

A86012 Management and Principles of Accounting (2019/2020)

Session 12

Human Resources

Paul G. Smith B.A., F.C.A

SESSION OBJECTIVES & OVERVIEW

Course Overview

| | |
|--------------------------|---|
| 1. What is business | 15. Accounting: glossary, vocabulary, terms |
| 2. Types of business | 16. Introduction to financial accounting |
| 3. Management | 17. Accounting for business transactions |
| 4. Review session 1 | 18. Recording transactions, journal and ledger |
| 5. Marketing | 19. Recording owner's contributions & financing |
| 6. Marketing strategy | 20. Review session 1 |
| 7. Review session 2 | 21. Recording long-lived assets and investments |
| 8. Operations | 22. Recording purchases |
| 9. Finance | 23. Recording sales and employee compensation |
| 10. Financial management | 24. Review session 2 |
| 11. Review session 3 | 25. Adjusting and closing entries |
| 12. Human resources | 26. Adjusting and closing entries ...continued |
| 13. Review session 4 | 27. Cases and exercises |
| 14. Exam | 28. Exam |

PGS

SG

PT

Session Objectives

*At the end of this session students will be able to define **Human Relations** and articulate why this is important, summarize early studies related to employee motivation including **theories X, Y and Z** and strategies used to manage employee **motivation**.*

*Students will be able to define **human resource management** and processes for **recruitment, performance appraisal, employee turnover, compensation options**, dealing with **unions** and the importance of **diversity**.*

*Students will understand the importance of **people satisfaction** and **employee engagement**.*

Session 12 Overview

| | Mins |
|--|------|
| Session objectives and outline | 5 |
| Recap of key points from session 11 – Working capital management, capital budgeting and investment appraisal, long-term financing, investor relations and measures that matter | 15 |
| Employee motivation : The nature of human relations, the motivation process, historical perspectives, strategies for motivating employees. Best companies to work for. | 35 |
| Managing human resources : Human resources management, planning, recruiting and selecting, workforce development, compensation, dealing with unions, the future of HR, diversity | 35 |
| People satisfaction and engagement : The importance of employee satisfaction, employee satisfaction surveys, people engagement surveys. | 30 |
| Required reading and Research Assignment RA 11 | 5 |
| Overview of session 12 – Review Session | 5 |
| Summary and validation | 5 |
| | 135 |

Overview of Session 12

- **The Nature of Human Relations:** motivation, theories of motivation, strategies for motivating
- **Managing Human Resources:** planning, recruiting, developing, compensating, unions, diversity, trends
- **People Satisfaction and engagement**

RECAP OF SESSION 11 – REVIEW SESSION

Recap Session 8

- The nature of operations management in manufacturing and service industries
- Planning and designing operations systems
- Supply chain management, inventory control
- Managing quality

Recap Session 9

The accounting process: the nature of accounting, accountants, the accounting equation

Financial accounting: Accounting standards, double entry bookkeeping, the accounting cycle, the financial statements

Management accounting: Budgeting and forecasting, budgetary control, cost accounting for decision taking, fixed and variable costs, break-even analysis, variance analysis.

Audit and control: Audit committees, supervisory boards, reporting on internal control (COSO), internal audit external audit

Recap of Session 10

- Financial management
 - **Working capital management**: Managing current assets and liabilities
 - **Capital budgeting and investment appraisal**: Managing fixed assets, assessing risk, pricing long-term money, IRR, NPV; Payback
 - **Long-term financing**: Financing options using long-term debt or owners' equity
 - **Investor relations**: Stock markets, communicating with investors, measures that matter

MOTIVATING THE WORKFORCE

Nature of Human Relations 1 of 5

Human Relations

- Involves motivating employees to achieve organizational objectives efficiently and effectively
- Has become increasingly important

Motivation

- Inner drive toward goals
- Goal is satisfaction of some need
- Need is difference between desired state and actual state

Figure 9-1 The Motivation Process



Nature of Human Relations 2 of 5

Motivating the Workforce

- Human relations is concerned with needs of employees, their goals and how they try to achieve them, and impact of those needs and goals on job performance
- Motivating employees to stay engaged is key responsibility of management
 - Engagement involves emotional involvement and commitment
 - Being engaged results in carrying out expectations and obligations of employment

Motivation and Morale

Events that engage and motivate employees can improve morale.



Nature of Human Relations 3 of 5

Morale

- High levels contribute to:
 - High levels of productivity
 - High returns to stakeholders
 - Employee loyalty
- Low levels may cause:
 - High rates of absenteeism
 - High rates of turnover

Nature of Human Relations 4 of 5

Rewards

- **Intrinsic rewards**
 - Personal satisfaction and enjoyment
 - In this class, you may feel personal enjoyment in learning how business works and aspire to have a career in business or to operate your own business
- **Extrinsic rewards**
 - Benefits and/or recognition
 - In this class, your grade is extrinsic recognition of your efforts and success

Nature of Human Relations 5 of 5

Morale Boosters

- Respect
- Involvement
- Appreciation
- Adequate compensation
- Promotions
- Pleasant work environment
- Positive organizational culture

Table 9-1 How to Retain Good Employees

1. Training and mentoring
2. Create a positive organizational culture
3. Build credibility through communication
4. Blend compensation, benefits, and recognition
5. Encourage referrals and don't overlook internal recruiting
6. Give coaching and feedback
7. Provide growth opportunities
8. Create work/life balance and minimize stress
9. Foster trust, respect and confidence in senior leadership

Source: Yazinski, Sarah K., "Strategies for Retaining Employees and Minimizing Turnover," HR.BLR.com, August 3, 2009, <https://hr.blr.com/whitepapers/Staffing-Training/Employee-Turnover/Strategies-for-Retaining-Employees-and-Minimizing-> (accessed April 13, 2017).

Motivation



Motivation



Historical Perspectives on Employee Motivation

1 of 4

Classical Theory of Motivation

- Money is sole motivator
- Early twentieth century
- Frederick W. Taylor and Frank and Lillian Gilbreth
- Analyzed how workers perform specific work tasks in effort to improve productivity
- Led to application of scientific principles to management

Historical Perspectives on Employee Motivation

2 of 4

Classical Theory of Motivation continued

- To improve productivity managers should:
 - Break down each job into component tasks (specialization)
 - Determine best way to perform each task
 - Specify output to be achieved by worker
- Incentives motivate employees to be more productive
 - Link workers' pay directly to output

Historical Perspectives on Employee Motivation

3 of 4

The Hawthorne Studies

- 1924 to 1932 at Hawthorne Works Plant
- Elton Mayo
- Postulated that physical conditions in workplace stimulate productivity
- Productivity increased regardless of physical conditions (Hawthorne effect)
- Findings show that social and psychological factors could significantly affect productivity and morale

