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The Department of Management, marketing and law

## **HUMAN RESOURCE MANAGEMENT**

**Educational – methodical manual  
PART I**

**Field of study  
1-26-02-02-07 – «Management (informational)»**



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## INTRODUCTION

Human resource management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers the activities of strategic HRM, human capital management, knowledge management, corporate social responsibility, organization development, resourcing (workforce planning, recruitment and selection and talent management), learning and development, performance and reward management, employee relations, employee well-being and the provision of employee services. It also has an international dimension.

The goals of HRM are to:

- support the organization in achieving its objectives by developing and implementing human resource (HR) strategies that are integrated with the business strategy (strategic HRM);
- contribute to the development of a high-performance culture;
- ensure that the organization has the talented, skilled and engaged people it needs;
- create a positive employment relationship between management and employees and a climate of mutual trust;

This subject guide is about human resource management (HRM). This is the management activity taken by commercial firms, state owned enterprises and other organizations to recruit, retain and motivate their employees. In other words HRM is the bundle of policies, programs and plans which organizations adopt with the objective of making full use of the people they employ. These include everything from recruitment and selection techniques (which initiate the relationship between firm and employee), to the mass of rules that determine how people are treated as current employees, and all the way to policies on separation (which determine whether, and in what circumstances, an employee is to be let go).

The aims of this course are to:

- give students an introduction to the key elements of human resource management;
- demonstrate how the social sciences can assist in understanding the management of human resources and to examine and evaluate human resource policies and practices of organizations;

- help students to examine the different theories which try to explain the relationship between HRM and organizational performance;
- develop students' ability to analyse and critically evaluate HR policies and practices.

By the end of this course you should be able to:

- describe the relationship between HRM and organizational performance and be able to critically evaluate the empirical evidence;
- critically evaluate alternative perspectives on HR practices;
- analyse the relationship between HR practices and their outcomes for the individual and the organization;
- evaluate the effectiveness of different HR practices;
- comment upon the limitations of the theories covered.

# **TOPIC 1: THE ESSENCE OF HUMAN RESOURCE MANAGEMENT (HRM)**

[14, 11-25]

## **Key concepts and terms**

**Added value**  
**Agency theory**  
**AMO theory**  
**Commitment**  
**Contextual model of HRM**  
**Contingency theory**  
**European model of HRM**  
**5-P model of HRM**  
**Hard HRM**  
**Harvard framework**  
**HR philosophy**  
**Human capital theory**  
**Human relations**  
**Human resource management (HRM)**

**Humanism**  
**Institutional theory**  
**Matching model of HRM**  
**Motivation**  
**Organizational behaviour theory**  
**Organizational capability**  
**Resource-based theory**  
**Resource dependence theory**  
**Soft HRM**  
**Strategic alignment**  
**Strategic human resource management (SHRM)**  
**Transaction costs theory**  
**Unitarist**

### **1.6. INTRODUCTION – THE HRM CONCEPT**

Human resource management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers the activities of strategic HRM, human capital management, knowledge management, corporate social responsibility, organization development, resourcing (workforce planning, recruitment and selection and talent management), learning and development, performance and reward management, employee relations, employee well-being and the provision of employee services. It also has an international dimension.

The practice of referring to people as resources as if they were any other factor of production is often criticised. Osterby and Coster (1992: 31) argued that: ‘The term “human resources” reduces people to the same category of value as materials, money and technology – all resources, and resources are only valuable to the extent they can

be exploited or leveraged into economic value.’ People management is sometimes preferred as an alternative, but in spite of its connotations, HRM is most commonly used.

### **The development of the HRM concept**

The term HRM has largely taken over that of ‘personnel management’, which took over that of ‘labour management’ in the 1940s, which took over that of ‘welfare’ in the 1920s (the latter process emerged in the munitions factories of the First World War). HRM largely replaced the human relations approach to managing people founded by Elton Mayo (1933) who based his beliefs on the outcome of the research project conducted in the 1920s known as the Hawthorne studies. Members of this school believed that productivity was directly related to job satisfaction and that the output of people would be high if someone they respected took an interest in them. HRM also shifted the emphasis away from humanism – the belief held by writers such as Likert (1961) and McGregor (1960) that human factors are paramount in the study of organizational behaviour and that people should be treated as responsible and progressive beings.

An early reference to human resources was made by Bakke (1966). Later, Armstrong (1977: 13) observed that in an enterprise ‘the key resource is people’. But HRM did not emerge in a fully fledged form until the 1980s through what might be called its founding fathers. These were the US academics Charles Fombrun and his colleagues in the ‘matching model’, and Michael Beer and his colleagues in the ‘Harvard framework’.

In the UK they were followed by a number of commentators who developed, explained and frequently criticized the concept of human resource management. Legge (2005: 101) commented that: ‘The term [HRM] was taken up by both UK managers (for example, Armstrong, 1987; Fowler, 1987) and UK academics’. Hendry and Pettigrew (1990: 18) stated that HRM was ‘heavily normative from the start: it provided a diagnosis and proposed solutions’. They also mentioned that: ‘What HRM did at this point was to provide a label to wrap around some of the observable changes, while providing a focus for challenging deficiencies – in attitudes, scope, coherence, and direction – of existing personnel management’ Armstrong (1987: 31) argued that:

*HRM is regarded by some personnel managers as just a set of initials or old wine in new bottles. It could indeed be no more and no less than another name for personnel management, but as usually perceived, at least it has the virtue of emphasising the virtue of treating people as a key resource, the management of which is the direct concern of top management as part of the strategic planning processes of the enterprise. Although there is nothing new in the idea, insufficient attention has been paid to it in many organizations.*

However, commentators such as Guest (1987) and Storey (1995) regarded HRM as a substantially different model built on unitarism (employees share the same interests as employers), individualism, high commitment and strategic alignment (integrating HR strategy with the business strategy). It was also claimed that HRM was more holistic than traditional personnel management and that, importantly, it emphasized the notion that people should be regarded as assets rather than variable costs.

### **The conceptual framework of HRM**

HRM as conceived in the 1980s had a conceptual framework consisting of a philosophy underpinned by a number of theories drawn from the behavioural sciences and from the fields of strategic management, human capital and industrial relations. The HRM philosophy has been heavily criticized by academics as being managerialist and manipulative but this criticism has subsided, perhaps because it became increasingly evident that the term HRM had been adopted as a synonym for what used to be called personnel management. As noted by Storey (2007: 6): ‘In its generic broad and popular sense it [HRM] simply refers to any system of people management.’

### **HRM practice today**

HRM practice is no longer governed by the original philosophy – if it ever was. It is simply what HR people and line managers do. Few references are made to the HRM conceptual framework. This is a pity – an appreciation of the goals, philosophy and underpinning theories of HRM and the various HRM models provides a sound ba-

sis for understanding and developing HR practice. But account needs to be taken of the limitations of that philosophy as expressed by the critics of HRM set out later in this chapter.

## **1.7. HRM DEFINED**

Human resource management can be defined as a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organizations. It was defined by Boxall and Purcell (2003: 1) as ‘all those activities associated with the management of employment relationships in the firm’. A later comprehensive definition was offered by Watson (2010: 919):

*HRM is the managerial utilization of the efforts, knowledge, capabilities and committed behaviors which people contribute to an authoritatively coordinated human enterprise as part of an employment exchange (or more temporary contractual arrangement) to carry out work tasks in a way which enables the enterprise to continue into the future.*

### **The goals of HRM**

The goals of HRM are to:

- support the organization in achieving its objectives by developing and implementing human resource (HR) strategies that are integrated with the business strategy (strategic HRM);
- contribute to the development of a high-performance culture;
- ensure that the organization has the talented, skilled and engaged people it needs;
- create a positive employment relationship between management and employees and a climate of mutual trust;
- encourage the application of an ethical approach to people management.

An earlier list of HR goals was made by Dyer and Holder (1988: 22–28) who analysed them under the headings of contribution (what kind of employee behaviour is expected?), composition (what headcount, staffing ratio and skill mix?), competence (what general level of ability is desired?) and commitment (what level of employee attachment and identification?). Guest (1987) suggested that the four goals of HRM were strategic integration, high commitment, high

quality and flexibility. And Boxall (2007: 63) proposed that ‘the mission of HRM is to support the viability of the firm through stabilizing a cost-effective and socially legitimate system of labour management’.

## **1.8. THE PHILOSOPHY OF HUMAN RESOURCE MANAGEMENT**

Doubts were expressed by Noon (1992) as to whether HRM was a map, a model or a theory. But it is evident that the original concept could be interpreted as a philosophy for managing people in that it contained a number of general principles and beliefs as to how that should be done. The following explanation of HRM philosophy was made by Legge (1989: 25) whose analysis of a number of HRM models identified the following common themes:

*That human resource policies should be integrated with strategic business planning and used to reinforce an appropriate (or change an inappropriate) organizational culture, that human resources are valuable and a source of competitive advantage, that they may be tapped most effectively by mutually consistent policies that promote commitment and which, as a consequence, foster a willingness in employees to act flexibly in the interests of the ‘adaptive organization’s’ pursuit of excellence.*

Storey (2001: 7) noted that the beliefs of HRM included the assumptions that it is the human resource that gives competitive edge, that the aim should be to enhance employee commitment, that HR decisions are of strategic importance and that therefore HR policies should be integrated into the business strategy.

## **1.9. UNDERPINNING THEORIES OF HRM**

The original notion of HRM had a strong theoretical base. Guest (1987: 505) commented that: ‘Human resource management appears to lean heavily on theories of commitment and motivation and other ideas derived from the field of organizational behaviour.’ A number of other theories, especially the resource-based view, have contribut-

ed to the understanding of purpose and meaning of HRM. These theories are summarized below.

#### **1.4.1. Commitment**

The significance in HRM theory of organizational commitment (the strength of an individual's identification with, and involvement in, a particular organization) was highlighted in a seminal Harvard Business Review article by Richard Walton (1985).

#### **1.4.2. Motivation**

Motivation theory explains the factors that affect goal-directed behaviour and therefore influences the approaches used in HRM to enhance engagement (the situation in which people are committed to their work and the organization and are motivated to achieve high levels of performance). The resource-based view Resource-based theory expressed as 'the resource based view' states that competitive advantage is achieved if a firm's resources are valuable, rare and costly to imitate. It is claimed that HRM can play a major part in ensuring that the firm's human resources meet these criteria.

#### **1.4.3. Organizational behaviour theory**

Organizational behaviour theory describes how people within their organizations act individually or in groups and how organizations function in terms of their structure, processes and culture. It therefore influences HRM approaches to organization design and development and enhancing organizational capability (the capacity of an organization to function effectively in order to achieve desired results).

#### **1.4.4. Contingency theory**

Contingency theory states that HRM practices are dependent on the organization's environment and circumstances. This means that, as Paauwe (2004: 36) explained: 'The relationship between the relevant independent variables (eg HRM policies and practices) and the dependent variable (performance) will vary according to the influences such as company size, age and technology, capital intensity, degree of unionization, industry/sector ownership and location.'

Contingency theory is associated with the notion of fit – the need to achieve congruence between an organization’s HR strategies, policies and practices and its business strategies within the context of its external and internal environment. This is a key concept in strategic HRM.

#### **1.4.5. Institutional theory**

Organizations conform to internal and external environmental pressures in order to gain legitimacy and acceptance.

#### **1.4.6. Human capital theory**

Human capital theory is concerned with how people in an organization contribute their knowledge, skills and abilities to enhancing organizational capability and the significance of that contribution.

#### **1.4.7. Resource dependence theory**

Resource dependence theory states that groups and organizations gain power over each other by controlling valued resources. HRM activities are assumed to reflect the distribution of power in the system.

#### **1.4.8. AMO theory**

The ‘AMO’ formula as set out by Boxall and Purcell (2003) states that performance is a function of Ability + Motivation + Opportunity to Participate. HRM practices therefore impact on individual performance if they encourage discretionary effort, develop skills and provide people with the opportunity to perform. The formula provides the basis for developing HR systems that attend to employees’ interests, namely their skill requirements, motivations and the quality of their job.

#### **1.4.9. Social exchange theory**

Employees will reciprocate their contribution to the organization if they perceive that the organization has treated them well.

#### **1.4.10. Transaction costs theory**

Transaction costs economics assumes that businesses develop organizational structures and systems that economize the costs of the

transactions (interrelated exchange activities) that take place during the course of their operations.

#### **1.4.11. Agency theory**

Agency theory states that the role of the managers of a business is to act on behalf of the owners of the business as their agents. But there is a separation between the owners (the principals) and the agents (the managers) and the principals may not have complete control over their agents. The latter may therefore act in ways that are against the interests of those principals. Agency theory indicates that it is desirable to operate a system of incentives for agents, ie directors or managers, to motivate and reward acceptable behaviour.

### **1.10. HRM TODAY**

As a description of people management activities in organizations the term HRM is here to stay, even if it is applied diversely or only used as a label to describe traditional personnel management practices. Emphasis is now placed on the need for HR to be strategic and businesslike and to add value, ie to generate extra value (benefit to the business) by the expenditure of effort, time and money on HRM activities. There have been plenty of new interests, concepts and developments, including human capital management, engagement, talent management, competency-based HRM, e-HRM, high performance work systems, and performance and reward management. But these have not been introduced under the banner of the HRM concept as originally defined.

HRM has largely become something that organizations do rather than an aspiration or a philosophy and the term is generally in use as a way of describing the process of managing people. A convincing summary of what HRM means today, which focuses on what HRM is rather than on its philosophy, was provided by Peter Boxall, John Purcell and Patrick Wright (2007), representing the new generation of commentators.

#### **Questions:**

1. What is HRM?
2. What are the goals of HRM?

3. What is the difference between hard and soft HRM?
4. What is the essence of the philosophy of HRM?
5. What is resource-based theory?
6. What is the significance of contingency theory?
7. What are the key reservations made by commentators about the early version of HRM?
8. What is the position of HRM today?

## **TOPIC 2: STRATEGIC HRM**

[1, 15-35]

### **Key concepts and terms**

**Best fit**  
**Best practice**  
**Bundling**  
**Business model**  
**Business model innovation**  
**Competency framework**  
**Competitive advantage**  
**Configuration**  
**Contingent determinism**  
**High-commitment management**  
**High-involvement management**

**High-performance management**  
**High-performance work system**  
**Human resource advantage**  
**Life cycle model**  
**Resource-based view**  
**Resource dependence theory**  
**Strategic configuration**  
**Strategic fit**  
**Strategic HRM**  
**Strategic management**  
**Strategy**

### **2.1. THE CONCEPTUAL BASIS OF STRATEGIC HRM**

Strategic HRM takes the notion of HRM as a strategic, integrated and coherent process and associates it with an approach to management that involves adopting a broad and long-term view of where the business is going and managing it in ways that ensure that this strategic thrust is maintained. It is influenced by the concepts of strategic management and strategy.

## **Strategic management**

According to Boxall and Purcell (2003: 44): ‘Strategic management is best defined as a process. It is a process of strategy making, of forming and, if the firm survives, reforming its strategy over time.’ Strategic management was described by Johnson et al (2005: 6) as ‘understanding the strategic position of an organization, making strategic choices for the future, and turning strategy into action’. The purpose of strategic management has been expressed by Kanter (1984: 288) as being to ‘elicit the present actions for the future’ and become ‘action vehicles – integrating and institutionalizing mechanisms for change’ (ibid: 301).

The key strategic management activity identified by Thompson and Strickland (1996: 3) is ‘deciding what business the company will be in and forming a strategic vision of where the organization needs to be headed – in effect, infusing the organization with a sense of purpose, providing long-term direction, and establishing a clear mission to be accomplished.’

The focus is on identifying the organization’s mission and strategies, but attention is also given to the resource base required to make it succeed. Managers who think strategically will have a broad and longterm view of where they are going. But they will also be aware that they are responsible, first, for planning how to allocate resources to opportunities that contribute to the implementation of strategy, and second, for managing these opportunities in ways that will add value to the results achieved by the firm.

### **The concept of strategy**

Strategy is the approach selected to achieve specified goals in the future. As defined by Chandler (1962: 13) it is: ‘The determination of the long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out those goals.’ The formulation and implementation of corporate strategy is a process for developing a sense of direction, making the best use of resources and ensuring strategic fit.

Strategy has three fundamental characteristics. First, it is forward looking. It is about deciding where you want to go and how you mean to get there. It is concerned with both ends and means. In this sense a strategy is a declaration of intent: ‘This is what we want to do and this is how we intend to do it.’ Strategies define longer-

term goals but they also cover how those goals will be attained. They guide purposeful action to deliver the required result. A good strategy is one that works, one that in Abell's (1993: 1) phrase enables organizations to adapt by 'mastering the present and pre-empting the future'. As Boxall (1996: 70) explained: 'Strategy should be understood as a framework of critical ends and means.'

The second characteristic of strategy is the recognition that the organizational capability of a firm (its capacity to function effectively) depends on its resource capability (the quality and quantity of its resources and their potential to deliver results). This is the resource-based view as described later in this chapter.

The third characteristic of strategy is that it aims to achieve strategic fit – the need when developing functional strategies such as HR to achieve congruence between them and the organization's business strategies within the context of its external and internal environment.

## **2.2. HR STRATEGIES**

HR strategies indicate what the organization wants to do about its human resource management policies and practices and how they should be integrated with the business strategy and each other. They set out aspirations that are expressed as intentions, which are then converted into actions. As suggested by Chesters (2011: 32), they should be regarded as a statement of the organization's collective endeavour. They are not just a laundry list of everything that the organization would like to do.

HR strategies were described by Dyer and Reeves (1995: 656) as 'internally consistent bundles of human resource practices'. Richardson and Thompson (1999: 3) observed that:

*A strategy, whether it is an HR strategy or any other kind of management strategy must have two key elements: there must be strategic objectives (ie things the strategy is supposed to achieve), and there must be a plan of action (ie the means by which it is proposed that the objectives will be met).*

Purcell (2001: 72) made the point that: 'Strategy in HR, like in other areas, is about continuity and change, about appropriateness

in the circumstances, but anticipating when the circumstances change. It is about taking strategic decisions.’

The purpose of HR strategies is to articulate what an organization intends to do about its HRM policies and practices now and in the longer term to ensure that they contribute to the achievement of business objectives. However, it is necessary to bear in mind the dictum of Fombrun et al (1984) that business and managers should perform well in the present to succeed in the future.

HR strategies may be defined formally as part of a strategic HRM process that leads to the development of overall or specific strategies for implementation by HR and, vitally, line managers. But an organization that has developed an HR strategy will not be practising SHRM unless that HR strategy has strategic relevance to the organization’s success. As Wright and McMahan (1999: 52) indicated, HRM can only be considered to be strategic if ‘it enables an organization to achieve its goals’.

Pettigrew and Whipp (1991: 30) emphasized that strategy, ‘far from being a straightforward, rational phenomenon, is in fact interpreted by managers according to their own frame of reference, their particular motivations and information’. They were writing about business strategy, but the same applies to HR strategy, which can appear through an emergent, evolutionary and possibly unarticulated process influenced by the business strategy as it develops and changes in the internal and external environment. But there are still strong arguments for a systematic approach to identifying strategic directions that can provide a framework for decision-making and action. The main argument for articulating HR strategies is that unless you know where you are going, you will not know how to get there or when you have arrived.

Because all organizations are different, all HR strategies are different. There is no such thing as a standard strategy. Research into HR strategy conducted by Armstrong and Long (1994) and Armstrong and Baron (2002) revealed many variations. Some strategies are simply very general declarations of intent. Others go into much more detail. The two types of HR strategies are: 1) general strategies such as high-performance working; 2) specific strategies relating to the different aspects of HRM such as learning and development and reward.

## GENERAL HR STRATEGIES

General strategies describe the overall system or bundle of complementary HR practices that the organization proposes to adopt or puts into effect in order to improve organizational performance. The three main approaches are summarized below.

### **1. High-performance management**

High-performance management aims, through highperformance work systems (bundles of practices that enhance employee performance and facilitate their engagement, motivation and skill enhancement), to make an impact on the performance of the organization in such areas as productivity, quality, levels of customer service, growth and profits. High performance working practices include rigorous recruitment and selection procedures, extensive and relevant training and management development activities, incentive pay systems and performance management processes.

### **2. High-commitment management**

One of the defining characteristics of HRM is its emphasis on the importance of enhancing mutual commitment (Walton, 1985). High-commitment management has been described by Wood (1996) as: ‘A form of management which is aimed at eliciting a commitment so that behaviour is primarily selfregulated rather than controlled by sanctions and pressures external to the individual, and relations within the organization are based on high levels of trust.’

