is normally 17-18 weeks, and adoption leaves 34-52
- Employees who take leaves of absence are guaranteed their old job or a similar job once they return to work
- Bereavement leave is provided to all employees in some jurisdictions, and varies dependent on the closeness of the employee and the deceased
- Parental/adoption leave
- All jurisdictions, except Alberta, provide compassionate care leave
- Application form for leave should be filled out prior to leave, and legitimizes the leave

Pay on Termination of Employment – employment/labour standards act requires employees whose employment is being terminated by the employer be provided with termination pay when they leave.

- **Pay in Lieu of Notice:** an employee must be provided with advance written notice if the employer is going to terminate their employment (unless if on a short term contract or with just cause). Advance varies with length of employment by year) and by jurisdiction.
- **Severance Pay:** employees with 5+ years of service may be eligible for severance pay if:
 - (1) the employer's annual Ontario payroll is \$2.5 million+
 - (2) the employer is closing down the business and 50 or more employees will be losing their jobs within a 6 month period
 - Receive one weeks pay per year of employment
- **Pay for Mass Layoffs:** additional pay ranging from 6-18 weeks, depending on the province and the number of employees being laid off.

Voluntary Employer-Sponsored Benefits

Group Life Insurance is insurance provided at lower rates for all employees, including new employees, regardless of health or physical condition.

- Employer pays 100% of base premium (2 year's salary)
- *Accidental death and dismemberment* coverage is paid for by the employer
- *Critical illness insurance* provides a lump-sum benefit to an employee who is diagnosed with and survives a life-threatening illness to help relieve some of the financial burden associated with the illness.

Supplementary Health-care / Medical Insurance: aimed at providing protection against medical costs arising from off-the-job accidents or illness. They provide major medical coverage to meet medical expenses not covered by government health-care plans. Employees must pay an annual deductible amount per year.

- **Reducing Health Benefit Costs** – rising benefit costs due to increased use of drugs by aging population or increased use of expensive drugs.
 - May increase the amount of health-care costs paid by employees
 - Publish a list of restricted drugs
 - Health promotion
 - Implement risk assessment programs
 - Implement health care spending accounts (HCSA); more popular with Gen Ys
- **Retiree Health Benefits** – rising benefit cost due to aging population
 - Increase retiree contribution, increase deductibles, tightening eligibility requirements, and reducing maximum payouts

Short-term Disability Plans provide a continuation of all or part of an employee's earnings when the employee is absent from work because of non-work related illness or injury. Medical certificate is required.

Sick Leave Plans grant full pay for a specified number of permissible sick days (up to 12 per year).

Long-term Disability Insurance is aimed at providing income protection or compensation for loss of income because of long-term illness or injury that is not work-related. Ranges from 50-75% of employee's base pay.

- **Disability Management** is a proactive, employer-centred process that coordinates the activities of the employer, the insurance company, and health-care providers in an effort to minimize the impact of injury, disability, or disease on a worker's capacity to successfully perform his or her job.
 - Effective programs include prevention, early assessment and intervention, monitoring and management of absence, and early return-to-work policies.
- **Mental Health Benefits** – leading cause of short/long-term disability claims in Canada.

Additional Leaves of Absence: some employers pay all or part of legally required unpaid leaves by topping up what employees receive from EI so the total amount received more closely matches their regular salary.

Additional Paid Vacations and Holidays: providing additional holidays over and above amount required by law.

Retirement Benefits are plans that provide income when employees reach a predetermined retirement age.

- **Defined Benefit Pension Plan** contains a formula for determining retirement benefits so that the actual benefits to be received are defined ahead of time.
- **Defined Contribution Pension Plan** specifies what contribution the employer will make to a retirement fund set up for the employee; it doesn't define eventual benefit amount, only periodic contribution to the plan. It is used to buy an annuity so it is based on the fund's investment earnings.
- **Designing a Pension Plan:**
 - Membership requirements
 - Benefit formula
 - Retirement age
 - Funding
 - Vesting
 - Portability
- **Phased Retirement** is an arrangement whereby employees gradually ease into retirement by using reduced workdays and/or shortened workweeks.
- **Supplement Employee Retirement Plans (SERPs)** are plans that provide the additional pension benefit required for employees to receive their full pension benefit exceeds the maximum allowable benefit under the Income Tax Act.

