**Chapter 9 – Human Resource Management**

**Human Resource**

This is a term that refers to the people who work for an organisation

**What is Human Resource Management?**

* This is the part of management which is related to people at work.
* It includes all areas of responsibility that affect people at work.

**Who is the Human Resource Manager?**

The Human Resource Manager is responsible for, dedicated to, and concerned with the establishment and preservation of stable human relations in the organisation.

They attempt to, Improve communications, Encourage flexible work practises and Maximise the contribution made by the staff to the firm.

**What are the FUNCTIONS of Human Resource Management?**

1. Manpower Planning
2. Recruitment and Selection
3. Training and Development
4. Performance Appraisal
5. Pay and Rewards
6. Employer/Employee Relations

**1. Manpower Planning**

This involves examining the human resource needs of the organisation and ensuring that these needs are met.

This involves determining the human resources needed for the future and preparing a plan so that the firm will have the right staff in the right quantity to meet its objective at all times.

**Steps in Manpower Planning**

**1. Forecast Future Demand**

Calculate how many employees with certain types of skills are needed for the short term and long term future.

Very important for contract or seasonal work, for example in a hotel.

**2. Calculate existing supply of workers**

Conduct an audit of existing workforce including part time workers, contract workers and those near retirement.

**3. Recruitment or redundancy**

If the business has too many staff they can make those not required redundant.

If the business does not have enough staff they must recruit new ones with the skills required by the business.

**2. Recruitment and Selection**

* This is the main role of human resource management.
* It is the process by which the firm gets the right people to do the jobs necessary to achieve the firm’s goals.

1. Recruitment: means finding suitable people and persuading them to apply for the vacant positions. The HR manager must find this person through internal or external recruitment.

2. Selection: means choosing the best applicant for the job. The HR manager must screen all applicants before choosing who to interview for the vacancy.

**Steps:**

**1. Prepare a Job Description:**

A document which describes the duties and responsibilities of the vacant job.

**2. Prepare a Person Specification:**

A document which describes the type of person (character) needed to carry out the job.

**3. Encourage suitable candidate to apply.**

HR manager must make the vacancy along with the job description and person specification known to suitable candidates internally or externally.

Benefits of Internal Recruitment?

1. Good employees are offered the opportunity for career development and promotion and can also stay in an organisation. Staff morale thus improves.
2. The internal candidate will be familiar with the lay out, workings and procedures of the organisation. Less training is needed and they will become effective in their new role more quickly.
3. The strengths and weaknesses of the candidate are known to the organisation.
4. Trust grows between management and employees. Employees take on more responsibility and they are considered to be worthy for promotion.

**Drawbacks of Internal Recruitment**

1. There is no new blood, no fresh energetic worker with new ideas and experiences which can be used to develop the firm (an aspect of the firm).
2. An organisations other employees may not be happy with a fellow worker gaining promotion over themselves. They might not accept their former colleague in his/her new position. This may result in a lack of co-operation and aggression on the part of the employees
3. The best person for the job may not be the person available internally. The job may be given to the internal person to reward them for long service, to save time or to keep training and recruitment costs low.

**Benefits of External Recruitment**

1. Fresh ideas are brought into an organisation
2. The best possible talent is drawn upon
3. An outsider will bring a wider range of experience
4. They won’t be involved in office politics
5. Internal jealousy over the promotion of an existing member of staff won’t exist.

**Job Advertisements**

When advertised, the advertisement typically includes the following headings

* Job Title
* Brief Description of the Job
* Brief Description of the Organisation
* Location of Organisation and Job
* Qualifications, skills, characteristics, and experience required of the successful candidate
* Salary and rewards
* Contact person and address

**4. Screening and Interviewing**

* A firm might receive many applications for a position (300or more). The time and cost needed to interview all these candidates may be too high. The firm will have to do some level of screening to reduce the number of applicants and to create a shortlist of candidates (maybe 30 candidates).
1. Candidates may have to forward a letter of application and Curriculum Vitae or complete a standard application form.
2. The C.V. and letter of application allow the candidate more freedom to sell themselves to potential employers.
3. Standard applications allow people to be evaluated on the same terms, thus making it easier to call people for interview.
4. The information included in C.V.’s, and application forms can be used at interviews and can also form the basis of future employee records.