### **3. High-involvement management**

As defined by Benson et al (2006: 519): ‘Highinvolvement work practices are a specific set of human resource practices that focus on employee decision-making, power, access to information, training and incentives.’ Camps and Luna-Arocas (2009: 1057) observed that: ‘High-involvement work practices aim to provide employees with the opportunity, skills and motivation to contribute to organizational success in environments demanding greater levels of commitment and involvement.’ The term ‘high-involvement’ was used by Lawler (1986) to describe management systems based on commitment and involvement, as opposed to the old bureaucratic model based on control.

## **Examples of general HR strategies**

- A local authority: as expressed by the chief executive of this borough council, its HR strategy is about ‘having a very strong focus on the overall effectiveness of the organization, its direction and how it’s performing; there is commitment to, and belief in, and respect for individuals, and I think that these are very important factors.’

- A public utility: ‘The only HR strategy you really need is the tangible expression of values and the implementation of values... unless you get the human resource values right you can forget all the rest’ (managing director).

- A manufacturing company: ‘The HR strategy is to stimulate changes on a broad front aimed ultimately at achieving competitive advantage through the efforts of our people. In an industry of fast followers, those who learn quickest will be the winners’ (HR director).

- A retail stores group: ‘The biggest challenge will be to maintain [our] competitive advantage and to do that we need to maintain and continue to attract very high calibre people. The key differentiator on anything any company does is fundamentally the people, and I think that people tend to forget that they are the most important asset. Money is easy to get hold of, good people are not. All we do in terms of training and manpower planning is directly linked to business improvement’ (managing director).

### **SPECIFIC HR STRATEGIES**

Specific HR strategies set out what the organization intends to do in areas such as:

- Human capital management – obtaining, analysing and reporting on data that informs the direction of value-adding, people management, strategic, investment and operational decisions.

- Knowledge management – creating, acquiring, capturing, sharing and using knowledge to enhance learning and performance.

- Corporate social responsibility – a commitment to managing the business ethically in order to make a positive impact on society and the environment.

- Engagement – the development and implementation of policies designed to increase the level of employees’ engagement with their work and the organization.
- Organization development – the planning and implementation of programmes designed to enhance the effectiveness with which an organization functions and responds to change.
  - Resourcing – attracting and retaining high-quality people.
  - Talent management – how the organization ensures that it has the talented people it needs to achieve success.
  - Learning and development – providing an environment in which employees are encouraged to learn and develop.
  - Reward – defining what the organization wants to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the needs of its stakeholders.
  - Employee relations – defining the intentions of the organization about what needs to be done and what needs to be changed in the ways in which the organization manages its relationships with employees and their trade unions.
  - Employee well-being – meeting the needs of employees for a healthy, safe and supportive work environment. The following are some examples of specific HR strategies.

**Questions:**

- 1 What is strategic HRM?
- 2 What is strategic management?
- 3 What is strategy?
- 4 What is the resource-based view?
- 5 What are HR strategies?

## TOPIC 3: RECRUITMENT AND SELECTION

[1,8,3]

### Key concepts and terms

Biodata  
Criterion measure  
Employer brand  
Employer of choice  
Intelligence quotient (IQ)  
Job board  
Knowledge, skills and abilities (KSAs)  
Person specification  
Predictive ability

Psychological test  
Psychometric test  
Recruitment  
Recruitment process outsourcing (RPO)  
Reliability (test)  
Role profile  
Selection  
Validity (test)  
Web 2.0

Recruitment and selection is an important issue within human resource management. In any organization that views the human resource as a major source of competitive advantage, attracting, selecting and retaining the right people to the organization will be of great importance.

**The aim** of the following sections is to look systematically at the key areas of the overall process, these being:

- recruitment
- shortlisting
- final selection.

**The aim** of this topic is to describe and explain the processes of recruitment and selection, drawing a clear distinction between the two, to compare and evaluate different methods of recruitment and selection, and to consider whether there is one universal best-practice approach.

### 3.1. LEARNING OUTCOMES

By the end of this topic, and having completed the Essential reading and Activities, you should be able to:

- explain why recruitment and selection is an important issue, particularly in relation to issues concerning commitment and attitude and workforce heterogeneity;
- describe the recruitment process, from the point of view of the need to avoid ‘automatic replacement syndrome’ and the need to compile a systematic job and person specification;
- compare the different methods of recruitment, and ways of evaluating them;
- compare the effectiveness of different methods of selection and make recommendations as to when they should be used;
- outline the key arguments in the debate as to whether there is a ‘onebest way’ for recruitment and selection.

**The importance of recruitment and selection.** Recruitment and selection is not just important where recruitment to management or professional positions is concerned. The same principle holds true for all the jobs in an organization. For companies that value the commitment and motivation of all their staff, it makes sense to recruit each person extremely carefully to make sure they are getting people with exactly the skills, qualities and attitudes for which they are looking. If the ‘wrong’ people are recruited, it could prove expensive for an organization. First, they might not be able to do the job, so they will add cost to the organization, second, they may leave and so the whole process of recruitment and selection will have to be repeated, with the implications for cost and time. Third, they may have an adverse effect on existing workers.

There are further reasons why recruitment and selection is assuming greater importance. First, the workforce is becoming increasingly heterogeneous. This is partly due to globalization, partly to the willingness of workers to become ‘expat’ workers and leave their home country to work abroad, partly the fact that some countries (e.g. Canada), are still net importers of labour, partly due to more women coming into the labour force, the increase in flexible working (part-time and tele-working), aging populations (e.g. in Japan and the UK) and partly due to peoples’ changing attitudes (e.g. towards disabled

colleagues). A second reason is that governments are showing an increasing tendency to intervene in the labour market by passing legislation. An organization that failed to keep to the law could find itself with added costs (e.g. fines) and a reputation that it treated people unfairly. It may find it difficult to recruit in the future.

### **Activity**

*Think about recruitment in your country. What changes have you noticed that are due to social and political change and what changes have come about because of changes in the law? If you need help with this, use the website of your government. They usually have lots of useful information. In addition, you might want to talk to relatives and friends who are already at work. What changes have they noticed in the last five years?*

## **3.2. FACTORS THAT SHOULD BE TAKEN INTO ACCOUNT WHEN YOU ARE RECRUITING AND SELECTING.**

Recruitment is the process of finding and attracting a pool of suitable candidates for the vacancy. Letting people know there is a vacancy is essential. Advertising is important here, in terms of selling the company to the sort of people outside the company that they would ideally wish to recruit. Advertising can also apply to jobs which are only available to candidates who already work for the firm (internal labour market.) Obviously, the advert would be kept internal to the organization (e.g. on the company intranet).

Once a pool of candidates has been created, the next phase concerns shortlisting. The aim at this stage is to either reduce the number of applicants to manageable proportions or to ensure that all the candidates have the necessary skill and ability to do the job. This process is carried out before the more detailed assessment of candidates within the final selection phase. It is another way of saving time and money.

Before we look more closely at the recruitment and selection processes, it is worth thinking about what is meant by ‘effectiveness’ from the point of view of the recruitment and selection process. Recruitment and selection processes are typically assessed on the following criteria:

**1. Cost and budget.** As a manager, you will need to keep control of your costs and keep within a budget. Jobs that are easier to fill and which have a low impact on the success of an organization should not cost as much to recruit as higher level jobs that will have a high impact on organizational success and may in addition need skills and knowledge that are scarce in the labour market. Selection methods for the low-skill, low-impact jobs should be cheaper and less sophisticated than the high level jobs.

**2. Validity.** This refers to the extent to which a particular recruitment or selection technique is an accurate or valid predictor of actual future job performance. Validity is expressed on a scale of 0-1, where 0 means a particular technique has zero predictive validity, and 1 means a technique has perfect predictive validity. Some techniques fall into the zero category. Most techniques fall in the 0.2 to 0.6 validity range (in other words, they provide a valid predictor of actual future job performance between 20 per cent and 60 per cent of the time). An associated criteria concerns reliability, which concerns how consistently a particular technique measures what it is supposed to measure.

**3. Fairness.** Does any part of the recruitment, initial screening and final selection process introduce the possibility of bias in terms of age, gender, race, disability, etc.? You will need to keep records to show that you have conducted the recruitment and the selection in a fair way. Your country may have legislation that says you must treat people, regardless of their personal characteristics (e.g. gender or age) in the same way.

#### **Does a vacancy exist?**

The first issue to be addressed within the process is to consider whether or not a vacancy exists. Companies should avoid so-called 'automatic replacement syndrome', by considering, when a member of staff leaves the organization, whether it is really necessary to recruit a replacement, or whether work can be reorganized or re-scheduled amongst existing staff. In addition, a decision must be taken as to whether the vacancy should be sourced internally, or whether it should be sourced externally. This is a particularly important issue in instances where companies are looking to provide their staff with opportunities for career advancement or where it is the organisation's

policy to operate an internal labour market. This often applies in the public sector.

**Conduct a job analysis.** There is some debate over this stage. Traditionally, once the decision has been made that a job needs filling, the first step is to undertake a job analysis of the vacancy. The results of this analysis will enable two documents to be produced: • a job specification and • a person specification. A job specification is, in effect, a description of the job activities, task components and task elements of the job on offer. The aim of this is to enable the company to find out exactly what the job entails. They will then be in a position to develop a person specification, in terms of the skills, attitudes and knowledge that are needed to be able to perform the job effectively. The job and person specifications are traditionally the basis of successful recruitment and selection, as they provide the company with exact information concerning the type of person required to fulfil the vacancy on offer.

### **3.3. THE RECRUITMENT STRATEGY.**

Once the decision has been taken that a company wants to advertise a job vacancy a decision must be taken as to how the advert will be worded and where it will be placed. The first decision will be dictated by HR policy.

Will the job be advertised to existing employees only (an internal labour market) or will the company advertise outside to the external labour market?

If the company decides to keep the advert internet, then they cause the company intranet, staff magazine or the company noticeboard. The choice of method depends on the type of vacancy, the extent of the labour market and the availability of communication methods in the organization.

If the choice is for an external advert, then there is a range of recruitment methods that companies can choose from advertisements in local newspapers or national papers, adverts in specialist technical journals, recruitment agencies, executive search agencies, or encouraging current employees to ask friends and relatives to apply (so-called 'grapevine' recruitment). The latest way of advertising is to use social media sites such as Facebook, and, of course, the internet.

Some newspapers now have associated websites, where jobs are advertised, the moment that they come in and employers can often pay to advertise in the newspaper and get the web advert free. A number of dedicated job sites have also developed such as Monster.com. Any company that does not use its own website is wasting money. Adverts on the internet are cheap, easy to arrange, and easy to remove once enough candidates have applied.

### Activity

*Make a list of five organizations that you would like to work for, and then make a list of five organizations that you would not like to work for. Why do you think you would like to work for one company rather than another? Where have your expectations come from?*

## 3.4. RECRUITMENT METHODS

Every organization has the option of choosing the candidates for its recruitment processes from two kinds of sources (Internal and External Sources).

**Internal Recruiting** -An internal source of recruitment involves recruiting candidates internally. Employees currently working in their own company are departed to other department or higher position. If the employees' performance are excellent and up to the mark, they are given chance to occupy higher level from the current post. If extra skills required, organization are ready to provide training. This is one of the easiest ways of selecting candidates as the performance of their work already analyzed by management.

### **The internal sources of recruitment are:**

- Jobs given to staff already employed by business
- Involves promotion and reorganization

The advantages of using internal sources of recruitment (fig.3.1)

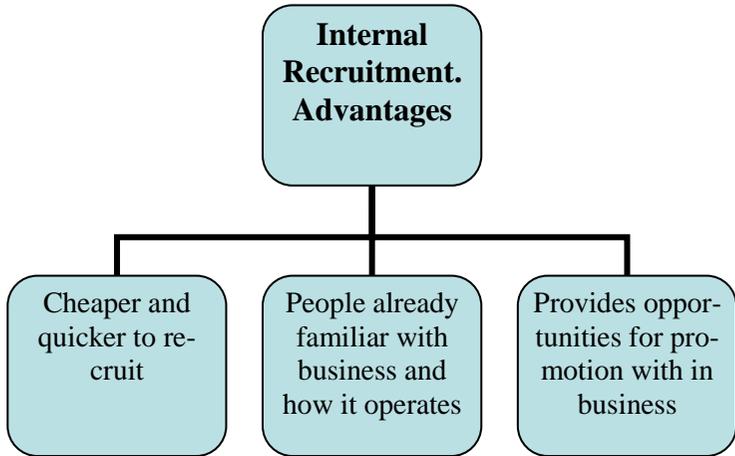


Figure 3.1 - The advantages of the internal sources of recruitment

The internal recruitment sources are very important, but they cannot be used to fill every vacancy in the organization. It is very important to realize, that in many organization, the internal recruitment is divided into two separate processes: internal recruitment and promotions. The promotion is the move of the employee when the organization initiates the whole process. The real internal recruitment is than a move of the employee initiated by the employee him or herself.

The disadvantages of using internal sources of recruitment (fig.3.2)

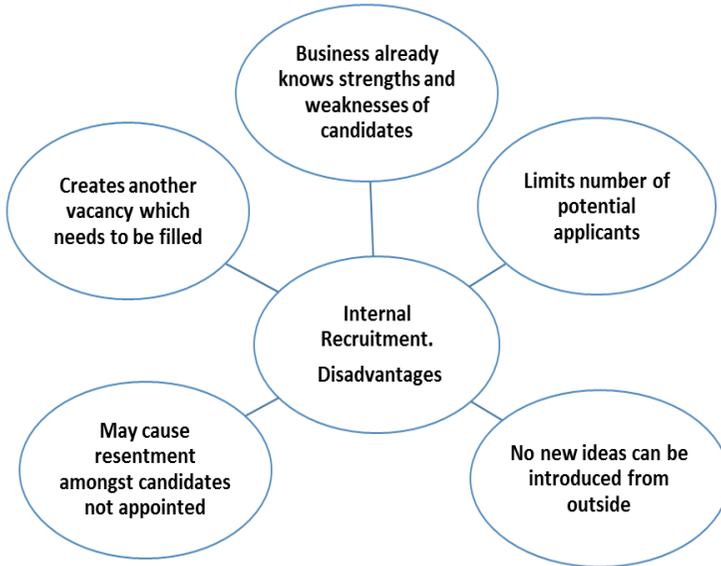


Figure 3.2 - The disadvantages of the internal sources of recruitment.

**External Recruiting** -An external source involves recruiting candidates externally for better performance. External employees always feel young and innovative for new companies, more active enough to find business problems and fix it. Though recruiting external candidates might be tougher but it has more positive effect on business compared to internal source.

**The external sources of recruitment are:**

- Job centers
- Job advertisements
- Recruitment agencies (offline and online)
- Headhunting
- Personal recommendation

The advantages of using external sources of recruitment (fig.3.3).

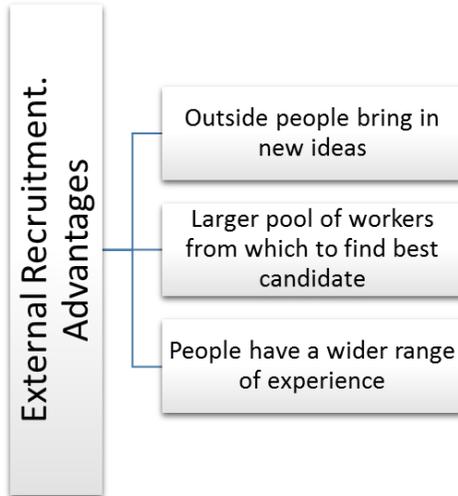


Figure 3.3 - The advantages of the external sources of recruitment.

The disadvantages of using external sources of recruitment (fig.3.4).

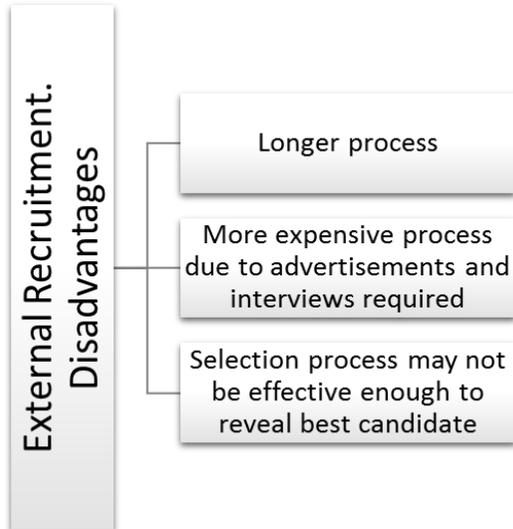


Figure 3.4 - The disadvantages of the external sources of recruitment.

### 3.5. SELECTION

[1, 225-247]

Selection is the process of choosing the candidate who best meets the criteria, based on the job description and job specification of that position created earlier. There are various selection methods and some are better than others under different circumstances, but no one technique is meant to be perfect.

The resources and costs involved in the recruitment process are also to be taken into account when selecting the tool. Below are some commonly used preliminary selection methods:

#### **Selection criteria**

Before the selection process begins, one needs to define the selection criteria in order to be able to identify the most suitable candidate as a result.

Selection criteria:

✦ are job-related qualifications, experience, special skills, abilities or aptitudes

✦ can be the adaptability to fit into the company's culture

✦ can be the perceived potential and capacity to generate sustainable competitive advantages for the organization.

#### **Selection methods and processes**

##### **a. Application form/curriculum vitae**

This is the basic source of candidate's employment information. It provides information for short-listing and help the interviewer structure the interview.

##### **b. Standard scoring system**

It is a system which gives every candidate a 'score' for further selection and the scores are to be assigned to competencies of:

✦ acquired skills

✦ knowledge

✦ experiences

‡ evidence of application of their talents to different circumstances or situations

‡ evidence of achievement in different settings.

Competencies are identified, prioritized and allocated a weighting. Then apply the 4-scale rating system to identify suitable applicants:

1 – show no evidence of the competency

2 – show some evidence of the competency

3 – show full evidence of the competency

4 – show evidence of the competency displayed at higher level than required

Standard scoring system is particularly suitable when standard application form is used.

However, it requires that competencies for the job had been clearly specified.

#### c. Online screening of application forms

Using a customized program to compile, search and compare job applicants' information. Keywords or multiple criteria such as job skills, years of experience, education, study major, are used to preliminarily identify suitable candidates for further selection processes

### **3.6 JOB INTERVIEWS**

Job interviews are easier for interviewers and the interviewees if you plan and prepare questions and answers, and use proper interviewing techniques.

Job interviews are critical to the quality of an organization's people. Good job interviews processes and methods increase the quality of people in an organization. Poor job interviews methods result in poor selection, which undermines organizational capabilities, wastes management time, and increases staff turnover.

Below are samples of interviews questions asked at interviews. Many interviewers and interviewees are keenly interested in 'tough' interview questions and certainly interviewees need to prepare answers for 'tough' questions. However, from the interviewer's perspective asking 'tough' questions is not usually helpful. Interviews

should not place undue pressure on interviewees, because people tend to withdraw and become defensive under pressure. We learn more about people when they relax.

It's better therefore to focus on 'good' interview questions rather than 'tough' ones. Good interview questions encourage interviewees to think about themselves and to give the interviewer clear and revealing information as to the interviewee's needs, capabilities, experience, personality, and suitability for the job. The best interview questions are therefore the questions which most help interviewees to reveal their skills, knowledge, attitudes, and feelings to the interviewer.

### **Interviews tips - for interviewers**

1. You must make notes of the questions you intend to ask - otherwise you'll forget.
2. Decide the essential things you need to learn and prepare questions to probe them.
3. Plan the environment - privacy, no interruptions, ensure the interviewee is looked after while they wait.
4. Arrange the seating in an informal relaxed way. Don't sit behind a desk directly facing the interviewee - sit around a coffee table or meeting room table.
5. Clear your desk, apart from what you need for the interview, so it shows you've prepared and are organized, which shows you respect the situation and the interviewee.
6. Put the interviewee at ease - it's stressful for them, so don't make it any worse.
7. Begin by explaining clearly and concisely the general details of the organization and the role.
8. Ask open-ended questions - how, why, tell me, what, (and to a lesser extent where, when, which) to get the interviewee talking.
9. Make sure the interviewee does 90% of the talking.
10. Use 'How?' and 'What?' questions to prompt examples and get to the real motives and feelings. 'Why?' questions place more pressure on people because they suggest that justification or defence is required. 'Why?' questions asked in succession will probe and drill down to root causes and feelings, but use with care as this is a high-pressure form of questioning and will not allow sensitive or

nervous people to show you how good they are. Think about how your questions will make the interviewee feel. Your aim and responsibility as an interviewer is to understand the other person - not to intimidate, which does not facilitate understanding.