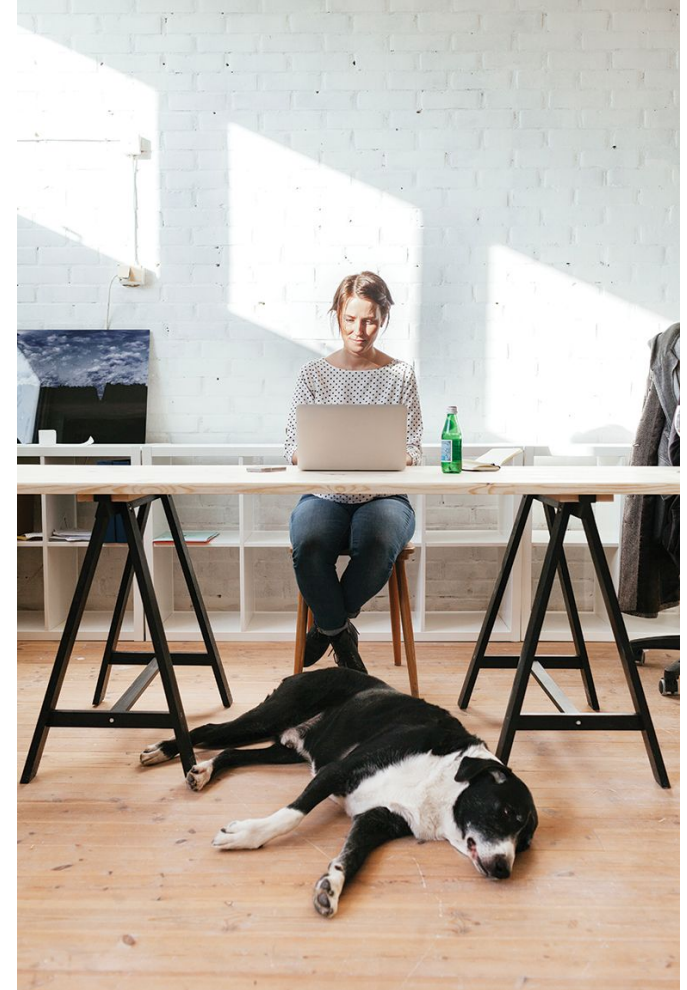
Historical Perspectives on Employee Motivation

4 of 4

The Hawthorne Studies continued

- Marked beginning of concern for human relations
- Managers who understand needs, beliefs, and expectations successful in motivating employees

Some companies let people bring their pets to work as an added incentive to make the workplace seem more friendly.



THEORIES OF EMPLOYEE MOTIVTION

Theories of Employee Motivation 2 of 12

Maslow's Hierarchy of Needs continued

- **Physiological needs**
 - Water, food, shelter, and clothing
- **Security needs**
 - Protection from physical and economic harm
- **Social needs**
 - Love, companionship, and friendship

Theories of Employee Motivation 3 of 12

Maslow's Hierarchy of Needs continued

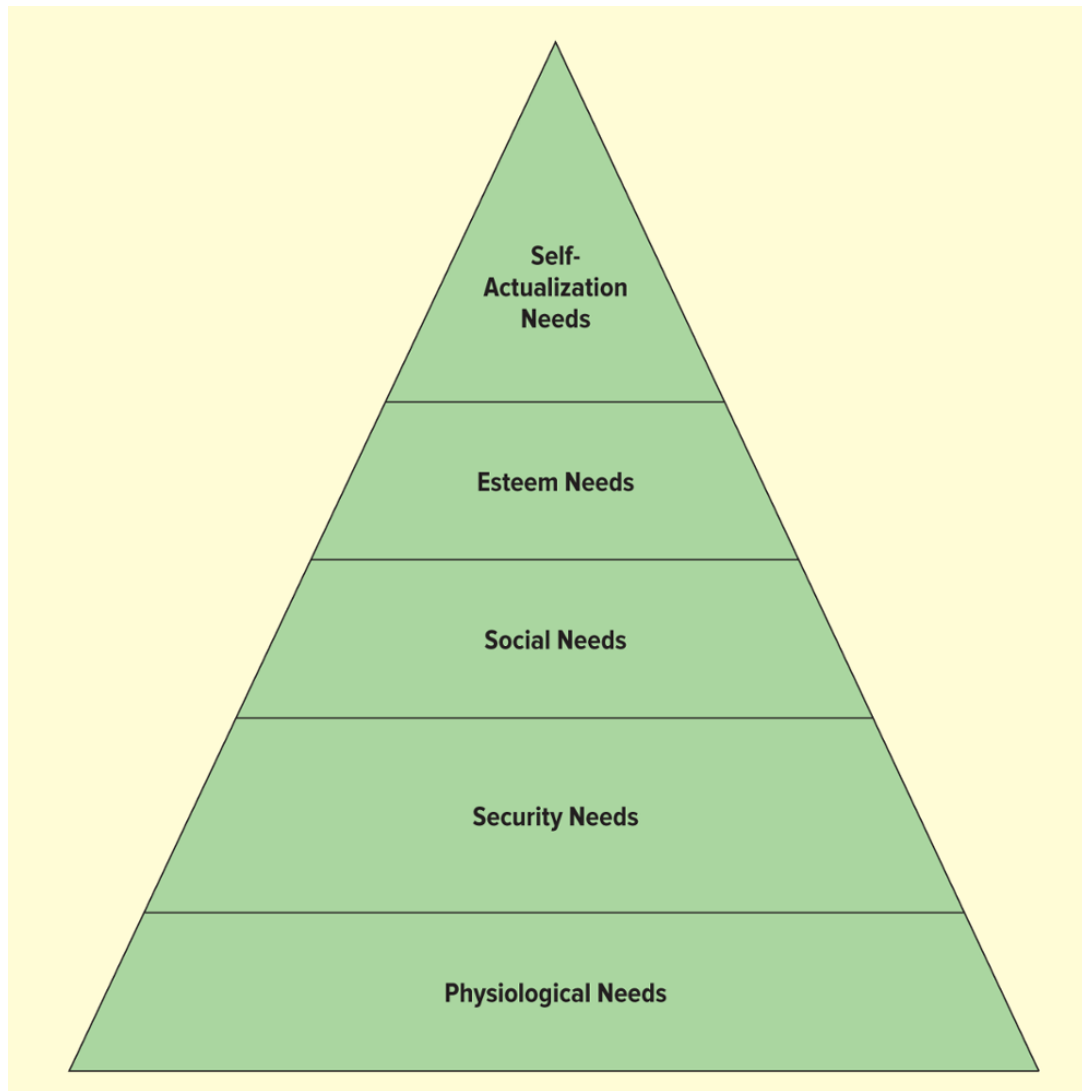
- **Esteem needs**
 - Self-respect and respect from others
- **Self-actualization needs**
 - Be best one can be

Theories of Employee Motivation 1 of 12

Maslow's Hierarchy of Needs

- Places needs in order in which people strive to satisfy them

Figure 9-2 Maslow's Hierarchy of Needs



Source: Adapted from Maslow, Abraham H., "A Theory of Human Motivation," *Psychology Review* Vol. 50, 1943, American Psychology Association, 370–396.

