Lesson:-10

HUMAN RESOURCE MANAGEMENT
Recruitment, Selection, and Socialization

When top-quality ability is in short supply, middle-management recruitment often requires the services of placement agencies or the purchase of expensive ads in newspapers and national publications And when recruiting is done to fill top-level positions, many corporate managements turn to executivesearch firms. These firms generally locate three or four carefully considered prospects who not only are highly qualified but also can be enticed from their present positions by the right offer. High-levelmoves are increasingly common, as companies seek different perspec-tives to meet the challenges of dynamic engagement we discussed earlier.

Many firms have a policy of recruiting or promot-ing from within except in very exceptional circumstances. This policy has three major advantages. First, individuals recruited from within arealready familiar with the organization and its members, and this knowledge increases the likeli-hood they will succeed. Second, a promotion-from-within policy fosters loyalty and inspires greater effort among organization members. Finally, it is usually less ex-pensive to recruit or promote from withinthan to hire from outside the organiza-tion. There are some disadvantages to internal recruitment, however. Obviously, it limits the pool of available talent. In addition, it reduces the chance that fresh viewpoints will enter the organization, and it may encourage complacency among employees who assume seniority ensures promotion.The other approach to controlling labor supply is the process of decruitment. In the last decade, many large corporations, government agencies, and small businesses all over the world have reduced the size of their workforce or restructured their skill base. Downsizing is the way to meet the demands of a dynamic environment. Decruitment is not a pleasant task for any manager. Obviously, people canbe fired, but other choices can be more beneficial to the organization. Managers at many companies faced with laying off em-ployees have taken extraordinary measures to help their former employees find new jobs. AT&T took out ads in newspapers advertising their excess employees and their skillsto other businesses.

Selection

Once the recruiting effort has developed a pool of candidates, the next step in the HRM process is to determine who is best qualified for the job. This step is called the selection process, the process of screening job applicants to ensure that the most appropriate candidates are hired. The selection process ideally involves mutual decision. The organization decides whether to make a job offer and how attractive the offer should be, and the job candidate decides whether the organization and the job offer fit his or her needs and goals. In reality, the selection process is often more one-sided. In

situations when the job market is extremely tight, several candidates will be applying for each position, and managers at the organization will use a series of screening de-vices to identify the most suitablecandidate. On the other hand, when there is a shortage of qualified workers, or when the candidateis a highly qualified execu-tive or professional being courted by several organizations, managers at the orga-nization will have to sweeten the offer and come to a quicker decision.

The standard hiring sequence is the seven-step procedure involving completed job application, initial screening interview, testing, background investigation, in-depth selection interview, physical examination, and job offer. In practice, however, the actual selection process varies with different organi-zations and between levels in the same organization. For example, the selection interview for lower-levelemployees may be quite perfunctory. Heavy emphasis may be placed instead on the initial screeninginterview or on tests. Although writ-ten tests designed to define a candidate's interests, aptitudes, and intelligence were long a staple of employment screening, their use has declined over the past 25 years. Many tests have proved to be discriminatory in their design and results, and it has been difficult to establish their job relatedness when they have been subjected to judicial review. In selecting middle- or upper-level managers, the interviewing may be exten-sive and there may be little or no formal testing. Instead of initially filling out an application, the candidate may submit a resume. Completion of the formal appli-cation may be delayed until after the job offer has been accepted. Some organiza-tions omit the physical examination for managers hired at this level.

For many positions, particularly in management, the in-depth interview is an important factor in management's decision to make a job offer and in the individual's decision to accept or decline theoffer. The most effective interviews -those that are best able to predict the eventual performance ofapplicants-are usually planned carefully. Ideally, all candidates for the same position are asked the same questions. Most interviews, however, tend to be far less structured and deliberate. The reliability of the interview may be affected by the differing objectives of the interviewer and interviewee. The prospective employer wants to sell the organiza-tion as a good place to work and may therefore exaggerate its strengths; the prospective employee wants to be hired and may therefore

