

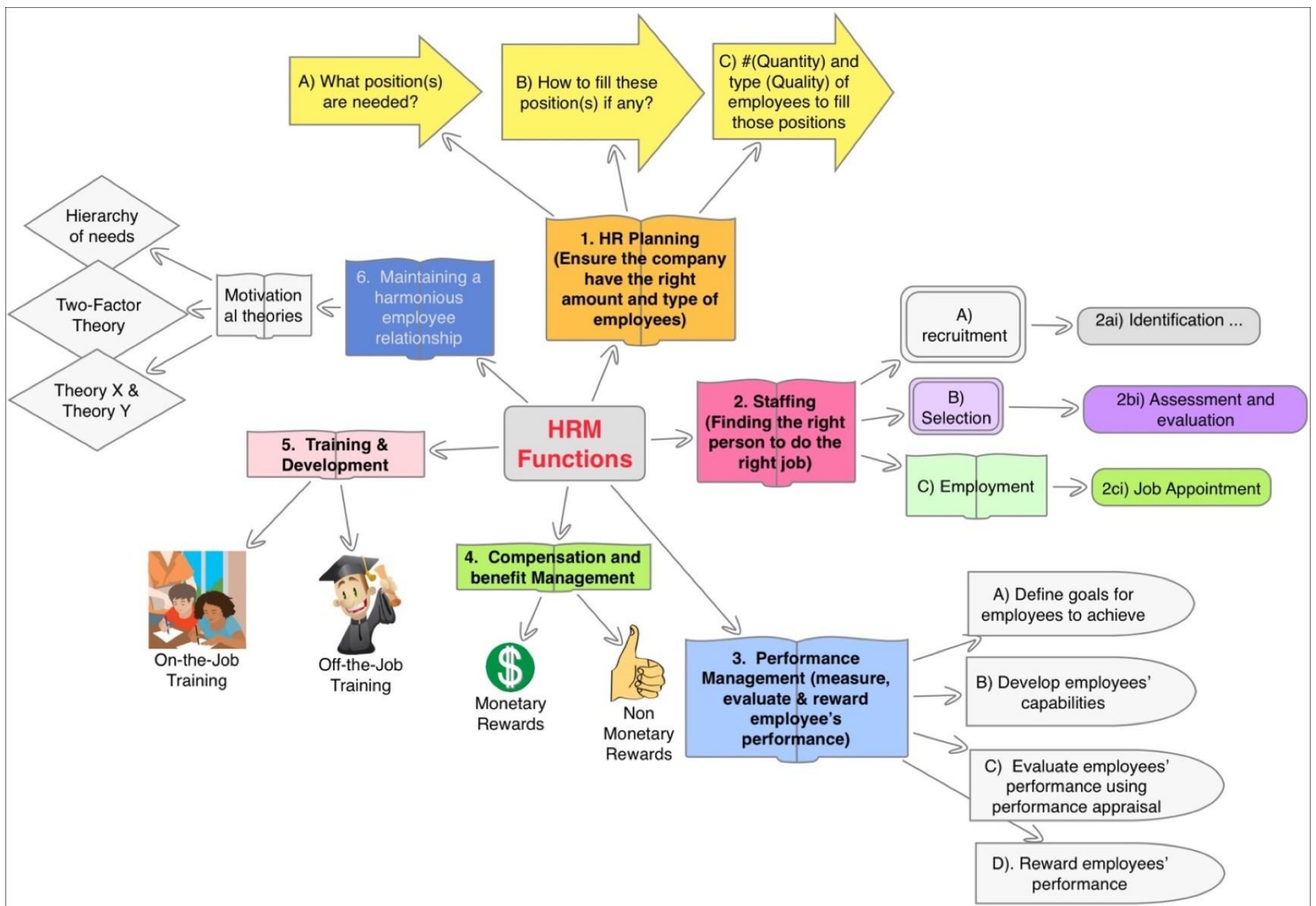
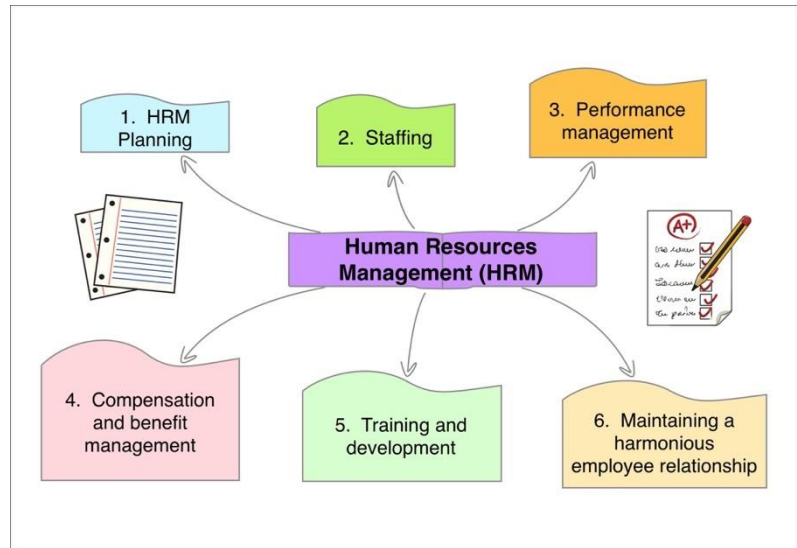
Human Resources Management Chapter 1 – HRM Planning & Staffing

A. Introduction to Human Resources Management (HRM)

- HRM-acquiring, appraising, compensating and training employees, and dealing with matters about relation and well-being of employees [attract + retain + develop]

⇒ Functions

- o1 Human Resources Planning
- o2 Staffing
- o3 Performance Management
- o4 Compensation & Benefit Management
- o5 Training & Development
- o6 Maintaining Harmonious Employees Relationship



B. Human Resources Planning (HRM Function 1) -deciding what and how positions of firm are to be filled

⇒ Forecast number (quantity) & type (quality) of manpower needed for achieving objectives



I. Importance

(a) Future HR needs

[e.g. key executives retire → suitable successors → training → transition]

⇒ sufficient qualified employees → achieve objectives

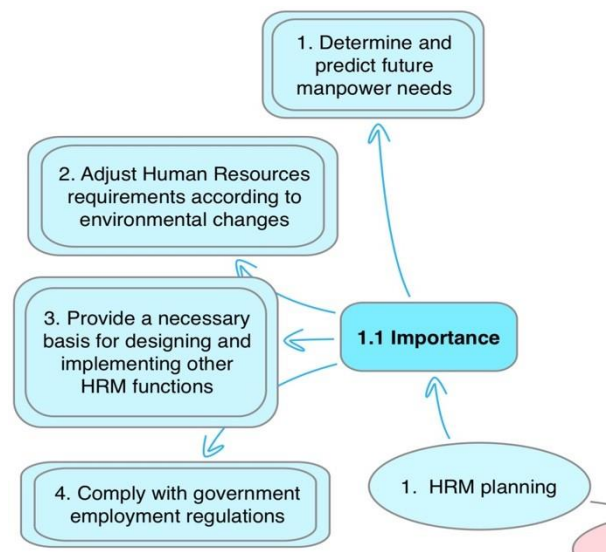
(b) Adjust HR requirements when environment changes

[e.g. competition, technology, consumer tastes]

(c) Necessary basis for designing & implementing other HRM functions

(d) Comply with government employment regulations

[reputation] [e.g. licences, wage, MPF, OT]