Source: M Business 6th Edition

Theories of Employee Motivation 2 of 12

Maslow's Hierarchy of Needs continued

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Theories of Employee Motivation 3 of 12

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Theories of Employee Motivation 4 of 12

Herzberg's Two-Factor Theory

- **Hygiene factors**
 - Adequate wages, comfortable and safe working conditions, fair company policies, and job security
- **Motivational factors**
 - Achievement, recognition, involvement, responsibility, and advancement

Table 9-2 Herzberg's Hygiene and Motivational Factors

Hygiene Factors

- Company policies
- Supervision
- Working conditions
- Relationships with peers, supervisors, and subordinates
- Salary
- Security

Motivational Factors

- Achievement
- Recognition
- Work itself
- Responsibility
- Advancement
- Personal Growth

Theories of Employee Motivation 5 of 12

McGregor's Theory X and Theory Y

- **Theory X**

- Assumptions behind theory:

1. Average person naturally dislikes work and will avoid it when possible
2. Most workers must be coerced, controlled, directed, or threatened with punishment to get them to work toward the achievement of organizational objectives
3. Average worker prefers to be directed and to avoid responsibility, has relatively little ambition, and wants security

- Focuses on physiological and security needs and virtually ignores the higher needs discussed by Maslow

Theories of Employee Motivation 6 of 12

McGregor's Theory X and Theory Y continued

- **Theory Y**
 - Traits of Theory Y manager
 - Maintain less control and supervision
 - Do not use fear as primary motivator
 - Are more democratic in decision making

Theories of Employee Motivation 7 of 12

McGregor's Theory X and Theory Y continued

- **Theory Y** continued

- Assumptions behind theory:

1. Expenditure of physical and mental effort in work is natural
2. People will exercise self-direction and self-control to achieve objectives to which they are committed
3. People will commit to objectives when they realize that achievements will bring personal reward
4. Average person will accept and seek responsibility
5. Imagination, ingenuity, and creativity can help solve organizational problems, but most organizations do not make adequate use of these
6. Organizations today don't fully use workers' intellectual potential

Theories of Employee Motivation 8 of 12

Theory Z

- Stresses employee participation in decision making
- Incorporates many elements associated with Japanese approach to management (trust and intimacy) but adapted for use in the U.S.
- Results in employees feeling organizational ownership
 - May produce positive attitudinal and behavioral effects

Table 9-3 Comparison of Theories X, Y, and Z

| Characteristic | Theory X | Theory Y | Theory Z |
|-------------------------------|-----------------------------|---|--|
| Countries that use this style | China | United States | Japan |
| Philosophy | Tight control over workers | Assume workers will seek responsibility and satisfy social needs | Employee participation in all aspects of company decision making |
| Job description | Considerable specialization | Less control and supervision; address higher levels of Maslow's Hierarchy | Trust and intimacy with workers sharing responsibilities |
| Control | Tight control | Commitment to objectives with self-direction | Relaxed but required expectations |
| Worker welfare | Limited concern | Democratic | Commitment to workers' total lives |
| Responsibility | Managerial | Collaborative | Participative |

Theories of Employee Motivation 9 of 12

Equity Theory

- Equity is subjective notion
- Might explain why many consumers are upset about CEO compensation
 - Corporations have now begun to tie CEO compensation with company performance
- Feelings of inequity may underlie some unethical or illegal behavior in business

Theories of Employee Motivation 10 of 12

Equity Theory continued

- Personal input–output ratio
 - Developed by taking stock of contribution (inputs) to the organization
 - Time, effort, skills, and experience
 - Assessing rewards (outputs) offered by organization
 - Pay, benefits, recognition, and promotions
 - Compares ratio to that of other person
 - “Comparison other” may be co-worker, friend in another organization, or “average” of several people
 - If ratios are close, individual feels treated equitably

Theories of Employee Motivation 11 of 12

Expectancy Theory

- Person who wants something and has reason to be optimistic will be strongly motivated
- If you do not believe you are likely to get what you want, you may not be motivated to try to get it

Expectancy Theory and Advancement



Managers should be transparent with employees about opportunities for advancement. According to expectancy theory, your motivation depends not only on how much you want something, but also on how likely you are to get it.

Theories of Employee Motivation 12 of 12

Goal-Setting Theory

- Goals are motivators
- Goals help employees:
 - Direct efforts toward outcome
 - Mobilize efforts
 - Develop consistent behavior patterns
 - Create strategies to obtain outcomes

Strategies for Motivating Employees 1 of 5

Behavior Modification

- Application of **reinforcement theory**
- Behavior that is rewarded will tend to be repeated
- Behavior that is punished will tend to be eliminated
- Two strategies may not be equally effective
 - Punishing may lead to dissatisfaction and increased turnover
 - In general, rewarding is more effective

Strategies for Motivating Employees 2 of 5

Job Design

- **Job rotation**
 - Movement from one job to another
- **Job enlargement**
 - Addition of more tasks to job
- **Job enrichment**
 - Incorporation of motivational factors

Table 9-4 Benefits of Job Rotation

1. Exposure to a diversity of viewpoints
2. Motivating ongoing lifelong learning
3. Preparing for promotion and leadership roles
4. Building specific skills and abilities
5. Supporting recruitment efforts
6. Boosting overall productivity
7. Retaining employees

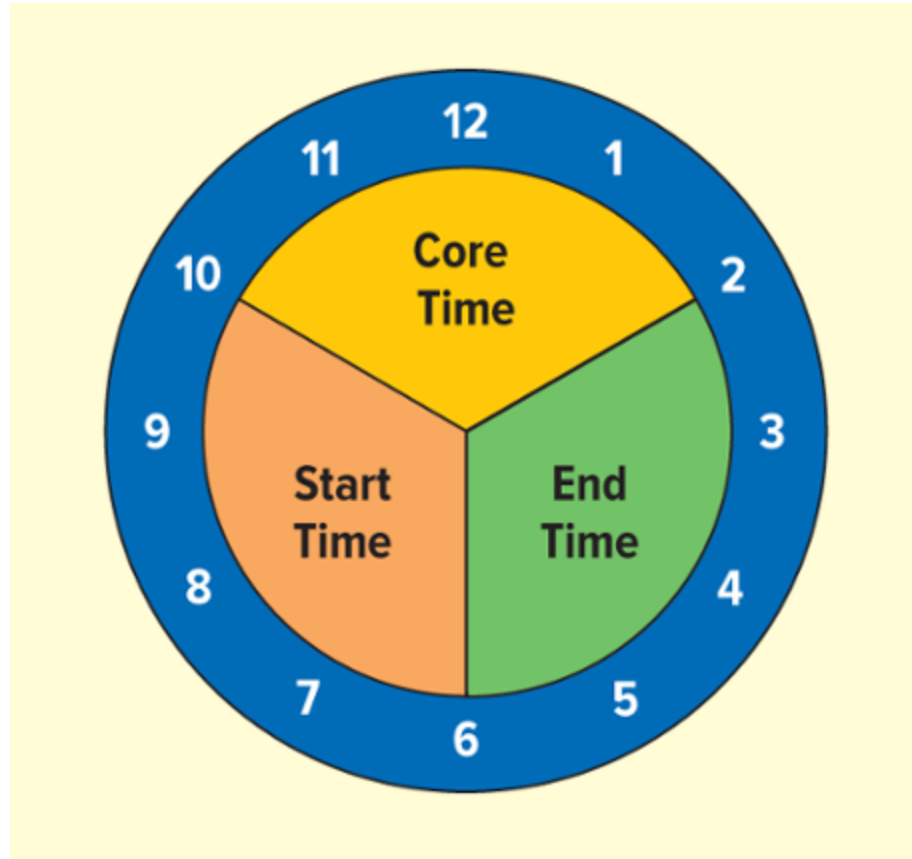
Source: Hird, Tim, "The Lasting Benefits of Job Rotation," Treasury & Risk, January 24, 2017, <http://www.treasuryandrisk.com/2017/01/24/the-lasting-benefits-of-job-rotation> (accessed April 12, 2017).