exaggerate his or her qualities. Some managers have attempted to reduce this problem through the re-alistic job preview (RJP), in which candidates are exposed to the unattractive as well as the attractive aspects of the job, and by using structured, focused inter-views to acquire a more accurate picture of each interviewee's likely job perfor-mance.To increase job satisfaction among employees and reduce turnover, you should consider providing arealistic job preview (RJP). An RJP includes both positive and negative information about the job and the company. For instance, in addition to the positive comments typically expressed during an interview, the job applicant might be told that there are limited opportunities to talk to co-workers during work hours, that promotional advancement is slim, or that work hours fluctuate so erratically that employees may be required to work during what are usually off-hours (nights and weekends). Research indicates that applicants who have been given a realistic job preview hold lower and more realistic job expectations for the jobs they will be performing and are better able to cope with the frustrating elements of the job than are applicants who have been given only inflated information. The result is fewer unexpected resignations by new employees.

Organizations may seek to hire experienced managers for a variety of reasons. A newly created post may require a manager with experience not available within the organization; the talent to fill an established post may not be available within the organization; a key position may suddenly open up before there is time to train a replacement; or a top performer in a competing organization may be sought to improve the organization's own competitive position.

An experienced manager who is up for selection usually goes through several interviews before being hired. The interviewers are almost always higher-level managers who attempt to assess the candidate's suitability and past performance.

Interviewers try to determine how well the candidate fits their idea *of* what a good manager should be and how compatible the candidate's personality, past ex-perience, personal values, and operating style are with the organization and its culture.

Inexperienced managers or trainees with management potential usually enter the organization aftergraduating from college. Their performance in entry-level positions strongly influences the range *of* management opportunities that will be available to them.

Most assessments *of* prospective managers who are recent college graduates begin with a review *of* college grades. Other aspects of the college record can pro-vide some insights into nonacademic abilities such as interpersonal skills, leader-ship qualities, and ability to assume responsibility. Finally, like experienced managers, pro spective managers may be interviewed extensively to determine whether they have what the interviewers consider an appropriate personal style for a manager.

Socialization

A person starting a new job needs an introduction to his or her job and the organization. Socialization or orientation is designed to provide new employees with the information needed to function comfortably and effectively in the organization.

Socialization conveys three types of information:

1. General information about the daily work routine.

2. A review of the organization's history, purpose, operations, and products or services, as well as a sense of how the employee's job contributes to the organization's needs.

3. A detailed presentation of the organization's policies, work rules, and employee benefits.Many organizations, particularly large ones, have formal orientation programs, which might include a tour of the work facilities, a film describing the history of the organization, and a short discussion with a representative from the human resources department who describes the organization's benefit programs. Other organizations use a more informal orientation program in which, for instance, the manager assigns the new employee to a senior member of the work group who introduces the new employee to immediate co-workers and shows him or her around the workplace.

Many studies have shown that:

1. Employees feel anxious upon entering an organization.

2. They worry about how well they will perform in the job.

3. They feel inadequate compared to more experienced employees.

4. They are concerned about how well they will get along with their co-workers.

Effective socialization programs reduce the anxiety of new employees by:

1. Giving them information about the job environment and about supervisors.

2. Introducing them to co-workers.

3. Encouraging them to ask questions.

Early job experiences-when the new employee's expectations and the organization's expectations come together or collide-seem to play a critical role in the individual's career with the organization. If the expectations are not compatible, there will be dissatisfaction; turnover rates are almost always highest among an organization's new employees.

Managers have an obligation to make the integration of the new employee into the organization as smooth and as free of anxiety as possible. They need to openly discuss employee beliefs regarding mutual obligations of the organization and the employee. It is in the best interests of the organization and the new employee to get the person up and running in the job as soon as possible. Successful orientation, whether formal or informal, results in an outsider-insider transition that makes the new member feel comfortable and fairly well adjusted, lowers the likelihood of poor work performance, and reduces the possibility of a surprise resignation by the new employee only a week or two into the job.

Training and Development

Training programs are directed toward maintaining and improving *current* job performance, while developmental programs seek to develop skills for *future* jobs. Both managers and nonmanagers may receive help from training and devel-opment programs, but the mix of experiences is likely to vary. Nonmanagers are much more likely to be trained in the technical skills required for their currentjobs, whereas managers frequently receive assistance in developing the skills re-quired in future jobs-particularly conceptual and human relations skills.New employees have to learn new skills, and since their motivation is likely to be high, they can be acquainted relatively easily with the skills and behavior ex-pected in their new position. On the other hand, training experienced employees can be problematic. The training needs of such employees are not always easy to determine, and when they can be, the individuals involved may resent being asked to change their established ways of doing their jobs.