11. High pressure causes people to clam up and rarely exposes hidden issues - calm, relaxed, gentle, clever questions are far more revealing.

12. Probe the cv/resume/application form to clarify any unclear points.

13. If possible, and particularly for any position above first-line jobs, use some form of psychometric test, or graphology, and have the results available for the interview, so you can discuss them with the interviewee. Always give people the results of their tests. Position the test as a helpful discussion point, not the deciding factor. Take care when giving the test to explain and reassure. Ensure the test is done on your premises - not sent in the post.

14. Give interviewees opportunities to ask their own questions. Questions asked by interviewees are usually very revealing. They also help good candidates to demonstrate their worth, especially if the interviewer has not asked great questions or there is a feeling that a person has for any reason not had the chance to show their real capability and potential.

### **Interviews tips - for interviewees**

1. Research as much as you can about the company - products, services, markets, competitors, trends, current activities, priorities. See the tips about researching before job interviews.

2. Prepare your answers for the type of questions you'll be asked, especially, be able to say why you want the job, what your strengths are, how you'd do the job, what your best achievements are.

3. Prepare good questions to ask at the interview. See the section on questions to ask at job interviews.

4. Related to the above, request a copy of the company's employment terms and conditions or employee handbook before the interview, in order to save time covering routine matters during the interview.

5. Assemble hard evidence (make sure it's clear and concise) of how what you've achieved in the past - proof will put you ahead of those who merely talk about it.

6. Have at least one other interview lined up, or have a recent job offer, or the possibility of receiving one from a recent job interview, and make sure you mention it to the interviewer.

7. Make sure your resume/cv is up to date, looking very good and even if already supplied to the interviewer take three with you (one for the interviewer, one for you and a spare in case the interviewer brings a colleague in to the meeting).

8. Get hold of the following material and read it, and remember the relevant issues, and ask questions about the areas that relate to the organization and the role. Obtain and research: the company's sales brochures and literature, a trade magazine covering the company's market sector, and a serious newspaper for the few days before the interview so you're informed about world and national news. Also worth getting hold of: company 'in-house' magazines or newsletters, competitor leaflets, local or national newspaper articles featuring the company.

9. Review your personal goals and be able to speak openly and honestly about them and how you plan to achieve them.

10. Ensure you have two or three really good reputable and relevant references, and check they'd each be happy to be contacted.

11. Adopt an enthusiastic, alert, positive mind-set. If you want some help with this try the 'I Am' self-belief page.

12. Particularly think about how to deal positively with any negative aspects - especially from the perspective of telling the truth, instead of evading or distorting facts, which rarely succeeds. See the CV pointers about this - it's very significant.

13. Try to get some experience of personality tests. Discover your personality strengths and weaknesses that would be indicated by a test, and be able to answer questions positively about the results. (Do not be intimidated by personality testing - expose yourself to it and learn about yourself.) To understand more about personality testing and the underpinning theory - and to find out more about yourself in this respect - see the section on personality theories and make time to read and understand it.

14. Think about what to wear. See the guidance about choice of dress, clothes and colors for interviews below.

15. Some jobs invite or offer opportunity to re-define or develop the role itself. It might be an existing role or a new position. If so prepare for this. Most jobs in fact offer this potential, but sometimes it is a stated requirement. See the notes in the CV section about approaching a vacancy for which the role has not yet been fully defined.

Sample job interviews questions and answers - for interviewers and interviewees.

**Activity:**

Frequently asked questions during the interview:

During the initial interview, you must be able to answer the most frequently asked questions:

- Tell us about yourself. What are the three main points of your resume. What would you like to tell us?

- Why did you choose this kind of work (company formation)?

- Have you received other job offers?

- Do not interfere with your personal life for future industrial activity, which is associated with traveling and irregular working hours?

- What are your strengths?

- What are your weaknesses?

- Why do you want this particular job?

- Why did you decide to change the place of work?

- How do you imagine your position in five (ten) years?

- What kind of salary do you expect?

- What is your biggest achievement?

- What would you like to learn more about our company, about their work?

- If you get this job, what would be your first steps?

- What, in your opinion, should be the boss?

**Some additional questions:**

- What do you like about your job more, and that the least?

• What is more important in your future work in management decisions: based on facts or act spontaneously under the influence of new ideas, that is, to be creative?

- Who are you at heart - the leader, artist or creative person?
- List three situations where you do not succeed. Why?
- Describe a job that meets your dream.
- How do you evaluate your work at the previous location?
- Do you agree with this assessment?

### **Questions for self-training**

1. What is the difference between recruitment and selection?
2. What are the main stages of recruitment and selection?
3. What is a person specification?
4. How should recruitment strengths and weaknesses be analysed?
5. What are the main sources of candidates?
6. What is a structured interview?
7. What are the main types of selection tests?
8. What are the main criteria for a good test?
9. How should tests be used in a selection procedure?

## **TOPIC 4: PERSONNEL ASSESSMENT**

[14, 123-139]

### **Key concepts and terms**

Assessment  
Steps to effective personnel assessment  
Knowledge  
Skills  
Abilities  
Traditional (Past oriented) methods  
Modern (future oriented) methods  
Humans Resource Accounting (HRA)  
Assessment Center  
360 Degree

Ranking Method  
Graphic Rating Scales  
Critical Incident Method  
Narrative Essay  
Management by Objectives (MBO)  
Behaviorally Anchored Rating Scales (BARS)  
720 Degree  
Appraisal method  
Performance  
Control and appraisal

## **What is personnel assessment?**

Personnel assessment refers to any method of collecting information on individuals for the purpose of making a selection decision. Selection decisions include, but are not limited to, hiring, placement, promotion, referral, retention, and entry into programs leading to advancement (e.g., apprenticeship, training, career development). Selecting qualified applicants is a critical step in building a talented and committed workforce, supporting an effective organizational culture, and enhancing the overall performance of the agency.

While many applicants may apply for any particular position, quantity does not guarantee quality. Assessment procedures can be a cost-effective tool in narrowing down large applicant pools. Assessment tools can also make the selection decision process more efficient because less time and fewer resources are expended dealing with applicants whose qualifications do not match what is needed by the agency.

Effective personnel assessment involves a systematic approach towards gathering information about applicants' job qualifications. Factors contributing to successful job performance (e.g., oral communication, problem solving) are identified using a process called job analysis. Job analysis identifies the duties performed on the job and the competencies needed for effective job performance. Basing personnel assessment closely on job analysis results makes the connection between job requirements and personnel assessment tools more transparent, thereby improving the perceived fairness of the assessment process.

## **What are personnel assessment tools?**

Generally speaking, an assessment tool is any test or procedure administered to individuals to evaluate their job-related competencies, interests, or fitness for employment. The accuracy with which applicant assessment scores can be used to forecast performance on the job is the tool's most important characteristic, referred to as predictive validity.

Not all assessment tools are appropriate for every job and organizational setting. Agencies must consider a number of factors in determining the most appropriate assessment strategy for a particular situation. These considerations include timetables for filling posi-

tions, available staff and financial resources, number of positions to be filled, and the nature and complexity of the work performed in the positions to be filled.

### **What are the steps to effective personnel assessment?**

Briefly, the first step to creating an effective personnel assessment is conducting (or having) a valid, current job analysis. The second step is to use the information gathered from the job analysis to create an assessment used to screen or assess applicants (a popular option being the occupational questionnaire). After an initial screening has been completed, you can employ other types of assessment methods that may be more resource-intensive, such as structured interviews.

### **Why is effective personnel assessment important?**

It is very simple — using effective assessment tools will reduce the degree of error in making hiring decisions. Well-developed assessment tools allow agencies to specifically target the competencies and skills they seek. This helps to ensure the time spent by both applicants and agency personnel adds value to the decision-making process. Selection errors have financial and practical impacts on organizations. The consequences of even a single selection error can create problems for an entire work unit. For example, managers may have to devote substantial time training and counseling the marginal employee and coworkers must often handle increased workloads as they correct or perform the employee's work. Some selection errors can have agency-wide consequences such as customer service complaints, increases in work-related accidents and injuries, high absenteeism, poor work quality, increased turnover, or damage to the reputation of the agency.

Good assessment will also benefit employees who experience greater organizational commitment and job satisfaction because they are matched to jobs for which they are well suited. In addition, using job-related assessment tools often results in more favorable applicant reactions to the selection process. Such perceptions have lasting consequences for the agency including: promoting a positive image of the organization, increasing the likelihood of the applicant accepting

a job offer, increasing the number of job referrals, and reducing the risk of selection system challenges and complaints.

### **What is a competency and what is competency-based assessment?**

OPM defines a competency as "A measurable pattern of knowledge, skills, abilities, behaviors, and other characteristics that an individual needs to perform work roles or occupational functions successfully.

Competencies tend to be either general or technical. General competencies reflect the cognitive and social capabilities (e.g., problem solving, interpersonal skills) required for job performance in a variety of occupations. On the other hand, technical competencies are more specific as they are tailored to the particular knowledge and skill requirements necessary for a specific job.

### **How do I determine which competencies are needed for the position?**

A job analysis identifies the job tasks, roles, and responsibilities of the incumbent performing the job, as well as the competencies required for performance, the resources used during performance, and the context (or environment) in which performance occurs. As such, a job analysis demonstrates the clear connection between job tasks and the competencies necessary to perform those tasks.

Conducting a job analysis involves collecting information from job experts. The term subject matter expert (SME) is properly applied to anyone who has direct, up-to-date experience of a job and is familiar with all of its tasks. The person might currently hold the job or supervise the job. SMEs must provide accurate information and effectively communicate their ideas. SMEs should rate the job tasks and competencies for importance to successful job performance. Critical incidents (i.e., examples of particularly effective or ineffective work behaviors) are also developed in some cases to describe essential job functions. Documentation of the job analysis process and the linkages between job tasks, competencies, and selection tool content are essential to ensure an assessment strategy meets legal and professional guidelines.

All methods can be generally categorized into two groups:

Traditional (Past oriented) methods and Modern (future oriented) methods (fig.4.1)

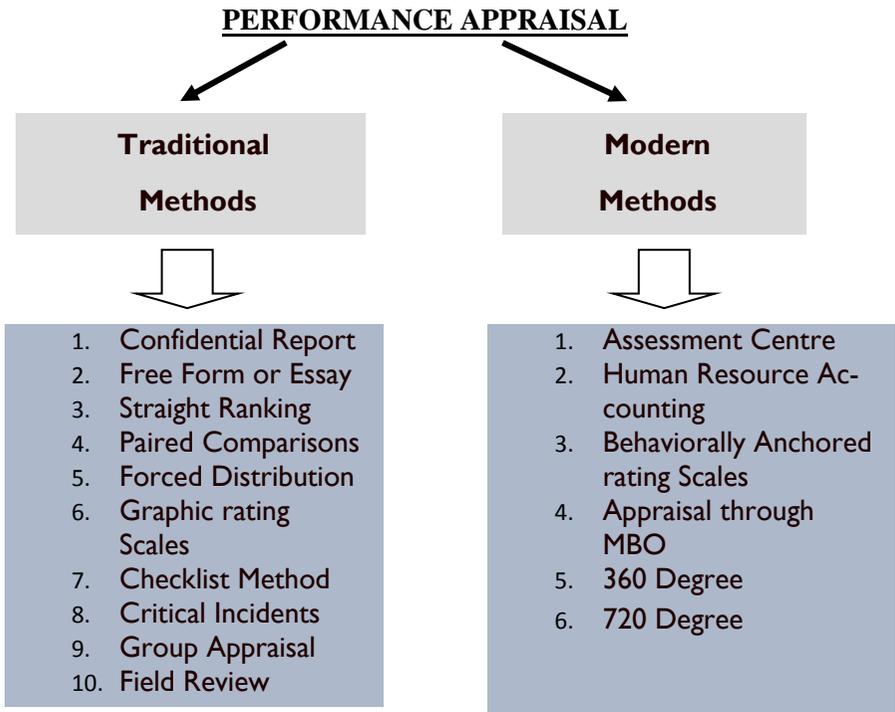


Figure 4.1. - Traditional (Past oriented) methods and Modern (future oriented) methods.

**A. TRADITIONAL METHODS:** Traditional methods are comparatively older methods of performance appraisal. These methods were past oriented approaches which concentrated only on the past performance.

The following are the topical traditional methods that were used in the past:

### **a) Ranking Method**

Superior ranks his employee based on merit from best to worst. However how best and why best are not elaborated in this method.

### **b) Graphic Rating Scales**

In 1931 a behaviorism enhancement was introduced to graph rating scale. According to, graphic rating scale is a scale that lists a number of traits and a range of performance for each. The employee is then graded by finding the score that best defines his or her level of performance for each trait.

### **c) Critical Incident Method**

This method is concentrated on certain critical behaviors of employee that makes significant difference in the performance. According to, critical incident method keeps a record of unusually employee's work related behavior and revisit it with the employee at prearranged times.

### **d) Narrative Essay**

In this method the administrator writes an explanation about employee's strength and weakness points for improvement at the end of evaluation time. This method primarily attempt to concentrate on behavior. Some of the evaluation criterion are as follows: overall impression of performance, existing capabilities & qualifications, previous performance, and suggestions by others.

## **B. Modern Methods:**

Modern Methods were formulated to enhance the conventional methods. It tried to enhance the shortcomings of the old methods such as biasness and subjectivity. The following presents the typical modern methods:

### **e) Management by Objectives (MBO)**

The performance is graded against the achievement of the objectives specified by the management. MBO includes three main processes; object formulation, execution process and performance feedback. Wehrich proposed the system approach to management by objectives. It consists of seven components; strategic planning and hierar-

chy of objects, setting objectives, planning for action, implementation of MBO, control and appraisal, subsystems and organizational and management development.

#### **f) Behaviorally Anchored Rating Scales (BARS)**

BARS contrast an individual's performance against specific examples of behavior that are anchored to numerical ratings. For example, a level three rating for a doctor may require them to show sympathy to patients while a level five rating may require them to show higher levels of empathy. BARS utilize behavioral statements or solid examples to explain various stages of performance for each element of performance.

#### **g) Humans Resource Accounting (HRA)**

In this method, the performance is judged in terms of cost and contribution of the employees. Johnson incorporate both HRA models and utility analysis models (UA) to form the concept of human resource costing and accounting (HRCA).

#### **h) Assessment Center**

An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It is more focused on observation of behaviors across a series of select exercises or work samples. Appraisers are requested to participate in in basket exercises, work groups, computer simulations, fact finding exercises, analysis/decision making problems, role playing and oral presentation exercises.

#### **i) 360 Degree**

It is a popular performance appraisal technique that includes evaluation inputs from a number of stakeholders like immediate supervisors, team members, customers, peers and self. 360 Degree provides people with information about the influence of their action on others.

#### **j) 720 Degree**

720 degree method concentrates on what matter most, which is the customer or investor knowledge of their work . In 720 degree appraisal feedback is taken from external sources such as stakeholders,

family, suppliers, and communities. 720 degree provides individuals with extremely changed view of themselves as leaders and growing individuals. It is 360 degree appraisal method practiced twice. Table 1 Shows the summary of performance appraisal methods with pros and cons for each method.

Table 4.1-Appraisal performance Methods Summary

S R	Apprais- al Meth- ods	Key Concept	Pros	Cons
1	2	3	4	5
a)	Ranking Method	Rank employees from best to worst on a particular trait	<ul style="list-style-type: none"> <li>✓ Simple and easy to use</li> <li>✓ Fast and Transparent</li> </ul>	<ul style="list-style-type: none"> <li>✗ Less ob- jective</li> <li>✗ Not suit- able for large work- force</li> </ul>
b)	Graphic Rating Scales	Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance . attitude, etc. The employee is rated by identifying the score that best define his or her performance for each trait.	<ul style="list-style-type: none"> <li>✓ Adaptability</li> <li>✓ Easy to use and easily constructed.</li> <li>✓ Low cost</li> <li>✓ Every type of job can be evaluated</li> <li>✓ Large number of em- ployees covered</li> </ul>	<ul style="list-style-type: none"> <li>✗ Rater's bias(subjectivity)</li> <li>✗ Equal weight for all crite- ria</li> </ul>
c)	Critical Incident	The method is concen- trating on certain critical behaviors of employee hat makes all the differ- ence in the performance	<ul style="list-style-type: none"> <li>✓ Feedback is easy</li> <li>✓ Assessment based on actual job behaviors</li> <li>✓ Chances of subordinate improvement are high</li> </ul>	<ul style="list-style-type: none"> <li>✗ Analyz- ing and summariz- ing data is time consuming</li> <li>✗ Difficult to gather info about critical incidents via a survey</li> </ul>
d)	Narrative Essays	Rater writes down the employee description in detail within a no. of general groups such as overall impression of performance , exciting capabilities and qualifi- cations of performing jobs, strengths and weaknesses.	<ul style="list-style-type: none"> <li>✓ Filing information gaps about the employees.</li> <li>✓ Address all factors</li> <li>✓ Provide comprehensive feedback</li> </ul>	<ul style="list-style-type: none"> <li>✗ Time consuming</li> <li>✗ Easy rater bias</li> <li>✗ Required Effective writers</li> </ul>

e)	Management by Objectives	The performance is rated against the objectives achievement stated by the management	<ul style="list-style-type: none"> <li>✓ Easy to execute and measure</li> <li>✓ Employees have clear understanding of the roles and responsibilities expected of them</li> <li>✓ Assists employee advising and direction</li> </ul>	<ul style="list-style-type: none"> <li>✗ Difference in goal interpretation</li> <li>✗ Possibility of missing integrity, quality, etc.</li> <li>✗ Difficult for appraisee to agree on objectives</li> <li>✗ Not applicable to all jobs</li> </ul>
f)	Behaviorally Anchored Rating Scale	BARS links aspects from critical incident and graphic rating scale methods. The manager grades employees' according to items on a numerical scale.	<ul style="list-style-type: none"> <li>✓ Employee performance is defined by Job behaviors in an expert approach</li> <li>✓ Involvement of appraiser and appraisee lead to more acceptance</li> <li>✓ Helps overcome rating errors</li> </ul>	<ul style="list-style-type: none"> <li>✗ Scale independence may not be valid /reliable</li> <li>✗ Behaviors are activity oriented rather than result oriented</li> </ul>
g)	Human Resource Accounting (HRA)	The people are valuable resources of an organization. Performance is assessed from the monetary incomes yields to his or her organization. It is more reliant on cost and benefit analysis	<ul style="list-style-type: none"> <li>✓ Improvement of human resources</li> <li>✓ Development and implementation of personnel policies</li> <li>✓ Return on investment on human resources</li> <li>✓ Enhance the proficiencies of employees</li> </ul>	<ul style="list-style-type: none"> <li>✗ No clear-cut guidelines for finding cost and value to the organization and ignores employee value to the organization</li> <li>✗ Unrealistic to measure employee under uncertainty</li> </ul>

h)	Assessment Centers	Employees are appraised by monitoring their behaviors across a series of selected exercises	<ul style="list-style-type: none"> <li>✓ Better forecasts of future performance and progress</li> <li>✓ Concepts are simple</li> <li>✓ Flexible methodology</li> <li>✓ Assists in promotion decision and diagnosing employee development needs.</li> <li>✓ Allow multiple traits measurement</li> </ul>	<ul style="list-style-type: none"> <li>✗ Costly and difficult to manage</li> <li>✗ Needs a large staff and a great deal of time</li> <li>✗ Limited number of people can be processed at a time</li> </ul>
i)	360 Degree	It depends on the input of an employee's superior, peers, subordinates, sometimes suppliers and customers	<ul style="list-style-type: none"> <li>✓ Allows employees to gain a more understanding of their impact on people they interact with every day</li> <li>✓ Excellent employee development tool</li> <li>✓ Precise and dependable system</li> <li>✓ Legally more justifiable</li> </ul>	<ul style="list-style-type: none"> <li>✗ Time consuming and very costly</li> <li>✗ Difficult to interpret the findings when they differ from group to group</li> <li>✗ Difficult to execute in cross-functional teams</li> <li>✗ Difficult to maintain confidentiality</li> </ul>

**TEST QUESTIONS**

1: Interview in which supervisor and subordinate review appraisal is called

- A. structured interview
- B. unstructured interview
- C. appraisal interview
- D. hiring interview

2: Method of keeping and reviewing record of employees undesirable behavior at different time intervals is

- A. critical incident method
- B. forced distribution method

- C. alternation ranking method
- D. paired comparison method

3: Aligning and evaluating employee's performance with that of company's set goals is called

- A. appraisal management
- B. performance management
- C. hierarchy of management
- D. off-the-job training

4: First step in appraising process is

- A. defining job
- B. training session
- C. feedback session
- D. interview sessions

5.: When ratings are collected from supervisors, customers and peers it is called

- A. 350-degree feedback
- B. 320-degree feedback
- C. 360-degree feedback
- D. 380-degree feedback

### **TRUE/FALSE QUESTIONS**

1. A performance management system is the systematic description of an employee's strengths and weaknesses. T or F?
2. Linking each individual's performance to the organisation's mission involves explaining to each employee how the employee's activities are helping the organization gain a competitive advantage. T or F?
3. Feedback often decreases motivation to perform because it points out what an employee does wrong. T or F?
4. Dangers of a poorly implemented performance management system include wasted time and money, lack of standardized employee ratings and confusion on how ratings are obtained. T or F?
5. Intangible returns include benefits and work/life programs. T or F?