II. Process

o1 Identify objectives & strategic plans:

accurately plan for future HR requirements

o2 Assess current HR situation:

updated record →

number & qualifications of all employees

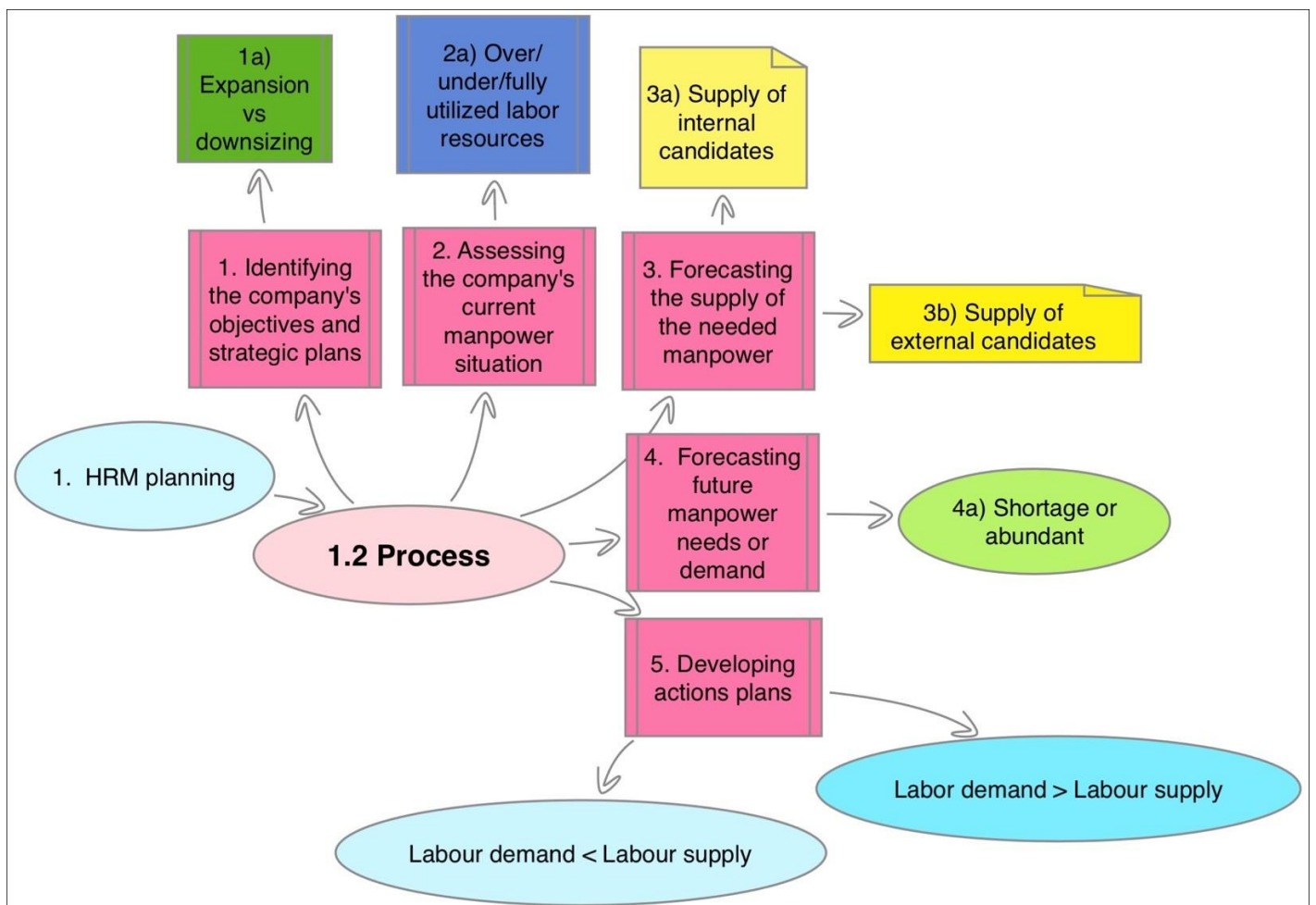
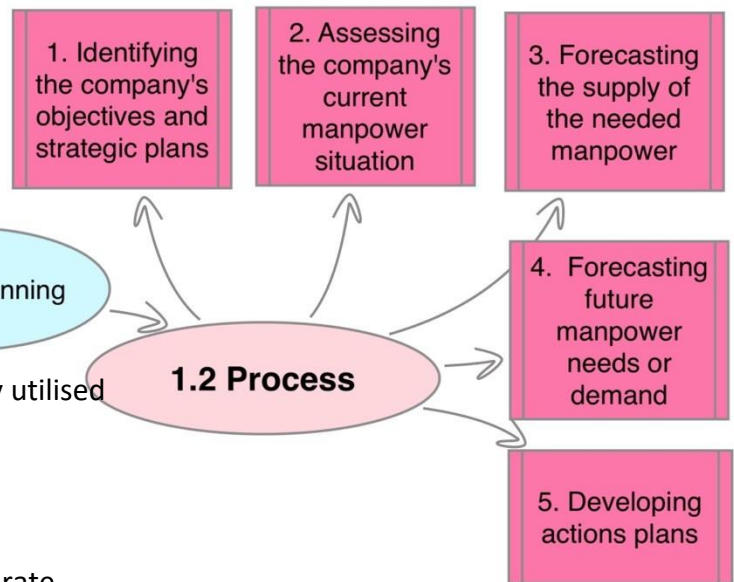
⇒ **internal labour:** over-utilised/under-utilised /fully utilised

o3 Forecast future HR demand:

expansion (acquire) vs reduction (fewer)

⇒ **outflows:** termination, retirement, staff turnover rate

⇒ **internal inflows:** promotion, internal transfers



o4 Forecast supply of needed HR: size & quality of present & potential manpower

(a) Internal

- **Skills Inventory:** summary of all employees' information for promotion & transfer

⇒ personal data, skills, capacity, salary & employment history, special preferences

- **Staff Turnover Rate:** % of employees left firm within specified period [high% = supply ↓]

$$\Rightarrow = \frac{\text{Number of employees leaving}}{\text{Total number of employees}} \times 100\%$$

(b) External [factors affecting]

- **government's policies/** regulations/laws (e.g. mandatory retirement age, minimum wages)
- availability of suitable quantity & types of workers in **job market**
- **education & training** (short-run: supply↓ [delayed entry], long-run: supply↑)
- **geographical location** [difficult]: large competitions & remote areas (transport: time & cost)
- **unemployment rate** [low: difficult] -skill shortages [industry] -avg. age of labour force

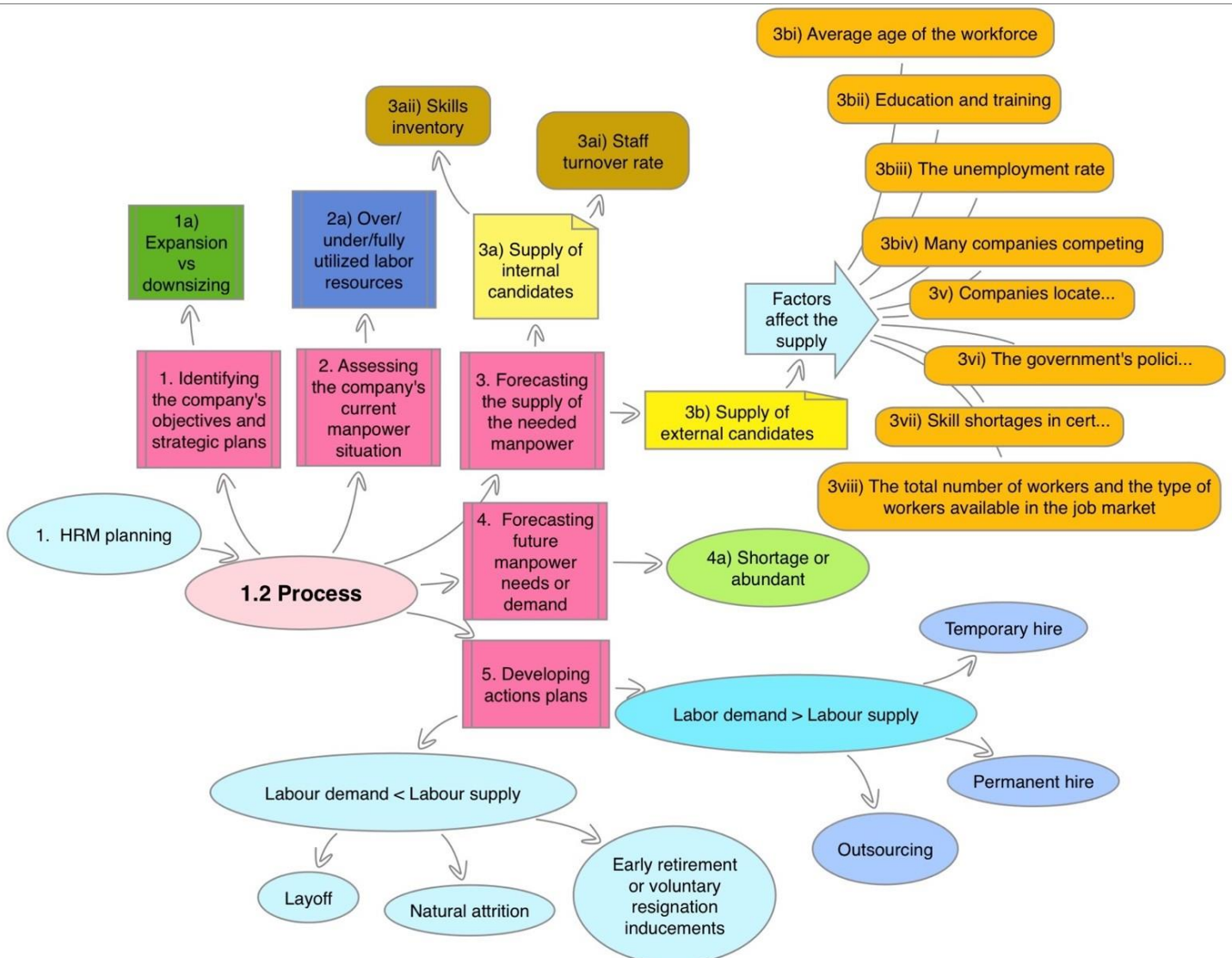
o5 **Develop action plans [method + number]**