Employee Services

Personal Services

- **Credit Unions:** employees become members of the credit unions established by the employer and can deposit savings, or take out loans at a lower rate of interest than with banks
- **Counselling Services:** provision of financial, family, career, job-placement, preretirement, and legal counselling
- **Employee Assistance Plans (EAPs):** is a formal company-sponsored program to help employees cope with personal problems that are interfering with or have the potential to interfere with their job performance, as well as issues affecting their well-being and/or that of their families.
 - Proactive way for a firm to reduce absenteeism and disability costs
- **Other Personal Services:** provision of social or recreational activities for employees

Job-Related Services

- **Subsidized Childcare:** offered to assist in balancing work/life responsibilities; daycare is structured around parents' schedules and is close to the workplace; reduces absenteeism and attracts younger workers.
- **Eldercare:** designed to assist employees who must help elderly parents or relatives who are not fully able to care for themselves, up to and including palliative care of the dying.
 - **Benefits:** flexible hours, support groups, counselling, free pagers, an adult daycare programs.
- **Subsidized Employee Transportation**
- **Food Services**
- **Educational Subsidies:** tuition refunds; paying for courses that are job-related; training for supervisory skills
- **Family-friendly Benefits:** intended to reduce the extent to which work-family conflicts spill over to the employee's job and undermine the person's job satisfaction and performance.
 - Negative relationship between work family conflict and job satisfaction.

Executive Perquisites (perks) normally given to few top executives.

Flexible Benefits Programs

Flexible Benefits Program is an individualized benefit plan to accommodate employee needs and preferences by choosing the benefit options they prefer.

- *Advantages:* cost containment; ability to meet the needs of diverse workforce.
- *Disadvantages:* employees make bad decisions and find themselves not covered for predictable emergencies; administrative burdens and expenses increase; adverse selection.

Benefits Administration

- Many companies use some type of spreadsheet software to track benefits and their usage.
- May want to outsource benefits administration to a third party.

Keeping Employees Informed

- Correct information must be provided in a timely, clear manner.
- Use of company intranets or e-statements to ensure up to date consistent information

Chapter 12 - Occupational Health & Safety

The Strategic Importance of Occupational Health & Safety

- investment in disability management and proactive wellness programs create measurable bottom-line returns
- according to the Association of Workers' Compensation Boards of Canada, in 2007 there were 1055 deaths and 317 524 injuries resulting from accidents at work; on average 3 deaths
- on April 28 each year, a day of mourning is observed for Canadian workers killed or injured on the job
- workplace accidents can be prevented

Basic Facts about Occupational Health & Safety Legislation

- **OHS Legislation:** laws intended to protect the health and safety of workers by minimizing work-related accidents and illnesses
- **Purpose:** These laws fall into three categories:
 - *general health and safety rules*
 - *rules for specific industries (e.g. mining)*
 - *rules related to specific hazards (e.g. asbestos)*
 - they differ across Canada but have certain basic features in common for every conceivable hazard
- **Responsibilities and Rights of Employers and Employees**
 - **Due Diligence** - employers are responsible for taking every reasonable precaution to ensure the health and safety of their workers and enforce it through discipline process (for defense)
 - *specific duties of the employer include:*
 - filing government accident reports
 - maintaining records
 - ensuring that safety rules are enforced
 - posting safety notices and legislative information
 - employees are responsible for taking reasonable care to protect their own health and safety and, in most cases, that of their co-workers
 - specific requirements include wearing protective clothing and equipment and reporting any contravention of the law or regulations
 - *employees have three basic rights:*
 - the right to know about workplace safety hazards
 - the right to participate in the OHS process
 - the right to refuse unsafe work
 - Reasonable cause means that a complaint about a workplace hazard has not been satisfactorily resolved
- **Joint Health and Safety Committees**
 - the JHSC provides a nonadversarial atmosphere where management and labour can work together to ensure a safe and healthy workplace
 - committees are usually required in all workplaces, and to consist of between 2 and 12 members, at least half of whom must represent workers; in small workplaces, one health and safety representative may be required
 - committee is responsible for:

- making regular inspections of the workplace
 - evaluate hazards
 - implement solutions
 - investigating employee complaints, accident investigation, promoting measures to protect health and safety, dissemination of information
- **Enforcement of Occupational Health and Safety Laws**
 - in all Canadian jurisdictions, OHS law provides for government inspectors to periodically carry out safety inspections of workplace
 - penalties consist of fines and/or jail terms as a means of enforcing health and safety standards
 - the Criminal Code includes a criminal offence commonly known as “corporate killing,” which imposes criminal liability on “all persons” who direct the work of other employees and fail to ensure an appropriate level of safety in the workplace
 - the first company to be charged with and plead guilty to criminal negligence causing death of a worker was Transpavé
- **Control of Toxic Substances**
 - **Workplace Hazardous Materials Information System (WHMIS)** is a Canada-wide, legally mandated system designed to protect workers by providing information about hazardous materials in the workplace.
 - legislation has three components:
 - labelling of hazardous material containers to alert workers of potential danger
 - material safety data sheets (MSDS) to outline potential hazardous ingredients and procedures for safe handling
 - employee training to ensure employees can identify WHMIS symbols, read WHMIS supplier and workplace labels, and read and apply the information on an MSDS
- **Occupations Health and Safety and Other Legislation**
 - health and safety, human rights, labour relations, and employment standards laws are in force in every jurisdiction in Canada in an interlaced web of legislation
 - situations arise in which it is difficult to know which law is applicable, or which one takes precedence over another
- **Supervisor’s Role in Safety**
 - most jurisdictions impose a personal duty on supervisors to ensure that workers comply with occupational health and safety regulations
 - specific obligation on supervisors to advise and instruct workers about safety, to ensure that all reasonable precautions have been taken to provide for the safety of all employees, and to minimize risk of injuries or illness
 - safety-minded managers must aim to instill in their workers the desire to work safely

What Causes Accidents?

- **(1) Chance Occurrences** contribute to accidents but are more or less beyond management’s control
 - e.g. walking past a plate-glass window just as someone hits a ball through it
- **(2) Unsafe Conditions** – one main cause of accidents; must eliminate or minimize the unsafe conditions.
 - improperly guarded equipment; defective equipment; hazardous procedures; unsafe storage; improper illumination; improper ventilation;
 - *work-related factors that contribute to accidents: the job itself; the work schedule; the psychological climate of the workplace.*
- **(3) Unsafe Acts** – people cause accidents and there’s no sure-fire way to ensure no accidents.
 - throwing materials; operating or working at unsafe speeds; rendering safety devices inoperative; using unsafe equipment or using equipment unsafely; taking unsafe positions under suspended loads; lifting improperly; distracting, teasing, abusing, startling, horseplay, quarrelling
- **Personal Characteristics**
 - Personal characteristics can serve as the basis for certain behaviour tendencies, such the tendency to take risks, and undesirable attitudes, which in turn, result in unsafe acts
 - Personality; intelligence; motivation; sensory skills; motor skills; experience
 - May be situational
 - Vision; literacy; age
 - Perceptual vs. motor skills: people who have a greater perceptual skill than motor skill will have less accidents

How to Prevent Accidents

- **reduce unsafe conditions**
 - having safety engineers reduce or remove physical hazards
 - having management and supervisors enforce safety
 - only 4% of accidents stem from unsafe working conditions
- **reduce unsafe acts**
 - selection testing
 - screen out accident-prone persons before they are hired
 - top-management commitment
 - demonstrate how health and safety affects the bottom line
 - training and education
 - all employees should be required to participate in occupational health and safety training programs, as well as provide input into the content and design of such programs
 - appropriate for new employees
 - positive reinforcement
- **controlling workers' compensation costs**
 - **Before the accident**
 - accident prevention measures such as remove unsafe conditions, screen out accident-prone employees, and establish safety policy and loss control goals
 - **After the accident**
 - provide first aid and ensure medical attention
 - *commitment* to keeping in touch with the worker and ensuring his or her return to work
 - *collaboration* among the parties involved, including medical, family, and workers' compensation
 - *creativity* in focusing on how to use the worker's remaining abilities on the job
 - *Functional Abilities Evaluation* is conducted by a health-care professional to improve the chances that the injured will be safe on the job, help the worker's performance, and determine the level of disability of the worker.
 - Externally, employers can work with employees' families to ensure they are supportive, mobilize the resources of the EAP to help employees, etc.

Employee Wellness Programs

- **Employee wellness programs** take a proactive approach to employee health and well being.
- Should be viewed as a management strategy to achieve measurable outcomes related to productivity, cost reduction, recruitment/retention, and profit
 - wellness initiatives often include: stress management; nutrition and weight management; smoking cessation programs; tai chi; heart health; physical fitness programs; ergonomics

