Chapter 9
HUMAN RESOURCE AND TALENT MANAGEMENT [PowerPoint Slide 1]

Chapter 9 explains the nature of staffing, giving insight into the major component of human resource management. (The term **talent management** has become a loose synonym for staffing and human resource management.)

The view of staffing here includes its strategic and legal aspects, human resource planning, recruitment, selection and placement, orientation, training and development, performance evaluation (appraisal), and compensation. Included also is a glimpse of how labor unions contribute to talent and human resource management. Two other aspects of staffing, termination and managing ineffective performers, are covered later in Chapter 16. Human resource management is inherently interesting to many students because it relates directly to their experiences in seeking employment.

Learning Objectives
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1. Explain how human resource management is part of business strategy.
2. Describe the components of organizational staffing.
3. Present an overview of recruitment and selection.
4. Present an overview of employee orientation, training, and development.
5. Explain the basics of a performance evaluation system.
6. Summarize the basics of employee compensation.
7. Understand the role of labor unions in human resource management.

Chapter Outline and Lecture Notes
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I.   **HUMAN RESOURCE MANAGEMENT AND BUSINESS STRATEGY [PowerPoint Slide 2]**
     The modern role for human resource professionals is that of a partner in helping the organization attain its business strategy. Without effective human resource management, the company cannot accomplish high-level goals such as competing globally, grabbing market share, and being innovative. A specific way HRM contributes to business strategy is by helping to build high-performance work practices. An integration of 92 studies found that organizations can increase their performance 20 percent by implementing high-performance work practices.

II. **THE TALENT MANAGEMENT MODEL AND STRATEGIC HUMAN RESOURCE PLANNING [PowerPoint Slides 3 and 4]**
     Talent management is the heart of human resource management. Talent management follows a logical flow of events (see Exhibit 9-1 in the text): (a) awareness of legal aspects, (b) human resources planning; (c) recruitment; (d) selection, (e) orientation, training, and development, (f) compensation, and (g) performance evaluation. A major strategy of talent management is to retain valuable employees, and any aspect of staffing can contribute to

retention. The main reasons for turnover are individual, environmental, and workplace factors.

Job embeddedness theory suggests that a combination of many factors influences whether employees stay with a firm. Among these influences are the job itself and off-the-job factors such as personal and family commitments.

A. Legal Aspects of Staffing [PowerPoint Slides 5 and 6]

Federal, state, provincial, and local laws influence every aspect of talent management. Exhibit 9-2 summarizes key legislation that affects staffing in the United States. (See also http://www.eeoc.gov/abouteeo/overview_laws.html) When a possible legal issue arises, the manager should review the relevant legislation in depth and confer with a company specialist in employment law.

Affirmative action programs help implement the spirit and letter of employment discrimination law in the U.S. **Affirmative action** consists of complying with anti-discrimination law *and* correcting past discriminatory practices. Employers actively recruit, employ, train, and promote minorities and women who may have been discriminated against previously by the employer. A national debate continues over whether any person in a competitive situation deserves a preference because of race, ethnicity, or sex.

Under Title VII, the ADA, and the ADEA, it is illegal to discriminate in any aspect of employment, including: hiring and firing; compensation, assignment or classification of employees; transfer, promotion, layoff, or recall; job advertisements; recruitment; testing; use of company facilities; training and apprenticeship programs; fringe benefits; pay, retirement plans, and disability leave; or other terms and conditions of employment.

An example of discrimination is harassment on the basis of race, color, religion, sex, national origin, disability, or age. Although most forms of discrimination may appear clear-cut, a good deal of interpretation is required to decide if a given employee is the subject of discrimination.

B.   Strategic Human Resource and Talent Management Planning [PowerPoint Slide 7]

Staffing begins with **strategic human resources planning**, the process of anticipating and providing for the movement of people into, with, and out of an organization to support the firm's business strategy. (An alternative term is strategic talent management planning.) Planning helps identify the gaps between current employee competencies and behavior and the competencies and behavior needed in the organization's future. The four basic steps in strategic human resource planning are planning for (1) future needs, (2) future turnover, (3) recruitment, selection, and layoffs, and (4) training and development. In step 3 a major choice is between the training and promoting current employees versus hiring from the outside.