(c) Labour Demand > Supply

- **Permanent Hire:** regular staff (same benefits as other staff)
- **Temporary Hire:** specified & usually short period (less favourable employment terms)
- **Outsourcing:** contractor perform internal jobs by paying sub-contracting fee
- concentrate on core tasks -save costs (fee < training/operation costs)

(d) Labour Demand < Supply [release redundant employees: downsizing]

- **Layoff:** terminates employment relationship with employee
- **Early Retirement/Voluntary Resignation Inducements:** financial incentives→leave earlier
- **Natural Attrition:** gradual reduction of employees through retirement/resignation/death
⇒slow, least negative impact on morale/well-being of existing employees



III. Job Analysis – determining duties and skills requirements of a job, and characteristics of person hired

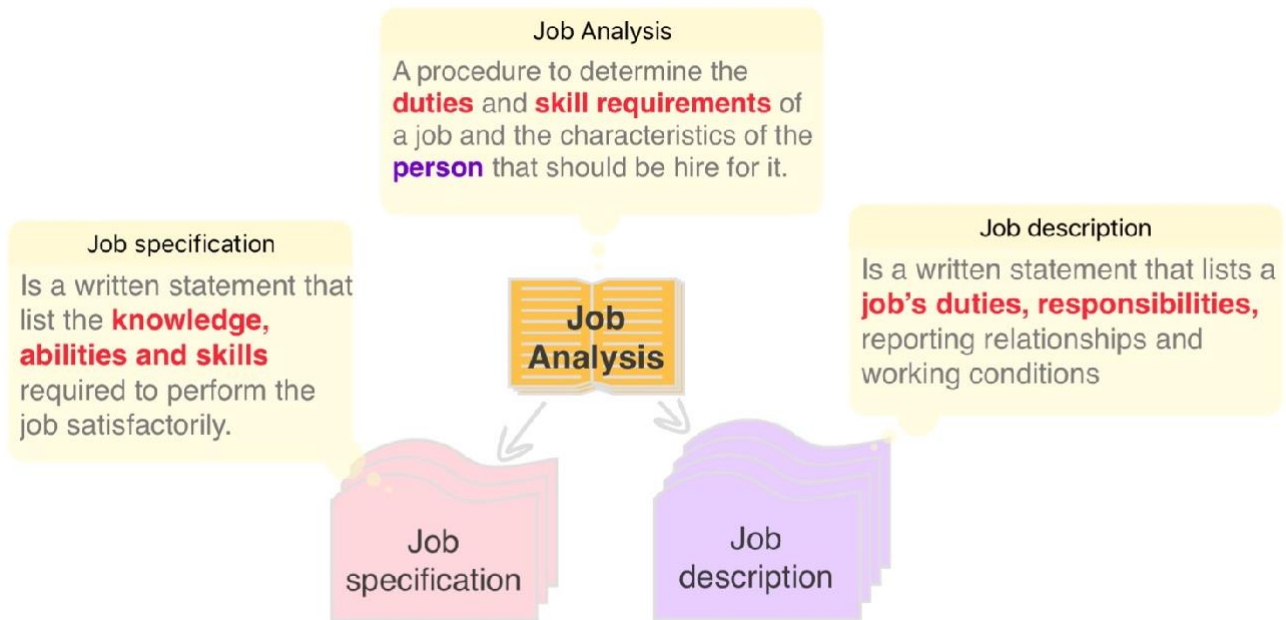
[importance: perform other HRM functions]

- **written statements**

(a) **Job Specification** – listing knowledge, abilities and skills required for satisfactory performance

⇒ criteria & information for performance assessment

(b) **Job Description** – listing duties, responsibilities, reporting relationships and working conditions



C. Staffing (HRM Function 2) – acquiring sufficient number of qualified employees to fill planned openings

I. Recruitment – identifying and attracting potential candidates to apply for openings

o ¹ Manpower Sources	Internal		External	
Cost	lower	Adv.	Save training cost	Adv.
New insight, skills & ideas	✘	Disadv.	✓	Adv.
Adapting to operations & culture	easier	Adv.	harder	Disadv.
Morale & motivation (existing)	enhance	Adv.	worsen	Disadv.
Morale (unpromoted)	worsen	Disadv.	/	
Competition	unhealthy	Disadv.		
Effect (training time)	quick	Adv.		
Staff turnover rate	/		↑low chance for promotion	Disadv.

o2 **Job Posting – process of informing people about firm’s vacancies**

(a) **Internal** [Intranet: private computer network with restricted access]

Advantages			Disadvantages
Intranet	inexpensive	Easy access	May be overlooked
Email	inexpensive	Time-saving	convenient Can't inform employees without account

(b) External	Advantages	Disadvantages
Advertising (Mass Media/Internet)	-cost-effective (many applicants) -wide coverage	-many unsuitable applications -time & manpower needed for shortlisting
Government Employment Agencies	-free of charge -wide coverage	-uncommon for managerial personnel
Non-profit Employment Agencies	-particular group of candidates	-expensive (administrative costs) -time-consuming
Commercial Employment Agencies	-experienced (white-collar & managerial personnel)	-employers pay for service -quality depends on capabilities & reputation of agency
Employee Referral	-lower cost -suitable -easier to adapt to workplace	-unequal opportunity
Professional Institution /Trade Unions	-suitable	-information only available to members
Job Fairs	-save cost & time (e.g. ads) -quick to attract many applicants	-less suitable for senior positions (X assessment)

II. Selection – assessing and evaluating job applicants to determine suitable employees

(a) **Screening Written Applicants** (e.g. education, skills, experience) [→shortlist]

(b) Test

- **physical** (e.g. machines/disciplinary forces: reaction, strength, body coordination)
- **mental** [aptitude test] (e.g. intelligence quotient[IQ], memory, numerical ability)
- **personality**

(c) **Work Sampling Technique** [direct observation on job-related activities]

(d) **Reference Check** [accuracy of information]

(e) **Medical Examination** [health conditions, physical fitness]

(f) **Interview:** collect information by asking questions (responses: predict performance)

