

Lecture 8

Managing Human Resources. Creating and Managing Teams

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Managing Human Resources

Learning Objectives

1. **Explain** the importance of the human resource management process and the external influences that might affect that process.
2. **Discuss** the tasks associated with identifying and selecting competent employees.
 - **Know how** to be a good interviewee.
 - **Develop your skill** at being a good interviewer.
3. **Explain** the different types of orientation and training.
4. **Describe** strategies for retaining competent, high-performing employees.
5. **Discuss** contemporary issues in managing human resources.

Why Is HRM Important?

- As a significant source of competitive advantage:
 - People-oriented HR creates superior shareholder value
- As an important strategic tool
 - Achieve competitive success through people by treating employees as partners
- To improve organizational performance
 - High performance work practices lead to both high individual and high organizational performance

Why Is HRM Important? (cont.)

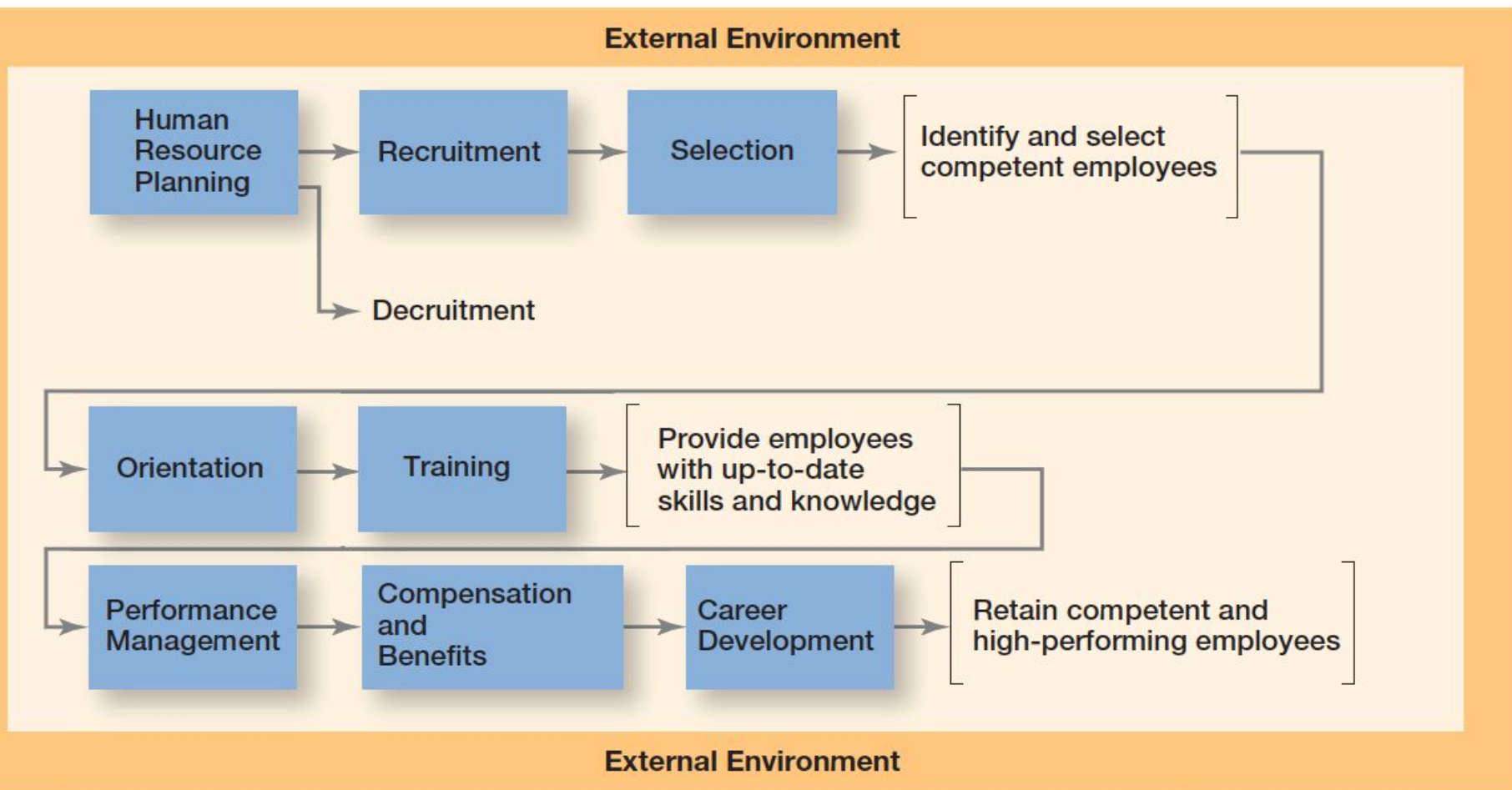
- **High – performance work practices** – work practices that lead to both high individual and high organizational performance.