III. **RECRUITMENT** [PowerPoint Slide 8]

Recruitment is the process of attracting job candidates with the right characteristics and skills to fill job openings. The preferred recruiting method is to begin with a large number of possible job candidates and then give serious consideration to a much smaller number.

A. **Purposes of Recruitment** [PowerPoint Slide 8]

Recruitment searches for a good person-organization fit, and attempts to sell the organization to high-quality prospective candidates.

B. **Job Descriptions and Job Specifications** [PowerPoint Slide 8]

The job description explains in detail what the jobholder is supposed to do. A **job specification** is a statement of the personal characteristics needed to perform the job. Many firms see job descriptions and job specifications decreasing in relevance because some workers are expected to occupy flexible roles.

C. **Recruiting Sources** [PowerPoint Slide 9]

Recruiting sources can be classified into (1) present employees, (2) referrals by present employees, (3) online recruiting including company Web sites, and (4) external sources other than online approaches, such as recruiting advertisements. Company Websites have ascended as recruiting sources, as has creating pages on social networking sites. Some recruiters scan social networking sites looking for potential talent. The data presented in Exhibit 9-3 are instructive, with employee referrals and the Internet being the two major recruiting sources.

D. **Global Recruiting** [PowerPoint Slide 10]

Multinational businesses must have the capability to connect with other parts of the globe to locate talent anywhere in the world. Company recruiters must meet job specifications calling for multiculturalism (being able to conduct business in other cultures) on top of more traditional skills. Global recruiting for managers can be difficult because candidates must be found who can blend the work practices of the two cultures.

IV. **SELECTION**

Selection follows recruitment. Selecting qualified candidates is the lifeblood of any firm, and selection mistakes can cost the employer three times the worker's annual salary.

A. **Preliminary Screening Interview** [PowerPoint Slide 11]

A brief screening interview helps determine if the candidate is plausible. The screening interview is often conducted over the telephone. "Knockout" questions are sometimes used for quickly disqualifying candidates. Webcams can also be used for preliminary screening.

B. **Types of Psychological and Personnel Tests** [PowerPoint Slide 12]

Tests remain an important part of selection, and have shown a recent surge in use.

1. *Types of Psychological and Personnel Tests*   The four commonly used types are situational judgment, aptitude, personality (including emotional intelligence), and honesty and integrity. The situational judgment test can be considered a job simulation. A major factor measured by integrity tests is conscientiousness. The Big Five Personality Factors presented in Exhibit 9-5 are useful for discussions about job demands.

2. *Validity and Equal Employment Opportunity*   The EEOC insists that selection instruments must be validated, job-related, and not discriminatory toward any group. At their best, batteries of tests make an important contribution to selection and therefore to increasing workforce productivity. The most valid predictors of job success for a variety of general jobs are cognitive intelligence and conscientiousness.

C. **The Job Interview [PowerPoint Slide 13]**
The job interview is more comprehensive than the screening interview. Employment interviews are more valid when the interviewer is trained and experienced. Keep in mind the importance of the **realistic job preview,** a complete disclosure of the potential negative features of a job to a job candidate. Guidelines for conducting a productive job interview are presented in Exhibit 9-6.

Several of the suggestions reflect a screening approach referred to as **behavioral interviewing** because the answers to many of the questions reveal actual job behaviors relevant to a given position. If the candidate lacks much job experience, a behavioral question can be asked about a characteristic important to the job, such as resiliency. Exhibit 9-7, the Job Interviewee Checklist, can be useful for class discussion.

D. **Reference Checking and Background Investigation [PowerPoint Slide 14]**
A reference check is an inquiry to a second party about a job candidate's suitability for employment. The two main areas of inquiry are past job performance and the ability to get along with co-workers. Asking about violent behavior has become more frequent. Former and prospective employers have a qualified privilege to discuss an employee's past performance. Job applicants have legal access to written reference unless they sign a waiver.