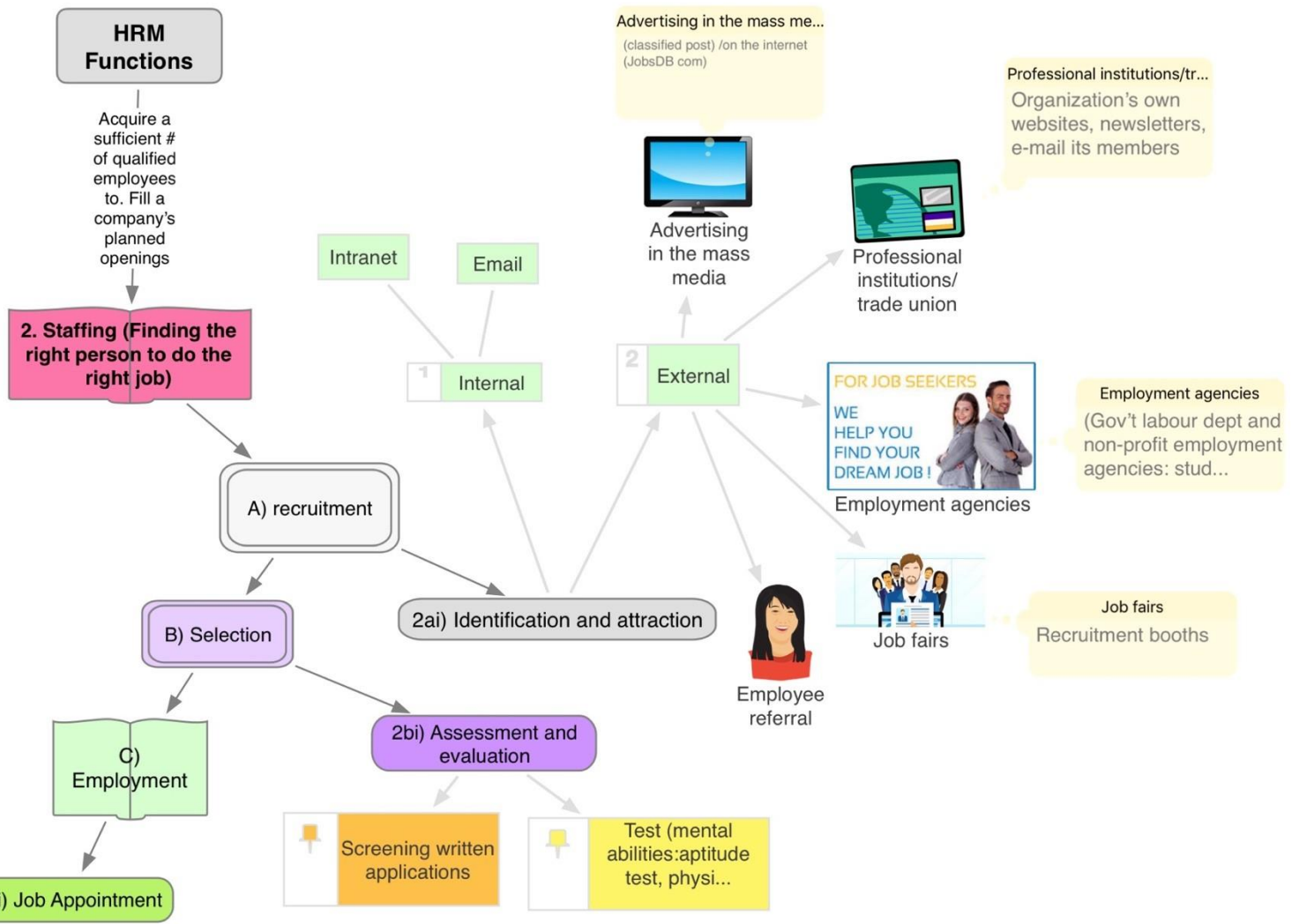
- **Panel:** ≥2 interviewers
- **Group:** several applicants together vs ≥ 1 interviewer [topic/problem: solve]
- **Stress:** applicant made to feel uncomfortable by impolite/hard questions
⇒ many interactions required → emotional stability, maturity, stress tolerance

#Advantages of conducting interview.: face-to-face observation, can predict future performance

#Disadv. [biases] - over-focusing on particular strength/weakness [≠ overall suitability]

- recruiting people similar to self
- conclusion only on first impressions

- **Structured:** standardized evaluation form → same set of questions
- **Unstructured:** no pre-set list of questions → different Qs for different applicants



III. Employment – final decision regarding whom the job to be offered and terms of offer

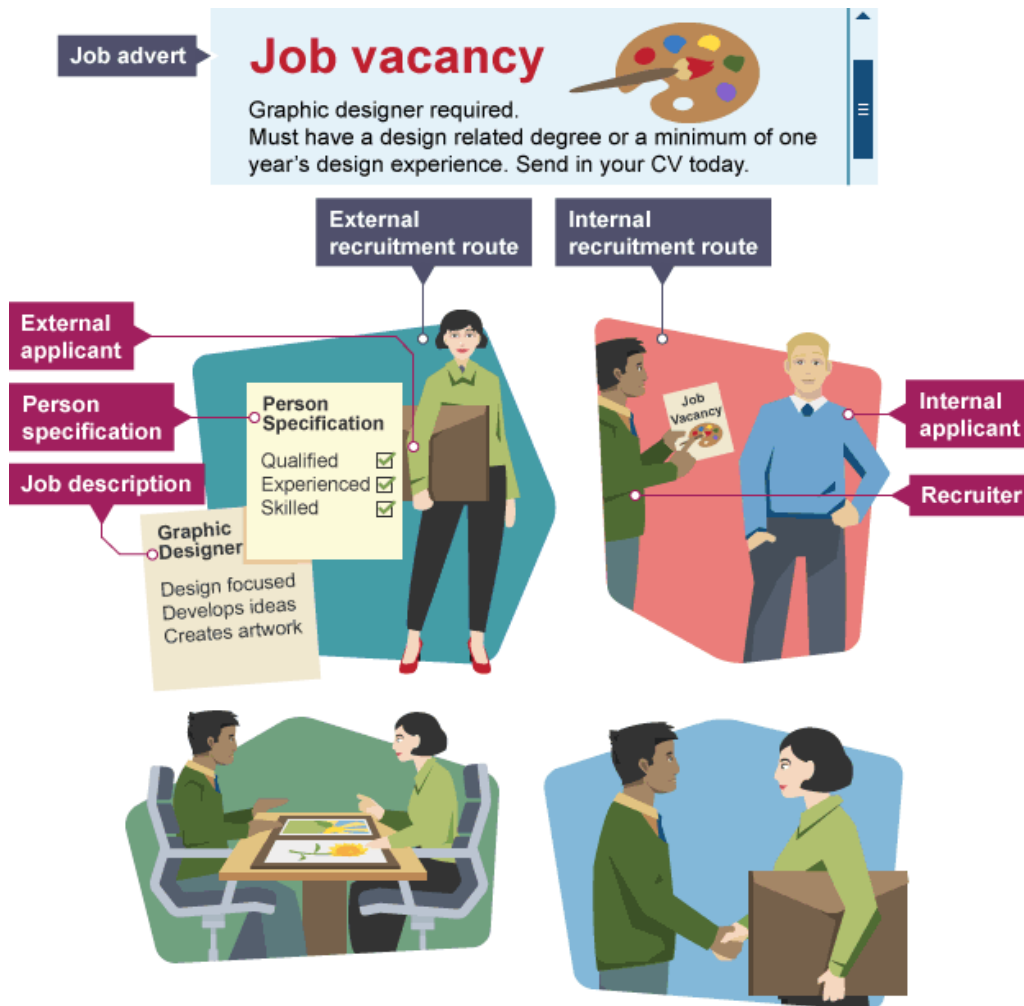
o1. **Decide whom to employ**

o2 **Inform chosen candidate**

⇒ employment contract (e.g. position, terms, working hours, salary, leave)

o3 **Inform failed candidate**

⇒ public image & morale (existing candidates)



Human Resources Management Chapter 2 – Performance Management

- **Performance Management (HRM Function 3) – measure, evaluate and reward employees' performance**

⇒ **Performance Appraisal – evaluating employees' performance by pre-set standards**

A. Objectives

(a) **utilize human resources effectively**

⇒ arrange jobs by potential/skills/knowledge → right people

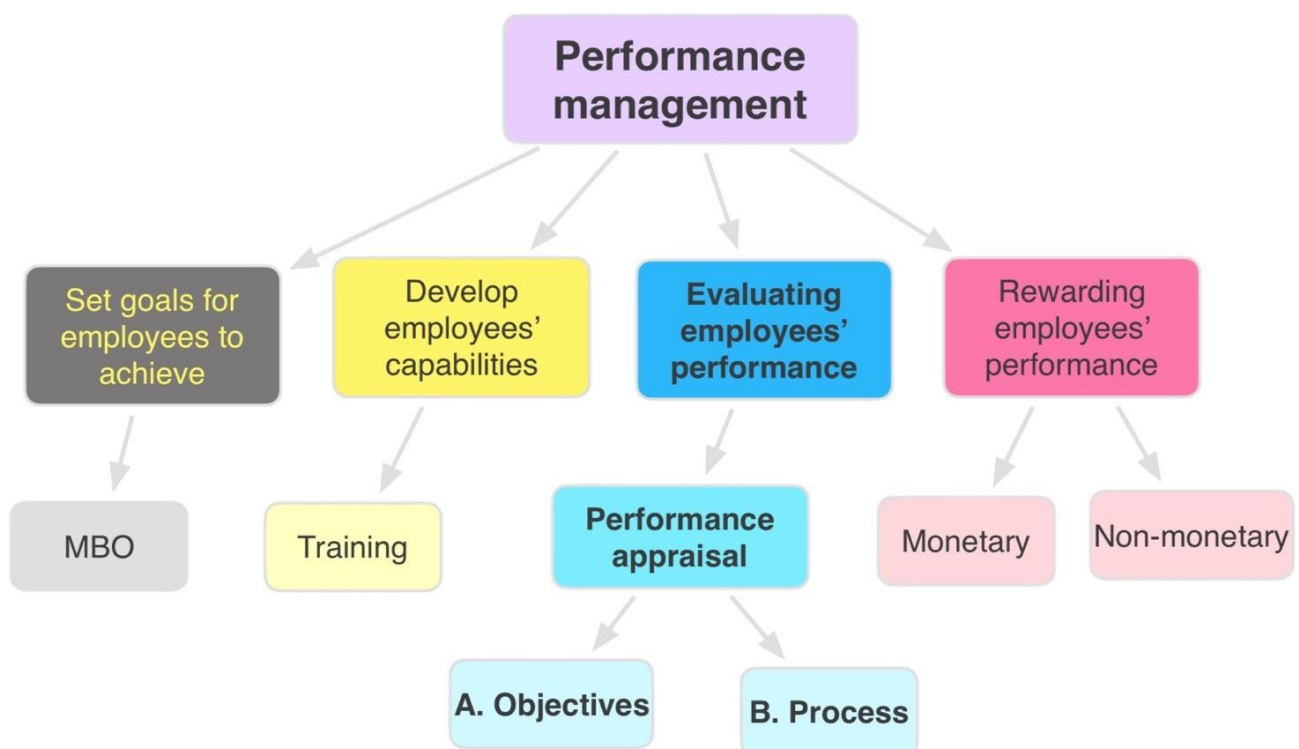
⇒ e.g. promotion, termination, transfer, salary increase