Occupational Health & Safety Issues and Challenges

Substance abuse

- alcohol/drug abuse considered a disability (human rights law) vs. employers' due diligence requirement (OHS law)
- substance abuse testing only legal if:
 1. test is rationally connected to performance of the job
 2. test is adopted in honest and good-faith belief that it is necessary for fulfillment of work-related purpose
 3. test is reasonably necessary to the accomplishment of the work-related purpose
- **Substance Abuse Testing:**
 - random substance abuse testing is illegal
 - employers can:
 - forbid drugs/alcohol in workplace
 - require random drug testing only for "safety-sensitive" jobs
 - require mandatory drug testing "for cause" or "post-incident" in certain circumstances
 - positive test results must result in accommodation of the employee's disability
 - immediate termination is not generally justifiable
- **Traditional Techniques for Dealing with Substance Abuse**
 - Discipline
 - Discharge
 - In house counseling
 - Referral to outside agency

Job stress

- Human Consequences of Job Stress include: anxiety; depression; anger; various physical consequences (e.g. cardiovascular disease, headaches, and accidents)
- mental health issues are the leading cause of both short and long-term disability claims
- **Job Stress Sources**
 - **Environmental Factors:** high demand job; high levels of mental and physical effort
 - **Personal Factors:** Type A personalities; patience; tolerance for ambiguity; self-esteem; health and exercise; work and sleep patterns; non-job-related problems like divorce, depression, work/family time conflict
- **Reducing Job Stress**
 - Employee Can: get more sleep, eat better, take vacation, meditate, find a more suitable job, get counselling, organize each day's activities
 - Employer/Supervisor Can:
 - offer a EAP
 - monitor each employee's performance to identify symptoms of stress and then inform the person of organizational remedies
 - ensure fair treatment
 - permit employee to have more control over his or her job
 - HR executives must become advocates for employee mental health
 - within the senior management team
- **Burnout**
 - the total depletion of physical and mental resources caused by excessive striving to reach an unrealistic work-related goal
 - **Avoiding Burnout:** break patterns; get away from it all periodically; reassess goals; think about work; reduce stress
- **Workers' Compensation and Stress Related Disability Claims**
 - all Canadian jurisdictions provide benefits for post-traumatic stress caused by a specific and sudden workplace incident
 - however, when it comes to chronic stress, there is very limited or no coverage, depending on the jurisdiction
 - the rationale is that stress has multiple causes, including family situations and personal disposition

Repetitive strain injuries

- activity-related soft-tissue injuries of the neck, shoulders, arms, wrists, hands, back and legs
- employers must advise and train workers about the risk of RSIs from workplace activity, identify and assess job-related RSI risk factors, encourage workers to report RSI symptoms early, and use ergonomic interventions
- **ergonomics** refers to the art of fitting the workstation and work tools to the individual
 - will become more and more important as the workplace ages, and the physical demands of work will need to be adapted to accommodate some of the many physical changes typically associated with aging
- Video display terminals are creating new health problems at work such as short-term eye problems, backaches and neck aches, psychological distress, and carpal tunnel syndrome

Workplace toxins

- leading cause of work-related deaths around the world is cancer
- in addition to known carcinogens, such as asbestos and benzene, new chemicals and substances are constantly being introduced into the workplace without adequate testing
- workers' compensation laws in several provinces have been amended to provide benefits to firefighters who develop specific job related cancers

Workplace smoking

- most Canadian jurisdictions have banned smoking in workplaces
- employers face higher costs for health-care and disability insurance
- employees who smoke have reduced productivity and a significantly greater risk of occupational accidents than do non-smokers
- Health Canada is urging employers to implement smoking cessation programs for employees to achieve:
 - better health for employees
 - better business results
 - legislative compliance
 - increased employee satisfaction (especially for the 80 percent of Canadians who do not smoke)
 - avoidance of litigation

Influenza pandemic

- the first organizational impact of a pandemic will be absenteeism, estimated at 35 percent in the influenza plan for the Government of Canada
- HR will be a key player in responding to a pandemic as most employers are planning to continue their business operations using the existing workforce—in other words, with substantially fewer employees
- A pandemic preparedness plan should address prevention, containment, response to employee work refusals, creation of a pandemic preparation and response team, viability of continuing company operations, security of company premises, sickness/disability coverage, leaves to care for sick family members or children at home if school are closed, and visitors to company premises
- business leaders are well advised to prepare their organizations

Violence at work

- most workplace violence arises from members of the public – customers or strangers
- most Canadian jurisdictions now have workplace violence legislation in place covering physical violence, and some include psychological/emotional violence
- human rights laws across the country prohibit various forms of harassment and bullying
- employers may be found liable for violent acts of their employees on the basis that the employer negligently hired or negligently retained someone whom the employer should reasonably have known could cause the violent act
- employers may also be found liable when they are aware of violent incidents and fail to respond
- **Prevention and Control of Workplace Violence**
 - identify jobs with high risk of violence
 - institute workplace violence policy
 - create a healthy work environment
 - heighten security measures
 - provide workplace violence training
 - improve employee screening