- 6 Exempt employees are often employees in managerial or professional roles on a salary and they are not eligible for overtime pay. T or F?
7. Short-term incentives are one-time payments typically given quarterly or annually T or F?
8. The strategic purpose of PM systems involves constructing the strategic vision for the organization. T or F?
9. A reliable performance management system includes all relevant performance facets and does not include irrelevant performance facets. T or F?
10. Distributive justice is the perception that the performance evaluation received is fair relative to the work performed. T or F?

## TOPIC 5. TRAINING, LEARNING & DEVELOPMENT

[16,17,18]

### Key concepts and terms

Development  
 Individual learning  
 Learning  
 Learning culture  
 Learning and development (L&D)  
 Organizational learning  
 Strategic L&D  
 Training  
 Bite-sized training  
 Blended learning  
 Coaching

Double-loop learning  
 Experienced workers standard (EWS)  
 Experiential learning  
 Learning organization  
 Operant conditioning  
 Organizational learning  
 Progressive parts method of training  
 Self-directed (self-managed) learning  
 Single-loop learning

The components of L&D are:

- **Learning** – the process by which a person acquires and develops knowledge, skills, capabilities, behaviours and attitudes. It involves the modification of behaviour through experience as well as more formal methods of helping people to learn within or outside the workplace.

• **Development** – the growth or realization of a person’s ability and potential through the provision of learning and educational experiences.

• **Training** – the systematic application of formal processes to impart knowledge and help people to acquire the skills necessary for them to perform their jobs satisfactorily.

• **Education** – the development of the knowledge, values and understanding required in all aspects of life rather than the knowledge and skills relating to particular areas of activity.

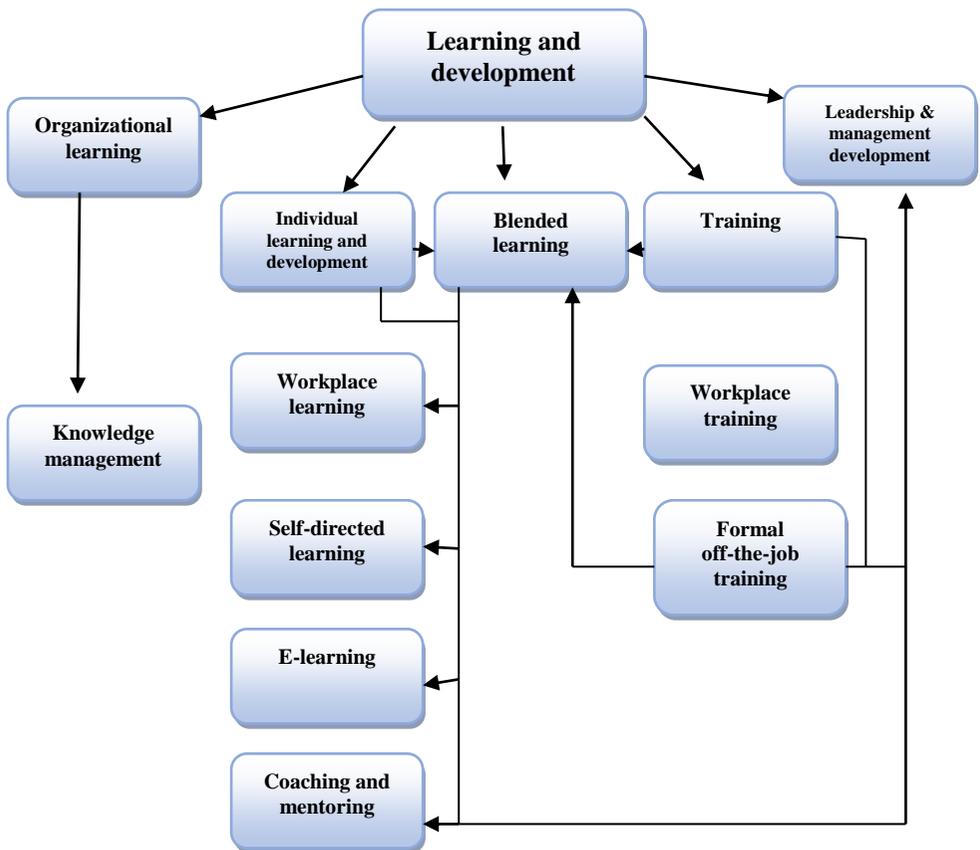


Figure 5.1 - Components of learning and development

Training, is teaching people skills that they lack. Learning is a self-directed, work-based process leading to increased adaptive capacity. Developing employees allows them develop into future leaders. Together they can help develop a culture in the company that fosters employee commitment.

Training, learning and development programs can affect the company in two aspects.

◆ First, it enables employees to effectively perform their job. As an employee's abilities increase, there is a high potential that the company's performance will increase. Therefore, training, learning and development have a positive relationship with the company's success. And what is even better is the fact that better trained and developed employees are more motivated.

◆ Second, it increases the employee's ability to make more effective decisions. Employees are more willing to accept responsibility for their decisions and have strong desire to place the company's objectives above their own.

Line managers must act as a mentor and coach by providing advice and suggestions on further career development through performance appraisals while at the same time paying attention to the career objectives of the employee and adapting the employee's development plan to meet those objectives.

### **Identify Training Needs**

The first step to the process is to identify training/learning/development needs. The output of the needs analysis helps HR and/or line managers to plan and design appropriate training/learning/developmental solutions to fill the gap between the current and anticipated future state.

There are many ways to conduct training needs analysis. A common approach takes the following steps:

✦ find out what the human resource requirements are in order to arrive at the ideal state based on the business objectives/strategies of the company.

✦ analyses current state of human resource

✦ identify gaps between the ideal and current states

✦ identify causes of the gaps

✦ identify those that can be resolved with training, learning and development

✦ priorities training needs

### **Identify Training/Learning Events**

A wide range of methods for learning, training and development exist, Training sources can be internal to the company or accessed from an external entity. Training can range from short term, to long term, from on-line to in-person, and from low cost to high cost.

Development programs for senior or specialist staff could encompass techniques such as coaching and mentoring or secondment, often undertaken in conjunction with more formal or off-the-job learning or educational arrangements

The choice of learning methods for each need identified will depend on several factors including:

✦ the nature and degree of priority of the learning needs

✦ type of occupation, level of seniority and qualifications/educational background of learners

✦ organizational culture

✦ evaluation of the effectiveness of previous learning and training interventions

✦ costs and budgets available

✦ time required to complete training

✦ learner preference – each individual may prefer learning in different ways, some prefer classroom learning over real-life practicing. Learner preference's over learning ways and styles and their individual characteristics need to be taken into account when selecting developing and delivering learning methods

✦ learners' availability

Learning involves a lot of resources such as capital, human and physical assets, etc. Effective management of learning & development (L&D) is essential in order to bring out the full alue of L&D activities.

### **In-house vs external**

Internal courses provide an opportunity to focus on company-specific issues, which may increase the possibility of learning transfer. External courses involving interaction with people from other companies, meanwhile, may help individuals perceive situations from a fresh perspective and develop skills in a different knowledge-sharing context and network with counterparts in other companies.

Below are some commonly used training/learning methods:

#### **a. In-house on-the job training:**

Basic or general on-the-job training, typically learning through observing and/or being assisted by a colleague with more experience of performing a task, is usually:

- ✦ delivered on a one-to-one basis at the trainee's place of work

- ✦ allocated time to take place, including potential periods when there is little or no useful output of products or services

- ✦ a specified, planned and structured activity

#### **b. In-house development programs**

This category covers a very diverse range of learning interventions that are longer-term, broader and/or of a higher level than basic on-the-job training. Development programs could encompass techniques such as coaching and mentoring or secondment, often undertaken in conjunction with more formal or off-the-job learning or educational arrangements. Such development opportunities are more likely to be available for senior or specialist staff including those in professional, management or leadership roles – and are sometimes limited to those high-performing or high potential staff identified as 'talent'.

##### ***i. In-house coaching and mentoring***

Coaching and mentoring are development techniques based on the use of one-to-one discussions to enhance an individual's skills, knowledge or work performance – often for the current job, but also to support career transitions.

While some companies hire external coaches, particularly when coaching those in very senior management or leadership positions, line managers are often expected to operate internally in a coaching capacity in the workplace.

Mentoring tends to describe a relationship in which a more experienced colleague (rather than line managers or external coaches) uses his or her greater knowledge and understanding of the work or workplace to support the development of a more junior or inexperienced member of staff.

### ***ii. In-house job rotation, secondment and shadowing***

The learning associated with the experience of secondment, the temporary loan of an employee to another department or role (or, sometimes, to an external organization), is widely recognized as valuable for both employee development and organizational development. Job rotation and shadowing are similarly useful forms of development, particularly in supporting employees in developing the skills and competencies required for moves to new or higher-level roles.

### **c. External courses and classroom training**

Formal courses away from the workplace have advantages in certain circumstances, for example they offer:

- ✦ protected time for learning
- ✦ the chance for participants to share ideas with each other and learn from shared experience in a structured setting
- ✦ the opportunity to practice skills in a risk-free environment
- ✦ the capacity for a course instructor to give feedback immediately and in a nonthreatening way
- ✦ the ability to signal what matters to the organization – compulsory courses, in health and safety for example, send out a strong signal that this knowledge is important.

### **Post-training Evaluation**

Training evaluation is the systematic collection of evidence to assess the impact of the training/learning activity, for example, if

skills are improved/productivity enhanced, etc. Its results can be applied to make decisions, such as selection of appropriate training/learning activities.

Evaluating training, learning and development is crucial to ensuring the effectiveness of an company's learning initiatives and programs. Effective evaluation means going beyond the traditional 'reactions' focus based on a simplistic assessment of learners' levels of satisfaction with the training provision. Rather, it is important to evaluate learning outcomes and the extent to which learning provision is aligned with business objectives.

Such a focus helps to ensure that the activities deliver value for both learners and company alike.

Some commonly used evaluations are:

✦ 'happy sheets' – that is, post-training questionnaires asking course participants to rate how satisfied they feel about the training

✦ testimonies of individuals

✦ return on expected outcomes (for example, whether line managers testify during performance reviews that individuals are able to demonstrate those new or enhanced competencies that the training/learning intervention was anticipated to deliver)

✦ the impact on business key performance indicators

✦ return on investment (the financial or economic benefit that is attributable to the training/learning intervention in relation to the cost of the investment in learning programs)

However, it is worth noting that it can be very difficult in practice to measure the impact of training/learning, particularly directly in respect of business success.

### **Questions for self-training**

1. How do people learn?
2. What are the key learning theories?
3. How are people motivated to learn?
4. What is the learning curve and what is its significance?
5. What is organizational learning?
6. What is the notion of a learning organization

and how valid is it?

7. Is there any difference between the concepts of organizational learning and the learning organization? If so, what is it?
8. What is self-directed learning?
9. What is learning and development (L&D)?
10. What is learning?
11. What is training?
12. What is development?
13. What is education?
14. What is strategic L&D?
15. What are the aims of strategic L&D?
16. What is a learning culture?
17. What is organizational learning strategy?
18. What is individual learning strategy?

### **Case studies:**

#### **1. Developing a learning strategy for Remploy**

Remploy is a government-funded organization that provides employment and development opportunities for disabled people. It operates 83 factories. The company's strategy for learning is explicit and well understood in the organization, and was developed from the bottom-up rather than top-down. Its starting point was recognition that a number of local initiatives in the factories were proving successful and could be developed on a national basis.

The trade unions advocated enhanced opportunities for skill development in basic areas. As a result a national strategy was developed with learning centres as a major element in all 83 sites. Although the use of each learning centre is locally determined, they all have the following in common: a physical location (with at least some PCs); a relationship with a local college whose tutors will visit the site to advise and facilitate; and access to a suite of e-learning programmes, made available from the LearnDirect library (the national e-learning initiative).

## **2. Training overhaul for Scottish police**

A radical overhaul of training for the Scottish police has created more opportunities for promotion and culminated in a prestigious National Training Award. The improved training scheme uses facilitated learning delivery, where trainees pre-read all information before attending sessions and then discuss issues and learn from each other. Responsibility for learning is now firmly placed on the shoulders of the individual – you have got to want to be a police officer and you have got to want to learn. After 15 weeks of initial training, a two-week ‘reconvention’ period helps staff with the areas they particularly need to address.

This training is tailored to individual requirements: syndicates of recruits with similar needs are put together to receive it. This ‘partnership approach’ had helped the participants to focus on communication and problem-solving skills. A Certificate of Higher Education in policing, accredited by the University of Stirling, is awarded on completion of the programme. There are also opportunities to take a diploma in management skills.

## **3. Integrated e-learning at Cable & Wireless**

E-learning at Cable & Wireless is based on the establishment and promotion of a single platform for learning. This has been delivered through an outsourcing arrangement with the e-learning company SkillSoft. The core platform is a learning management system that is available to Cable & Wireless colleagues as a portal labelled ‘iLEARN’. All training delivery channels are linked to this portal. The library of generic material consists of some 15,000 items plus about 60 modules commissioned by Cable & Wireless.

In the first year since the e-learning system was launched, three-quarters of the workforce used it and this penetration figure is rising. Some 20,000 e-learning activities were accessed and 15,000 hours of e-learning undertaken in total.

#### **4. Training and learning at a Customer Support Centre**

The Customer Support Centre employs 300 people. Customer service agents work in a group of five, known as a 'pod'. One of the pod members will be a team coach who provides support and advice to his or her agent colleagues.

A working knowledge of each customer support system is essential to do the job and one of the central tasks of the training department is to bring new entrants up to competence as quickly as possible. The following pattern is adopted. New entrants join in cohorts of 8 to 10 and spend their first week in the training room. As the week progresses they spend periods in a pod sitting next to a 'buddy', listening to calls. At the end of that week they are allocated to a pod team and receive close ongoing support from the pod team coach.

Given the emphasis on learning in the workplace, the role of the team coach is critical and there are a number of steps in place to support and enhance their role. A set of skills and needs have been defined and these are delivered to the 30 centre team coaches in 90-minute modules in the training room.

#### **5. Career coaching at Orange**

Within Orange, coaching is used in various ways to support people on-the-job and in leadership and personal development programmes. The career coaching programme uses volunteer line managers who have been trained to provide coaching to staff with whom they have no reporting relationship.

The two objectives for career coaching are:

1) as part of its overall talent management strategy Orange wants to see employees take greater responsibility for their own careers;

2) Orange is in a competitive market as far as skills and resources are concerned and this effort is intended to help with employee retention by engaging employees in conversations about their careers before they look elsewhere. Career coaching is offered to all staff, regardless of grade. The programme consists of three ses-

sions of 90 minutes each, with a line manager coach trained specifically in career coaching.

Employees complete an online application, which must have their line manager's approval, and commit to the time required for the coaching process over an 8–10 week period. Included on this form is the question, 'Why do you want to be coached?' with some examples of the reasons that someone might choose.

The coaching process is tightly structured. The planned outcome is for the employee to develop career goals, which are discussed with the individual's manager at the next performance review. Coaches give employees exercises to work on between the meetings, drawn from a large selection offered by the talent management team.

After the process is completed, individuals are asked to complete an evaluation form describing their experience of the scheme, their coach's style and the outcomes they have achieved.

## **6. Coaching at Marks & Spencer**

Traditionally M&S trained its customer assistants by taking them off the shop floor for classroom-style training, but the company has introduced a new role, that of coach. When trainees join M&S, their coaches take them through all of the training required for their immediate role, as well as any additional training they may need once qualified.

Formal coaching cards are used, which address both service and technical skills and tell the coaches what to assess and what the learning should be. Each trainee is also provided with a booklet summarizing the main learning points.

## **7. Implementing a basic skills programme at TNT**

TNT UK Ltd has over 9,500 staff working throughout the UK and Ireland. Its core business is express and logistics delivery services both within the UK and internationally. The basic skills programme was established as a joint initiative between TNT and the Transport and General Workers' Union (T&G). T&G provided the trainers and a contribution from the Union Learning

Fund to establish the programme; TNT provided the resources including the office space, computers and refreshments. The role of the T&G's learning representative was crucial in identifying staff with basic skills needs. Individuals were identified and encouraged by the union representative to join the programme.

The challenge was to motivate staff to take part in the programme without it being perceived as a stigma. Included selling the benefits of the programme, for example improving communication skills such as reading, rather than focusing on tackling problem areas or deficiencies.

The programme was designed to take place over five days. A continuous course over several days has benefits over a modular approach; for example staff are less likely to lose interest or suffer teasing from colleagues. Areas included reading, writing, numeracy and PC skills. At the end of the programme the participants received certificates from senior managers.

## **8. Self-directed learning in Vestas Blades UK Ltd**

Vestas Blades UK Ltd is a wind turbine blade research, development and manufacturer based in the Isle of Wight and Southampton. The L&D policy adopted by Vestas was to give ownership of learning to individuals. Learning needed to be continuous, timely and relevant for people whose roles would present new challenges as the business grew. It wanted employees to have a choice about what they learnt, when and how. A menu of training courses not only seemed unattractive but was also seen to have limited effectiveness in terms of the transfer of learning to the workplace. A requirement of any new approach was that it should motivate employees by serving their own individual learning needs while at the same time meeting those of the business.

The self-directed learning programme began by introducing the concept of personal awareness (via the Myers-Briggs Type Indicator) and its relevance to learning. An inquiry tool was developed to help participants identify their own learning needs, known as the Needs Analysis Process (NAP). Individuals decided the learning goals that would have the greatest benefit to

them and their part of the business. The NAP focused attention on the impact that the business's strategic and operational objectives had on each participant's current and future level of performance.

Once participants were made aware of the wealth of learning resources available through books or e-learning, they chose the learning group they wanted to join. Each group consisted of four people from across the organization who would meet regularly every six weeks in confidence – serving as a support structure for its members. Such support was critical. The opportunity to talk about how to apply learning in the workplace not only helped group members make sense of the effect that their learning had but also supported fellow learners in the group working on the same or similar topics.

During the first year each group had its own facilitator, drawn primarily from Acuition consultants but also from within the company. The facilitator's role was to accelerate the group's capability to learn.

## **9. Measuring the contribution of learning to business performance at Lyreco Ltd (UK)**

Lyreco UK is part of a large family-owned office supplies group operating extensively in Europe, Canada and Asia. Metrics are a central part of all management processes at Lyreco and these inform the learning investment and planning processes. In field sales, measures include sales turnover, margin and new business, whilst in customer service the performance and productivity metrics include costs per line, abandoned call rate, average call time, and average wait time. Monthly performance results in all areas are scrutinized to identify areas for attention, and the learning and development team run learning sessions and activities aimed at helping people to improve their performance. When sales margin was identified as an area for attention, over 150 people attended focused workshops and subsequent performance results were tracked to measure improvements. Similarly, warehouse supervisors with the highest staff turnover attended learning programmes and, as a consequence, staff turnover was at its lowest ever levels.