Strategies for Motivating Employees 3 of 5

Job Design continued

- Flexible scheduling strategies
 - **Flextime**
 - Allows employees to choose starting and ending times
 - **Compressed workweek**
 - Employee works 40 hours in four days or less

Figure 9-3 Flextime, Showing Core and Flexible Hours



Strategies for Motivating Employees 4 of 5

Job Design continued

- Flexible scheduling strategies continued
 - **Job sharing**
 - Allowing full-time workers to work part-time for certain period of time
 - Allowing workers to work from home either full- or part-time



Table 9-5 Companies with Excellent Motivational Strategies 1 of 3

3M: Gives employees 15 to 20 percent of their time to pursue on projects

Google: Perks include a massage every other week, free gourmet lunches, tuition reimbursement, a volleyball court, and time to work on own projects

Whole Foods: Employees receive 20 percent discounts on company products, the opportunity to gain stock options, and the ability to make major decisions in small teams

Patagonia: Provides areas for yoga and aerobics, in-house child care services, organic food in its café, and opportunities to go surfing during the day

Table 9-5 Companies with Excellent Motivational Strategies 2 of 3

The Container Store: Provides more than 260 hours of employee training and hosts “We Love Our Employees” Day

Southwest Airlines: Gives employees permission to interact with passengers as they see fit, provides free or discounted flights, and hosts the “Adopt-a-Pilot” program to connect pilots with students across the nation

Nike: Offers tuition assistance, product discounts, onsite fitness centers, and the ability for employees to give insights on how to improve the firm

Table 9-5 Companies with Excellent Motivational Strategies 3 of 3

Apple: Creates a fast-paced, innovative work environment where employees are encouraged to debate ideas

Marriott: Offers discounts at hotels across the world as well as free hotel stays and travel opportunities for employees with exceptional service

Zappos: Creates a fun, zany work environment for employees and empowers them to take as much time as needed to answer customer concerns

Universum – Global Business

| Rank Employer | |
|---------------|------------------------------|
| 1 | Google |
| 2 | PwC (PricewaterhouseCoopers) |
| 3 | EY (Ernst & Young) |
| 4 | Goldman Sachs |
| 5 | KPMG |
| 6 | Deloitte |
| 7 | Apple |
| 8 | Microsoft |
| 9 | J.P. Morgan |
| 10 | Procter & Gamble (P&G) |

Universum – Business Europe

| Rank Employer | |
|---------------|-----------------------------------|
| 1 | Google |
| 2 | L'Oréal Group |
| 3 | Microsoft |
| 4 | EY (Ernst & Young) |
| 5 | PwC (PricewaterhouseCoopers) |
| 6 | McKinsey & Company |
| 7 | Unilever |
| 8 | KPMG |
| 9 | Nestlé |
| 10 | The Boston Consulting Group (BCG) |

Universum – Italy

universum

Top in Industry | Italy | 2015

Auditing and Accounting

- n.1 KPMG
- n.2 EY
- n.3 PWC

Banking

- n.1 UniCredit Group
- n.2 Intesa Sanpaolo
- n.3 Deutsche Bank

Insurance

- n.1 Gruppo Generali
- n.2 Allianz
- n.3 Unipol Gruppo Finanziario

FMCG

- n.1 Ferrero
- n.2 The Coca-Cola Company
- n.3 Barilla

Energy & Utilities

- n.1 ENI
- n.2 Enel
- n.3 Edison

Software & Computer Services

- n.1 Google
- n.2 Microsoft
- n.3 IBM

Management & Strategy Consulting

- n.1 McKinsey & Company
- n.2 The Boston Consulting Group (BCG)
- n.3 Accenture

Technology Hardware & Equipment

- n.1 Intel
- n.2 HP
- n.3 STMicroelectronics

Luxury, Fashion & Accessories

- n.1 LVMH
- n.2 Kering
- n.3 Giorgio Armani

Engineering & Manufacturing

- n.1 General Electric
- n.2 Bosch
- n.3 Siemens

Automobile & Parts

- n.1 Ferrari
- n.2 Lamborghini
- n.3 BMW Group

Telecommunications & Networks

- n.1 Gruppo Telecom Italia
- n.2 Vodafone
- n.3 Ericsson

MANAGING HUMAN RESOURCES

The Nature of Human Resources Management

Human Resource Management (HRM)

- Called personnel management in some companies
- Managers try maximizing employee satisfaction while motivating them to productively meet objectives

Today's organizations are more diverse, with a greater range of women, minorities, and older workers.



Planning for Human Resources Needs 1 of 2

During a company's planning period, the human resources department:

- Determines current number of workers and how many plan to retire or leave
- Forecasts how many qualified employees will need to be hired, or determines if layoffs are required
- Forecasts availability of future qualified hires
- Develops strategy, which may include outsourcing, automation, or temporary workers

Planning for Human Resources Needs 2 of 2

Job Analysis

- Through observation and study
- Managers use to develop **job descriptions** and **job specifications**

Recruiting and Selecting New Employees 1 of 8

Recruiting

- Internal sources include current employees
- External sources include everything else
 - LinkedIn, internships, websites posting job openings
 - Some companies use agencies or executive search firms, sometimes called headhunters

Recruiting and Selecting New Employees 2 of 8

Selection

- Includes application, interviewing, testing, and reference checking
- Process can be lengthy and expensive, but necessary to find applicants who can do the work and fit into firm's structure and culture
- Careful hiring saves future hiring expenses

Recruiting and Selecting New Employees 3 of 8

Selection continued

- The application
 - Goal is to get acquainted with applicants and weed out those who are obviously not qualified
 - Many companies now accept online applications
 - May contain a questionnaire that asks more specific questions:
 - How they might react in certain situation
 - Personality attributes like self-esteem
 - Ability to interact with people

Recruiting and Selecting New Employees 4 of 8

Selection continued

- The interview
 - Interviewer can answer questions about job, compensation, working conditions, company policies, organizational culture
 - Interviewee's questions may be as revealing as their answers

Table 10-1 Most Common Questions Asked during the Interview 1 of 2

1. Tell me about yourself.
2. What are your biggest weaknesses?
3. What are your biggest strengths?
4. Where do you see yourself in 5 years?
5. Out of all of the other candidates, why should I hire you?

*Source: "27 Most Common Job Interview Questions and Answers," Inc., 2017,
<https://www.inc.com/jeff-haden/27-most-common-job-interview-questions-and-answers.html> (accessed April 18, 2017).*

Table 10-1 Most Common Questions Asked during the Interview 2 of 2

6. How did you learn about the opening?
7. Why do you want the job?
8. What do you consider your biggest professional achievement?
9. Tell me the last time a coworker or customer got angry with you. What happened?
10. Describe your dream job.

Source: "27 Most Common Job Interview Questions and Answers," Inc., 2017,
<https://www.inc.com/jeff-haden/27-most-common-job-interview-questions-and-answers.html> (accessed April 18, 2017).

Recruiting and Selecting New Employees

5 of 8

Selection continued

- Testing
 - Ability and performance tests used to determine if applicant has skills necessary for job
 - Aptitude, IQ, or personality tests used to assess potential for certain kind of work and ability to fit into culture
 - Myers-Briggs Type Indicator
 - May also have to undergo physical examinations, including screening for illegal drug use

Personality Tests

Personality tests such as Myers-Briggs are used to assess an applicant's potential for a certain kind of job. For instance, extroversion and a love of people would be good qualities for a retail job.



