

LESSON 9

UNIT 9: PERSONNEL MANAGEMENT

Lesson Objectives:

Student should be able to:

- **Develop the knowledge on Human Resource Management**
- **Clarify the functions of HRM**
- **Distinguish the factors performance appraisal, recruitment and selection.**

Definition:

What is HRM?

Human Resource Management ("HRM") is a way of management that links people-related activities to the strategy of a business or organisation. HRM is often referred to as "strategic HRM". It has several goals:

HRM Activities

- HR Planning, Recruitment and Selection
- Human Resource Research
- Safety and Health in organisation
- Compensation and benefits
- Industrial relations
- Training and development
- Performance appraisal



HR Planning and Recruitment

Workforce planning is one of the most important activities in a business. It starts with analysis of the strategic position of the business. The results of this analysis then feed into a forecast of the required demand for labour by the business and how this is likely to be supplied. The final stage involves the creation and implementation of a human resources plan which aims to deliver the right number of the right people for the business.

The management of a business need to determine what work needs to be done. Job analysis is a key part of this need.

Job analysis concentrates on what job holders are expected to do. It provides the basis for a job description, which in turn influences decisions taken on recruitment, training, performance appraisal and reward systems.

What is contained in a job analysis?

A job analysis would typically contain:

| | |
|------------------------------|---|
| Job purpose | What does the job mean - and how does this relate to other parts of the business? |
| Job content | Duties and responsibilities |
| Accountabilities | What results / outputs is the jobholder responsible for? |
| Performance criteria | How will the jobholder's performance be measured? |
| Resource requirements | E.g. equipment, location |

The key information that needs to be collected includes:

- Job title
- Main duties and tasks
- Targets and performance standards that the job holder is required to achieve
- The amount of supervision that is normally given / freedom of decision-making in the job
- Skills and/or qualifications needed for the job (including personal skills)

What is recruitment?

Recruitment is an important part of a business' human resource planning.

In all businesses, people are a vital resource - and they need to be managed as such.

The overall aim of the recruitment and selection process is to obtain the number and quality of employees that are required in order for the business to achieve its objectives.

There are three main stages in recruitment:

- (1) **Identify and define** the requirements. This involves the preparation of job descriptions, job specifications and person specifications
- (2) **Attract potential employees** - there are various methods for doing this - which are described in a separate revision note
- (3) **Select and employ** the appropriate people from the job applicants

Recruitment is becoming more and more important in business. In particular, this reflects the increasing need for a well-motivated and flexible workforce that requires less management supervision.

2 types of Recruitment

Internal Recruitment: Organisation recruits from within (e.g. job posting, career development system, superior recommendation)

External recruitment: Access talent from outside the business (e.g. Job centre/agency, employee referral, advertisement through banner, newspapers, magazines, web-site, walk-in/write-in)

Selection

Assessing the candidates by various means and making a choice followed by an offer of employment.

Process of Selection

Step 1: Short listing

Step 2: Preliminary interview

Step 3: Selection test

Step 4: Selection interview

Step 5: Supervisory Approval

Step 6: Check references

Step 7: Medical examination

Step 8: Realistic job review

Step 9: Hiring decision

Training and Development

Training and personnel development is an important method for a business to improve the performance of employees.

Benefits of training to a business

The main benefits to a business of a well-trained workforce are:

- Better productivity (and, therefore, lower production / operating costs)
- Higher quality
- More flexibility - training helps employees develop a variety of skills. Multi-skilling is only possible if the workforce is well trained
- Less supervision - lower supervision and management costs if employees can get on with their jobs. This might also improve motivation - through greater empowerment
- More successful recruitment and employee retention - businesses with a good reputation for training are likely to find it easier to attract good quality staff - and then keep them
- Help in achieving change - businesses with strong training systems and culture find it easier to implement change programmes

Types of Training: On-the-Job (OJT)

As the name implies, on-the-job training involves employees training at their place or work.

The most common methods of on-the-job training are:

- Demonstration / instruction; showing the trainee how to do the job
- Coaching - a more intensive method of training that involves a close working relationship between an experienced employee and the trainee
- Job rotation - where the trainee is given several jobs in succession, to gain experience of a wide range of activities (e.g. a graduate management trainee might spend periods in several different departments)

- Projects - employees join a project team - which gives them exposure to other parts of the business and allows them to take part in new activities. Most successful project teams are “multi-disciplinary”.

Advantages of on-the-job training

- Generally more cost effective
- Less disruptive to the business - i.e. employees are not away from work
- Training an employee in their own working environment, with equipment they are familiar with and people they know can help them gain direct experience to a standard approved by the employer
- Employees may find that they have more confidence if they are supervised and guided as they feel they are doing the job right
- Employees may feel more at ease being taught or supervised by people they know rather than complete strangers at an external training course
- Managers or supervisors can assess improvement and progress over a period of time and this makes it easier to identify a problem, intervene and resolve problems quickly
- On-the-job training is also productive, as the employee is still working as they are learning
- As training progresses and the employee begins to feel more confident, this confidence would allow them to work at a higher standard and ultimately be more productive
- Training "on-the-job" provides an opportunity to get to know staff they might not normally talk to.