## TOPIC 6 - HR OUTSOURCING.

[19,20]

### Key concepts and terms



- Outsourcing**
- Changing business**
- Employee orientation programs**
- Performance**
- Advantages of outsourcing**
- Disadvantages of outsourcing**
- Access**
- Recruiting**
- Training**
- Development**
- Human resource activities**

An organization's human resources department is responsible for a variety of functions. Human resource departments oversee employee payroll and tax filing as well as employee benefit and health administration. Human resources also manage legal compliance, maintain files and records, and oversee training and development. For many businesses, the various functions of the HR department are too comprehensive and complex to maintain in-house. Businesses that outsource HR functions receive several advantages that support the company's bottom line.

**HR Outsourcing** is a process in which the human resource activities of an organization are outsourced so as to focus on the organization's core competencies. Often HR functions are complex and time consuming that it will create difficulty in managing other important thrust areas. By HR outsourcing, this problem can be avoided which will enhance effectiveness by focussing on what the organization is best at. It will also improve the flexibility of the organization to the rapidly changing business needs. Usually businesses that out-

source HR are typically small to midsize firms with number of employees ranging from 25 to 1500.

There are HR outsourcing firms present so as to meet an organization's HR requirements. Some HR outsourcing firms are generalists, offering a wide variety of services, while others are specialists, focusing on specific areas such as recruitment, payroll etc. Depending on the degree of outsourcing required, we can either outsource the entire HR functions or contract for specific HR functions. Some of the services provided by HR outsourcing firms are:

- Recruiting, training, and development
- Overseeing organizational structure and staffing requirements
- Tracking department objectives, goals, and strategies
- Employee orientation programs

HR outsourcing has become a popular solution for organizations to remain competitive and cut costs. It also provides skilled professionals who are focused specifically on HR.

Companies may consider HR outsourcing an important part of maximising their performance. Outsourcing can be defined as the delegation of one or more HR business processes to an external provider who then owns, manages and administers the selected HR processes, based on defined and measurable performance metrics. What do you think are the advantages and disadvantages of outsourcing the HR function? What actions and decisions must be taken when selecting a suitable outsourcing partner?

### **Advantages of outsourcing the HR function**

- 1.Reduced costs/ increased efficiency.
- 2.Improved HR IT systems.
3. Improved HR Metrics.
4. Access to HR expertise (not available internally).
5. Increased flexibility.
6. Reduced risk.

7. Frees up HR resources from ‘factory tasks’ allowing them to operate more strategically.

**Disadvantages of outsourcing:**

1. Contracts tend to be long (5-10years).
2. Loss of local processes and knowledge.
3. Detachment from employees – no upward feedback.
4. Standardisation of processes in line with provider preferences not organizational preferences (cultural misfit).

**What actions and decisions must be taken when selecting a suitable outsourcing partner?**

1. Understand existing HR position – costs, responsibilities, levels of service.
2. Vision of HR requirements for future.
3. Speak with other organizations serviced by the outsource provider, Consider cultural and geographical factors.
4. Develop clear metrics within a service level agreement (SLA).

**TOPIC 7 – DELEGATION.  
DELEGATING AUTHORITY SKILLS, TASKS AND THE  
PROCESS OF EFFECTIVE DELEGATION**

[21]

**Key concepts and terms**

Delegation  
Management skills  
Poor delegation  
Guide  
General delegation principles  
Planning  
Exhaustive list  
Management skill  
Delegation freedom  
Individual projects

Specific  
Measurable  
Agreed  
Realistic  
Timebound  
Ethical  
Recorded  
successful delegation  
Define the task  
Select  
Agree deadlines

Delegation is one of the most important management skills. These logical rules and techniques will help you to delegate well (and will help you to help your manager when you are being delegated a task or new responsibility - delegation is a two-way process!). Good delegation saves you time, develops you people, grooms a successor, and motivates. Poor delegation will cause you frustration, demotivates and confuses the other person, and fails to achieve the task or purpose itself. So it's a management skill that's worth improving. Here are the simple steps to follow if you want to get delegation right, with different levels of delegation freedom that you can offer.

This delegation skills guide deals with general delegation principles and process, which is applicable to individuals and teams, or to specially formed groups of people for individual projects (including 'virtual teams').

Delegation is a very helpful aid for succession planning, personal development - and seeking and encouraging promotion. It's how we grow in the job - delegation enables us to gain experience to take on higher responsibilities.

Delegation is vital for effective leadership. See the leadership tips and leadership theories webpages for guidance and explanation of how delegation enables and increases leadership effectiveness.

Effective delegation is crucial for management and leadership succession. For the successor, and for the manager or leader too: the main task of a manager in a growing thriving organization is ultimately to develop a successor. When this happens everyone can move on to higher things. When it fails to happen the succession and progression becomes dependent on bringing in new people from outside.

Delegation can be used to develop your people people and yourself - delegation is not just a management technique for freeing up the boss's time. Of course there is a right way to do it. These delegation tips and techniques are useful for bosses - and for anyone seeking or being given delegated responsibilities.

As giver of delegated tasks you must ensure delegation happens properly. Just as significantly, as the recipient of delegated tasks you have the opportunity to 'manage upwards' and suggest improvements to the delegation process and understanding - especially if your boss could use the help.

Managing the way you receive and agree to do delegated tasks is one of the central skills of 'managing upwards'. Therefore while this page is essentially written from the manager's standpoint, the principles are just as useful for people being managed.

### **Delegation and SMART, or SMARTER**

A simple delegation rule is the SMART acronym, or better still, SMARTER. It's a quick checklist for proper delegation. Delegated tasks must be:

SPECIFIC  
MEASURABLE  
AGREED  
REALISTIC  
TIMEBOUND  
ETHICAL  
RECORDED

Traditional interpretations of the SMARTER acronym use 'Exciting' or 'Enjoyable', however, although a high level of motivation often results when a person achieves and is given recognition for a particular delegated task, which in itself can be exciting and enjoyable, in truth, let's be honest, it is not always possible to ensure that all delegated work is truly 'exciting' or 'enjoyable' for the recipient. More importantly, the 'Ethical' aspect is fundamental to everything that we do, assuming you subscribe to such philosophy. There are other variations of meaning - see SMART and SMARTER acronyms.

The delegation and review form is a useful tool for the delegation process.

Also helpful tools for delegation, see the goal planning tips and template, and the activity management template.

The Tannenbaum and Schmidt Continuum model provides extra guidance on delegating freedom to, and developing, a team.

The Tuckman 'Forming, Storming, Norming Performing' model is particularly helpful when delegating to teams and individuals within teams.

Below are:

The steps of successful delegation - step-by-step guide.

The levels of delegation freedom - choose which is most appropriate for any given situation.

### **The steps of successful delegation**

**1. Define the task.** Confirm in your own mind that the task is suitable to be delegated. Does it meet the criteria for delegating?

**2. Select the individual or team.** What are your reasons for delegating to this person or team? What are they going to get out of it? What are you going to get out of it?

**3. Assess ability and training needs.** Is the other person or team of people capable of doing the task? Do they understand what needs to be done. If not, you can't delegate.

**4. Explain the reasons.** You must explain why the job or responsibility is being delegated. And why to that person or people? What is its importance and relevance? Where does it fit in the overall scheme of things?

**5. State required results.** What must be achieved? Clarify understanding by getting feedback from the other person. How will the task be measured? Make sure they know how you intend to decide that the job is being successfully done.

**6. Consider resources required.** Discuss and agree what is required to get the job done. Consider people, location, premises, equipment, money, materials, other related activities and services.

**7. Agree deadlines.** When must the job be finished? Or if an ongoing duty, when are the review dates? When are the reports due? And if the task is complex and has parts or stages, what are the priorities?

At this point you may need to confirm understanding with the other person of the previous points, getting ideas and interpretation. As well as showing you that the job can be done, this helps to reinforce commitment.

Methods of checking and controlling must be agreed with the other person. Failing to agree this in advance will cause this monitoring to seem like interference or lack of trust.

**8. *Support and communicate.*** Think about who else needs to know what's going on, and inform them. Involve the other person in considering this so they can see beyond the issue at hand. Do not leave the person to inform your own peers of their new responsibility. Warn the person about any awkward matters of politics or protocol. Inform your own boss if the task is important, and of sufficient profile.

**9. *Feedback on results.*** It is essential to let the person know how they are doing, and whether they have achieved their aims. If not, you must review with them why things did not go to plan, and deal with the problems. You must absorb the consequences of failure, and pass on the credit for success.

#### **LEVELS OF DELEGATION**

Delegation isn't just a matter of telling someone else what to do. There is a wide range of varying freedom that you can confer on the other person. The more experienced and reliable the other person is, then the more freedom you can give. The more critical the task then the more cautious you need to be about extending a lot of freedom, especially if your job or reputation depends on getting a good result. Take care to choose the most appropriate style for each situation. For each example the statements are simplified for clarity; in reality you would choose a less abrupt style of language, depending on the person and the relationship. At the very least, a "Please" and "Thank-you" would be included in the requests.

It's important also to ask the other person what level of authority they feel comfortable being given. Why guess? When you

ask, you can find out for sure and agree this with the other person. Some people are confident; others less so. It's your responsibility to agree with them what level is most appropriate, so that the job is done effectively and with minimal unnecessary involvement from you. Involving the other person in agreeing the level of delegated freedom for any particular responsibility is an essential part of the 'contract' that you make with them.

These levels of delegation are not an exhaustive list. There are many more shades of grey between these black-and-white examples. Take time to discuss and adapt the agreements and 'contracts' that you make with people regarding delegated tasks, responsibility and freedom according to the situation.

Be creative in choosing levels of delegated responsibility, and always check with the other person that they are comfortable with your chosen level. People are generally capable of doing far more than you imagine.

The rate and extent of responsibility and freedom delegated to people is a fundamental driver of organisational growth and effectiveness, the growth and well-being of your people, and of your own development and advancement.

#### **LEVELS OF DELEGATION - EXAMPLES**

These examples of different delegation levels progressively offer, encourage and enable more delegated freedom. Level 1 is the lowest level of delegated freedom (basically none). Level 10 is the highest level typically (and rarely) found in organizations.

1. *"Wait to be told." or "Do exactly what I say." or "Follow these instructions precisely."*

This is instruction. There is no delegated freedom at all.

2. *"Look into this and tell me the situation. I'll decide."*

This is asking for investigation and analysis but no recommendation. The person delegating retains responsibility for assessing options prior to making the decision.

3. *"Look into this and tell me the situation. We'll decide together."*

This has a subtle important difference to the above. This level of delegation encourages and enables the analysis and decision to be a shared process, which can be very helpful in coaching and development.

4. *"Tell me the situation and what help you need from me in assessing and handling it. Then we'll decide."*

This opens the possibility of greater freedom for analysis and decision-making, subject to both people agreeing this is appropriate. Again, this level is helpful in growing and defining coaching and development relationships.

5. *"Give me your analysis of the situation (reasons, options, pros and cons) and recommendation. I'll let you know whether you can go ahead."*

Asks for analysis and recommendation, but you will check the thinking before deciding.

6. *"Decide and let me know your decision, and wait for my go-ahead before proceeding."*

The other person is trusted to assess the situation and options and is probably competent enough to decide and implement too, but for reasons of task importance, or competence, or perhaps externally changing factors, the boss prefers to keep control of timing. This level of delegation can be frustrating for people if used too often or for too long, and in any event the reason for keeping people waiting, after they've inevitably invested time and effort, needs to be explained.

7. *"Decide and let me know your decision, then go ahead unless I say not to."*

Now the other person begins to control the action. The subtle increase in responsibility saves time. The default is now positive rather than negative. This is a very liberating change in delegated freedom, and incidentally one that can also be used very effectively when seeking responsibility from above or elsewhere in an organisation, especially one which is strangled by indecision and bureaucracy. For

example, "Here is my analysis and recommendation; I will proceed unless you tell me otherwise by (date)."

8. *"Decide and take action - let me know what you did (and what happened)."*

This delegation level, as with each increase up the scale, saves even more time. This level of delegation also enables a degree of follow-up by the manager as to the effectiveness of the delegated responsibility, which is necessary when people are being managed from a greater distance, or more 'hands-off'. The level also allows and invites positive feedback by the manager, which is helpful in coaching and development of course.

9. *"Decide and take action. You need not check back with me."*

The most freedom that you can give to another person when you still need to retain responsibility for the activity. A high level of confidence is necessary, and you would normally assess the quality of the activity after the event according to overall results, potentially weeks or months later. Feedback and review remain helpful and important, although the relationship is more likely one of mentoring, rather than coaching per se.

10. *"Decide where action needs to be taken and manage the situation accordingly. It's your area of responsibility now."*

The most freedom that you can give to the other person, and not generally used without formal change of a person's job role. It's the delegation of a strategic responsibility. This gives the other person responsibility for defining what changes projects, tasks, analysis and decisions are necessary for the management of a particular area of responsibility, as well as the task or project or change itself, and how the initiative or change is to be implemented and measured, etc. This amounts to delegating part of your job - not just a task or project. You'd use this utmost level of delegation (for example) when developing a successor, or as part of an intentional and agreed plan to devolve some of your job accountability in a formal sense.

## TOPIC 8 – EMPLOYEE MOTIVATION

[11,15]

### Key concepts and terms

Cognitive evaluation  
Content (needs) motivation theory  
Discretionary behaviour  
Discretionary effort  
Equity theory  
Expectancy theory  
Extrinsic motivation  
Goal theory

Herzberg's two-factor model of motivation  
Intrinsic motivation  
Instrumentality  
Job characteristics model  
Job satisfaction  
Law of effect  
Line of sight  
Management by objectives

Motivation is the force that energizes, directs and sustains behaviour. High performance is achieved by well-motivated people who are prepared to exercise discretionary effort, i.e. independently do more than is expected of them.

The aims of this chapter are to explore the meaning of motivation, define the two main types of motivation – intrinsic and extrinsic,

describe and critically evaluate the main theories of motivation, discuss two related aspects of motivation – its relationship to job satisfaction and money, and outline approaches to motivation strategy.

### 8.1. THE MEANING OF MOTIVATION

The term 'motivation' derives from the Latin word for movement (movere). A motive is a reason for doing something. Motivation is the strength and direction of behaviour and the factors that influence people to behave in certain ways. People are motivated when they expect that a course of action is likely to lead to the at-

tainment of a goal and a valued reward – one that satisfies their needs and wants.

The term ‘motivation’ can refer variously to the goals that individuals have, the ways in which individuals chose their goals and the ways in which others try to change their behaviour. Locke and Lat-ham [13] observed that: ‘The concept of motivation refers to internal factors that impel action and to external factors that can act as inducements to action.’

As described by Arnold et al [2] the three components of motivation are:

1. Direction – what a person is trying to do.
2. Effort – how hard a person is trying.
3. Persistence – how long a person keeps on trying.

Well-motivated people engage in positive discretionary behaviour – they decide to make an effort. Such people may be self-motivated, and as long as this means they are going in the right direction to attain what they are there to achieve, then this is the best form of motivation. But additional motivation provided by the work itself, the quality of leadership, and various forms of recognition and reward, builds on self-motivation and helps people to make the best use of their abilities and to perform well.

There are two types of motivation and a number of theories explaining how it works, as discussed below.

### **8.3. TYPES OF MOTIVATION**

#### **1. Intrinsic motivation**

Intrinsic motivation takes place when individuals feel that their work is important, interesting and challenging and that it provides them with a reasonable degree of autonomy (freedom to act), opportunities to achieve and advance, and scope to use and develop their skills and abilities. It can be described as motivation by the work itself. It is not created by external incentives.

Pink [15] stated that there are three steps that managers can take to improve motivation:

1. Autonomy – encourage people to set their own schedule and focus on getting work done not how it is done.

2. Mastery – help people to identify the steps they can take to improve and ask them to identify how they will know they are making progress.

3. Purpose – when giving instructions explain the why as well as the how.

## **2. Extrinsic motivation**

Extrinsic motivation occurs when things are done to or for people in order to motivate them. These include rewards such as incentives, increased pay, praise or promotion; and punishments such as disciplinary action, withholding pay, or criticism.

Extrinsic motivators can have an immediate and powerful effect, but it will not necessarily last long. The intrinsic motivators, which are concerned with the ‘quality of working life’ (a phrase and movement that emerged from this concept), are likely to have a deeper and longer-term effect because they are inherent in individuals and the work – and are not imposed from outside in such forms as incentive pay.

Motivation theory as described below explains the ways in which intrinsic and extrinsic motivation take place.

### **Case Study**

Rohit Narang joined Apex Computers (Apex) in November after a successful stint at Zen Computers (Zen), where he had worked as an assistant programmer. Rohit felt that Apex offered better career prospects, as it was growing much faster than Zen, which was a relatively small company. Rohit joined as a Senior Programmer at Apex, with a handsome pay hike. He joined Aparna Mehta's five-member team. While she was efficient at what she did and extremely intelligent, she had neither the time nor the inclination to groom her subordinates. Time and again, Rohit found himself thinking of Suresh, his old boss, and of how he had been such a positive influence. Aparna, on the other hand, even without actively doing anything, had managed to significantly lower his motivation levels.

### **Questions for Discussion:**

1. What, according to you, were the reasons for Rohit's disillusionment? Answer the question using Maslow's Hierarchy of Needs.
2. What should Rohit do to resolve his situation? What can a team leader do to ensure high levels of motivation among his/her team members?

### **Questions:**

1. Use an example to describe what is meant by motivation.
2. What are the similarities and differences between the theories of Maslow and Herzberg?

## **TOPIC 9 – TALENT MANAGEMENT**

[1,15]

### **Key concepts and terms**

**Career planning**  
**Portfolio career**  
**Protean career**  
**Succession planning**  
**Talent**  
**Talent management**

**Talent on demand policies**  
**Talent pipeline**  
**Talent planning**  
**Talent pool**  
**Talent relationship management**  
**War for talent**

### **9.1. WHAT IS TALENT MANAGEMENT?**

Wide variations exist in how the term ‘talent’ is defined across differing sectors, and organisation’s may prefer to adopt their own interpretations rather than accepting universal or prescribed definitions. That said, it’s helpful to start with a broad definition and, from our research, we’ve developed a working definition for both ‘talent’ and ‘talent management’:

Talent consists of those individuals who can make a difference to organizational performance either through their immediate contribution or, in the longer-term, by demonstrating the highest levels of potential.

Talent management is the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organization, either in view of their ‘high potential’ for the future or because they are fulfilling business/operation-critical roles.

These interpretations underline the importance of recognizing that it 's not sufficient simply to attract individuals with high potential. Developing, managing and retaining those individuals as part of a planned strategy for talent is equally important, as well as adopting systems to measure the return on this investment.

Many organisation’s are also now broadening their definitions, looking at the ‘talents’ of all their staff and working on ways to develop their strengths (see ‘inclusive versus exclusive approaches’ below). At its broadest, then, the term ‘talent’ may be used to encompass the entire workforce of an organization.

### **Talent management defined**

Talent management is the process of ensuring that the organization has the talented people it needs to attain its business goals. It involves the strategic management of the flow of talent through an organization by creating and maintaining a talent pipeline.

The term ‘talent management’ may refer simply to management succession planning and/or management development activities, although this notion does not really add anything to these familiar processes except a new name – admittedly quite an evocative one. It is better to regard talent management as a more comprehensive and integrated bundle of activities, the aim of which is to create a pool of talent in an organization, bearing in mind that talent is a major corporate resource.

Talent was defined by Armstrong’s et al [1] as ‘the sum of a person’s abilities... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgement, attitude, character and drive. It also includes his or her ability to learn and grow.’

Talent is what people must have in order to perform well in their roles. They make a difference to organizational performance through their immediate efforts and they have the potential to make an important contribution in the future. Talent management aims to identify, obtain, keep and develop those talented people.

### **The war for talent**

The phrase ‘the war for talent’ has become a familiar metaphor for talent management.

Companies need to act on if they are going to win what they called the ‘war for managerial talent’:

1. Creating a winning employee value proposition that will make your company uniquely attractive to talent.
2. Moving beyond recruiting hype to build a long-term recruiting strategy.
3. Using job experience, coaching and mentoring to cultivate the potential in managers.
4. Strengthening the talent pool.
- 5 Central to this approach is a pervasive mindset – a deep conviction shared by leaders throughout the company that competitive advantage comes from having better talent at all levels.

### **The people involved**

There are different opinions about who should be involved. On the one hand there is the view that you must pay most attention to the best, while on the other, the view is that everyone has talent and it is not just about the favoured few.