Managers can use four procedures to determine the training needs of individu-als in their organization or subunit:

1. *Performance appraisal.* Each employee's work is measured against the performance standards or objectives established for his or her job.

2. *Analysis of job requirements.* The skills or knowledge specified in the appropriate job description are examined, and those employees without necessary skills or knowledge become candidates for a training program.

3. *Organizational analysis.* The effectiveness of the organization and its success in meeting its goals are analyzed to determine where differences exist. For example, members of a department with a high turnover rate or a low performance record might require additional training.

4. *Employee Survey.* Managers as well as nonmanagers are asked to describe what problems they are experiencing in their work and what actions they believe are necessary to solve them.Employee skills can be grouped into three categories: technical, interpersonal, and problem solving. Most employee training activities seek to modify an employee's skills in one or more of these areas.

Most training is directed at upgrading and improving an employee's technical skills, including basic skills-the ability to read, write, and do math computations-as well as job-specific competencies. The majority of jobs today have become more complex than they were a decade or two ago. Computerizedfactories and offices, digital equipment, and other types of sophisticated technology require that employees have math, reading, and computer skills. How, for example, can employees master statistical

process control or the careful measurement and self-inspection needed for tool changes in flexible manufacturing systems if they can't perform basic math calculations or read detailed operating manuals? Or how can clerical employees do their jobs effectively without the ability to understand wordprocessing,database management, or e-mail programs? Almost every employee belongs to a work-group or unit. To some degree, work performance depends on an employee's ability to interact effectively with his or her co-workers and manager. Some employeeshave excellent interpersonal skills while other employees require training to improve theirs. This type of training often includes learning how to be a better listener, how to communicate ideas more clearly, and how to reduce conflict.

Training & Development, and Performance Appraisal

Many employees have to solve problems on their job, particularly in non-routine jobs. When the problem-solving skills of employees are deficient, managers might want to improve them through training. This would include participating in activities to sharpen logic, reasoning, and skills at defining problems; assessing causation; being creative in developing alternatives; analyzing alternatives; and selecting solutions. Once the organization's training needs have been identified, the human re-sources manager must

initiate the appropriate training effort. Managers have available a variety of training approaches. The most common of these are *on-the-job training* methods, including *job rotation,* in which the employee, over a period of time, works on a series of jobs, thereby learning a broad variety of skills; *internship,* in which job training is combined with related classroom instruction; and *apprenticeship,* in which the employee is trained under the guidance of a highly skilled co-worker. Sony uses a variety of these approaches to meet the training needs of its employees. *Off-the-job training* takes place outside the workplace but attempts to simulate actual working conditions. This type of training includes *vestibule training,* in which employees train on the actual equipment and in a realistic job setting but in a room different from the one in which they will be working. The object is to avoid the on-the-job pressures that might interfere with the learning process. In *behaviorally experienced training,* activities such as simulation exercises, business games, and problem-centered cases are employed so that the trainee can learn the behavior appropriate for the job through *role playing.* Off-the-job training may focus on the *classroom,* with seminars, lectures, and films, or it may involve computer-assisted instruction (CAD) which can both reduce the time needed for training and provide more help for individual trainees. Management development is designed to improve the overall effectiveness of managers in their present positions and to prepare them for greater responsibility when they are promoted. Management development programs have become more prevalent in recent years because of the increasingly

complex demands on managers and because training managers through experience alone is a time consuming and unreliable process. The investment for many companies in management development

is quite large. For example, for years, IBM has required a minimum of 40 hours of human resource management training for all new managers.

Similar levels of training continue after this initial involvement. Some companies, however, do not rely on costly formal training approaches. Managers at Exxon, for example, prefer to nurture new

talent by providing practical job experience. Thus executives at all levels are dispatched to key positions around the world to broaden their outlook and hone their judgment.