**5. Selection**

* This involves assessing the short list of applicants and choosing the most suitable person for the job.
	+ The best known method of assessment is the person to person interview which provides the opportunity for both the employer and applicant to obtain information about each other
* During an interview an employer
	+ Tries to confirm the information supplied in the application of curriculum vitae
	+ Tries to identify if the candidate has the skills, characteristics and attitude for the position
	+ Evaluates the applicant’s potential for growth and development

*Selection Tests*

To add to the information gathered in the application form and interview, *intelligence tests* to measure IQ, *aptitude tests* to measure suitability for particular types of work *personality tests* to assess the personality of the candidate

* When the most suitable person has been selected and a job offer made and accepted, an employment contract will be signed.

**3. Training and Development**

* Training provides workers with the skills and expertise necessary for them to perform their jobs properly.

**The Benefits of a Comprehensive Training and Development Programme are**

1. People are given basic training in the skills they need to do their job efficiently
2. People learn more about an organisation **i.e.** how it works, why it works the way it does
3. People learn additional skills, This enables them to progress in the organisation and attain promotion
4. People are motivated to succeed and to fill vacant posts
5. The introduction of new work methods and new technology is facilitated.
6. New people are attracted to the organisation knowing that they will receive training

Training can be provided within or outside and organisation

**1: ‘On the job’ training** places new people alongside more experienced people so that they learn by imitation and instruction. It is a common method of training for traditional professions and trades:

* Employees learns from practical experience – eg trainee nurse
* Employee can observe and practice essential tasks to perfect their techniques.
* Employee can use job rotation to gain experience in different roles in the workplace

**2. ‘Off the job’** training is provided by specialists at training courses run by industry experts.

* The employee can attend specific courses – eg Accounting in college at evening time
* The employee can attend conferences to hear from industry experts
* Apprentices attend college for phases of their training
* Teachers attend college and complete teacher practice during the course – they then attend inservice courses to learn more about their subjects
* The more senior or complex a job, the more time will spent on induction
* After induction, workers can be retrained from time to time to face the challenges posed and to utilise the technology of an ever changing world.

**Development**

The development of an organisation’s people is seen as a wider process than mere job training. It involves not just the acquisition of skills, but also the growth and development of the person. As people develop and grow, they become confident enough to seek promotion, gain transfers into other areas of the business.

Development is a very important aspect of working life today. Development is needed so as individuals are equipped to cope with technological changes, cultural and social changes, new methodologies.

The desire and willingness to develop, to grow, to improve are qualities which are seen by employers as very attractive.

**Importance of Training and Development:**

Good T & D leads to skilled productive workers. Quality will increase as will sales and profits

Good T & D improves employees morale and reduces staff turnover. Costs are down and profits increase.

Good T & D allows for more delegation. Managers are free to concentrate on more important issues.

Good T & D improves relations between employers and employees. Less conflict = more profits.

**4) Performance Appraisal**

This determines how well people are performing. It is a way of helping people in the organisation to maximise their performance. Appraisals take the form of interview between a worker and superior. During the interview the following areas are covered:

1. The goals set in the previous year and the person’s achievements during the year are reviewed

2. Changes in the organisation that affect the person or any changes on his/her job are identified and recognised.

3. Problem areas during the year are identified.

4. Priorities and goals are set for the following year.

5. Resources needed to help the person achieve his/her goals are identified, including areas for further training or development.

The H.R. manager must ensure that there is a **performance appraisal system** in place throughout the firm. To do this he/she has to:

1. Encourage managers regularly to appraise their staff

2. Train them in appraisal procedures

3. Convince the people working in the organisation that an appraisal system is not a threat but a way of obtaining feedback on their performance

4. Use the information provided by the appraisals to identify the training needs of the firm

**Advantages of a Performance Appraisal System**

1. It collects information which improves the organisation – can monitor plans and HR structures.
2. It identifies the training and development needs of the organisation
3. People become more motivated to improve – improved efficiency = increased profits
4. The potential of people is evaluated, making it easier to identify candidates for promotion
5. Decisions on what rewards should be paid to the people working in the organisation.