Identified three main perspectives:

1. Exclusive people – key people with high performance and/or potential irrespective of position.
2. Exclusive position – the right people in the strategically critical jobs.
3. Inclusive people – everyone in the organization is seen as actually or potentially talented, given opportunity and direction.

The first two perspectives, or a combination of the two, are the most common. Many organizations focus on the elite.

Talent progression sequence of four stages:

1. Rising talent – highly educated graduate recruits who are given education and training for core technical or professional roles.
2. Emerging leaders – who are given training and education for management under the guidance of sponsors or mentors.
3. Next generation leaders – who undertake leadership development programs and may attend a corporate academy.
4. Corporate next generation leaders – who are provided with one-to-one development through coaches and mentors and briefed on corporate/governance strategy.

## 9.2.THE PROCESS OF TALENT MANAGEMENT

The process of talent management can be described as a pipeline that, as illustrated in Figure 9.1, operates within the parameters of talent strategy and policy and starts with talent planning, followed by a sequence of resourcing and talent development activities to produce a talent pool.

A more detailed flow chart of the process of talent management is shown in Figure 9.2.

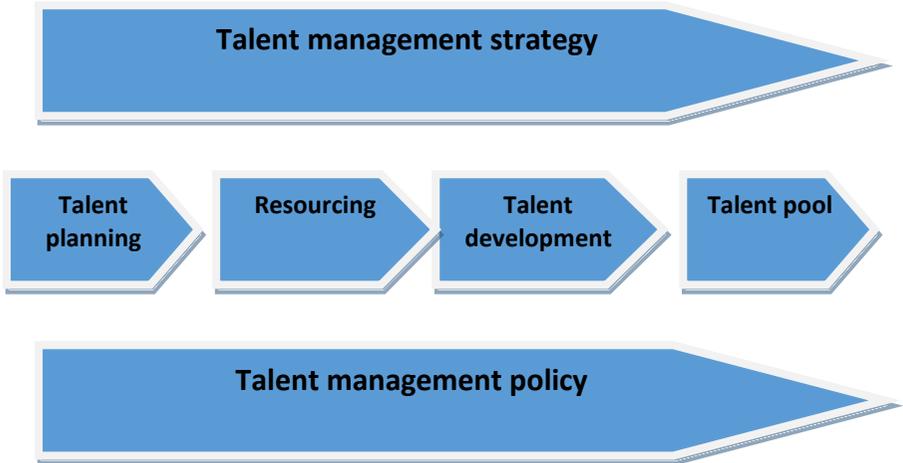


Figure 9.1 The talent management pipeline

Talent management starts with the business strategy and what it signifies in terms of the future demand for talented people.

Ultimately, the aim is to develop and maintain a pool of talented people through the talent pipeline, which consists of the processes of resourcing, career planning and talent development that maintain the flow of talent needed by the organization. Its elements are:

- **Talent planning** – the process of establishing how many and what sort of talented people are needed now and in the future. It uses the techniques of workforce planning and leads to the development of policies for attracting and retaining talent and for estimating future requirements as monitored by talent audits.

- **Resourcing** – the outcomes of talent planning are programs for obtaining people from within and outside the organization (internal and external resourcing). Internally they involve the identification of talent, talent development and career management. Externally they mean the implementation of policies for attracting high-quality people.

- **Talent identification** – the use of talent audits to establish who is eligible to become part of the talent pool and to benefit from learning and development and career management programs. The information for talent audits can be generated by a performance management system that identifies those with abilities and potential.

- **Talent relationship management** – building effective relationships with people in their roles. It is better to build on an existing relationship rather than try to create a new one when someone leaves. The aims are to recognize the value of individual employees, provide opportunities for growth, treat them fairly and achieve ‘talent engagement’, ensuring that people are committed to their work and the organization.

- **Talent development** – learning and development policies and programs are key components of talent management. They aim to ensure that people acquire and enhance the skills and competencies they need. Policies should be formulated by reference to ‘employee success profiles’, which are described in terms of competencies and define the qualities that need to be developed

- **Talent retention** – the implementation of policies designed to ensure that talented people remain as engaged and committed members of the organization.

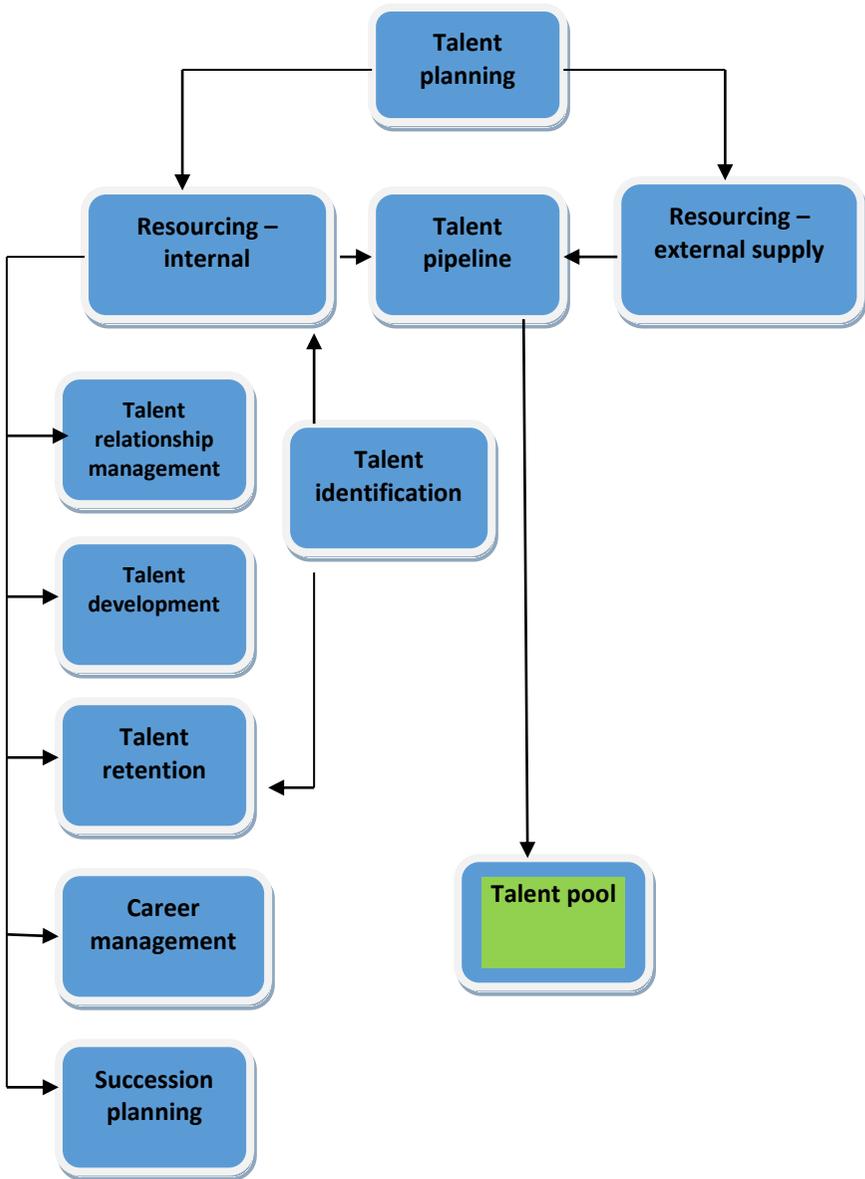


Figure 9.2 The talent management process

- **Career management** – as discussed later in this chapter, this is concerned with the provision of opportunities for people to

develop their abilities and their careers so that the organization has the flow of talent it needs and they can satisfy their own aspirations.

- **Management succession planning** – as far as possible, the objective is to see that the organization has the managers it requires to meet future business needs. It is considered in detail later in this chapter.

- **The talent pipeline** – the processes of resourcing, talent development and career planning that maintain the flow of talent needed to create the talent pool required by the organization.

- **The talent pool** – the resources of talent available to an organization.

### 9.3. TALENT MANAGEMENT STRATEGY

A talent management strategy consists of a view on how the processes involved in creating a talent pool should mesh together with an overall objective – to acquire and nurture talent wherever it is and wherever it is needed by using a number of inter-dependent policies and practices. Talent management is the notion of ‘bundling’ in action. The strategy should be based on definitions of what is meant by talent in terms of competencies and potential, who the talent management programmer should cover, and the future talent requirements of the organization.

The aims should be to:

- develop the organization as an ‘employer of choice’;
- plan and implement recruitment and selection programs that ensure good-quality people are recruited who are likely to thrive in the organization and stay with it for a reasonable length of time (but not necessarily for life);

- plan and implement talent retention programs;
- introduce reward policies that help to attract and retain high-quality staff;

- design jobs and develop roles that give people opportunities to apply and grow their skills and provide them with autonomy, interest and challenge;

- implement talent development programs;
- provide talented staff with opportunities for career development and growth;

- recognize those with talent by rewarding excellence, enterprise and achievement;
- generate and maintain a talent pool so that ‘talent on demand’ is available to provide for management succession.

It can be difficult to introduce comprehensive talent management processes covering all the activities involved. A phased approach may be best.

Resourcing activities take place anyhow, although the advantages of planning them on the basis of assessments of talent requirements are considerable; and it makes sense to devote energies to retaining key staff. But beyond that, the starting point in practice for an extended talent management programmer could be a process of identifying people with talent through a performance management system. It would then be possible to concentrate on leadership and management development programs. Sophisticated approaches to career planning and, possibly, succession planning could be introduced later.

#### **9.4. CAREER MANAGEMENT**

Career management is about providing the organization with the flow of talent it needs. But it is also concerned with the provision of opportunities for people to develop their abilities and their careers in order to satisfy their own aspirations. It integrates the needs of the organization with the needs of the individual.

An important part of career management is career planning, which shapes the progression of individuals within an organization in accordance with assessments of organizational needs, defined employee success profiles and the performance, potential and preferences of individual members of the enterprise. Career management also involves career counselling to help people develop their careers to their advantage as well as that of the organization.

Career management has to take account of the fact that many people are not interested in developing their careers in one organization and prefer to look for new experience elsewhere.

### **Aims**

For the organization, the aim of career management is to meet the objectives of its talent management policies, which are to ensure that there is a talent flow that creates and maintains the required talent pool. For employees, the aims of career management policies are:

1) to give them the guidance, support and encouragement they need to fulfil their potential and achieve a successful career with the organization in tune with their talents and ambitions; and 2) to provide those with promise a sequence of experience and learning activities that will equip them for whatever level of responsibility they have the ability to reach.

Career management calls for an approach that explicitly takes into account both organizational needs and employee interests. It calls for creativity in identifying ways to provide development opportunities. Career management policies and practices are best based on an understanding of the stages through which careers progress in organizations.

### **Career stages**

The stages of a career within an organization can be described as a career life cycle.

1. Entry to the organization, when the individual can begin the process of self-directed career planning.

2. Progress within particular areas of work, where skills and potential are developed through experience, training, coaching, mentoring and performance management.

3. Mid-career, when some people will still have good career prospects while others may have got as far as they are going to get, or at least feel that they have. It is necessary to ensure that these 'plateaued' people do not lose interest at this stage by taking such steps as providing them with cross-functional moves, job rotation, special assignments, recognition and rewards for effective performance, etc.

4. Later career, when individuals may have settled down at whatever level they have reached but are beginning to be concerned about the future. They need to be treated with respect as people who are still making a contribution and be given opportunities to take on new challenges wherever this is possible. They may also need reas-

urance about their future with the organization and what is to happen to them when they leave.

5. End of career with the organization – the possibility of phasing disengagement by being given the chance to work part-time for a period before they finally have to go should be considered at this stage.

### **Career dynamics**

Career management should be based on an under-standing of career dynamics. This is concerned with how careers progress – the ways in which people move through their careers either up-wards when they are promoted, or by enlarging or enriching their roles to take on greater responsibilities or make more use of their skills and abilities. The three stages of career progression – ex-panding, establishing and maturing – are illustrated in Figure 9.3. This also shows how individuals progress or fail to progress at differ-ent rates through these stages.

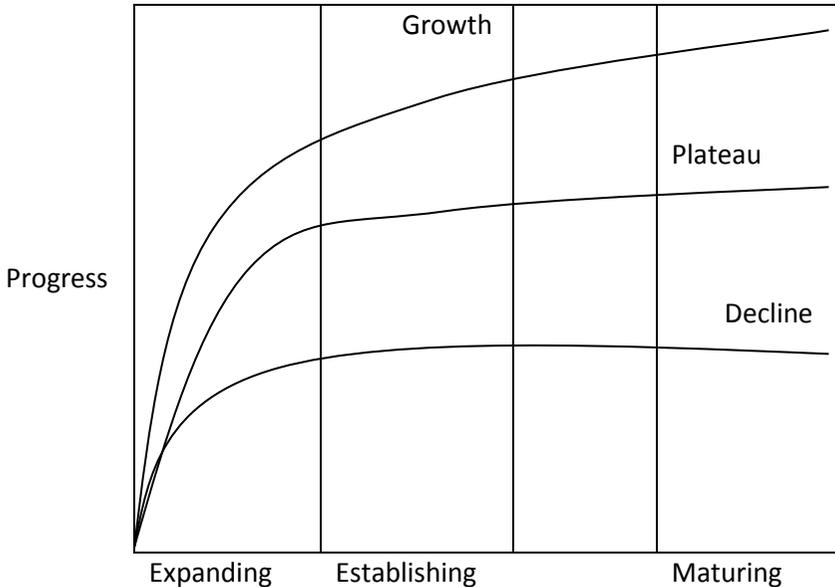


Figure 9.3 Career progression stages

### **Career management activities**

Career management encompasses recruitment, personal development plans, lateral moves, special assignments at home or abroad, development positions, career bridges, lateral moves and support for employees who want to develop.

The practices are listed below in order, from most frequent to least frequent use:

1. Postings regarding internal job openings.
2. Formal education as part of career development.
3. Performance appraisal as a basis for career planning.
4. Career counselling by manager.
5. Lateral moves to create cross-functional experience.
6. Career counselling by HR department.
7. Retirement preparation programs.
8. Succession planning.
9. Formal mentoring.
10. Common career paths.
11. Dual ladder career paths (parallel hierarchy for professional staff).
12. Books and/or pamphlets on career issues.
13. Written personal career planning (as done by the organization or personally).
14. Assessment centers.
15. Peer appraisal.
16. Career workshops.
17. Upward (subordinate) appraisal.

The process of career management is illustrated in Figure 9.4.

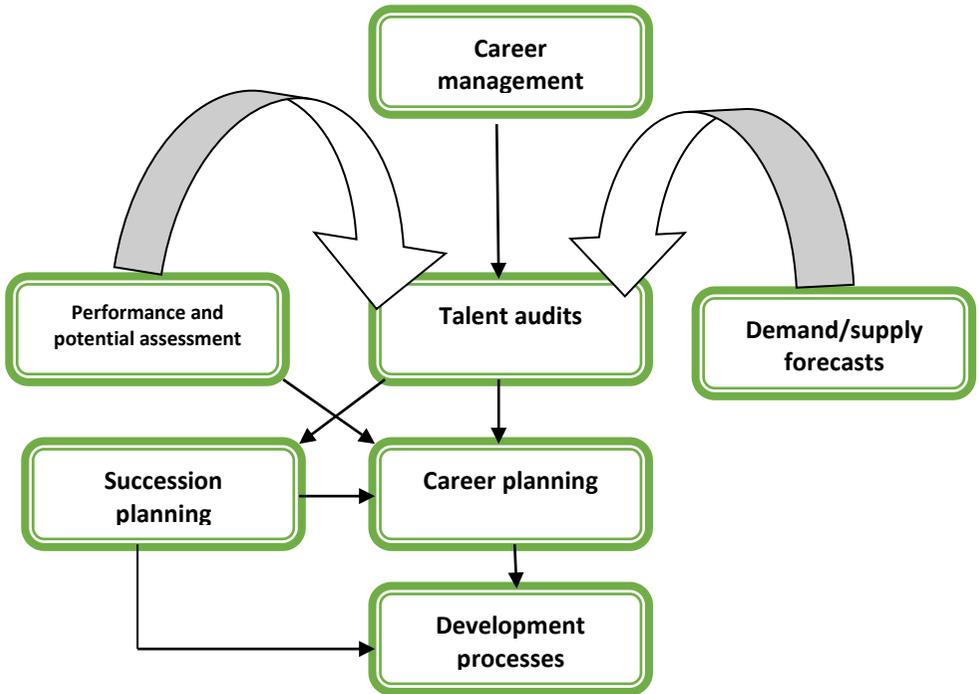


Figure 9.4 The process of career management

### **Career management policies**

The organization needs to decide on the degree to which it ‘makes or buys’ talented people, which means answering the questions: to what extent it should grow its own talent (a promotion from within policy); how much it should rely on external recruitment (bringing ‘fresh blood’ into the organization). The policy may be to recruit potentially high performers who will be good at their present job and are rewarded accordingly. If they are really good, they will be promoted and the enterprise will get what it wants. Deliberately training managers for a future that will never happen is a waste of time.

In contrast, and much less frequently, employers who believe in long-term career planning develop structured approaches to career management. These include elaborate reviews of performance and potential, assessment centres to identify talent or con-firm

that it is there, high-flyer schemes and planned job moves in line with a predetermined programmer.

There may also be policies for dealing with the ‘plateaued’ manager who has got so far but will get no further. Some managers in this position may be reconciled to reaching that level but continue to work effectively. Others will become bored, frustrated and unproductive, especially rising stars who are on the wane. The steps that can be taken to deal with this problem include:

- lateral moves into different functional areas or specialized subsidiaries, to provide new challenges and career breadth;
- temporary assignments and secondments outside the organization;
- appointments as leaders of project teams set up to deal with performance barriers inside the organization such as the slowness of responses to customer complaints.

### **Career planning**

Career planning involves the definition of career paths – the routes people can take to advance their careers within an organization. It uses all the information provided by the organization’s assessments of requirements, the assessments of performance and potential and management succession plans, and translates it into the form of individual career development programmes and general arrangements for management development, career counselling and mentoring.

It is possible to define career progression in terms of what people are required to know and be able to do to carry out work to progress up the ‘career ladder’ (the sequence of jobs at increasing levels of responsibility that constitutes a career). These levels can be described as ‘competency bands’. For each band, the competencies needed to achieve a move to that level would be defined in order to produce a career map incorporating ‘aiming points’ for individuals, as illustrated in Figure 9.5. People would be made aware of the competency levels they must reach to achieve progress in their careers. This would help them to plan their own development, although support and guidance should be provided by their managers, HR specialists and, if they exist, management development advisers or mentors.

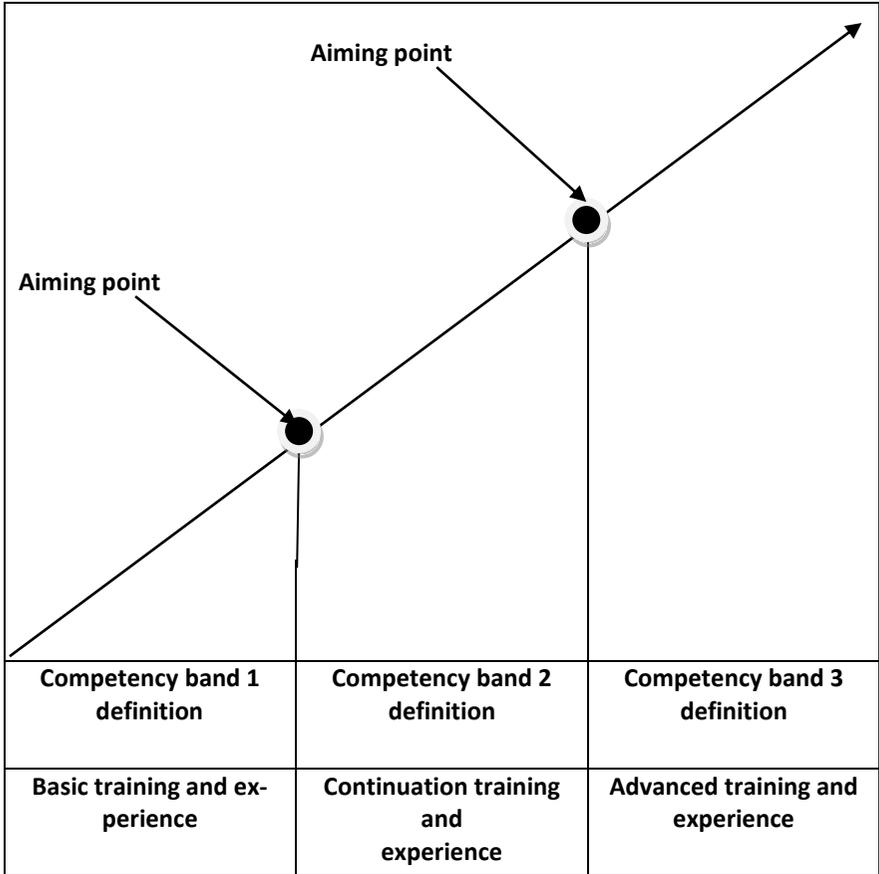


Figure 9.5 Competency band career progression system

The provision of additional experience and training could be arranged as appropriate, but it would be important to clarify what individual employees need to do for themselves if they want to progress within the organization.