On-the-job methods are usually preferred in management development programs. The training is far more likely than off-the-job training to be tailored to the individual, to be job-related, and to be conveniently located. There are four major formal on-the-job development methods:-

I. *Coaching*-the training of an employee by his or her immediate supervisor-is by far the most effective management development technique. Unfortunately, many managers are either unable or unwilling to coach those they supervise. To be meaningful, on-the-job coaching must be tempered with consider-able restraint-employees cannot develop unless they are allowed to work out problems in their own way. Managers too often feel compelled to tell their employees exactly

what to do, thereby negating the effectiveness of coaching. In addition, some managers feel threatened when asked to coach an employee, fearing they are creating a rival. Actually, the manager has much to gain from coaching, since a manager frequently will not be promoted unless there is a successor avail-able to take his or her place.

2. *Job rotation* involves shifting managers from position to position so they can broaden their experience and familiarize themselves with various aspects of the firm's operations.

3. *Training positions* are a third method of developing managers. Trainees are given staff posts immediately under a manager, often with the title of "assistant to." Such assignments give trainees a chance to work with and model themselves after outstanding managers who might otherwise have little contact with them.

4. Finally, *planned work activities* involve giving trainees important work assignments to develop their experience and ability. Trainees may be asked to head a task force or participate in an important committee meeting. Such experiences help them gain insight into how organizations operate and also improve their human relations skills.

Off-the-job development techniques remove individuals from the stresses and ongoing demands of the workplace, enabling them to focus fully on the learning experience. In addition, they provide opportunities for meeting people from other departments or organizations. Thus, employees are exposed to useful new ideas and experiences while they make potentially useful contacts. The most common off-the-job development methods are in-house classroom instruction and management

development programs sponsored by universities and other organizations.

Almost every management development program includes some form of *classroom instruction* in which specialists from inside or outside the organization teach trainees a particular subject. Classroom instruction is often supplemented with case studies, role-playing, and business games or simulations.

For example, managers may be asked to play roles on both sides in a simulated labor-management dispute.

Some organizations send selected employees to *university-sponsored management development programs*. Many major universities have such programs, which range in length from a week to three months or more. Some universities also have one-year full-time study programs for middle-level managers. Usually, these managers have been slated for promotion. Their organizations send them to

university programs to broaden their perspectives and prepare them for movement into general (as opposed to functional) management. University programs often consist of classroom instruction with case studies, role-playing, and simulation. Increasingly, large corporations are assuming many of the functions of universities with regard to advanced off-the-job training of employees. The Disney organization has a strong training program on several thousands of professionals attend Walt Disney Productions' management seminars to learn how to train and motivate employees.

Performance Appraisal

Managers need to know whether their employees are performing their jobs effectively and efficiently or whether there is need for improvement. Evaluating employee performance is part of a performance appraisal system, which is a process of establishing performance standards and appraising employee performance in order to arrive at objective human resource decisions as well as to provide documentation to support those decisions. Although helping others improve their performance is one of the manager's most important tasks ,most managers freely admit performance appraisal and improvement coaching gives them difficulty.

Judging an employee's performance accurately is not always easy. Often it is even harder to convey that judgment to the employee in a constructive and painless manner and to translate feedback on performance into future improvement.

We will use the term informal performance appraisal to mean the continual process of feeding back to employees information about how well they are doing their work for the organization. Informal appraisal can be conducted on a day-to--day basis. The manager spontaneously mentions that a particular piece of work was performed well or poorly, or the employee stops by the manager's office to find out how a particular piece *of work* was received. Because *of* the close connection between the behavior and the feedback on it, informal appraisal is an excellent way to encourage desirable performance and discourage undesirable performance before it becomes ingrained. An organization's employees must perceive informal appraisal not merely as a casual occurrence but as an important activity, an integral part *of* the organization's culture.

