

Lecture Notes:

- **Human Resource Management (HRM):**
- HRM is the process of determining human resources needs and then:
 - Recruiting
 - Selecting
 - Developing
 - Motivating
 - Evaluating
 - Compensating
 - and scheduling employees to achieve organizational goals.
- One reason why human resource management is receiving increased attention is the major shift from traditional manufacturing industries to service and high-tech manufacturing industries that require highly technical job skills. About 80% Canadian workforce is in services. This shift means that many workers must be retrained for new, more challenging jobs.
- **Human Resource Challenges:**
- A growing percentage of new workers who are undereducated and unprepared for jobs in the contemporary business environment.
- A shortage of workers in skilled trades due to retirement of aging baby boomers.
- A shift in employee attitudes toward work. Leisure time has become a much higher priority, as have flextime and a shorter workweek.
- A declining economy that is taking a toll on employee morale as well as increasing the demand for temporary and part-time workers.
- A growing concern over health care, elder care, child care, and opportunities for people with disabilities.
- A decreased sense of employee loyalty, which raises employee turnover and the cost of replacing lost workers.
- **The Hiring Process:**
 1. Recruit
 - Job Analysis
 - Person Specification
 - Job Advertisement
 2. Select
 - Application Form
 - Interview
 - Test
 - Investigate
 - Probation
 3. Train/Develop
 - Orientation
 - On-the Job Training (OJT)
 - Apprenticeship
 - Off-the-Job Training
 - Online Training
 - Vestibule Training
 - Job Simulation
- **Job Analysis:**
- A summary of what the "role" will involve.
- It tries to incorporate both qualitative and quantitative aspects of the job.
- It is usually a list of responsibilities alongside a description of the activities of the job.

- **Person Specification:**
 - Used to find the ideal candidate for the job.
 - It includes both technical and soft skills.
 - It details both the academic and professional requirements.
- **Job Advertisement:**
 - It contains information from both job analysis and person specification.
 - Published through a variety of platforms:
 - Internet – the most cost effective medium
 - Newspaper – the most expensive medium
 - Company's own website – for internal/connected candidates only
- **Recruiting Employees From A Diverse Population:**
 - **Recruitment** is the set of activities used to obtain a sufficient number of the right people at the right time. The end result is to have a pool of qualified applicants.
- **Selecting Employees:**
 - A typical selection process involves five steps:
 1. Obtaining complete application forms.
 2. Conducting initial and follow-up interviews.
 3. Giving employment tests.
 4. Confirming background information.
 5. Establishing trial (probationary) periods.
- **Training and Developing Employees For Optimal Performance:**
 - **Training** and **development** includes all attempts to improve productivity by increasing an employee's ability to perform.
 - Training focuses on short-term skills, whereas development focuses on long-term abilities.
 - Some common training and development activities are:
 - Employee orientation
 - On-the-job training
 - Apprentice programs
 - Off-the-job training
 - Job simulation
 - **Employee orientation** is the activity that initiates new employees to the organization, to fellow employees, to their immediate supervisors, and to the policies, practices, values, and objectives of the firm. Orientation programs include everything from informal talks to formal activities that last a day or more.
 - **On-the-job training** is the most fundamental type of training. The employee being trained on the job immediately begins his or her tasks and learns by doing, or watches others for a while and then imitates them, right at the workplace.
 - **Apprentice programs** involve a period during which a learner works alongside an experienced employee to master the skills and procedures of a craft. Some apprenticeship programs also involve classroom training. Many skilled crafts, such as bricklaying and plumbing, require a new worker to serve as an apprentice for several years.
 - **Off-the-job training** occurs away from the workplace and consists of internal or external programs to develop any of a variety of skills or to foster personal development. Training is becoming more sophisticated as jobs become more sophisticated.
 - **Online training** offers an example of how technology is improving the efficiency of many off-the-job training programs. In such training, employees "attend" classes via the Internet.
 - **Job simulation** is the use of equipment that duplicates job conditions and tasks so that trainees can learn skills before attempting them on the job. Job simulation differs from

vestibule training in that the simulation attempts to duplicate the exact combination of conditions that occur on the job.