## **Management succession planning**

Management succession planning is the process of ensuring that capable managers are available to fill vacant managerial posts. Three questions need to be answered: first, are there enough potential successors available – a supply of people coming through who can take key roles in the longer term? Second, are they good enough? Third, do they have the right skills and competencies for the future? At different stages in their careers, managers may be categorized as being ready to do the next job now, or being ready for a specified higher-grade position in, say, two years' time, or as a high-flyer on the 'A list' who has senior management potential. Such assessments generate development plans such as leadership and development programmes, special assignments and job rotation.

Succession planning can be seen in terms of identifying successors for key posts and then planning career moves and/or development activities for these potential successors. They suggested that:

Processes need to be designed round purpose, population, principles, process and players, with senior management engagement and HR championing. The highest potential employees are thus offered accelerated development and career paths. Of course, the downside is that non-selected employees may feel that they are less valued and have less access to development opportunities.

They also commented that in reality few companies have such programmes and that some are critical of attempts to equate succession planning with talent management, arguing instead for a 'talent on demand' framework, 'based on managing risk (not overestimating the places to be filled) and using talent pools to span functions'. They reported that some people are more positive about the value of 'leadership pipelines', which enable the organization to:

- focus on development;
- identify critical 'lynchpin' roles;
- create transparent succession management systems;
- regularly measure progress;
- ensure flexibility.

Succession planning is based on the information about managers in supply and demand forecasts, talent audits and performance and potential reviews. In some large organizations where demand and supply forecasts can be made accurately, there are highly formalized succession planning processes based on the sort of management succession schedule illustrated in Figure 9.6.

However, the scope for formal succession planning may be limited in today's more flexible and rapidly changing organizations, where elaborate succession plans could be out of date as soon as they are made. In these circumstances, the most that can be done is to use talent management and management development processes to ensure that there are plenty of talented people around in 'talent pools' to fill vacancies as they arise on the basis of 'talent on demand', bearing in mind that the most talented or ambitious individuals may not want to wait very long.

## **CASE STUDIES**

### **1. BT**

BT's approach to investing in its talent is primarily focused on responding to individual needs in line with a BT-wide 'Talent Deal'. This is a set of commitments made to individuals in BT's talent pool on the support they can expect in areas such as career planning and movement, opportunities for networking and meeting top executives, and mentoring. It also specifies the commitments expected of BT's talent pool members, such as the contribution they make to supporting the development of other colleagues.

### **2. Cargill**

The Cargill food business operates a global, corporate-level labour and talent management process. This is structured on the lines of 'food platforms' (collections of around eight business units that operate in the food businesses) and has representatives from Latin America, Europe, Asia, etc, meeting twice per year. They look at the work of the businesses and consider how talent might be managed and succession planned in those businesses. A workable

model exists to look at talent management and succession planning at a platform level and at a practical level.

Consideration is being given to how to integrate talent management and succession planning on a global basis, and a start has been made on highlighting positive and negative aspects of talent management and succession planning. These will be discussed at corporate level by the board to ensure that Cargill values are embedded in future talent management and succession planning strategy, policies and practices.

### **3. GlaxoSmithKline**

GlaxoSmithKline is identifying those positions, at both the corporate and business-unit levels, that are critical to the company's success in a rapidly changing competitive environment. As part of that initiative, the company developed a statement of its workforce philosophy and management guidelines. One of these explicitly addresses 'workforce differentiation' and reads, in part: 'It is essential that we have key talent in critical positions and that the careers of these individuals are managed centrally.'

### **4. HSBC**

As reported by Ready and Conger, HSBC has created a system of talent pools that track and manage the careers of employees with high potential. Employees in these pools are selected initially for new assignments within their region or line of business and, over time, are given positions that cross boundaries in order to demonstrate that they have the potential to reach a senior management role. They can then be placed in the group talent pool, which means that they have the potential to reach the senior executive level in three to five years and top management in the longer term. Leaders conduct talent relationship dialogues with members of each pool in order to address their development needs and concerns

### **5. IBM**

The overall aim of talent management within IBM is 'to develop the leaders of tomorrow'. Part of what makes it a

global company is the importance it places on high-potential people gaining international experience. For employees, being identified as talent therefore drives many opportunities in the company.

Every leader in the company has responsibility for identifying and nurturing talent. The areas for them to look for are aptitude, potential and the ability to grow and develop. The identification of talented individuals is based on their performance against 10 leadership competencies, which are consistent globally. The leadership competencies are used as a development tool for employees at all levels in IBM, not just those already highlighted as having potential.

Readiness for promotion to executive roles is linked to competencies. For example, if an individual needs to get client relationship-building skills, then his or her next job has to include that. Readiness is categorized in terms of ‘next job’ or ‘two jobs away’ rather than a number of years.

## **6. Standard Chartered Bank**

As reported by the CIPD (2010c), Standard Chartered was looking closely at its existing approach to talent management. This has involved:

- re-examining the processes, to ensure that there is greater transparency, education and understanding about the importance of robust talent identification and development;
- embedding talent processes to establish clearer links between our talent processes and other global people processes around performance management and engagement;
- encouraging more experiential-based learning centred more on on-the-job learning and learning from others;
- providing support to help our managers and leaders engage and motivate their teams;
- ensuring that talented staff continue to perform above their peer group, are highly engaged and that they are retained.

## Glossary of HR Terms

Term	Definition
<b>Absolute Ratings</b>	A rating method where the rater assigns a specific value on a fixed scale to the behavior or performance of an individual instead of assigning ratings based on comparisons between other individuals.
<b>Accident Compensation</b>	The Accident Compensation Corporation.
<b>Affirmative Action</b>	Also : Positive discrimination. Carried out on behalf of women and disadvantaged groups and members of such groups are placed in dominant positions.
<b>Appraisal</b>	See Performance planning.
<b>Attrition</b>	A term used to describe voluntary and involuntary terminations, deaths, and employee retirements that result in a reduction to the employer's physical workforce.
<b>Autocratic Leadership</b>	Leader determines policy of the organisation, instructs members what to do/make, subjective in approach, aloof and impersonal.
<b>Balanced Scorecard</b>	A popular strategic management concept developed in the early 1990's by Drs. Robert Kaplan and David Norton, the balanced scorecard is a management and measurement system which enables organisations to clarify their vision

and strategy and translate them into action. The goal of the balanced scorecard is to tie business performance to organisational strategy by measuring results in four areas: financial performance, customer knowledge, internal business processes, and learning and growth.

**Behaviorally Anchored Rating Scale (BARS)**

An appraisal that requires raters list important dimensions of a particular job and collect information regarding the critical behaviors that distinguish between successful and unsuccessful performance. These critical behaviours are then categorised and appointed a numerical value which is used as the basis for rating performance.

**Behavioural Based Interview**

An interview technique which focuses on a candidates past experiences, behaviours, knowledge, skills and abilities by asking the candidate to provide specific examples of when they have demonstrated certain behaviours or skills as a means of predicting future behaviour and performance.

**Behavioural Competency**

The behaviour of the employee which is the subject of measurement and appraisal in terms of whether or not the behaviours shown by an employee are those identified by job analysis/competency profiling as those contributing to team and/or organisational success.

**Benchmarking**

A technique using quantitative or qualitative data to make comparisons between different organisations or different sections of the organisations

<b>Bereavement Leave</b>	Section 69 to 72 of the Holidays Act 2003 provides a specific number of paid days off following the death of an employee's spouse, parent, child grandparent or in-law so that the employee may attend funeral proceedings, etc.
<b>Branding</b>	The process of identifying and differentiating an organization's products, processes or services from another organization by giving it a name, phrase or other mark.
<b>Broadbanding</b>	A pay structure that consolidates a large number of narrower pay grades into fewer broad bands with wider salary range.
<b>Bumping</b>	The practice of allowing more senior level employees whose positions have been slotted for elimination or downsizing the option of accepting an alternative position within the organisation, for which they may be qualified to perform and which is currently occupied by another employee with less seniority.
<b>Change Management</b>	The deliberate effort of an organisation to anticipate change and to manage its introduction, implementation, and consequences.
<b>Clean Slate</b>	The Criminal Records (Clean Slate) Act 2004 establishes a clean slate scheme to limit the effect of an individual's convictions in most circumstances (subject to certain exceptions set out in Section 19) if the individual satisfies the relevant eligibility criteria.

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<b>Coaching</b>	A one-to-one process between a manager and subordinate, whereby the former will ‘train’ the latter. See also Mentoring.
<b>Collective Bargaining</b>	The process by which [an] employer[s] will negotiate employment contracts with [a] union[s].
<b>Common law</b>	Decisions of the Courts also known as Precedent. Distinguished from Legislation.
<b>Competency-based pay</b>	Competency based pay is a compensation system that recognises employees for the depth, breadth, and types of skills they obtain and apply in their work. Also known as skill based and knowledge based pay.
<b>Compensation</b>	Compensation for injury to an employee arising out of and in the course of employment that is paid to the worker or dependents by an employer whose strict liability for such compensation is established by statute. Where established by statute, workers' compensation is generally the exclusive remedy for injuries arising from employment, with some exceptions. Workers' compensation statutes commonly include explicit exclusions for injury caused intentionally, by willful misconduct, and by voluntary intoxication from alcohol or illegal drugs.
<b>Competencies</b>	‘An underlying characteristic of a person’ ‘mo-

	<p>tive, trait, skill, aspect of one's self-image or social role, or a body of knowledge'.</p>
<b>Competitive advantage</b>	<p>'People are the source of competitive advantage'. Other systems in an organisation can be copied but not the people in the organisation.</p>
<b>Confidentiality agreement</b>	<p>An agreement restricting an employee from disclosing confidential or proprietary information.</p>
<b>Constructive dismissal</b>	<ol style="list-style-type: none"> <li>1. Coercion by threats to act promises to refrain and includes a resignation given as an alternative to be dismissed.</li> <li>2. A breach of duty by the employer leading a worker to resign.</li> </ol>
<b>Contingent workers</b>	<p>Employees who may be: casual labour, part-timers, freelancers, subcontractors, independent professionals and consultants.</p>
<b>Contract for services</b>	<p>An agreement with an independent contractor.</p>
<b>Contract of service</b>	<p>An employment agreement.</p>
<b>Core competencies</b>	<p>The skills, knowledge and abilities which employees must possess in order to successfully perform job functions which are essential to business operations.</p>
<b>Core Labour Force</b>	<p>A small group of permanent workers, for example, strategists, planners.</p>
<b>Corporate mission</b>	<p>The aims and objectives of an organisation.</p>

<b>Cost leadership</b>	A strategy of becoming the lowest-cost producer in its industry.
<b>Critical incidents</b>	A method of avoiding the subjective judgments which are the feature of most ranking and rating systems. It is the keeping, by management, of a record of on-job incidents or behaviours which may be examples of [in]effective behaviour and used as background information for subsequent discussions and performance appraisals.
<b>Customer capital</b>	The relationships an organisation has with the people it does business with, including suppliers, 'brand equity' and 'goodwill'. See also Structural capital.
<b>Cyclical unemployment</b>	A form of unemployment – rises in times of economic recession and falls in times of prosperity. Now shows signs of being able to withstand increased prosperity.
<b>Decision Tree Model</b>	One of the Contingency theories of leadership – developed by Vroom and Yetton (1973).
<b>Delayering</b>	The removal of hierarchical layers in an organisation.
<b>Delegated Legislation</b>	Laws made by Ministers by authority of an Act of Parliament.
<b>Deregulation</b>	The removal of entities such as financial markets, road and transport from governmental control.

<b>Differentiation</b>	A strategy of being unique in an industry on dimensions customers value.
<b>Distance Learning</b>	The process of delivering educational or instructional programmes to locations away from a classroom or site to another location by varying technology such as video or audio-conferencing, computers, web-based applications or other multimedia communications.
<b>Disciplinary procedure</b>	A procedure carried out in the workplace in the event of an employee committing some act contrary to terms of the employment agreement. If the act is regarded as Gross Misconduct this may lead to Summary Dismissal.
<b>Discrimination</b>	The favouring of one group of people to the detriment of others.
<b>Distributive bargaining</b>	Related to the process of Negotiation. Known also as Competitive bargaining – The parties are concerned with their respective shares of the benefits available and compete and conflict with each other until one side wins an increased share at the expense of the other.
<b>Dual Labour Markets</b>	Organisations will operate with a small Core Labour Force and a Peripheral Labour Force.
<b>Due diligence</b>	A critical component of mergers and acquisitions, it is the process by investigation and evaluation is conducted to examine the details of a particular investment

or purchase by obtaining sufficient and accurate information  
or documents which may influence the outcome of the transaction.

**E-commerce**

The use of the internet to market and sell goods and services

**Emotional Intelligence**

Describes the mental ability an individual possess enabling him/her to be sensitive and understanding to the emotions of others as well as being able to manage their own emotions and impulses.

**Employee**

See Section 6 Employment Relations Act 2000.

**Employment Court**

Ultimate court dealing with employment disputes.

**Employee Relations**

A broad term used to refer to the general management and planning of activities related to developing, maintaining, and improving employee relationships by communicating with employees, processing grievances/disputes, etc.

**Employee retention**

Organisational policies and practices designed to meet the diverse needs of employees, and create an environment that encourages employees to remain employed.

**Employment Relations Authority**

New body to be set up under Section 156 of the Employment Relations Act 2000 which replaces the Employment Tribunal.

<b>Empowerment</b>	The process of enabling or authorising an individual to think, behave, take action, and control work and decision-making in autonomous ways.
<b>Ergonomics</b>	The measurement of physical characteristics of the human body and the development of equipment to fit them, so that strain on the body is reduced.
<b>Equity theory</b>	Based on the notion that people are motivated by a desire for fairness, that is, to be treated fairly and will compare their own efforts and the rewards of others in the organisation with a view to judging the fairness of their treatment.
<b>Exit Interview</b>	An interview between a member of staff of the organisation that an employee is leaving to ascertain the reasons for the employee leaving the organisation. Should not be carried out by employee's immediate superior. Used for possible changes.
<b>Extrinsic rewards</b>	Two forms : Money and non-money rewards. Examples : job enrichment, job enlargement, personal and working relationships with colleagues and supervisors and managers.
<b>Fixed Term Employment</b>	An employee and an employer may agree that the employment of the employee will end at the close of a specified date or period or on the occurrence of a specified event or at the conclusion of a specified project. See Section 56 of the

Employment Relations Act 2000.

**Freedom of association**

The right to belong to a union. As protected by the Human Rights Act 1993.

**Functional job analysis**

The preparation required for the construction of a job description. It is necessary to collect data on the job to be advertised.

**Generations**

Baby Boomers –The term used to describe those individuals born between 1945 and 1970.  
Generation X - The term used to describe individuals born between 1965 and 1980.  
Generation Y - The term used to describe individuals born between 1985 and the present.  
Generation I - The term used to describe children born after 1994 that are growing up in the Internet age.

**Goal Setting**

The process of setting and assigning a set of specific and attainable goals to be met by an individual, group or organisation.

**Good faith bargaining**

A duty under Section 4 of the Employment Relations Act 2000 to conduct negotiations where two parties meet and confer at reasonable times with open minds and the intention of reaching an agreement.

**Grievance**

A complaint brought by one party to an employment contract against another party.

**Group dynamics**

The social manner in which people interact with each other within a group.

<b>Gross misconduct</b>	An act committed by any personnel likely to lead to Summary Dismissal.
<b>HR Audit</b>	A method by which human resources effectiveness can be assessed. Can be carried out internally or HR audit systems are available.
<b>Hawthorne Effect</b>	A term produced as a result of an experiment conducted by Elton Mayo whereby he concluded that expressing concern for employees and treating them in a manner which fulfills their basic human needs and wants will ultimately result in better performance.
<b>Hierarchy of needs</b>	A psychology theory ascribed to Abraham H. Maslow in which he proposed that people will constantly seek to have their basic needs (sleep, food, water, shelter, etc.) fulfilled and that such needs ultimately determine behaviour.
<b>HR information systems</b>	A discrete computerised information system for HR purposes.
<b>HR Management</b>	The management of human resources within an organisation.
<b>HR planning</b>	The activity of planning human resources usually in connection with the overall strategic planning of the organisation.
<b>Human Capital</b>	The collective knowledge, skills and abilities of an organisation's employees.
<b>Incentive pay</b>	Additional compensation used to motivate and

	to reward employees for exceeding performance or productivity goals.
<b>Independent contractor</b>	A person who works for him/herself but has a contract for services with another person/organisation.
<b>Individual employment agreement</b>	The legal relationship between an employee and employer. See Part 6 of the Employment Relations Act 2000.
<b>Induction</b>	The process of introducing a new employee into the organisation.
<b>Industrial relations</b>	The study of theories and practices in the workplace relationship.
<b>Intangible rewards</b>	Non-monetary re-enforcers such as praise given to an employee in recognition of a job well done, or a particular achievement.
<b>International Labour Organisation</b>	An organisation set up by the United Nations to establish, amongst other matters, conventions on practices in the workplace.
<b>Intrinsic reward</b>	A reward given to an employee for achievement of a particular goal, objective or project.
<b>ISO 9000</b>	Developed by the International Organisation for Standardisation (ISO), it is a set of standards for quality management systems that is accepted around the world. Organisations that conform to these standards can receive ISO 9000 certification. The standard intended for quality management

system assessment and registration is ISO 9001. The standards apply uniformly to organisations of any size or description.

**Job analysis**

The preparatory stage for writing job descriptions.

**Job Description**

A written description of a job which includes information regarding the general nature of the work to be performed, specific responsibilities and duties, and the employee characteristics required to perform the job.

**Job evaluation**

Used for compensation planning purposes, it is the process of comparing a job with other jobs in an organisation to determine an appropriate pay rate for the job.

**Key Result areas**

Used to establish standards and objectives, key result areas are the chief tasks of a job identified during the job evaluation process.

**KPI's**

‘Knowledge, Skills and Abilities’ - Key Performance Indicators.  
Tasks that have been agreed between an employee and line manager/HR with an expectation that they will be completed satisfactorily in the time agreed or as an ongoing task.

**KSAs**

Knowledge, skills and abilities – the personal attributes that a person has to have to perform the job requirements.

<b>Labour Market</b>	A geographical or occupational area in which factors of supply and demand interact.
<b>Labour force mobility</b>	The willingness of potential employees to travel or move to where work is offered.
<b>Labour force participation</b>	A rate at which the number of people in the labour force is divided by the number of people of working age x 100.
<b>Leadership</b>	The process, by which an individual determines direction, influences a group and directs them toward a specific goal or organisational mission.
<b>Leadership Development</b>	Formal and informal training and professional development programmes designed for all management and executive level employees to assist them in developing the leadership skills and styles required to deal with a variety of situations.
<b>Legislation</b>	Law emanating from Parliament in the form of Acts.
<b>LIFO</b>	In the event of a redundancy situation occurring, the system of ‘last in first out’ is regarded as the most equitable method of choosing those who should be made redundant.
<b>Lump sum payment</b>	A fixed negotiated payment which is not typically included in an employee’s annual salary. Often times given in lieu of pay increases.
<b>Matrix organisation</b>	An organisational structure where employees

report to more than one manager or supervisor.

<b>Mediation Services</b>	The process of intervention by a specialist in an employment dispute. Provided under the Employment Relations Act 2000.
<b>Mentoring</b>	A one-to-one process between an outside trainer and an employee, whereby the former will 'train' the latter. See also Coaching.
<b>Minimum wages</b>	The lowest level of earnings of employees set by Government.
<b>Mission Statement</b>	A statement illustrating who the company is, what the company does, and where the company is headed.
<b>Motivation</b>	The reason(s) why a person works at a particular job and for a particular organisation. Subject to various theories relating to the way they do things.
<b>Motivational theories</b>	An attempt to explain how people are motivated, in the form of work behaviour and performance.
<b>Mutuality of interests</b>	Relating to Performance Management. Both employer and employee have a mutual interest in achieving organisational objectives.
<b>Myers-Briggs Type Indicator</b>	A psychological test used to assess an individual's personality type.
<b>Negotiation</b>	The process of discussion with a view to mutual settlement usually by the means of a confer-

ence.