Recruiting and Selecting New Employees 6 of 8

Selection continued

- Reference checking
 - Verifying educational background and previous work experience
 - Internet search to determine social media or other public activities
 - Public companies likely to do more extensive background search
 - Applicants may misrepresent themselves on applications and résumés
 - Often overlooked stage in the selection process

Table 10-2 Top 10 Résumé Lies

1. College you graduated from
2. Foreign language fluency
3. Academic degree
4. Major
5. Grade point average
6. Former employment or work history
7. Awards or accomplishments
8. College minor
9. Projects or portfolio
10. Job title

Source: Timmermann, Mike "The #1 Resume Lie That Could Cost You a New Job," Clark, <http://clark.com/employment-military/worst-resume-lies/> (accessed April 19, 2017).

Recruiting and Selecting New Employees 7 of 8

Legal Issues in Recruiting and Selecting

- **Title VII of the Civil Rights Act**
 - Prohibits discrimination in employment
- **Equal Employment Opportunity Commission**
 - Federal agency dedicated to increasing job opportunities for women and minorities and eliminating job discrimination based on race, religion, color, sex, national origin, or handicap

U.S. Department of Labor

The Department of Labor has oversight over workplace safety, wages and work hours, unemployment benefits, and more. It often files lawsuits against firms that it believes are treating workers unfairly and violating labor laws.



Recruiting and Selecting New Employees 8 of 8

Legal Issues in Recruiting and Selecting continued

- Americans with Disabilities Act (ADA)
 - Prevents discrimination against persons with disabilities
- Age Discrimination in Employment Act
 - Focuses on discrimination against those 40 years and older
- Equal Pay Act
 - Mandates that men and women who do equal work receive same wage
 - Wage differences are acceptable if based on seniority, performance, or qualifications

Developing the Workforce 1 of 6

Orientation

- Often includes:
 - Tour of building
 - Introductions to co-workers and supervisors
 - Distribution of manuals and policies
 - Socializing new hire into ethics and culture of company

Developing the Workforce 2 of 6

Training and Development

- **Training**
 - On-the-job training—workers learn by performing tasks
 - Classroom training—teaches with lectures, conferences, video, and web-based instruction
- **Mentoring**
 - Supporting, training, and guiding employee
- **Development**
 - Augments skills and knowledge of managers and professionals

Developing the Workforce 3 of 6

Assessing Performance

- Assessing strengths and weaknesses is one of the most difficult tasks for managers
- Gives employees feedback on how they are doing and how to improve
- Provides basis for determining compensation
- Generates information about quality of firm's selection, training, and development activities

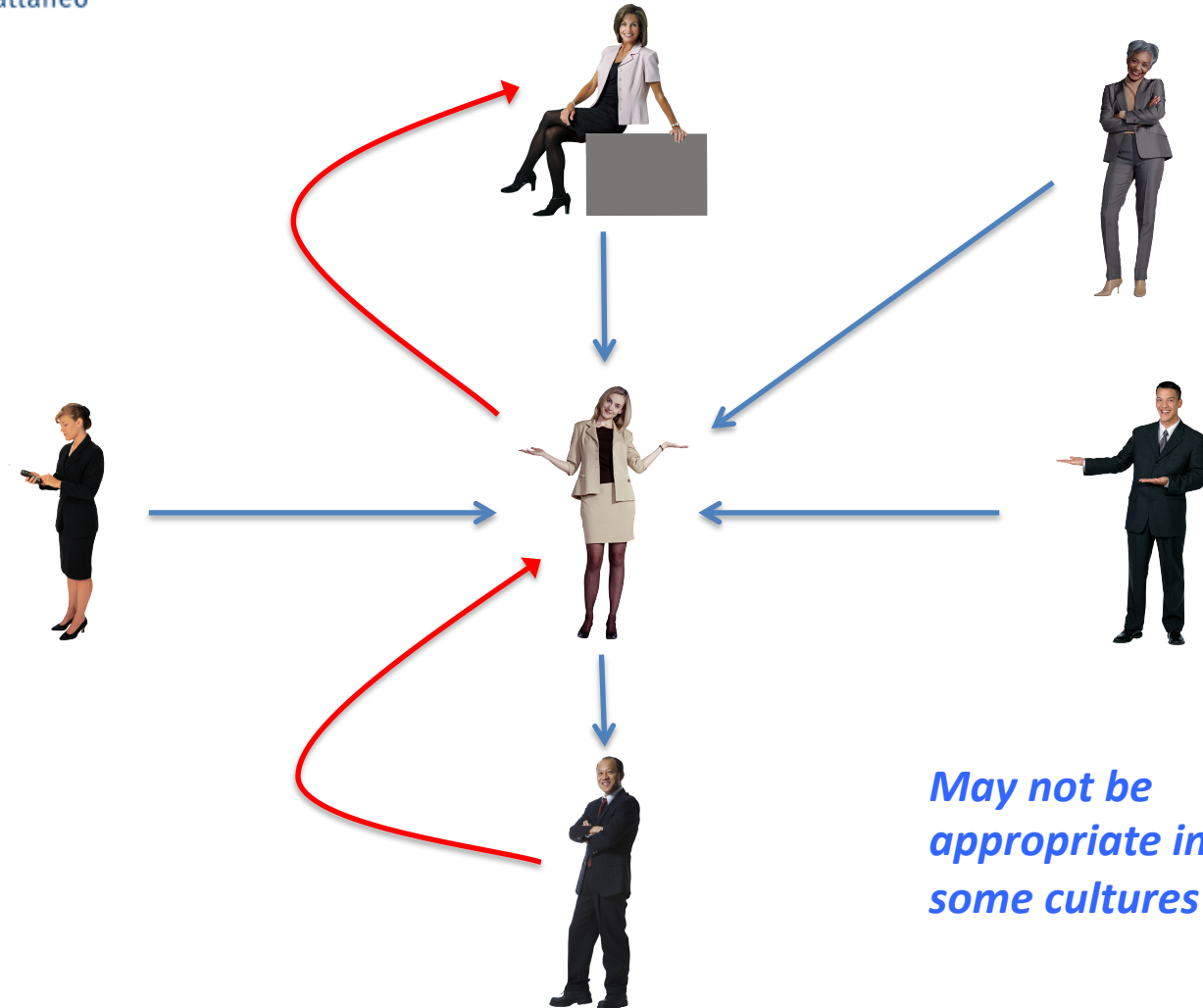
Developing the Workforce 4 of 6

Assessing Performance

- Performance appraisals
 - Objective—quantifiable
 - How many of something was produced or the test score
 - Subjective—ranking employees against each other
 - 360-degree feedback system—provides feedback from panel of superiors, peers, and subordinates



360° Evaluations



May not be appropriate in some cultures

Developing the Workforce 5 of 6

Turnover

- **Turnover**
 - Results in lost productivity; costs to recruit; time to interview, train, and socialize new employee
 - Can take happy form of promotion or transfer
- **Promotion**
 - Managers prefer to promote based on merit but some companies and labor unions require it be based on seniority
- **Transfer**
 - Workers obtain new skills or find new position when old position eliminated by automation or downsizing

Downsizing

Many companies in recent years are choosing to downsize by eliminating jobs. Reasons for downsizing might be due to financial constraints or the need to become more productive and competitive.



Developing the Workforce 6 of 6

Separations

- Employment changes involving resignation, retirement, termination, or layoff
- Traditionally, companies could fire workers at will
 - For any reason other than race, religion, sex, or age
- Recent legislation requires companies fire employees for just cause only

Table 10-3 Actions You Should and Shouldn't Take When You Are Terminated

1. Do not criticize your boss who terminated you.
2. Do not take files or property that is not yours.
3. Do try to get a reference letter.
4. Do not criticize your former employer during job interviews.
5. Do look to the future and be positive about new job opportunities.