Formal systematic appraisal usually occurs semiannually or annually. Formal appraisal has *four* major purposes: (1) to let employees know formally how their current performance is being rated; (2)to identify employees who deserve merit raises; (3) to locate employees who need additional trainingand (4) to identify candidates for promotion.It is important *for* managers to differentiate between the current performance and the promotability (potential performance) *of* employees. Managers in many or organizations fail to make this distinction because they assume that a person with the skills and ability to perform well in *one* job will automatically perform well in a different or more responsible position. This is why people are *often* promoted to positions in which they cannot perform adequately. Who is responsible *for* formal performance appraisals? In answer to this question, *four* basic appraisal approaches have evolved in organizations. The first approach, a *manager's rating of* an *employee,* is by far the most common. However, other approaches are becoming more popular and can be a valuable supplement to appraisal by a single person .A group *of managers rating* an *employee* is the 'Second most frequently used appraisal approach .Employees are rated by a managerial committee or by a series *of* managers who fill out separate rating *forms.* Because it relies on a number *of* views, this approach is often more effective than appraisal by a single

manager. However, it is time-consuming and *often* dilutes employees' feelings *of* account-ability to their immediate supervisor.

The third appraisal approach is a *group of peers rating* a *colleague.* The individual is rated separately and on paper by co-workers on the same organizational level. The fourth approach is *employees' rating of bosses.* This approach is used in some colleges, where faculties are asked to evaluate their dean on a number *of* performance measures. But it is increasingly used at businesses that are responding to the furor *of* dynamic engagement. At AT&T and other companies, many employees rate their bosses in what is called "360° Feedback." Even the chairman gets a review from his direct subordinates.

Maintaining Human Resources

After organizations have attracted and developed an effective workforce, they must make every effort to maintain that workforce.

The movement of personnel within the organization-their promotion, transfer, de-motion, and separation have been major aspects of maintenance in human resource management. The actual decisions about whom to promote and whom to fire can also be among the most difficult, and important, a manager has to make. Maintenance of human resources also includes the determination of effective compensation and benefits.

Promotions

The possibility of advancement often serves as a major incentive for superior man-agerial performance,and promotions are the most significant way to recognize su-perior performance. Therefore, it isextremely important that promotions be fair-based on merit and untainted by favoritism. Still, evenfair and appropriate promotions can create a number of problems. One major problem is that frequentlyorganization members who are bypassed for promotion feel resentful, which may affect their moraleand productivity. Another major problem is discrimination. Most people accept the need, or at leastthe legal obligation, to avoid racial, sex-ual, or age discrimination in the *hiring* process. Less attentionhas been paid to discrimination against women, older employees, and minority groups in *promotion* decisions. Consequently, affirmative action programs have been introduced to as sure that potential victims of discrimination are groomed for advancement.

Transfers

Transfers serve a number of purposes. They are used to give people broader job ex-periences as partof their development and to fill vacancies as they occur. Transfers are also used to keep promotion ladders open and to keep individuals interested in the work. For example, many middle managers reach a plateau simply because there is no room for all of them at the top. Such managers may be shifted to other positions to keep their job motivation and interest high. Finally, inadequately performing employees may be transferred to other jobs simply because a higher-level manager is reluctant to demote or fire them. Increasingly, however, some employ-ees are refusing transfers because they

do not want to move their families or jeop-ardize a spouse's career.

Discipline, demotions and separations

Discipline is generally administered when an employee violates company policy or falls short of work expectations, and managers must act to remedy the situation. Discipline usually progresses through a series of steps-warning, reprimand, pro-bation, suspension,

disciplinary transfer, demotion, and discharge-until the problem is solved or eliminated. Some ineffective managers may be asked to go for retraining or development, others may be "promoted" to a position with a more impressive title but less responsibility.If demotion or transfer is not feasible, separation is usually better than letting a poor performer stay on the job. No matter how agonizing the separation decision may be, the logic of human resource planning frequently requires that it be made. (Interestingly, a surprising number of poor performers at one firm become solid successes at another.)

Lesson 32 : Maintaining Human Resources

As we have already discussed, the accelerated trend toward restructuring in to-day's turbulent environment of increased competition has contributed to a grow-ing rate of separations. As a result, some companies provide *outplacement services* to help separated employees find new positions.It has become increasingly important for managers to establish-and follow to the letter-a policy on termination. For many years, it was accepted doctrine that managers could fire at their own discretion.Through legislative and judicial ac-tion, however, employees have won an increasing number ofcomplex rights. As a result, more and more companies are finding themselves answering charges of"wrongful termination" in courts that seem to view jobs as a form of legal contract or property, with roughly comparable rights. Judgments of wrongful termination challenge the doctrine of "at-will"employment used in many jurisdictions.