Background investigations are closely related to reference checks, except that they focus on information form sources other than former employees. Credit checks are usually included as part of the checking. Background investigations are useful because so many job candidates present untrue information. Standard practice today is for prospective employers to search the Internet, including social networking sites, for potential negative, as well as positive, information about a candidate.

The Society of Human Resource Management reports that approximately 53 percent of job applicants enhance their work histories in their résumés and during the interview. Financial scandals in the executive suite have prompted more thorough background investigations of candidates for high-level management positions.

E. The Physical Examination and Drug Testing [PowerPoint Slide 15]
The physical exam gives some indication as to the person's physical ability to handle the requirements of a particular job, and provides a basis for later comparisons. Many companies test all job applicants for illegal drug use, and the number of drug users is declining. Abuse of prescription drugs is a widespread problem. A concern is that inaccurate drug testing may unfairly deny employment to worthy candidates, yet drug abusers create many problems if hired.

F. Cross-Cultural Selection [PowerPoint Slide 16]
Managers and employment interviewers should familiarize themselves with key facts about the other culture, such as differences among various schools. Many selection principles apply well across cultures, but some do not. A key aspect of cross-cultural selection is choosing workers who will fit well as *expatriates* (employees sent to work in another country). One predictor of success is the desire for an out-of-the country assignment. Matching the person's style to the culture is another key success factor.

V. ORIENTATION, TRAINING, AND DEVELOPMENT
Most firms no longer operate under a "sink or swim" philosophy when it comes to employee learning.

A. Employee Orientation (Onboarding) [PowerPoint Slide 17]
An **employee orientation program** (also referred to as onboarding) more formally acquaints new employees with the company imparts information about the corporate culture. Orientation also conveys to new employees the specific nature of their job and expectations in terms of performance. A buddy or a mentor might also assist in orientation. Another aspect of orientation is informal socialization in which coworkers introduce new employees to aspects of the organizational culture.

B. Training and Development [PowerPoint Slides 18 and 19]
Training is any procedure intended to foster and enhance learning among employees, and is aimed at acquiring job skills. Training is used to develop both hard (technical, scientific, and numerical) skills as well as soft skills (interpersonal skills and attitudes). Training and development is so important to many big companies that the organizational unit responsible for such activity is labeled a *university*.

A substantial amount of skills training in industry is delivered through computers. **E-learning** is a Web-based form of computer-based training. Much computer-based training includes an interaction between the trainee and the training material. Some training is delivered through MP3 players, enabling workers to receive training at any spare moment, or just in time.

Despite the contribution and growth of e-learning, many students, however, need the classroom interaction. Many companies are now taking a balanced approach of classroom training combined with e-learning. Developing interpersonal skills requires face-to-face practice. Many workers lack enough self-discipline and self-motivation to follow through with e-learning.

Employee training is often conducted by company leaders.

Development is a form of personal improvement generally consisting of enhancing knowledge and skills of a complex and unstructured nature. A new thrust in development is to teach managers to become better life-long learners. **[PowerPoint Slide 19]**

1. *Needs Assessment and Selecting an Appropriate Training Program.* Conducting training and development programs begins with determining what types of training are needed. Training and development needs can also be identified for the entire organization, or a large chunk thereof. However, there are also universal training needs relating to such topics as communication, motivation, and decision making. After needs are assessed, they must be carefully matched to training and development programs. Sometimes a program must be tailored to fit company requirements.

   In addition to training and development programs, substantial learning takes place outside of the classroom or away from the computer. **Informal learning** (outside of classrooms) has been elevated in status recently.

VI.   **PERFORMANCE EVALUATION (OR APPRAISAL)** **[PowerPoint Slide 20]**
       A **performance evaluation** (or appraisal) is a formal system for measuring, evaluating, and reviewing performance. Research indicates that *performance* has three major components: task performance, citizenship performance, and counterproductive performance.

       An offshoot of evaluating employees against a performance standard is to use **forced rankings** in which employees are measured against each other. One ranking approach is forcing employees into the categories of "Top 20%, Vital 70%, and Bottom 10%." When bottom-group employees are fired, the system is called "rank and yank." Forced rankings are highly controversial. The concerns include that managers are forced to rank some good workers as "bottom performers," teamwork suffers, and that discrimination occurs.