Chapter 13 - Fair Treatment

The Strategic Importance of Effective Employee Relations

- for competitive advantage, employees must be motivated and engaged in pursuing organizational goals
- ensure employees are treated ethically, fairly, and legally
- Organizational justice in terms of three components:
 - **Distributive Justice:** fairness of a decision outcome (e.g. did I get an equitable pay raise?)
 - **Procedural Justice:** fairness of the process used to make a decision (e.g. is the process my company uses to allocate merit raises fair?)
 - **Interactional Justice:** fairness in interpersonal interactions by treating others with dignity and respect (e.g. does my supervisor treat me with respect?)

Employee Engagement

Employee engagement is a positive, fulfilling, work-related state of mind characterized by vigour, dedication, and absorption. Not effective in a work environment where workers are still at physiological needs level. Employee engagement implies workers are already at self-esteem and self-actualization levels.

Drivers of Engagement

- Senior leadership: senior leaders need to demonstrate inspiration, vision, and commitment
- Opportunities for learning and development: developing a culture of learning and growing
- Company image and reputation: employees want to work for companies with good reputations
- Differs from country to country
- Fair treatment

Outcomes of Engagement

- employees' highest productivity
- best ideas
- genuine commitment to the success of the organization
- improvements in service quality, customer satisfaction, and long-term financial results
- serves the individual, fulfilling a basic human need to be connected to worthwhile endeavours and make a significant contribution
- engagement is good for the company and good for the employee

Effective Employee Communication

- **suggestion programs** where employees can offer well-informed, thoughtful, and creative suggestions regarding issues in the workplace
 - allows management to monitor employee's feelings, allows employees another channel to communicate through, smaller likelihood of small problems growing into large ones.
- **employee opinion surveys** are communication devices that use questionnaires to ask for employees' opinions about the company, management, and work life.
- **communication from management**
 - firms give employees extensive data on the performance of and prospects for their operations.

Respecting Employee Privacy

- employers are trying to balance employee privacy rights with their need to monitor the use of technology-related activities in the workplace (in terms of liability)
- employees are concerned with privacy—their control over information about themselves and their freedom from unjustifiable interference in their personal life
- Personal Information Protection and Electronic Documents Act (PIPEDA) governs the collection, use, and disclosure of personal information across Canada, including employers' collection and dissemination of personal information about employees
- employers must obtain consent from employees whenever personal information is collected, used, or disclosed
- some employers have resorted to electronic monitoring (**video surveillance**)
 - some employers install video surveillance of employees to prevent theft and vandalism and to monitor productivity
 - employees must be made aware of the surveillance

Preserving Dignity in the Retirement Process

- by 2025, more than 20 percent of the Canadian population will be over age 65, and the labour force will shrink dramatically; for many years, the trend has been toward earlier retirement—the average retirement age dropped from 65 in 1979 to 61 in 2005
- at any age, retirement for most employees is bittersweet, for some dealing with suddenly being unproductive
- **pre-retirement counselling** refers to counselling provided to employees some months (or even years) before retirement, which covers such matters as benefits advice, second careers, and so on
- there are major changes expected in the management of the retirement process
 - greater amount of women retiring; their transition will be easier than men's
 - maintaining a standard of living is an issue

Managing Retirement

As Baby Boomers retire, it is expected that:

- longstanding trend to early retirement will change
- late retirement will be promoted to help ease labour shortage
- joint retirement issues for dual-career couples will increase
- flexibility in retirement arrangements will increase dramatically

Fair Treatment in Layoffs and Downsizing

- **layoff** refers to the temporary withdrawal of employment from workers for economic or business reasons
 - three conditions are present:
 - there is no work available for the employees
 - management expects the no-work situation to be temporary and probably short term
 - management intends to recall the employees when work is again available
 - almost always involve unionized employees and based on "bumping" procedures (seniority)
- alternatives to layoffs
 - reduction in pay plans
 - accumulation of vacation time and to concentrate it during slow periods
 - voluntary time off for the employee
 - hiring contingent employees
 - work sharing program – reduce workweek by one to three days and claim EI for the time not worked
- **downsizing** refers to the process of reducing, usually dramatically, the number of people employed by the firm