- **Networking:**
- **Networking** is the process of establishing and maintaining contacts with key managers in one's own organization and in other organizations and using those contacts to weave strong relationships that serve as informal development systems.
- Of equal or greater importance to potential managers is a mentor.
- **Mentor:** A corporate manager who supervises, coaches, and guides selected lower-level employees by introducing them to the right people and generally being their organizational sponsor.
- **Performance Appraisal:**
- Do allow sufficient time, without distractions, for the appraisal.
- Do end the appraisal with positive suggestions for employee improvement.
- Do include the employee in the process as much as possible.
- Don't attack the employee personally. Critically evaluate his/her work.
- Don't make the employee feel uneasy or uncomfortable. Never conduct performance appraisals where other employees are present.
- Don't wait for the appraisal to address problems with the employee. It's best to have short, quick discussions with employees to let them know how they can improve.
- **Compensating Employees:**
- Companies don't just compete for customers; they also compete for employees.
- Compensation is one of the main marketing tools that companies use to attract (and retain) qualified employees, and it is one of the largest operating costs for many organizations.
- **Pay equity** refers to equal pay for work of equal value. It compares the value of male and female jobs by objectively evaluating the jobs in terms of four neutral factors: skill, effort, responsibility, and working conditions.
- Pay Systems include:
 - Salary
 - Hourly Wage or Day work
 - Piecework System
 - Commission Plans
 - Bonus Plans
 - Profit-Sharing Plans
 - Gain-Sharing Plans
 - Cost-of-Living Allowances (COLAs)
 - Stock Options
- Learning about reasons for employees leaving can be invaluable in preventing the loss of other good people in the future.

Textbook Notes (Chapter 11):

- **Managing Human Resources - Introduction:**
- A hiring decision is among one of the most important decisions a manager can make.
- **Human Resource Management (HRM)** is the activities that is involved with planning, organising, leading, controlling a business people.
- **Determining the Jobs to be Done:**
- Before approaching anyone to hire, you should make a **job analysis**.
- A **job analysis** is a careful breakdown of all the mental and physical activities a job involves.
- Job analyses should be a list of precise activities and actions done in a job.
- The best way to write a job analysis is to ask someone who is already doing the job what their activities are.

- The purpose of a job analysis is to understand what is involved in doing the job, not to describe the ideal person for the job. The ideal person to do the job is described by a job specification.
- A **job specification** documents the knowledge, education, experience, and characteristics that are essential to the individual who will perform the job.
- **Recruiting:**
- Having understood the job to be done and identified the qualities of the ideal candidate, the hiring process turns to recruiting.
- **Recruiting** is attracting interested and appropriate applicants to fill a position.
- While recruiting should cast the net wide, its purpose is to attract only candidates who are appropriately qualified and who will fit into the organization.
- A **job description** is a description of an organization's environment and culture and of the position and atmosphere of the job within the organization.
- Job descriptions usually contain the following keywords and their corresponding information:
 - Job Title
 - Location
 - Size of Organisation
 - Level of Seniority
 - Number of colleagues
 - Degree of autonomy
 - Conditions
 - Hours of work
- Recruiting is a promotional activity. Like any promotional activity, the intention of recruiting is to make potential, qualified applicants:
 - Aware of opportunity
 - Knowledgeable of opportunity
 - Interested in opportunity
 - Persuade to apply
- Businesses can use a variety of promotional methods such as advertising and personal selling.
- **Recruitment Agency/Head Hunters** are businesses that act as intermediaries in locating prospective candidates on behalf of employers with vacancies.
- Most small and medium sized businesses use them.
- **Internal Recruiting/Hiring from Within:** When looking to fill a vacancy, give preference to current employees.
- Benefits:
 - The business can save time and money as these employees already know how the business operates.
 - Promotion opportunities can boost morale and incentive employees to work harder.
- Downsides:
 - The business risks becoming stale without the occasional injection of fresh ideas from outside. If you only hire people from within the business, groupthink, the reluctance to stray away from the established ways of doing things, will prevail.
- **Screening:**
- **Screening** is sifting through a large number of applications to get a shorter list of the most suitable candidates.
- Screening happens after the recruiting process is successful.