(b) **allow employees understand firm's objectives**

⇒ work towards standards → productivity ↑

(c) **develop employees' capabilities**

⇒ understand strengths/weaknesses/areas for improvement → training/guidance/advice



B. Process

○1 **identify & formulate clear & measurable goals [planning]**

⇒ review job description & firm's objectives ⇒ communicate with employees ⇒ SMART goals / standards

○2 **measure performance & monitor goal achievement**

⇒ e.g. self-evaluation, views (peers/subordinates/external stakeholders [customers/suppliers])

○3 **feedback & coaching on appraisal results [ongoing communication]**

⇒ provide instructions and encouragement, correct poor performance, praise good performance, listen to employees' concerns and comments, identify barriers to performance

○4 **HRM decisions based on appraisal**

⇒ performance: exceed/met/fell below standards → reward/improve/retain/motivate

⇒ e.g. bonus, promotion, training


Factors affecting the accuracy of performance appraisal:

1. **Personal factors of evaluators:**

- some managers may tend to judge employees more favorably according to their **own personal preferences (bias)**, e.g. younger, male, graduated from famous school
- the manager's rating of an employee **in one area** may bias his rating of the same employee in other areas.

Rater Errors in Performance Measurement

- ◆ Similar to me
- ◆ Contrast
- ◆ Distributional errors
- ◆ Halo and horns
- ◆ Recency
- ◆ Stereotypes
- ◆ Selective perception
- ◆ Bias



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2. **If the standards of evaluation are unclear:**

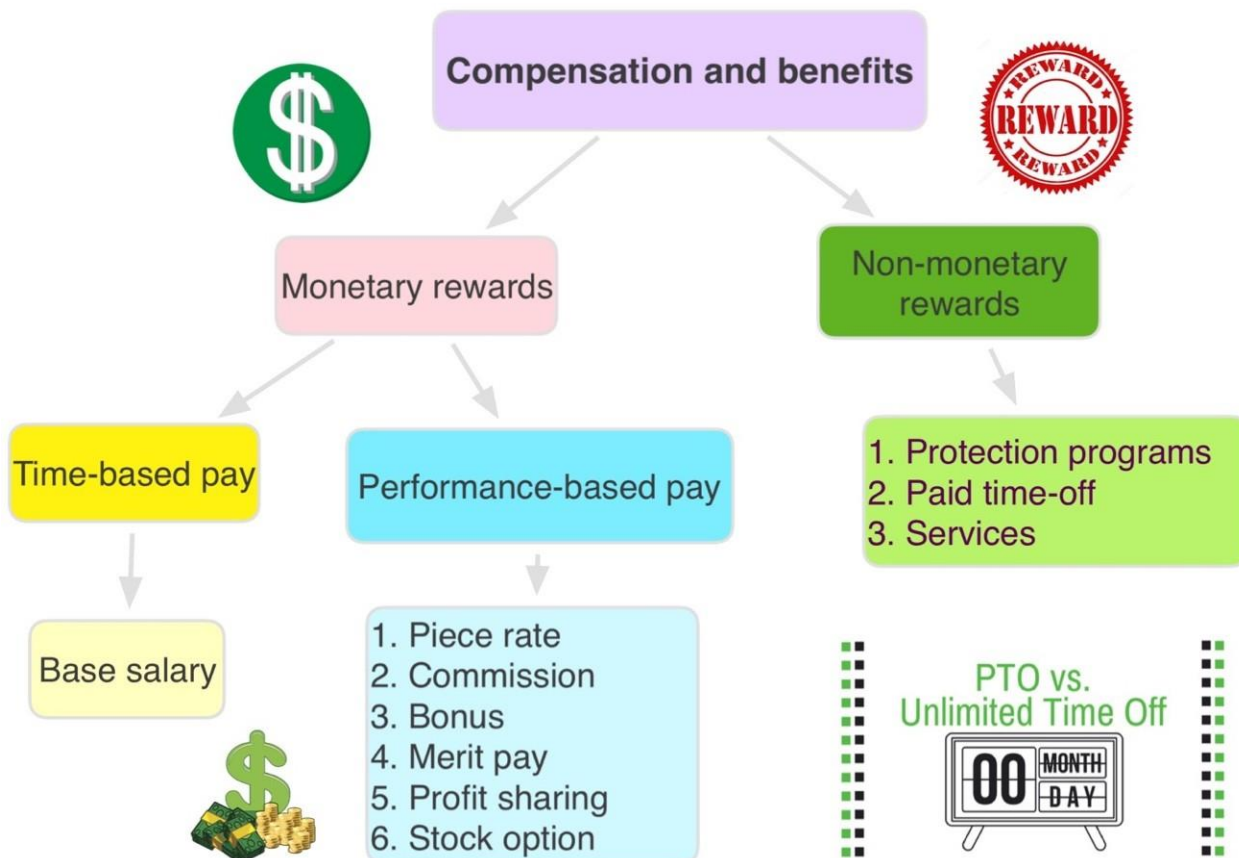
- different managers may **use their own standards** to evaluate their subordinates' performance.
- Some may be too **lenient** while some are too **harsh**.

Solutions to the inaccuracy of performance appraisal:

1. **Compare the scores distribution** to ensure the score of a group of employees being appraised is normally distributed
2. The **rating standard** of evaluators should be checked.
3. Set a **clear performance standard guidelines** for all managers to follow when conducting appraisal



• **Compensation & Benefit Management (HRM Function4)**



Managing reward system to attract retain and motivate employees

A. Monetary Rewards[cash/payment equivalent to cash]

- #Adv.** -attract talent (main consideration)
 -motivate (links effort/performance to rewards)
 -Maintain living standard
 -flexible for employee (buy whatever want)

I.) Time-based Pay: for service in specified period [=base salary]

- #Adv.** - major income source (stable financial support)
 -most important form of compensation
 -harmonious (not base on performance → competition ↓)
 -avoid high administrative costs (performance evaluation)

- #Disadv.** -unchanged for certain period regardless of performance
 -relatively weaker motivational power than performance-based
 -less attract for high calibre employees

II.) Performance-based Pay: for performance of services

#Adv.-relatively stronger motivational power than time-based
-attractive for high calibre employees

#Disadv.-may just focus on certain aspects affecting pay
-inharmonious(competition)

(a) piece rate -pay given for every unity of product produced or task completed

#Adv. -easy to understand
-fair

#Disadv. -resist new technology(need time to learn→earn less during learning)

-focus on quantity but not quality
-refuse to switch job (depends on familiarity)



(b) profit sharing -incentive pay base on % of firm's profits

[all share same amount]

#Adv. -link employees' interest to firm's interest
-flexible(not pay/pay less when unsatisfactory firm performance)

#Disadv. -motivator(individual performance may just litter impact)
-time lag between good performance &pay given



(c) stock option -right to buy certain # of share at specified price during specified period)

[usually managers/executives→become owners→financial interest↑]

#Adv. -long-term incentive (within period)
-loyalty &commitment

#Disadv. -weak motivator(if share price↓)
-may boost share price unethically



(d) commission-calculated as % of sales revenue or fixed rate for every product sold

#Adv. -easy to understand &apply
-greatest incentive

#disadv. -focus on products with high commission/acceptance
-highly unstable income(if sole compensation)→insecure



(e) bonus-one off payment for well-performed[related to firm's performance]

#Adv. -flexible (not guaranteed)

-effective motivator

#Disadv. -unfair(if bonus system not transparent)

B. Non-monetary rewards[forms other than cash]

(a) **protection programmers:** avoid financial risks
insurance[medial expenses],retirement)

(b) **paid time-off :**holidays ,paid/sick/maternity/paternity leave ,severance pay

(c) **service :**personal needs(subsidies e.g. education,recreation,purchases)



(e.g.