- **group termination laws** refer to laws that require an employer to notify employees in the event that an employer decides to terminate a group of employees; varies by jurisdiction but generally ranges from 6-18 weeks – allows employees to start searching for other employment
- employees accept news better face-to-face rather than through email or word of mouth
- emphasis on delivering bad news humanely and treating employees with dignity and respect
- bad news of downsizing should be delivered one-on-one
- be honest with remaining employees about future reductions
- downsizings in the case of mergers or acquisitions are usually one-sided, with either the acquiring company or the large merger partner dominating the process

Fairness in Discipline and Dismissals

- **Discipline:** a procedure intended to correct an employee's behaviour because a rule or procedure has been violated
- A fair and just disciplinary process is based on three foundation:
 - A set of clear rules and regulations
 - Address serious matters such as theft, destruction of company property, drinking on the job, and insubordination
 - Informs employees ahead of time as to what is and is not acceptable behaviour
 - A system of progressive penalties
 - Ranges from verbal warnings to written warnings to suspension (paid or unpaid) from the job to dismissal
 - Severity of penalty is based on type of offence and the number of occurrences
 - Should be an appeals process
 - Helps ensure procedural fairness in the employee discipline process
- **Dismissal:** involuntary termination of an employee's employment
 - Just cause can often be demonstrated in cases of disobedience, incompetence, dishonesty, insubordination, fighting, and persistent absence or lateness
 - **Insubordination:** wilful disregard or disobedience of the boss's authority or legitimate orders
- **Dismissal without just cause:**
 - **Wrongful dismissal:** an employee dismissal that does not comply with the law or does not comply with a written or implied contractual arrangement
 - Reasonable notice is about three to four weeks per year of service

Avoiding Wrongful Dismissal Suits

1. Use employment contracts with a termination clause and with wording clearly permitting the company to dismiss without cause during probationary period
 2. Document all disciplinary action
 3. Do not allege just cause for dismissal unless it can be proven
 4. Time the termination so that it does not conflict with special occasions, such as birthdays or holidays
 5. Use termination letters in all cases, clearly stating the settlement offer
 6. Schedule the termination interview in a private location at a time of day that will allow the employee to clear out belongings with a minimal amount of contact with other employees
 7. Include two members of management in the termination meeting
- **Constructive dismissal:** the employer makes unilateral changes in the employment contract that are unacceptable to the employee, even though the employee has not been formally terminated

Termination Interview

- the interview in which an employee is informed of the fact that he or she has been dismissed
- Guidelines for the **termination interview:**
 - Step 1: Plan the Interview
 - Step 2: Get to the Point
 - Step 3: Describe the Situation
 - Step 4: Listen
 - Step 5: Review All Elements of the Severance Package
 - Step 6: Identify the Next Step
- **Outplacement counselling:** a systematic process by which a terminated person is trained and counselled in the techniques of self-appraisal and securing a new position

Global HR Chapter: Managing Human Resources Globally

HRM in a Global Environment

- The HRM function needs to continuously re-examine its role in supporting this expanding pace of business globalization
- This requires HRM to:
 - Align HRM processes and functions with global requirements
 - Adopt a global mindset including a thorough understanding of the global environment and the impact on managing people worldwide
 - Enhance its own capabilities and competencies to become a business partner in acting on global business opportunities
- Companies set up operations overseas because they can operate with lower labour costs
- Organizations that operate facilities in foreign countries need to understand the laws and customs that apply to employees in those countries

Employees in an International Workforce

- Organizations who operate globally have employees that are citizens of more than one country
- **Home country** – where the organization's headquarters is located
 - E.g. Fairmount employee who is a Canadian citizen and works at Fairmount's headquarters or one of its Canadian properties is therefore a *home-country national*
- **Host country** – where an organization operates a facility (other than the home country)
 - E.g. Barbados is a host country of Fairmount b/c of its operations there.
 - Employees who are citizens of the host country are known as *host-country nationals*
- **Third country** – a country that is neither the home country nor the host country
 - E.g. Hiring an Australian manager to run operations in Barbados
 - These employees are called *third-country nationals*
- **Expatriates** – employees who take assignments in other countries

Employers in the Global Marketplace

- Most organizations begin by serving customers and clients within a domestic marketplace.
- If products succeed, the company might expand operations to other domestic/international locations
- **International organization** – an organization that sets up one or a few facilities in one or a few foreign countries
 - HR issue: whether or not a particular location provides an environment where the organization can successfully acquire and manage human resources
- **Multinational company** – an organization that builds facilities in a number of different countries in an effort to minimize production and distribution costs
 - HR issue: similar but larger than those of an international organization b/c more countries are involved
- **Global organization** - chooses to locate a facility based on the ability to effectively, efficiently, and flexibly produce a product or service, using cultural differences as an advantage
 - HR issue: needs flexibility
- **Transnational HRM system** – type of HRM system that makes decisions from a global perspective, includes managers from many countries, and is based on ideas contributed by people representing a variety of cultures
 - Decisions balance uniformity (for fairness) with flexibility (to account for cultural and legal differences)