Compensating the Workforce 1 of 7

Compensation

- People don't work for free, and their pay and benefits are a substantial portion of an organization's expenses
- Compensation for specific job is typically determined through **wage/salary survey**

Ditch the Résumé and Solve a Puzzle: Changing Hiring Practices

Problems with Résumés

- Relying on résumés can overlook talented candidates
- Applicants with great résumés can also fail at jobs requiring different skill sets
- Inflexible requirements overlook less experienced applicants who, with training, could be valuable
- Character is better predictor

Alternatives

- Employee referrals
- Puzzles to test conceptual skills

Compensating the Workforce 2 of 7

Financial Compensation

- **Wages**
 - Financial rewards based on the number of hours the employee works or the level of output achieved
 - Time wages—based on hours worked
 - Minimum wage is federally mandated
 - Tipped wages—2.13 dollars plus tips must equal minimum wage
 - Appropriate when quality more important than quantity

Compensating the Workforce 3 of 7

Financial Compensation continued

- Piece wages
 - Based on level of output achieved
 - Major advantage is employee motivation
- **Commission**
 - Motivates employees to sell as much as they can
 - Some combine commission with time wages or salaries

Compensating the Workforce 4 of 7

Financial Compensation continued

- **Salaries**
 - May be required to work beyond usual hours without additional compensation
- **Bonuses**
 - Offered for exceptional performance

Compensating the Workforce 5 of 7

Financial Compensation continued

- **Profit sharing**
 - Percentage of company profits distributed to employees
 - Employee stock ownership plans (ESOPs)
 - Distribute company stock to employees as form of profit sharing

Compensating the Workforce 6 of 7

Benefits

- Includes pension plans, health insurance, and paid vacations and holidays
- According the Bureau of Labor Statistics, employer costs for compensation in the U.S. average 34.90 dollars per hour worked
 - Wages and salaries account for 68.4 percent
 - Benefits account for 31.6 percent

Compensating the Workforce 7 of 7

Benefits continued

- Employee assistance program (EAP) offers assistance with problems that may hurt job performance
- Flexible benefit programs allow employees to choose benefits they want, up to certain amount
- Fringe benefits include sick leave, vacation pay, pension plans, and other extra compensation
- Soft benefits include perks that help balance life and work, such as spas, food service, and child care
- Cafeteria benefit plans provide financial amount to employees so they can select specific benefits

Onsite Child Care

Onsite child care is just one of the benefits large companies have begun to offer employees. Onsite child care can be particularly important in attracting talented individuals with children.



Managing Unionized Employees 1 of 5

Labor Unions

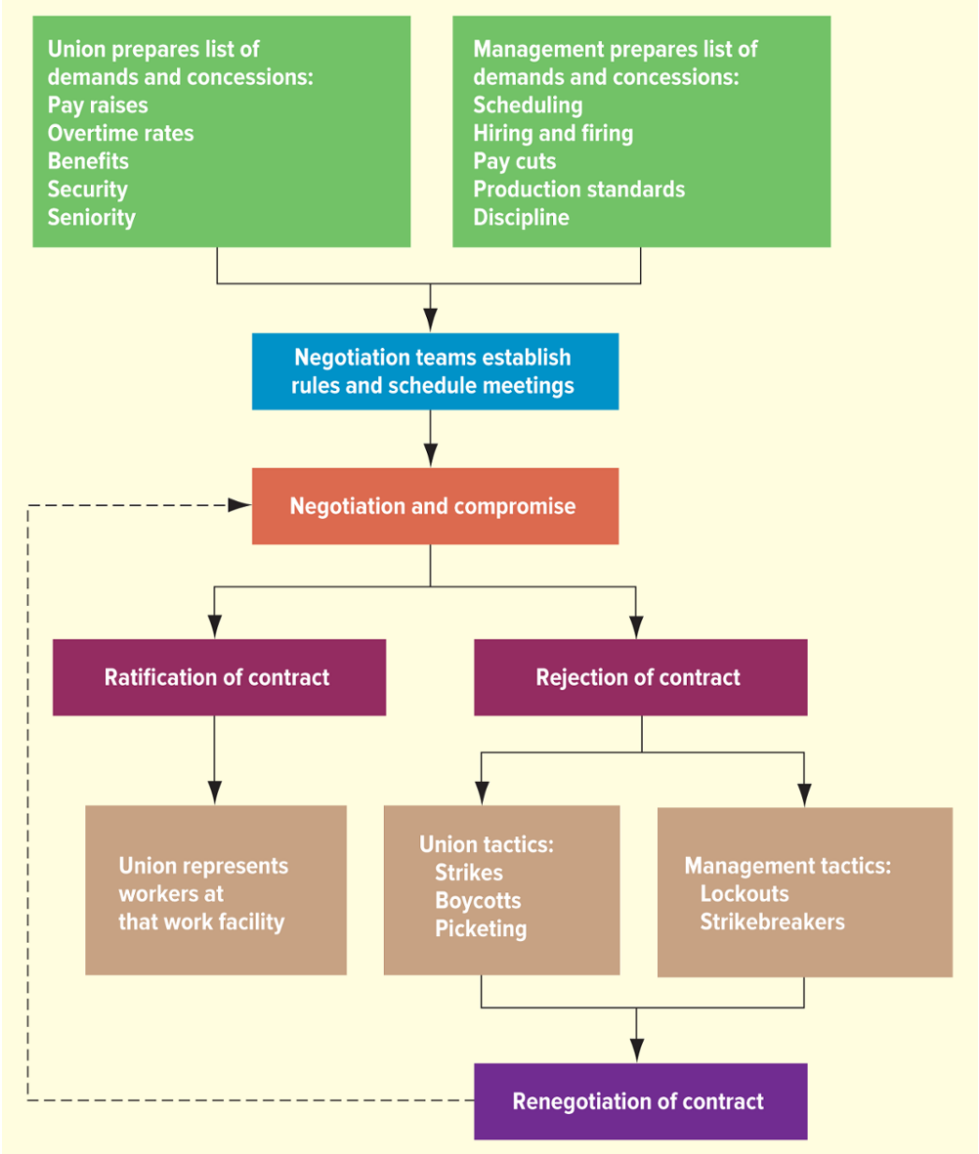
- On average, union workers make about 200 dollars more per week than nonunion workers
- Union growth has slowed; prospects for growth not good
- Significant aspects of HRM, particularly compensation, are dictated by union contracts at many companies

Managing Unionized Employees 2 of 5

Collective Bargaining

- Negotiation process through which management and unions reach agreement
- Objective is to reach agreement about **labor contract**
 - Many include cost-of-living adjustment (COLA) clause
- May need to accept givebacks

Figure 10-1 The Collective Bargaining Process



Managing Unionized Employees 3 of 5

Resolving Disputes

- Labor tactics
 - **Picketing**
 - Public protest against management practices
 - **Strikes**
 - Employee walkouts
 - **Boycott**
 - Attempt to keep people from purchasing products

Managing Unionized Employees 4 of 5

Resolving Disputes continued

- Management tactics
 - **Lockout**
 - Work site closed so that employees cannot go to work
 - **Strikebreakers**
 - Hired to replace striking employees