#Purposes of providing employee benefits

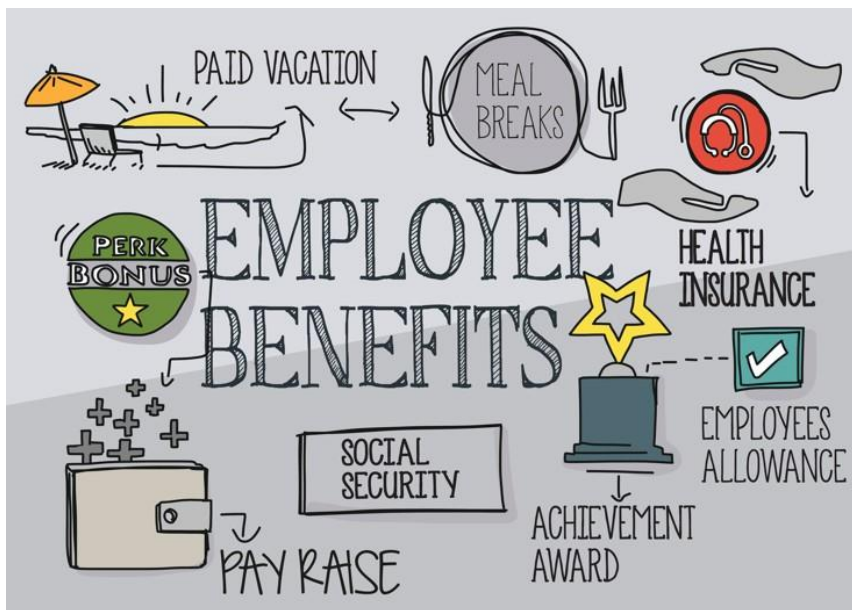
-supplement monetary rewards(talent/professionals→higher recognition level)

-sense of belonging(care→loyalty→better relations)

-well-being(physical +psychological→productivity & satisfaction↑)

-corporate image(persuade purchase)

-legal requirements



#Advantages of providing employee benefits

-employers can obtain less costly benefits than employees obtain benefits by themselves
(bargaining power of employers: bulk purchase for the whole company)

-non-taxed.

-attract talent

Human Resource Management Chapter 4-training&Development

- **Training** -learning process to improve employees' ability to perform jobs→(HRM Function 5)
- **Development**-preparing employees to meet changes in responsibilities in jobs

A. Objective(Benefits)

- employees' & firm's **productivity**↑
- product/service quality**↑:mistakes↓,manner↑→satisfaction↑
- ensure health& safety of employees**: avoid industrial accidents
- facilitate employees' personal growth**: future career
- satisfy firm's current& future needs**: strengthen HR→growth/market changes
- improve employees' morale**:
performance↑→compensation/promotion→sense of belongings
- harmonious working environment**



B. On-the-job-Training that takes place when employee is at work

#Adv. -inexpensive(off-site facilities)

-immediate feedback

-directly apply skills& knowledge

#Disadv. - varied skills from different trainers

-less systematic

- effectiveness depends on supervisors' commitment to subordinates.



I)Apprenticeship Training

structured process with combination of classroom teaching and practical training

(popular in industries requiring skill certification)

#Adv. -theories & hand-on practices

- receive income during training

#Disadv. -higher administrative costs



II) Coaching

experienced worker helps employee develop skills with instruction and demonstrations
(e.g. instruction, encouragement, correction, listen to concerns& comments, identify problems)

#Adv. -quick development of skills

-support& feedback from coach

#Disadv. -time-consuming for trainers to provide feedback



III) Job Rotation

employee moves-from one job area at planned intervals

#Adv. -variety of jobs→different skills+ internal network+

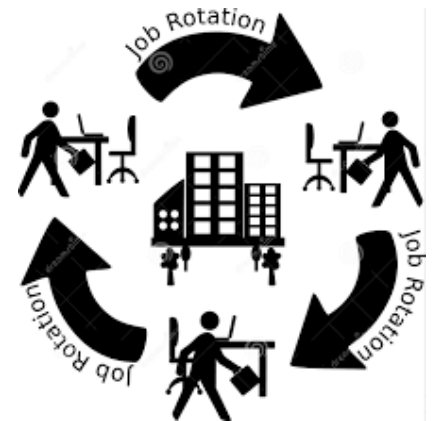
understand different functions

-greater flexibility in assigning jobs(managers)

Disadv. -can't develop in- depth skills(limited working-time per job area)

-short-term perspective on problems& solutions

-heavier workload for remaining employees→productivity↓



C. Off-the-job training

training that takes place in location other than actual workplace

#adv. -less stressful than actual

-minimize disruption to actual work

-latest related skills& knowledge

#Disadv. -high training costs (if external experts/advanced facilities)

-may not be applicable(different setting from actual)

-may not be effective(trainees with different abilities→learn together)

I) Classroom Teaching

trainees attend classroom lecture

[factual concepts/concepts/principles/theories]

#Adv. -economical

-quick & simple to train large group

#Disadv. -may not be applicable(different setting from actual work environment)

-inadequate interaction & communication→may lose interest(many trainees)



II) Programmed Learning

step-by-step self-learning method aided by ICT

(facts, concepts, follow-up questions/problems → trainee responds → feedback

#Adv. -useful for learning that requires little interaction geographically dispersed employees

-immediate feedback → full understanding before moving on

-convenient (learn at own speed/time/place)

#Disadv. -expensive (computer-based programs)

-not cost-effective (materials similar to

traditional textbooks)



III) simulation training

trainees learn in simulated workplace similar to actual

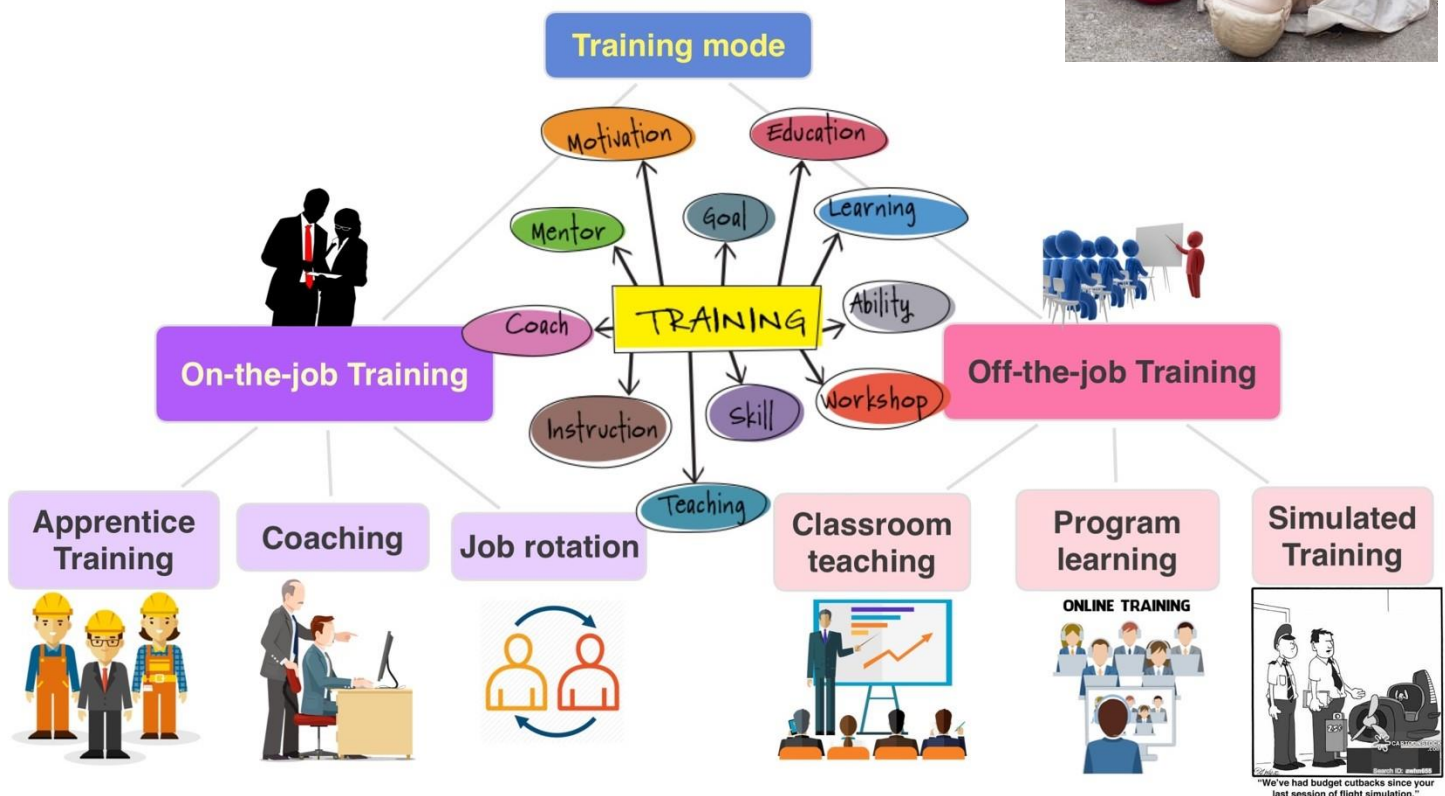
(equipment/computer simulation)