Disadvantages of on-the-job training

- Teaching or coaching is a specialist skill in itself; unless the trainer has the skills and knowledge to train, this would mean that the training will not be done to a sufficient standard
- The trainer may not be given the time to spend with the employees to teach them properly, which would mean substandard training has been achieved and learning has only been half done.

Types of Training: Off-the-Job (Off JT)

Off-the-job training involves employees taking training courses away from their place of work. This is often also referred to as "formal training".

Off-the-job training courses might be run by the business' training department or by external providers.

The main types of off-the-job training courses are:

- Day release (where the employee takes time out from normal working hours to attend a local college or training centre)

- Distance learning / evening classes
- Revision courses (e.g. in the accountancy profession, student employees are given blocks of around 5-6 weeks off on pre-exam courses)
- Block release courses - which may involve several weeks at a local college
- Sandwich courses - where the employee spends a longer period of time at college (e.g. six months) before returning to work
- Sponsored courses in higher education
- Self-study, computer-based training (an increasingly popular option - given that attendance at external courses can involve heavy cost)

Advantages of off-the-job training:

- Use of specialist trainers and accommodation
- Employee can focus on the training - and not be distracted by work
- Opportunity to mix with employees from other businesses

Disadvantages of off-the-job training:

- Employee needs to be motivated to learn
- May not be directly relevant to the employee's job
- Costs (transport, course fees, examination fees, materials, accommodation)

Performance Appraisal (PA)

Performance Appraisal means a formal system of periodic review and evaluation of an individual's team's job performance.

Uses of PA

- Human Resource Planning
- Recruitment and Selection
- Human Resource Development
- Compensation Programs
- Internal Employee Relation
- Assessment of Employment Potential

PA process

- S1: Identify specific performance appraisal goals
- S2: Establish job expectation (JA)
- S3: Examine work performance
- S4: Appraise performance
- S5: Discuss appraisal with employee

Who should do the appraisal?

- Immediate supervisor
- Direct subordinates
- Self rating
- Peer
- 360 degree feedback

Method of appraisal

- Graphic Rating Scale
- Alternative ranking methods
- Paired comparison
- Forced distribution
- Behaviourally Anchored Rating Scale (BARS)
- Management by Objectives (MBO)
- Critical Incidents

Problems of appraisal

- Unclear Standard: An appraisal that is too open to interpretation
- Halo Effect: one trait biases the rating of that person on other traits
- Central Tendency: Tendency to rate all employees the same way
- Strictness/Leniency: where appraiser has either too high demand or too low demand
- Bias: tendency to allow individual differences such as age, race, gender etc.

Compensation

Compensation: all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship.

Although some theorists like Herzberg believe that money is not a positive motivator (although lack of it can de-motivate), pay systems are designed to motivate employees.

The scientific / Theory X approach, in particular, argues that workers respond to financial rewards.

Getting employee pay right (often referred to as the “remuneration package”) is a crucial task for a business.

Why is pay important?

- It is an important cost for a business (in some “labour-intensive” businesses, payroll costs are over 50% of total costs)
- People feel strongly about it. Pay helps to satisfy many needs (e.g. security, esteem needs, resources to pursue self-actualisation)
- Pay is the subject of much important business legislation (e.g. national minimum wage; equal opportunities legislation)
- It helps attract reliable employees with the skills the business needs for success
- Pay also helps retain employees – rather than joining a competitor
- For most employees, the remuneration package is the most important part of a job – and certainly the most visible part of any job offer.

There are many methods of financial reward (these are covered in separate revision notes)

- Time-rate pay
- Piece-rate pay
- Commission
- Performance-related pay
- Bonuses
- Shares and options
- Benefits-in-kind (“fringe benefits”)
- Pensions

Because pay is a complex issue, there are several ways in which businesses determine how much to pay, and which method to use:

- **Job evaluation / content;** this is usually the most important factor. What is involved in the job being paid? How does it compare with similar jobs?
- **Fairness** – pay needs to be perceived and be seen to match the level of work.
- **Negotiated pay rates** – the rate of pay may have been determined elsewhere and the business needs to ensure that it complies with these rates.
- **Market rates** – another important influence – particularly where there is a standard pattern of supply and demand in the relevant labour market. If a business tries to pay below the “market rate” then it will probably have difficulty in recruiting and retaining suitable staff.
- **Individual performance** – increasingly, businesses include an element of “performance-related” reward in their pay structures.

Health and Safety

Health and Safety policies: concerned with protecting employees and other people affected by what the company produces and does against the hazards arising from their employment or their links with the company.

Objectives of health and safety

- ★ Learn more through sharing knowledge about health problems
- ★ Provide a greater level of expertise in evaluating the problems
- ★ Provide a broad database that can be used to compare health and safety problems in the same industry
- ★ Make employee health and safety a high priority.

Specific health problems associated with the workplace have contributed to the development of the modern safety and health movement. These problems include lung diseases in minor, mercury poisoning and lung cancer due to asbestos.

How to solve health and safety problems

- ★ Improved engineering could prevent accidents
- ★ Employees are willing to learn and accept safety rules
- ★ Safety rules could be established and enforced
- ★ Financial saving from safety improvement could be reaped by saving in compensation and medical bills.

Main references

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