Managing Unionized Employees 5 of 5

Resolving Disputes continued

- Outside resolution
 - **Conciliation**
 - Third party brought in to keep two sides talking
 - **Mediation**
 - Third party suggests or proposes solution
 - **Arbitration**
 - Third party's solution is legally binding and enforceable
 - Compulsory arbitration is when government requests arbitration to end strike

The Importance of Workforce Diversity 1 of 4

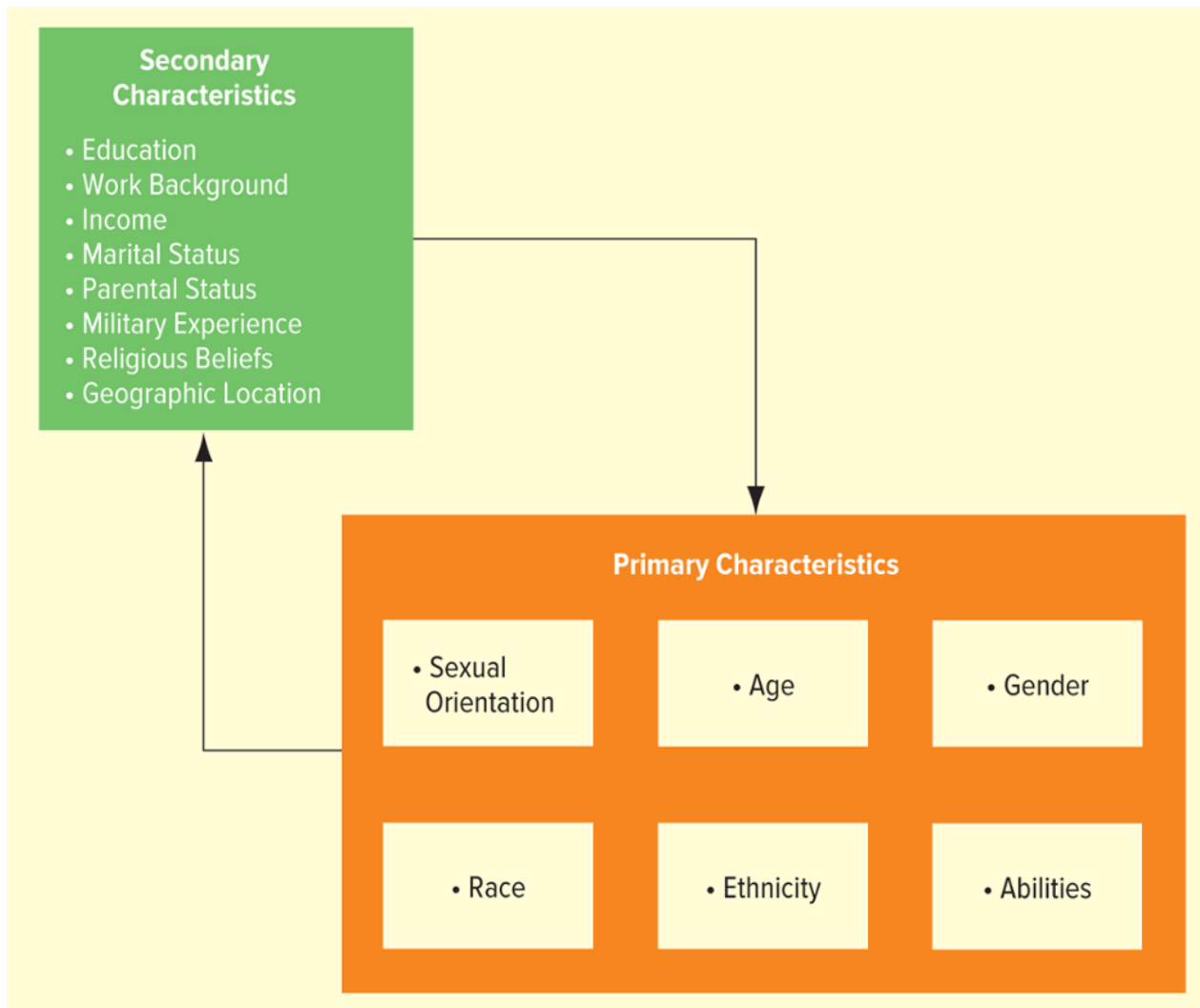
Diversity

- Understanding diversity means recognizing and accepting differences and valuing unique perspectives

The Characteristics of Diversity

- Primary characteristics are inborn and unchangeable
- Secondary characteristics can be changed
- Managers must remember each person is defined by interrelationships of all characteristics and must consider complete person

Figure 10-2 Characteristics of Diversity



Source: Loden, Marilyn and Judy B. Rosener, *Workforce America! Managing Employee Diversity as a Vital Resource*, New York: McGraw-Hill, 1991, 20. Used with permission. Copyright © 1991 The McGraw-Hill Companies

The Importance of Workforce Diversity 2 of 4

Why Is Diversity Important?

- The U.S. workforce is becoming increasingly diverse
- Census Bureau predicted that by 2044, minorities will be majority
- Companies improving HRM programs to recruit, develop, and retain more diverse employees to better serve diverse customers
- Effectively managing diversity involves cultivating and valuing its benefits and minimizing its problems

The Importance of Workforce Diversity 3 of 4

The Benefits of Workforce Diversity

1. More productive use of human resources
2. Reduced conflict among employees as they learn to respect each other's differences
3. More productive working relationships
4. Increased commitment to organizational goals
5. Increased innovation and creativity
6. Increased ability to serve needs of diverse customers

Walmart's New EDLP: Every Day Living Pay—And Low Prices

Problems

- Low pay and bad scheduling practices
- Customers unhappy with sub-par customer service

Solutions

- Raised minimum wage for entry-level to 10 dollars an hour
- More predictable scheduling
- Greater training
- More opportunities for progressing into management positions

The Importance of Workforce Diversity 4 of 4

Affirmative Action

- Legally mandated plans to increase job opportunities for minority groups
- Designed to make up for past prejudices, overcome workplace discrimination, and provide equal opportunities

Trends in Management of the Workforce

Trends

- Last recession and financial crisis have major impact
- Microentrepreneurs growing rapidly
- Gig and sharing economy growing rapidly
- Technology blurring line between leisure and work time
- 47 percent of full-time workers log more than 50 hours per week
- Important for human resources managers to be aware of legal issues regarding worker rights
- Many successful firms find ways to balance costs with employee well-being

PEOPLE SATISFACTION

Employee satisfaction surveys



My Surveys Library Examples Survey Services Plans & Pricing

Job Satisfaction Survey

Encourage an effective workforce with job satisfaction surveys.

Support a happy, productive workplace by using surveys to ask about [employee satisfaction](#) and [employee engagement](#). Do your employees feel their work is meaningful and their objectives clear? What motivates them to do their best work? Job satisfaction surveys help you make a meaningful connection between employees' criteria for job satisfaction and your business goals, so you can engage your workforce in a truly satisfying way.

Create a Job Satisfaction Survey →

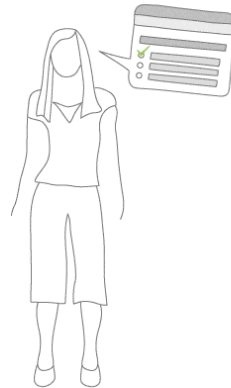
SurveyMonkey makes it easy to learn from your employees. Create a custom job satisfaction survey, or get a jumpstart with an [employee satisfaction survey template](#) from our expert methodologists. We'll even help you collect answers and analyze the results.