#Adv. -equipment: less expensive (too costly/dangerous to train on-the-job)

-computer: economical to train decision-making (avoid bad decisions of managers)

#Disadv. -effectiveness depends on design of setting

-expensive to develop & maintain equipment



Human Resource Management Chapter 5-Development of Quality Workforce

Motivation-process that individuals are activated into putting effort into achieving goals

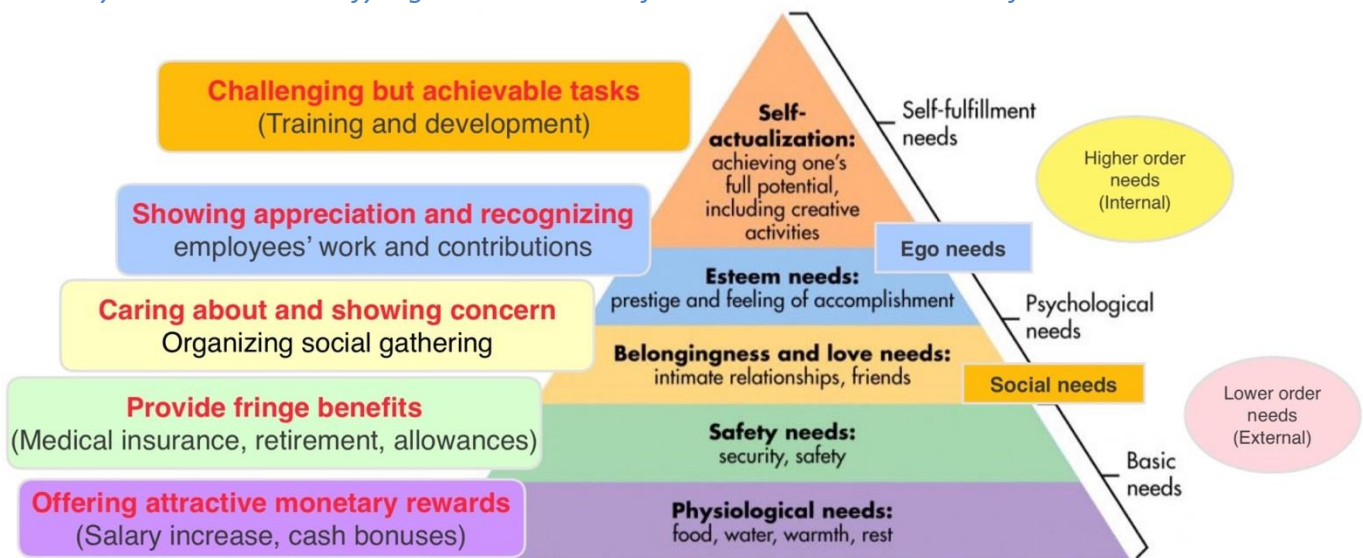
(understand employees' needs → motivation → more effort towards firm's → efficiency ↑)

A. Maslow's Hierarchy of Needs Theory-human needs can be classified five levels

Self-actualization	High-order	Internal satisfied
ego		
social		
Safety & security	Lower-order	external satisfied
physiological		

-different people have different needs & may change over time → tailor + adjust

-only motivated to satisfy higher-order needs if lower-order needs are satisfied



(a) Physiological-basic human needs required to sustain life: **Mainly monetary rewards**

(b) Safety & security-needs for physical safety, order stability and control over life and environment: **Non-monetary reward**

(c) Social-needs for interpersonal interaction

Care & concern for employees, gathering → friends, belonging, social acceptance

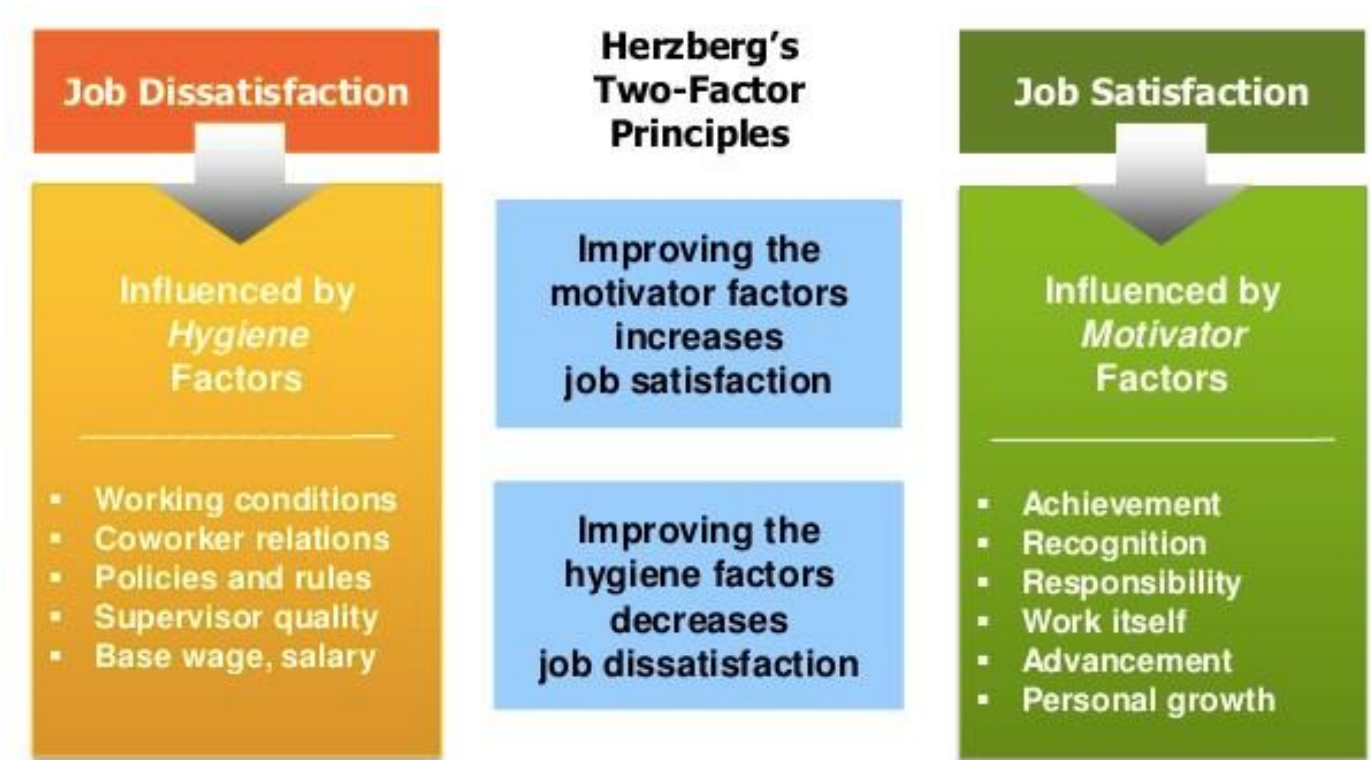
(d) Ego-sense of achievement and desire for prestige, reputation, status and respect