Factors Affecting HRM in International Markets

Culture

- a community's set of shared assumptions about how the world works and what ideals are worth striving for; expressed through customs, languages, religions, and so on.
- Often determines the other three international influences
- Often determines the effectiveness of various HRM practices
- Hofstede's study of culture:
 - **Individualism/collectivism**: describes the strength of the relation between an individual and other individuals in the society
 - High: Canada, Great Britain, and the Netherlands → think and act as individuals
 - Low: Colombia, Pakistan, and Taiwan → think of themselves mainly as group members
 - **Power distance**: concerns the way the culture deals with unequal distribution of power and defines the amount of inequality that is normal
 - High: India and Japan → normal to maintain large differences in power
 - Low: Canada, Denmark and Israel → tries to eliminate inequalities
 - **Uncertainty avoidance**: describes how culture handles the fact that the future is unpredictable

- High: Greece and Portugal → has a strong cultural preference for structured situations; rely on religion, law, and technology for rules about how to behave
 - Low: Singapore and Jamaica → people take each day as it comes
- **Masculinity/femininity:** the emphasis a culture places on practices or qualities that have traditionally been considered masculine or feminine.
 - Masculine: Germany and Japan → values achievement, money making, assertiveness, competition
 - Feminine: Sweden and Norway → values relationships, service, care for the weak, preserving the environment
- **Long-term/short-term orientation:** suggests whether the focus of cultural values is on the future (long term) or the past and present (short term)
 - Long term: Japan and China → values saving and persistence
 - Short term: Canada and Russia → respect for past tradition, and fulfilling social obligations in the present

Education and Skill Levels

- Spending on education is greater per student in high-income countries than in poorer countries
- Companies with foreign operations locate in countries where they can find suitable employees

Economic System

- Socialist systems take a higher percentage of each worker's income as the worker's income increases
- Capitalist systems tend to let workers keep more of their earnings
- Due to this, pay structures are more complicated with cross national boundaries

Political-Legal System

- The country's laws often dictate the requirements for certain HRM practices, such as training, compensation, selection, and labour relations.
- Organizations that expand internationally must gain expertise in the host country's legal requirements and ways of dealing with its legal system

Workforce Planning in a Global Economy

- Involved in decisions about participating as an exporter or as an international, multinational, or global company
- Involves decisions about where and how many employees are needed for each international facility

Selecting Employees in a Global Labour Market

- Organizations fill many key foreign positions with home-country or third-country nationals
- Sometimes a person's technical and human relations skills outweigh the advantages of hiring locally
- Hiring immigrant employees may be part of an effective recruitment and selection strategy
- Selection of employees for international assignment should reflect these criterion:
 - Competency in the employee's area of expertise
 - Ability to communicate verbally and nonverbally in the foreign country
 - Flexibility, tolerance of ambiguity, and sensitivity to cultural differences
 - Motivation to succeed and enjoyment of challenges
 - Willingness to learn about the foreign country's culture, language, and customs
 - Support from family members
- Personality, qualities of flexibility, motivation, agreeableness, and conscientiousness are important when entering another culture
- **Culture shock** – disillusionment and discomfort that occur during the process of adjusting to a new culture
- **Virtual expatriates** - employees who manage an operation abroad without permanently locating in the country
 - Take frequent trips to the foreign country, use technologies such as videoconferencing and electronic collaboration tools to stay in touch
- Emotional cycle associated with a foreign assignment: honeymoon → culture shock → learning → adjustment

Training and Developing a Global Workforce

- Challenges that arise with regards to training and development:
 - Training and development programs should be effective for all participating employees, regardless of their background
 - When organizations hire employees to work in a foreign country or transfer them to another country, the employer needs to provide training in how to handle the challenges of working there

Training Programs for an International Workforce

- Establish the objectives for the training and its content
- Next, ask what training techniques, strategies, and media to use
- Then, the developers should identify any other interventions and conditions that must be in place for the training to meet its objectives
- Finally, the developers should identify who in the organization should be involved in reviewing and approving the training program
- Must consider international differences among trainees such as economic and educational differences