Compensation

Compensation has traditionally been linked to a particular job or job description. The general idea is that the more responsibility a manager has, the more com-pensation he or she should earn. Oftentimes jobs are rated by a job evaluation sys-tem which measures such variables as the number *of* subordinates,level in the organizational hierarchy, and the complexity and importance *of* the job function. In such a traditional or bureaucratic approach, senior organizational executives tend to be paid very well. Lower-level employees may be well paid, especially in the United States and Europe, but they have been increasingly underutilized. When competition from other countries with lower pay scalesemerges, companies find they are no longer competitive. Compensation systems that make organizations more productive must therefore be devised.

Many organizations have adopted a new approach to compensation that avoids the sometimes bureaucratic and hierarchical linkage to job descriptions and spans of control. Edward Lawler has dubbed this new approach "the new pay," or, as it is sometimes called, "strate-gic pay." The new pay approach is based on responses to the world of dynamic engagement that organizations face. Newobal competition and a changing labor force spell the need for creative human resources strategies,especially with regard to compensation.The new pay consists of a strategic approach to total compensation. Total com-pensation involves base pay, variable pay (often called "incentive pay"), and indi-rect pay (often called "benefits").Organizations attempt to match base pay with labor market conditions in order to have competitively priced labor forces at their disposal. Incentive or variable pay is used to reward performance improvements.

In addition, it gives management and employees the idea that they are partners in the competitive success of their organizations. Indirect pay or benefits have changed dramatically during.

the last few years as many organizations have moved toward flexible benefits packages that allow employees to tailor packages to their particular situations. On issues such as health care benefits,many organizations are experimenting with cost management and cost sharing techniques.By linking base pay to the labor market and variable pay to the success of the organization, managerscan use the compensation system to foster teamwork and other organizational goals. Many consultingfirms and investment banks adopt strategic pay. They compensate people at a base ratenecessary to hire and keep the best people, and they offer bonuses based on firm or work-group performance.

The Four C's Model for Evaluating Human Resources
To evaluate the effectiveness of the HRM process, within an organization, Harvard researchershave proposed a "four C's" model: competence, commitment, congruence, and cost effectiveness.Examples of questions related to each of the four C's, and some methods for measuring them follow:
1. Competence:
How competent are employees in their work? Do they need additional training?
Performance evaluations by managers can help a company determine what talent it has available.To what extent do HRM policies attract, keep, and develop employees with skills and knowledge needed now and in the future?
2. Commitment:
How committed are employees to their work and organization?
Surveys can be conducted through interviews and questionnaires to find answers to this question.Additional information can be gained from personnel records about voluntary separation, absenteeism,and grievances.
TO what extent do HRM policies enhance the commitment of employees to their work andorganization?
3. Congruence:
Is there congruence, or agreement, between the basic philosophy and goals of the company and itsemployees?
Is there trust and common purpose between managers and employees?
Incongruence can be detected in the frequency of strikes, conflicts between managers and subordinates,and grievances. A low level of congruence results in low levels of trust and common purpose; tension and trust between employees and managers may increase.
What levels of congruence between management and employees do HRM policies and practices enhance or retain?
4. Cost effectiveness:
Are HRM policies cost-effective in terms of wages, benefits, turnover, absenteeism, strikes, and similar factors?
By shaping HRM policies to enhance commitment, competence, congruence, and cost effectiveness,an organization increases its capacity to adapt to changes in its environment.
High commitment means:
1. Better communication between employees and managers.
2. Enhanced mutual trust.
3. All stakeholders responsive to one another's needs and concerns whenever changes in environmental demands occur.

High competence means:
1. Employees are versatile in their skills and can take on new roles and jobs as needed.
2. Employees are better able to respond to changes in environmental demands.

Cost effectiveness means:
That human resource costs, such as wages, benefits, and strikes, are kept equal to or less than those of competitors.

Higher congruence means:
That all stakeholders share a common purpose and collaborate in solving problems brought about by changes in environmental demands. This capacity to collaborate is crucial in an ever changing environment.

Managers need the participation of a broad range of stakeholders (including management, unions,and governmental agencies) to obtain the data needed to evaluate the impact of HRM practices and policies.