Appreciation, rewards → esteem factors (self-respect, autonomy, achievement, recognition)

(e) Self-actualization-desire in realizing full potential and expressing unique talents

Challenging-factors/Motivation-Hygiene Theory

B. Herzberg's Two-Factor-individual's work attitude determines performance



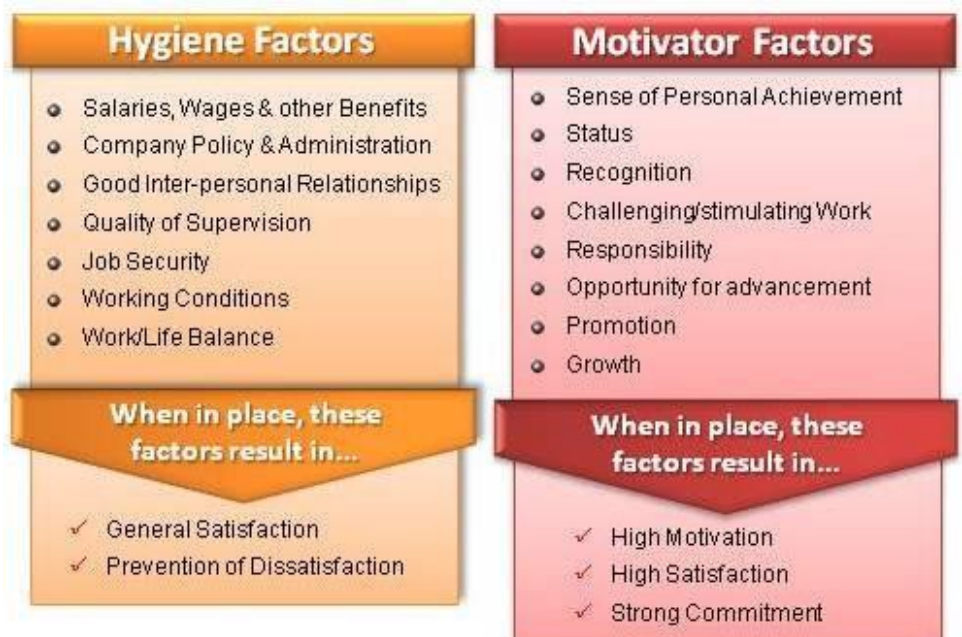
Dual-Factors/motivation-Hygiene theory

(a) **Motivators-factors leading to job satisfaction** [inherent part of job → intrinsic → ↑ efficiency]

- e.g. advancement, personal growth, work itself, achievement, recognition, responsibility

(b) **Hygiene Factor-factors preventing job dissatisfaction** [workplace → extrinsic → ✗ motivate]

monetary & non-monetary rewards, Company policy, administration, supervision, status, security, working conditions, relationship with supervisors & peers



1. McGregor's Theory X & Theory Y : 2 different views of managers on human beings



McGregor X - Y Theories



Theory X	Theory Y
<ul style="list-style-type: none"> * people need close supervision * will avoid work when possible * will avoid responsibility * that they desire only money * people must be pushed to perform 	<ul style="list-style-type: none"> * people want independence in work * people seek responsibility * people are motivated by self-fulfilment * people naturally want to work * people will drive themselves to perform

Theory X

managers: coercive (punishments) & close control > employees work hard

employees:

- avoid responsibilities (inherently don't like working)
- little ambition (just secure)
- motivated by monetary rewards & lower-order needs
- seek formal direction

Theory Y

employees:

- work: part of life
- committed, self-motivated,
- accept/seek responsibilities
- self-control
- motivated by higher-order needs
- want satisfaction (not just for money)
- decisions & challenging task

Theory X VS Theory Y



Mc Gregor Theory X and Theory Y



<http://betterorbetter.com>

Mc Gregor believed managers have two different views of workers regarding attitudes to work and motivation

Attitude

We dislike work and find it boring. Therefore, we will avoid it if we can.

We need and are obligated to work. However, under the right circumstances, we can enjoy it.

Direction

We must be forced or coerced to make the effort to work.

If we accept a target, we will work toward it.

Responsibility

We avoid responsibility, and we would rather be directed than accept responsibility.

Under the right conditions, we seek and accept responsibility.

Motivation

We are motivated only by money and fears (job insecurity).

We are motivated by the desire to reach our potential.

Creativity

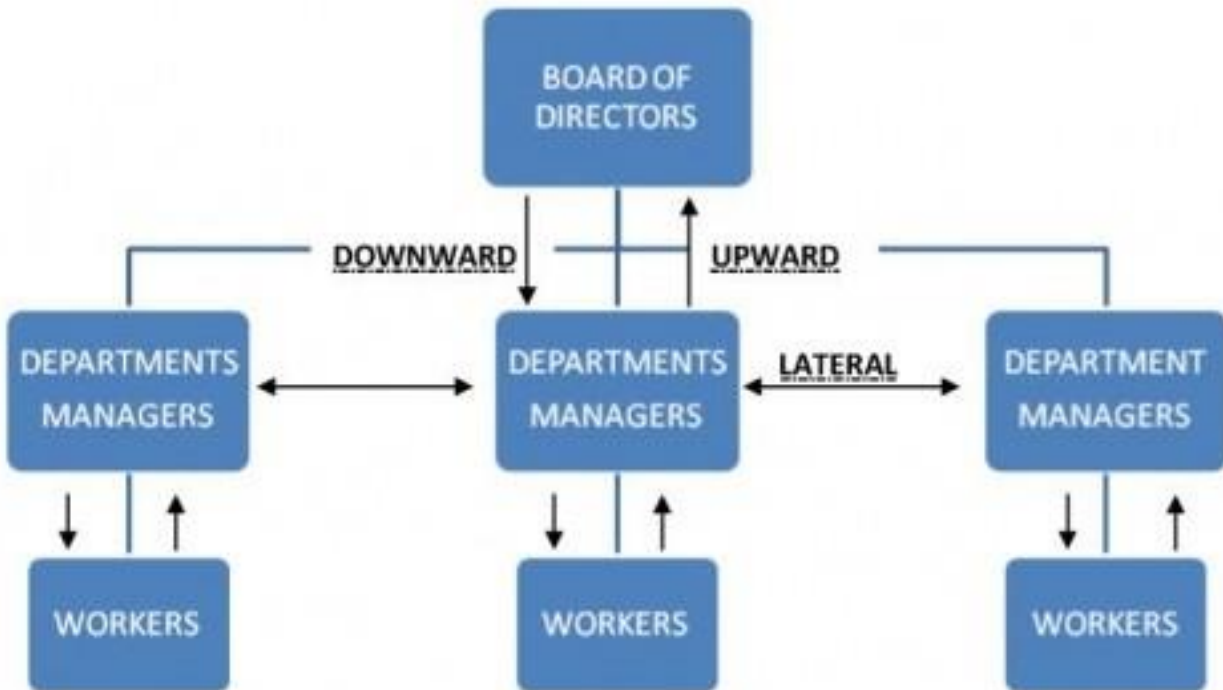
Most of us have little creativity except when it comes to avoiding rules.

We have a great creativity, but we are rarely given the opportunity to develop it.

2. Internal Communication-exchange of information between parties within firm

> directions & suggestions > less misunderstanding > better employee relations

- I. **Direction**
 - (a) **lateral** [same-level members]
 - (b) **vertical** [supervisors, praise, feedback]
 - > **downward**: instructions, praise, feedback
 - > **upward**: reports, proposals, complaints



II. **Channels [medium that messages travel]**

> **informal/ formal** (authorized: task-related > decision-making & coordination)

- (a) electronic media [e.g. email, video, SMS]
- (b) print-media [paper-based e.g. newsletter]
- (c) face-to-face [physically present e.g. conference]
- (d) workplace [displayed e.g. notice board]



III. Programmers

- (a) **Orientation:** introduction
 - >adapt to new workplace + social networks + understand policies & procedures
- (b) **Mentoring:** assigning experienced mentor to assist mentee in developing skills & knowledge
 - >understand unspoken rules & culture + share frustration & satisfaction + fulfil social needs
- (c) **Social gathering:** promote friendship
 - >social networks + sense of belonging +fulfil social needs
- (d) **Staff meeting:** conference for communication policy, vision & strategy
 - >sense of trust in leadership + take part in decision-making
- (e) **Employee attitude survey:** discover employees' thoughts & feelings about work & firm
 - >understand their attitude, motivation & satisfaction + corrections + express & complaints