Cross-Cultural Preparation

- Training to prepare employees and their family members for a work assignment in a foreign country
- Phases of an international assignment:
 - *Preparation for departure*: language instruction and an orientation to the foreign country's culture
 - *The assignment itself*: some combination of a formal program and mentoring relationship to provide ongoing further information about the foreign country's culture
 - *Preparation for the return home*: providing information about the employee's community and home-country workplace (from company newsletters, local newspapers, and so on)
- Methods for providing this training may range from lectures for employees and their families to visits to culturally diverse communities
- Can be mandatory in many organizations

Global Employee Development

- Helps expatriate and inpatriate employees make the transitions to and from their assignments and helps the organization apply the knowledge the employees obtain from these assignments

Performance Management across National Boundaries

- Organizations have to consider legal requirements, local business practices, and national cultures when establishing performance management methods in other countries
- Differences include: which behaviours are rated, how and the extent to which performance is measured, who performs the rating, and how feedback is provided

Compensating and Rewarding an International Workplace

Pay Structure

- Market pay structures can differ substantially across countries in terms of both pay level and the relative worth of jobs
- Differences create a dilemma for global companies: Should pay levels and differences reflect what workers are used to in their own countries? Or should they reflect the earnings of colleagues in the country of the facility, or earning at the company headquarters?
- These decisions affect a company's costs and ability to compete
- Transportation costs or access to resources or customers can outweigh labour costs

Incentive Pay

- International labour laws vary
 - E.g. in Mexico, profit sharing is mandatory
- Many companies are offering added incentives to reward staff for working in high-risk areas

Employee Benefits

- Compensation packages in other countries include benefits
- Must take into account the laws of each country involved, as well as employees' expectations and values in those countries
- Availability of partner relocation assistance is a differentiator for many organizations in attracting employees to global assignments
- Pension plans are more widespread in parts of Western Europe than in Canada, the US, or Japan
- Paid vacation tends to be more generous in Western Europe than in North America

International Labour Relations

- Companies that operate across national boundaries will increasingly need to work with unions in more than one country
 - Need to establish policies and goals for labour relations, overseeing labour agreements, and monitoring labour performance

- Day-to-day decisions about labour relations are usually handled by each foreign subsidiary
- Management must recognize differences in how various countries understand and regulate labour relations
 - Legal differences range from who may form a union to how much latitude an organization is allowed in laying off workers
- International labour relations must also take into account that negotiations between labour and management take place in a different social context, not just different economic and legal contexts

Managing Expatriates

- There are about 68,000 Canadians working abroad at any given time
- Assignment give rise to significant human resource challenges, from selecting employees to preparing them, compensating them, helping them adjust, remain safe, providing support and preparing for return home
- Out of every 100 expatriates, between 16 and 40 return before their assignment is complete
- HRM principles to avoid mistakes: planning and goal setting, selection aimed at achieving the HR goals, and performance management that includes evaluation of whether the overseas assignment delivered value relative to the costs involved

Selecting Expatriates

- Begins with determining which individuals in the organization are most capable of handling an assignment in another country
- Depending on the nature of the assignment and the culture where it is located, the organization should consider each candidate's skills, learning style, and approach to problem solving
- A successful expatriate must be sensitive to the host country's cultural norms, flexible enough to adapt to those norms, and strong enough to survive the culture shock of living in another culture
- Adaption requires three kinds of skills:
 - Ability to maintain a positive self-image and feeling of well-being
 - Ability to foster relationships with the host-country nationals
 - Ability to perceive and evaluate the host country's environment accurately
- Should select people who want an expatriate assignment

Preparing Expatriates

- It's necessary to prepare the selected employee through training and development
- Also need information about such practical matters as housing, schools, recreation, shopping, and health care facilities in the country where they will be living
- Communication often requires a determined attempt to learn a new language
- Should include career development activities
- Preparation process should continue after employee leaves for the assignment

Compensating and Rewarding Expatriates

- Most organization use a balance sheet approach to determine the total amount of the package
 - This approach adjusts the employee's compensation so that it gives the employee the same standard of living as in the home country plus extra pay for the inconvenience of locating globally

Helping Expatriates Return and Minimizing Turnover

- **Repatriation** – the process of preparing expatriates to return home from a foreign assignment
- The use of a well-written international assignment letter is a helpful means to clarify the rights and responsibilities of both the employer and employee for a relocation and subsequent return
- Culture shock takes place in reverse
- Expatriates are more likely to stay with a company that provides them opportunities to use their international experience
 - Two activities help the process along:
 - Communication – refers to the expatriates receiving information and recognizing changes while aboard
 - Validation – means giving the expatriate recognition for the international service when this person returns home; also include planning for how the returning employee will contribute to the organization