**Nepotism**

Favouritism shown to relatives by individuals in a position of authority such as CEO's, managers or supervisors.

**Observation interview**

The process of observing employees while performing their respective jobs or tasks used to collect data regarding specific jobs or tasks.

**Onboarding**

A relatively new term, it is more far reaching than historical orientation programmes. It links new employees with team members very early in the employment process and continuing after the traditional orientation programme ends.

**OSH**

Occupational health and safety – the law relating to the health and safety of personnel at work.

**Organisational Culture**

A pattern that emerges from the interlocking system of the beliefs, values and behavioural expectations of all the members of an organisation.

**Organisational theories**

The scientific management movement and human relations school were two early organisational theories. Both had impact on the development of human resources management.

**Orientation**

The introduction of employees to their jobs, co-workers, and the organisation by providing them with information regarding such items as policies,

procedures, company history, goals, culture, and work rules. Similar to Induction.

<b>Outplacement</b>	A benefit offered by the employer to displaced employees which may consist of such services as job counselling, training, and job-finding assistance.
<b>Outsourcing</b>	A contractual agreement between an employer and an external third party provider whereby the employer transfers responsibility and management for certain HR, benefit or training related functions or services to the external provider.
<b>Paid Parental Leave</b>	Supported by legislation allowing [possibly later in 2000] 12 weeks paid leave which a new mother may share with her partner, funded by a payroll levy.
<b>Pareto chart</b>	A bar graph used to rank in order of importance information such as causes or reasons for specific problems so that measures for process improvement can be established.
<b>Pay</b>	Base pay is the fixed salary or wage which constitutes 'the rate for the job'. It may be the only money remuneration an employee receives.
<b>Peer appraisal</b>	A performance appraisal strategy whereby an employee is reviewed by his/her peers who have sufficient opportunity to examine the individual's job performance.

<b>Peripheral Labour Force</b>	Employees less critical to organisational success and can be expendable.
<b>Performance Management</b>	This is a process of identifying, evaluating and developing the work performance of employees in an organisation, in order that organisational objectives are more effectively achieved and understood by employees.
<b>Performance planning</b>	A total approach to managing people and performance. Involving setting performance aims and expectations for the organisation, departments and individuals employees.
<b>Personal grievance</b>	A complaint brought by one party to an employment contract against another party. See Part 9 of the Employment Relations Act 2000.
<b>Positive discrimination</b>	See Affirmative action.
<b>Precedent</b>	See Common law.
<b>Probationary Arrangements</b>	Where the parties to an employment agreement agree as part of the agreement that an employee will serve a period of probation or trial after the commencement of the employment. See Section 66 Employment Relations Act 2000.
<b>Quality management</b>	The process or system of ensuring that a product or service should do what the user needs or wants and has a right to expect. There are five dimensions to quality, design, conformance, availability, safety and field use.

<b>Random Testing</b>	Drug and alcohol tests administered by an employer which selects employees to be tested on a random basis.
<b>Recruitment</b>	The process of bringing into an organisation personnel who will possess the appropriate education, qualifications, skills and experience for the post offered.
<b>Redundancy</b>	The act of dismissing an employee when that employee is surplus to the requirements of the organisation.
<b>Replacement charts</b>	A summarisation in visual form the numbers of incumbents in each job or family of jobs, the number of current vacancies per job and the projected future vacancies. See Succession planning.
<b>Remuneration</b>	Remuneration includes any payment made under a contract for services.
<b>Request for proposal (RFP)</b>	A document an organisation sends to a vendor inviting the vendor to submit a bid for a product or, service.
<b>Restrictive covenant</b>	A contract clause requiring executives or other highly skilled employees to refrain from seeking and obtaining employment with competitor organisations in a specific geographical region and for a specified period of time.
<b>Return on investment (ROI)</b>	A ratio of the benefit or profit derived from a specific investment compared to the cost of the

investment itself.

**Right to manage**

The ‘right’ of management to make decisions and to run an organisation without interference from external or internal forces.

**Risk management**

The use of insurance and other strategies in an effort to minimize an organisation’s exposure to liability in the event a loss or injury occurs.

**Scalar chain**

A concept from the French industrialist Henri Fayol who established the concept of unity of command [‘ and employee should receive orders from one superior only ’] and scalar chain [‘ the chain of superiors ranging from the ultimate authority to the lowest ranks.....the line of authority followed by all communications ’].

**Salary**

Is a term used most commonly to describe a base pay which is set at an annual rate and remains unchanged from one pay period to the next, regardless of the number of hours an employee may work.

**Selection ratio**

The ratio of the number of people hired to the number of suitably qualified candidates obtained.

**Six Sigma**

Six Sigma is a disciplined, data-driven methodology used to eliminate defects and improve processes and cut costs from manufacturing to transactional and from product to service.

<b>Stakeholders</b>	The term given to the situation whereby firms have a number of groups, each having their own set of interests, possibly conflicting with each other.
<b>Strategic architecture</b>	The core competencies that an organisation has.
<b>Strategic HRM</b>	The process of aligning human resources more closely to the strategic and operating objectives of the organisation.
<b>Strategic Planning</b>	The process of identifying an organisation's long-term goals and objectives and then determining the best approach for achieving those goals and objectives.
<b>Structural capital</b>	The databases, customer files, manuals, trademarks etc that remain in a firm once employees go home. See Customers capital.
<b>Succession planning</b>	Involving identifying a potential candidate to replace core individual employees either known to be leaving the firm at some point in the future and/or whose sudden departure would pose a risk to the operation of the firm.
<b>Summary dismissal</b>	The act of dismissing personnel immediately, usually because the person has committed some act of Gross Misconduct.
<b>Suspension</b>	A form of disciplinary action resulting in an employee being sent home without pay for a specified period of time.

<b>Tangible rewards</b>	Rewards which can be physically touched or held (i.e. a gift certificate, gifts in the form of merchandise, or a savings bond).
<b>Theory X &amp; theory Y</b>	Two conflicting assumptions which are behind thinking on human nature and human behaviour as related to the employee and the workplace.
<b>360-degree feedback</b>	An appraisal process whereby an individual is rated on their performance by people who know something about their work. This can include direct reports, peers, managers, customers or clients; in fact anybody who is credible to the individual and is familiar with their work can be included in the feedback process. The individual usually completes a self-assessment exercise on their performance, which is also used in the process.
<b>Total Remuneration</b>	The complete pay package awarded employees on an annual basis, including all forms of money, benefits, services, and in-kind payments.
<b>Training and development</b>	A process dealing primarily with transferring or obtaining knowledge, attitudes and skills needed to carry out a specific activity or task.
<b>Training Needs Analysis</b>	A method of analysing how employee skill deficits can be addressed through current or future training and professional development programs, as well as determining the types of training/development programs required, and how to prioritise training/development.

<b>Turnover</b>	Describes changes in the work force resulting from voluntary or involuntary resignations.
<b>Unions</b>	Groups of workers who have formed incorporated associations relating to the type of work that they perform.
<b>Unjustifiable dismissal</b>	The act of terminating an employee's employment agreement for a reason that the Employment Relations Authority or Employment Court regards as unjustifiable.
<b>Wage curve</b>	Depicts pay rates currently being paid for each job within a pay grade in relation with the rankings awarded to each job during the job evaluation process.
<b>Wages</b>	<p>Wages – is a term used most commonly to describe a base pay which is calculated on a hourly, daily or weekly basis.</p> <p>Depending on whether the employment is permanent, temporary or casual, full time or part-time basis, or according to the requirements of the applicable employment agreement. The amount of wages will vary (usually) according to the number of hours the employee works.</p>
<b>Wage drift</b>	The gap between the Collective Agreement rate and the rate actually paid. Evidence of geographical variations in wage levels.
<b>Wellness programme</b>	Programmes such as on-site or subsidised fitness centres, health screenings, smoking cessation, weight reduction/management, health awareness and education which target

keeping employees healthy therefore lowering costs to the employer associated with absenteeism, lost productivity and increased health insurance claims.

**Whistleblower**

Whistle blower protection is contained in the Protected Disclosures Act 2000. The Act provides protection to employees against retaliation for reporting illegal acts of employers. An employer may not rightfully retaliate in any way, such as discharging, demoting, suspending or harassing the whistle blower. Employer retaliation of any kind may result in the whistle blower bringing a personal grievance against the employer.

**Work-life Balance**

Having a measure of control over when, where and how an individuals works, leading to their being able to enjoy an optimal quality of life. Work-life balance is achieved when an individual's right to a fulfilled life inside and outside paid work is accepted and respected as the norm, to the mutual benefit of the individual, business and society.

**Workplace Bullying**

Persistent, offensive, abusive, intimidating or insulting behaviour or unfair actions directed at another individual, causing the recipient to feel threatened, abused, humiliated or vulnerable.

**Basic Resume Rules**

Resume writing is a fine art; it is not an exact science. There is no one right way to write a resume. Resume writers have a lot of flexibility. Regarding layout, format and content. A good resume is the one that is tailor-made to meet your current job-seeking needs, one that first your specific background, your unique contribution and your personal and professional goals. However, the following rules will help you keep your resume clear and concise.

1. Resumes generally should be only one page in length. They need not include a complete job history, only what is relevant to the job being sought.
2. The resume heading should indicate your name in large, bold type. Use the name by which you are commonly addressed.
3. Include a reliable address, preferably only one, ensuring you can be reached there.
4. Include your area code with your telephone number.
5. Avoid using full sentences or excessive wordiness.
6. Use short phrases, beginning with action verb.
7. Arrange information so that the most current or most relevant information is presented first.
8. Don't use any personal pronouns ( I, me, my, his, her, their)/
9. Resume should not be detailed.
10. Languages patterns, information grouping, verb usage and tense should be consistent.
11. Format, layout and organization should be consistent, easy-to-read and appropriate to the specific occupation field.
12. You may also include your e-mail address. Make sure it is professional.
13. Do not devote undue space to company's address ( city and state only).
14. Don't include personal data that is irrelevant or meaningless in an American resume : age, gender, weight, height, health marital status and hobbies.
15. Proofread for typographical errors, misspelled words and poor grammar. Have others proof it too.

### **ANNEX 1, CONTINUED**

16. Every entry on your resume should include a description of the duties, responsibilities, activities and skills associated with the experience.
17. Include as many results as possible, preferably quantifying results or accomplishments.
18. Resume should be printed on high-quality paper stock. The envelope and cover letter should match. Tri- fold both documents together, with cover letter on top.
19. A cover letter should always accompany the resume (but don't staple). It should be personal and directed to a specific company with a specific job in mind.

## Competence (human resources)

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**Competence** is the ability of an individual to do a job properly. A competency is a set of defined behaviors that provide a structured guide enabling the identification, evaluation and development of the behaviors in individual employees. The term "competence" first appeared in an article authored by R.W. White in 1959 as a concept for performance motivation. Later, in 1970, Craig C. Lundberg defined the concept in "Planning the Executive Development Program". The term gained traction when in 1973, David McClelland, Ph.D. wrote a seminal paper entitled, "Testing for Competence Rather Than for Intelligence". It has since been popularized by one-time fellow McBer & Company (Currently the "Hay Group") colleague Richard Boyatzis and many others, such as T.F. Gilbert (1978) who used the concept in relationship to performance improvement. Its use varies widely, which leads to considerable misunderstanding. This is all the more true, that competence appeared in varied countries and varied scientific contexts, with different meanings (Klarsfeld, 2000).

Some scholars see "competence" as a combination of practical and theoretical knowledge, cognitive skills, behavior and values used to improve performance; or as the state or quality of being adequately or well qualified, having the ability to perform a specific role. For instance, life, management competency might include systems thinking and emotional intelligence, and skills in influence and negotiation.

Competency is also used as a more general description of the requirements of human beings in organizations and communities.

Competency is sometimes thought of as being shown in action in a situation and context that might be different the next time a person has to act. In emergencies, competent people may react to a situation following behaviors they have previously found to succeed. To be competent a person would need to be able to interpret the situation in the context and to have a repertoire of possible actions to take

## ANNEX 2, CONTINUED

and have trained in the possible actions in the repertoire, if this is relevant. Regardless of training, competency would grow through experience and the extent of an individual to learn and adapt.

Competency has different meanings, and continues to remain one of the most diffuse terms in the management development sector, and the organizational and occupational literature.

Competencies are also what people need to be successful in their jobs. Job competencies are not the same as job task. Competencies include all the related knowledge, skills, abilities, and attributes that form a person's job. This set of context-specific qualities is correlated with superior job performance and can be used as a standard against which to measure job performance as well as to develop, recruit, and hire employees.

Competencies and competency models may be applicable to all employees in an organization or they may be position specific. Identifying employee competencies can contribute to improved organizational performance. They are most effective if they meet several critical standards, including linkage to, and leverage within an organization's human resource system

Core competencies differentiate an organization from its competition and create a company's competitive advantage in the marketplace. An organizational core competency is its strategic strength.

Competencies provide organizations with a way to define in behavioral terms what it is that people need to do to produce the results that the organization desires, in a way that is in keep with its culture. By having competencies defined in the organization, it allows employees to know what they need to be productive. When properly defined, competencies, allows organizations to evaluate the extent to which behaviors employees are demonstrating and where they may be lacking. For competencies where employees are lacking, they can learn. This will allow organizations to know potentially what resources they may need to help the employee develop and learn those competencies. Competencies can distinguish and differentiate your organization from your competitors. While two organizations may be alike in financial results, the way in which the results

## ANNEX 2, CONTINUED

were achieved could be different based on the competencies that fit their particular strategy and organizational culture. Lastly, competencies can provide a structured model that can be used to integrate management practices throughout the organization. Competencies that align their recruiting, performance management, training and development and reward practices to reinforce key behaviors that the organization values.

### **Types of Competencies**

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**Organizational competencies:** The mission, vision, values, culture and core competencies of the organization that sets the tone and/or context in which the work of the organization is carried out (e.g. customer-driven, risk taking and cutting edge). How we treat the patient is part of the patient's treatment.

**Core competencies:** Capabilities and/or technical expertise unique to an organization, i.e. core competencies differentiate an organization from its competition (e.g. the technologies, methodologies, strategies or processes of the organization that create competitive advantage in the marketplace). An organizational core competency is an organization's strategic strength.

**Technical competencies:** Depending on the position, both technical and performance capabilities should be weighed carefully as employment decisions are made. For example, organizations that tend to hire or promote solely on the basis of technical skills, i.e. to the exclusion of other competencies, may experience an increase in performance-related issues (e.g. systems software designs versus relationship management skills)

**Behavioral competencies:** Individual performance competencies are more specific than organizational competencies and capabilities. As such, it is important that they be defined in a measurable behavioral context in order to validate applicability and the degree of expertise (e.g. development of talent)

## ANNEX 2, CONTINUED

**Functional competencies:** Functional competencies are job-specific competencies that drive proven high-performance, quality results for a given position. They are often technical or operational in nature (e.g., "backing up a database" is a functional competency). [6]

**Management competencies:** Management competencies identify the specific attributes and capabilities that illustrate an individual's management potential. Unlike leadership characteristics, management characteristics can be learned and developed with the proper training and resources. Competencies in this category should demonstrate pertinent behaviors for effective management to be effective.

### EXAMPLES:

#### ***Initiative and Creativity***

Plans work and carries out tasks without detailed instructions; makes constructive suggestions; prepares for problems or opportunities in advance; undertakes additional responsibilities; responds to situations as they arise with minimal supervision; creates novel solutions to problems; evaluates new technology as potential solutions to existing problems.

#### ***Judgement***

Makes sound decisions; bases decisions on fact rather than emotion; analyzes problems skillfully; uses logic to reach solutions.

#### ***Cooperation/Teamwork***

Works harmoniously with others to get a job done; responds positively to instructions and procedures; able to work well with staff, co-workers, peers and managers; shares critical information with everyone involved in a project; works effectively on projects that cross functional lines; helps to set a tone of cooperation within the work group and across groups; coordinates own work with others; seeks opinions; values working relationships; when appropriate facilitates discussion before decision-making process is complete.

#### ***Quality of Work***

Maintains high standards despite pressing deadlines; does work right the first time; corrects own errors; regularly produces accurate, thorough, professional work.

## ANNEX 2, CONTINUED

### ***Reliability***

Personally responsible; completes work in a timely, consistent manner; works hours necessary to complete assigned work; is regularly present and punctual; arrives prepared for work; is committed to doing the best job possible; keeps commitments.

### ***Commitment to Safety***

Understands, encourages and carries out the principles of integrated safety management; complies with or oversees the compliance with Laboratory safety policies and procedures; completes all required ES&H training; takes personal responsibility for safety. [7]

### ***Support of Diversity***

Treats all people with respect; values diverse perspectives; participates in diversity training opportunities; provides a supportive work environment for the multicultural workforce; applies the Lab's philosophy of equal employment opportunity; shows sensitivity to individual differences; treats others fairly without regard to race, sex, color, religion, or sexual orientation; recognizes differences as opportunities to learn and gain by working together; values and encourages unique skills and talents; seeks and considers diverse perspectives and ideas.

### ***Job Knowledge/Technical Knowledge***

Demonstrates knowledge of techniques, skills, equipment, procedures and materials. Applies knowledge to identify issues and internal problems; works to develop additional technical knowledge and skills.

### ***Quantity of Work***

Produces an appropriate quantity of work; does not get bogged down in unnecessary detail; able to manage multiple projects; able to determine project urgency in a meaningful and practical way; organizes and schedules people and tasks.

### ***Communication***

Writes and speaks effectively, using conventions proper to the situation; states own opinions clearly and concisely; demonstrates openness and honesty; listens well during meetings and feedback sessions; explains reasoning behind own opinions; asks others for their opinions and feedback; asks questions to ensure understanding; exercises

## **ANNEX 2, CONTINUED**

a professional approach with others using all appropriate tools of communication; uses consideration and tact when offering opinions.

### ***Customer Service***

Listens and responds effectively to customer questions; resolves customer problems to the customer's satisfaction; respects all internal and external customers; uses a team approach when dealing with customers; follows up to evaluate customer satisfaction; measures customer satisfaction effectively; commits to exceeding customer expectations.

### ***Problem Solving***

Anticipates problems; sees how a problem and its solution will affect other units; gathers information before making decisions; weighs alternatives against objectives and arrives at reasonable decisions; adapts well to changing priorities, deadlines and directions; works to eliminate all processes which do not add value; is willing to take action, even under pressure, criticism or tight deadlines; takes informed risks; recognizes and accurately evaluates the signs of a problem; analyzes current procedures for possible improvements; notifies supervisor of problems in a timely manner.

### ***Attention to Detail***

Is alert in a high-risk environment; follows detailed procedures and ensures accuracy in documentation and data; carefully monitors gauges, instruments or processes; concentrates on routine work details; organizes and maintains a system of records.

### ***Flexibility***

Remains open-minded and changes opinions on the basis of new information; performs a wide variety of tasks and changes focus quickly as demands change; manages transitions from task to task effectively; adapts to varying customer needs.

### ***Organization***

Able to manage multiple projects; able to determine project urgency in a practical way; uses goals to guide actions; creates detailed action plans; organizes and schedules people and tasks effectively.

### ***Staff development***

Works to improve the performance of oneself and others by pursuing opportunities for continuous learning/feedback; constructively helps

## **ANNEX 2, CONTINUED**

and coaches others in their professional development; exhibits a “can-do” approach and inspires associates to excel; develops a team spirit.

### ***Quality Control***

Establishes high standards and measures; is able to maintain high standards despite pressing deadlines; does work right the first time and inspects work for flaws; tests new methods thoroughly; considers excellence a fundamental priority.

### ***Responsiveness to requests for service***

Responds to requests for service in a timely and thorough manner; does what is necessary to ensure customer satisfaction; prioritizes customer needs; follows up to evaluate customer satisfaction.

### ***Innovation***

Able to challenge conventional practices; adapts established methods for new uses; pursues ongoing system improvement; creates novel solutions to problems; evaluates new technology as potential solutions to existin

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