**5) Pay and Rewards**

Pay is the primary reason that people work. The salary or wage scale for any job is agreed when the person is employed and is outlined in the employment contract. Changes is pay scales may be agreed between management and employees as a result of local and national pay bargaining.

There are five methods of calculating pay

1. Basic Salary: a sum of money divided into 12 monthly amounts

2. Hourly Rate: the amount paid per hour worked

3. Piece Rate: the amount paid for each item made or produced

4. Commission: the amount paid for each item sold

5. Bonus System: This is paid to basic pay when people reach targets or at certain times of the year.

**Other Rewards – Financial**

**Profit Sharing**

* This is a scheme that results in employees receiving a share of the profits of a firm, should they exceed a certain level.

**Share Option**

* This is a scheme that allows employees to buy shares in the firm at a reduced price. They will thus receive a dividend on their shares

**Benefits is Kind**

* These are forms of non-money payment

**eg.**: a company car, a lap top, low-interest loans, subsidised canteen

**Non-Financial**

**Job Enrichment**

* This involves making the workplace a pleasant place to work. Workers are praised for work well done, given responsibility and allowed to use their initiative.

**Job Enlargement**

* This involves increasing the variety of tasks a worker does in order to reduce boredom.

**Employer/Employee Relations**

This term refers to the relationship which exists between employers and employees and the way they cooperate, communicate and consult on a regular basis. As we saw in chapter 3, it is extremely important that this relationship is good.

Good Industrial relations means that the employer and employee get on well; they talk on a regular basis and disputes can be settled without industrial action.

Bad Industrial relations means that the employer and employee do not get on well; they don’t talk on a regular basis and disputes aren’t settled without industrial action

**Results of Good Industrial Relations**

1. High Morale
2. A motivated workforce
3. Good public Image
4. Everybody who is part of the firm is working toward the same objective
5. Staff are prepared to be flexible at work
6. Problems can be dealt with quickly as all staff get on well and as there is a procedure in place to deal with problems
7. Problems quickly solved leads to High Productivity and a Quality good or service being produced
8. Good working conditions

**Results of Poor Industrial Relations**

1. Low motivation among staff – Absenteeism – high staff turnover
2. Low morale among staff - Staff no longer care about their job or the firm
3. People aren’t flexible and are reluctant to help others
4. No procedure in place to deal with problems
5. Low productivity - Low quality product or service
6. Disputes and strikes

**How does the Human Resource Manager Help Industrial Relations?**

**1. Communicating with Staff**

Ensuring that all mangers in the firm use their communication skills to provide all necessary information to their staff. Setting up procedures for handling disputes with workers and their representatives

**2. Consulting with Staff**

* Making sure no policy is introduced without taking employees views into consideration first
* Setting up procedure so that workers (or their representatives) are consulted on issues affecting them

**3. Negotiating with Staff**

* Negotiate with workers (or their representatives) when problems arise

**4. Building Trust**

* Build up sufficient trust with management between management and staff so that workers are represented at meetings of senior management on policy changes or other new development

**Redundancy**

This involves reducing the number of workers in a firm in order to cut costs and remain competitive. This can be a major cause of industrial relations disputes. Redundancy can come about through

**1. Natural Wastage**

People retire and leave work of their own accord and they are not replaced

**2. Early Retirement**

This involves offering a large sum of money, ‘a golden handshake’ and an improved pension to people who are at

Retirement age

**3. Voluntary Redundancy**

All employees in a firm are offered a large financial package in order to persuade them to leave voluntarily

**4. Selection**

* This can be done on the basis of LIFO (Last In First Out)
* This can be done on the basis of FIFO (First In First Out)
* This can be done proportionately (1/5 of all workers in each department are made redundant)
* Regardless of which method is chosen, the HR manager must ensure that all necessary consultation and discussion takes place and that the agreed procedures are followed.

**Teamwork**

**What is teamwork?**

This means organising management and other workers into groups with specific objectives to accomplish

This can often lead to better results than just workers working on their own.

HR managers and managers in general should encourage teamwork where possible and ensure that all teams are self-motivating. Morale, motivation, commitment, productivity and industrial relations will improve.