       The emphasis on team structures has led to teams being evaluated, as well as multi-rating systems. A widely-used performance appraisal is **360-degree feedback**, in which a person is evaluated by a sampling of all the people with whom he or she interacts. Self-assessment is also included. The 360-degree survey can also be used to supplement a traditional performance appraisal. However, 360-dgree feedback is used more often for development than appraisal.

   A. **Purposes of Performance Evaluation** **[PowerPoint Slide 21]**
       Performance evaluations serve a number of important administrative and leadership purposes. Administrative purposes include salary administration and documenting poor performance for purposes of dismissal. The leadership purposes of performance appraisal include increasing productivity and helping employees grow and develop.

B. Design of the Performance-Evaluation System [PowerPoint Slide 22]
Performance-evaluation systems measure traits, behavior, results, or a combination of the three. **Traits** are the stable aspects of people, closely related to personality. **Behavior**, or activity, is what people do on the job. **Results** are what people accomplish, or the objectives they attain. Research strongly suggests that employees are the most satisfied with performance appraisal when they participate in the process.

Many workers dislike having their performance evaluated, and many managers dislike evaluating workers. One alternative to performance appraisals is for managers to have face-to-face conversations with workers about their performance on a regular basis.

VII. COMPENSATION
Compensation, the combination of pay and benefits, is closely related to staffing.

A. Types of Pay [PowerPoint Slide 23]
Wages and salary are the most common forms of pay. Wages are hourly pay, whereas salary is an annual amount of money paid to a worker. A bonus serves as a reward for good performance. To determine how much a given job should receive in wages or pay, many companies perform a **job evaluation,** the process of rank-ordering job based on job content.

The major thrust in compensation for workers at all levels is **variable pay,** in which the amount of money a worker receives is partially dependent on his or her performance. Another approach to variable pay, **stack ranking**, requires managers to rank each employee within each unit, and distribute raises and bonuses accordingly. Yahoo uses stack ranking to help retain top performers.

B. Employee Benefits [PowerPoint Slide 24]
An **employee benefit** is any noncash payment given to workers as a condition of their employment. The benefit package averages about 35 percent of salaries. Exhibit 9-9 presents a representative list of employee benefits, organized by type and frequency.

Despite the importance of benefits, many companies in recent years have either decreased or required employees to pay a larger share, particularly with medical benefits. Health-care insurance and pensions have been looked upon carefully by management as a detriment to competing successfully against foreign competitors. To reduce costs, many companies have shifted workers to a *consumer driven health plan* in which workers assume a much large deductible.

Few companies any longer offer the traditional benefit plan in which retirees are given a fixed pension for life, adjusted upward annually for inflation. Instead, most employers offer a defined contribution plan, often referred to as a 401(k) plan. Many employers have stopped matching employee contributions.

VIII. THE ROLE OF LABOR UNIONS IN HUMAN RESOURCE MANAGEMENT
[PowerPoint Slide 25]

When a firm is unionized, the labor union influences almost all human resources programs and practices. A major purpose of a labor union is to attain fair treatment for workers in such areas as compensation including health and retirement benefits, safe working conditions, working hours, job security, and work-life programs. In the U. S., about 12.3% of wage and salary workers are union members; 37.4% for government workers, and 7.2% for private industry.

Because the manufacturing sector has been hardest hit by foreign competition, union leaders are often unable to push for improved compensation. Unions face the threat of work being sent offshore or a company declaring bankruptcy.

A concern management has had about unions over many years, particularly in manufacturing, is that union leaders attempt to avoid flexible work rules that allow workers to rotate jobs as demanded by shifts in work assignments. Also, union wages can make it difficult for a company to be competitive. A reasonably balanced point of view is that when employers offer workers what they want and need, the desire to unionize diminishes.

Many instances exist of healthy partnerships between management and labor unions in which both sides gain advantage. The American Rights to Work Group notes that the companies on its list of partners excel in human resource management practices such as creating new jobs, and protecting workers' safety and health. Costco and Harley-Davidson make the list.