- Written submissions are usually job applications, resumes and curriculum vitae (CVs). The main difference between resumes and CVs is length. Resumes are usually 1-2 pages in length and more concise while CVs are longer and more detailed.
- A **resume** is a 1-2 page summary of an individual's skills, education, and experience.
- A **CV** is a longer, more detailed portrayal of individual skills, accomplishments, education, and experience.
- Generally, after screening all the written documentations, employers draw up a list of people to interview. There are two important reasons for interviewing:
 1. They offer an employer an opportunity to learn about a candidate's soft skills. **Soft skills** are the array of manners, social graces, charm, confidence, and other interpersonal traits that people possess. Soft skills are important for jobs that require the person to influence or lead others.
 2. Allows employers to see how a candidate responds to situations that can put people under stress.
- **Employment Equity and Non-discrimination Laws:**
- **The Employment Equity Act** requires employers to provide equal employment opportunities to four designated groups:
 1. Women
 2. Aboriginal peoples
 3. Persons with disabilities
 4. Members of visible minorities

The purpose of the act is to achieve equality in the workplace so that "no person shall be denied employment opportunities". The act applies to all private sector employers and specifies that employers have the duty to identify and eliminate employment barriers against persons in those designated groups.
- **The Canadian Human Rights Act** makes it discriminatory to refuse to employ, continue to employ, or differentiate toward any individual on the grounds of race, national or ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, disability and conviction for an offence. The Act also specifies that it is a discriminatory "to use any form of application for employment, or to publish any advertisement that expresses or implies any limitation, specification or preference" based on any of the prohibited grounds.
- **Selection:**
- **Selection** is the process of choosing the right person for the job.
- The best practice is informing the successful candidate by phone. This adds a personal touch to the hiring and allows the hiring manager to convey a sense of enthusiasm and excitement. The phone call should be followed immediately with written confirmation. This letter should include written confirmation of all the elements of the job, such as pay, benefits, hours, etc.
- **Paying for What you Get:**
- **Compensation** is all forms of reward going to employees and arising from their employment.
- Typically, compensation comes in 4 forms:
 1. Guaranteed pay
 2. Bonuses
 3. Benefits
 4. Profit sharing
- Guaranteed pay is the employee's fixed monetary reward. This is paid on an hourly, daily, weekly or monthly basis.
- A **minimum wage** is the lowest hourly wage that an employer must legally pay.
- In Ontario, the minimum wage as of 2015 \$11/hr. Now it is \$14/hr.

- Some provinces allow lower wages to be paid for those who wait on tables in bars and restaurants because it's assumed they'll earn tips.
- **Bonuses and Commissions:**
- The most common form of bonus is gain sharing.
- **Gain sharing** occurs when an employer shares any increase in profits that result from improvements suggested or initiated by employees.
- Gain sharing is most commonly used in manufacturing plants, where increases in productivity or quality are relatively easy to track and measure. Consistent with the concept of Total Quality Management (TQM) gain sharing works best when employees themselves are responsible for the quality and quantity of output and are encouraged to improve the way the product is made.
- The other common form of variable pay is sales commission. **Sales commission** is a reward paid to salespeople, based on a percentage of revenues generated by their efforts.
- Many salespeople have a low base pay but earn a lot of commission.
- Advantages for giving employees bonuses & commission:
 - Bonus plans allow employers to pay employees more in good times and less when revenues and profits are reduced.
 - Bonuses and commissions are intended to drive employee performance.
- Disadvantages for giving employees bonuses & commission:
 - Many capable hard working people are risk averse. So they prefer security and certainty of knowing how much they earn in a year.
 - Bonuses may also reward wrong kinds of behaviour such as doing illegal or unethical things for the bonus.
 - Poorly designed bonuses may force managers to take more risks and focus on the short term instead of the long term.
- **Benefits:**
- **Employee benefits** are non-financial forms of compensation offered in addition to salary in order to reward and enrich employees.
- Examples include paid vacation time beyond the 2 weeks minimum mandated by Canadian law, pension plan, life insurance, health/dental care.
- **Profit Sharing:**
- **Profit sharing** is a form of compensation that allocates a percentage of profits to a pool to be shared by employees.
- The common range for the profit sharing pool is 5% - 10% of pre-tax profit.
- The business must then define triggers, based on objectives such as a target level of sales or profits, to determine whether the profit pool will be paid out. Without clearly defined triggers, profit sharing will fail in its intent to be a form of performance incentive.
- The business must also develop a methodology for allocating the profit sharing. This must be clear, logical, and fair. Otherwise it may cause rivalries and jealousies between employees who receive large bonuses and those that don't.
- **Orientation:**
- **Orientation/Introduction** is the process of introducing new or inexperienced people to an organisation.
- The purpose of orientation is to introduce newcomers to the new environment, make them feel comfortable and provide them with the knowledge they need to become effective members of the community.
- Research shows that orientation programs lead to higher job satisfaction, better job performance, and greater commitment to the organization from employees who have been through one.