Please note: Some survey templates are only available in English.

How to Use Job Satisfaction Surveys

What is the top reason employees stay with an organization? Studies have shown they stay for "exciting work and challenge." To keep your employees excited, poll them to understand whether they're happy with their jobs – and what it takes to ensure that they are. [Learn more about:](#)

- ✓ **Job satisfaction.** There's a direct relationship between overall employee morale and employee job satisfaction, and surveys can help you see it. Ask your employees: "How meaningful is your work?" and "How challenging is your job?" Or: "In a typical week, how often do you feel stressed at work?" Their answers can help you pinpoint and build on what's working—or correct what's not.
- ✓ **Training and career development opportunities.** Most people want to grow their careers, and they'll stay with the company that supports their development. Use questionnaires to find out if your employees believe they have those opportunities with your company.
- ✓ **Team experience.** Being a member of a good, effective team boosts job satisfaction. Invite employees to assess their [teams' performance](#). Ask questions like: "How well do members of your team share responsibility for tasks?" and "How honest with each other are the members of your team?" Use that feedback to develop core team collaboration and communication skills for greater job satisfaction.
- ✓ **Experience with management.** Managers directly impact employees' day-to-day job satisfaction. Spot potential issues using surveys. Ask questions like "How effective is the training you receive from your supervisor?" or "How consistently does your supervisor reward employees for good work?" Use employee feedback from [management performance](#) and [360-reviews](#) to make sure you're developing good managers.
- ✓ **Performance Reviews.** Regular performance reviews—of individuals, teams, and managers—can give HR departments timely insight into how employees feel about their jobs.



Employee engagement surveys

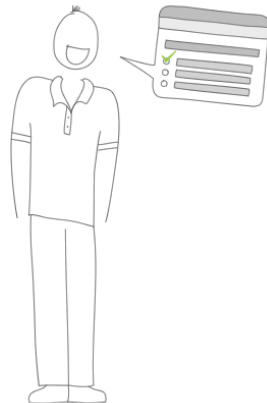
SurveyMonkey®

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Employee Engagement Survey

Improve employee engagement with help from SurveyMonkey.

Employee engagement is an important driver of organizational success. When employees are engaged with their work, they're more fulfilled, more productive and more motivated to create satisfied and loyal customers. Measuring engagement can appear to be a daunting process, but SurveyMonkey has developed a fast and easy way to assess employee engagement, identify successes, and determine where there's room for improvement.



Use the Employee Engagement Template →

Just create a FREE account, and you can create a employee engagement survey in minutes. Or get more ideas for how [measuring employee engagement](#) can have an impact on customer satisfaction.

Ask the Right Questions

For over a decade, thousands of organizations have used SurveyMonkey to listen to their employees. But many of these surveys aren't asking the [right questions](#) to properly assess employee engagement and satisfaction. We've worked together to identify these necessary questions and created a survey to address these issues: the Employee Engagement Survey.

Research suggests that it's critical to assess [employees' opinions](#) of their own engagement, as well as their perceptions of colleagues' behaviors. Furthermore it's important to assess the conditions of engagement to diagnose areas for improvement. This survey comprehensively addresses these key areas through a series of scales:

✓ [Engagement Questionnaire](#)

Conditions for engagement:

✓ [Benefits questionnaire](#)

✓ [Career development questionnaire](#)

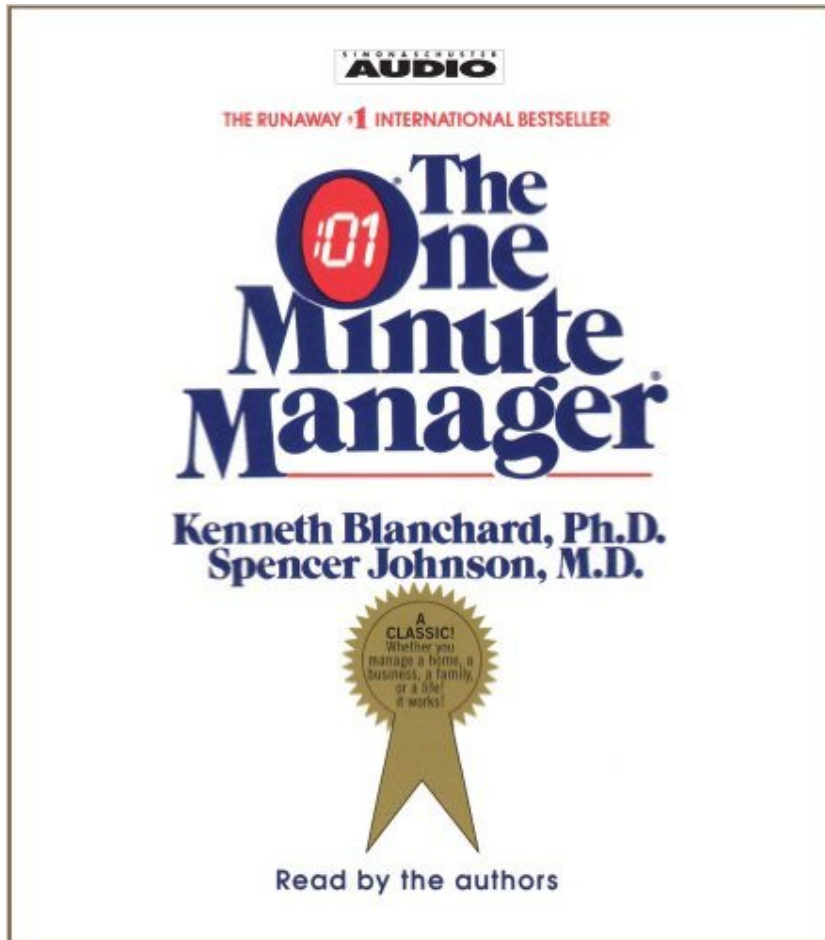
✓ [Relationship management questionnaire](#)

✓ [Compensation and benefits questionnaire](#)

✓ [Work environment questionnaire](#)

See the full survey template [here](#).

The One-minute manager



1. One minute Goal Setting
1. One minute Praisings
1. One minute Reprimands

REQUIRED READING AND RESEARCH ASSIGNMENT SESSION 13

Required Reading and research assignment

- Reading
 - M Business
 - Chapter 9 Motivating the workforce
 - Chapter 10 Managing Human Resources
- Exercises
 - M Business
 - Test Bank Questions Chapters 9 & 10
- Research
 - Research Assignment 11: Europe's Top Companies – Key Human Resource Programs

SESSION SUMMARY AND VALIDATION, OVERVIEW SESSION 13

Session Summary

- **The Nature of Human Relations:** motivation, theories of motivation, strategies for motivating
- **Managing Human Resources:** planning, recruiting, developing, compensating, unions, diversity, trends
- **People Satisfaction and engagement**

Session 13 Review Session

Research Assignments – Europe's Top Companies

- RA 10 Key Human Resource Programs

Session 12 Review Session Cont'd

Active Review Cards

- [Chapter 9](#) Motivating the Workforce
- [Chapter 10](#) Managing Human Resources

Session Validation

- What is the difference between motivation and morale?
- Describe Maslow's hierarchy of needs
- What are Hygiene and Motivation factors
- What are the differences between Theories X, Y & Z?
- Describe the Human Resources Management processes
- What are the different ways of compensating employees?
- Why is diversity important?