- The specific benefits of orientation includes:
 - **Reducing Learning Time** - Orientation helps the employee get up to speed quickly, reducing the costs associated with learning how to do a job.
 - **Reducing Anxiety** - By receiving guidelines for their behaviour and conduct, new employees won't have to stress over not knowing what to do.
 - **Reducing Turnover** - Employee turnover increases if the employee doesn't feel that he/she is valued and welcome. Orientation shows the employee that their arrival is valued.
 - **Saving Management Time** - The better the orientation, the less likely that managers and coworkers will have to spend time teaching the new employee at a later date.
- **Setting Standards and Goals:**
- **Management By Objectives (MBO)** is a theory which suggests that a business can best improve its performance when managers and employees define objectives that are agreed to by both parties.
- MBO was proposed by Peter Drucker, one of the 20th century's pre-eminent thinkers about management.
- **Performance Appraisal:**
- **Performance appraisal** is an evaluation of an employee's achievements and growth, or lack thereof.
- Performance appraisal helps managers determine which employees should be awarded raises and bonuses.
- It also allows employees and their managers to create plans for training and development.
- However, employees and their managers should have frequent discussions about the employee's performance, so that they have time to improve and it'll make the performance appraisal less stressful.
- **Training and Development:**
- **Training** is activities aimed at increasing an employee's skills to enable them to do a particular job more efficiently.
- **Employee development** is activities aimed at increasing an employee's general skills and knowledge, coupled with career planning.
- Employee development goes beyond the scope of the employee's current position and is intended to groom them for increasing responsibility within the organisation.
- Employee development is a shared responsibility of management and the individual employee. The responsibility of the management is to provide the resources and environment that supports the employee's development needs and aspirations.
- Ways businesses can provide employees with learning opportunities:
 - **Job Expansion** - Give an employee new or additional duties, grooming them for promotion and keeping them challenged.
 - **Job Rotation** - Gives an employee the choice to work in different areas of the business on a temporary basis. They keep their existing job but exchange responsibilities with another employee.
 - **Job Shadowing** - The employee can observe someone at work to learn about what their responsibilities are and what they do.
 - **Peer-assisted Learning** - Two employees share their knowledge or skills with each other.
 - **Coaching** - This involves an agreement between an experienced manager and their employee. The role of the coach is to demonstrate skills and to give the employee guidance, feedback and reassurance while the employee practices the new skill.

- **Mentoring** - Similar to coaching. **Mentoring** occurs when a senior, experienced manager provides guidance and advice to a junior employee.
- **Classroom Training** - A business can offer opportunities to attend courses, seminars, and workshops that are offered either internally or externally.
- All of the above processes for hiring and managing employees are important as the cost of hiring the wrong person or losing the right one is big.
- **Employee Retention:**
- **Retention** is the activities a business goes through in order to keep and manage its people.
- **Turnover** is the percentage of employees who leave their job in a year.
- Turnover does not include people who retire at retirement age but it does include the people who quit to go back to school, to another organisation, to travel, or to stay at home.
- Turnover measures the percentage of an organization's workforce who would rather be doing something else.
- Not all turnover is bad. A business can benefit when a poorly performing employee leaves. Furthermore, having old people leave and hiring new people injects new and fresh blood and ideas into the business.
- Turnover is expensive. The average cost of replacing a white collar employee in the US is around \$50k - 65k. Furthermore, turnover is expensive, even for minimum wage jobs.
- There are 2 main factors that make up the cost of replacing a departed employee:
 1. The cost of lost output while a replacement is getting up to speed.
 2. The logistical cost of recruiting and absorbing a new worker.
- It doesn't matter if the employee left the job on their own or if they were fired. It will still cost the business a lot to replace them.
- The other problem with unhappy employees is that they don't want to come to work. This is known as absenteeism.
- **Absenteeism:** An employee's absence from work due to illness or personal or family responsibilities.
- Unhappy employees may take sick days when they're not actually sick because they're demotivated to work.
- In Canada in 2014, the absenteeism rate was 8.8 days per employee on average.

Textbook Definitions (Chapter 11):

- **Absenteeism:** An employee's absence from work due to illness or personal or family responsibilities.
- **Compensation:** All forms of reward going to employees and arising from their employment.
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- **Orientation/Introduction:** The process of introducing new or inexperienced people to an organisation.
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- **Turnover:** The percentage of employees who leave their job in a year.