Exhibit 12-1

High-Performance Work Practices

- Self-managed teams
 - Decentralized decision making
 - Training programs to develop knowledge, skills, and abilities
 - Flexible job assignments
 - Open communication
 - Performance-based compensation
 - Staffing based on person–job and person–organization fit
 - Extensive employee involvement
 - Giving employees more control over decision making
 - Increasing employee access to information
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Exhibit 12-2 HRM Process



External Factors That Affect the HRM Process

- The Economy's Effect on HRM
 - The global economic downturn has left, what many experts believe to be, an enduring mark on HRM practices worldwide.
 - U.S. workers have dramatically lowered their career and retirement expectations for the foreseeable future.

External Factors That Affect the HRM Process (cont.)

- Employee Labor Unions
 - **Labor union** – an organization that represents workers and seeks to protect their interests through collective bargaining.
 - Work stops, labor disputes, and negotiations between management and labor are just a few of the challenges organizations and managers face when their workforce is unionized

External Factors That Affect the HRM Process (cont.)

● Legal Environment of HRM

- **Affirmative action** – organizational programs that enhance the status of members of protected groups.
- Two current U.S. laws that each have the potential to affect future HRM practices:
 - Protection and Affordable Care Act (PPACA; commonly called the Health Care Reform Act)
 - Social Networking Online Protection Act (SNOPA)

Exhibit 12-3

Major HRM Laws

LAW OR RULING

YEAR

DESCRIPTION

Equal Employment Opportunity and Discrimination

■ Equal Pay Act	1963	Prohibits pay differences for equal work based on gender
■ Civil Rights Act, Title VII	1964 (amended in 1972)	Prohibits discrimination based on race, color, religion, national origin, or gender
■ Age Discrimination in Employment Act	1967 (amended in 1978)	Prohibits discrimination against employees 40 years and older
■ Vocational Rehabilitation Act	1973	Prohibits discrimination on the basis of physical or mental disabilities
■ Americans with Disabilities Act	1990	Prohibits discrimination against individuals who have disabilities or chronic illnesses; also requires reasonable accommodations for these individuals

Exhibit 12-3

Major HRM Laws (cont.)

LAW OR RULING	YEAR	DESCRIPTION
Compensation/Benefits		
■ Worker Adjustment and Retraining Notification Act	1990	Requires employers with more than 100 employees to provide 60 days' notice before a mass layoff or facility closing
■ Family and Medical Leave Act	1993	Gives employees in organizations with 50 or more employees up to 12 weeks of unpaid leave each year for family or medical reasons
■ Health Insurance Portability and Accountability Act	1996	Permits portability of employees' insurance from one employer to another
■ Lilly Ledbetter Fair Pay Act	2009	Changes the statute of limitations on pay discrimination to 180 days from each paycheck
■ Patient Protection and Affordable Care Act	2010	Health care legislation that puts in place comprehensive health insurance reforms

Exhibit 12-3

Major HRM Laws (cont.)

LAW OR RULING	YEAR	DESCRIPTION
Health/Safety		
■ Occupational Safety and Health Act (OSHA)	1970	Establishes mandatory safety and health standards in organizations
■ Privacy Act	1974	Gives employees the legal right to examine personnel files and letters of reference
■ Consolidated Omnibus Reconciliation Act (COBRA)	1985	Requires continued health coverage following termination (paid by employee)

Global HRM Laws

- **Work councils** – groups of nominated or elected employees who must be consulted when management makes decisions involving personnel.
- **Board representatives** – employees who sit on a company's board of directors and represent the interests of the firm's employees.

External Factors That Affect the HRM Process (cont.)

● Demographic Trends

- The oldest, most experienced workers (those born before 1946) make up 6 percent of the workforce.
- The baby boomers (those born between 1946 and 1964) make up 41.5 percent of the workforce.
- Gen Xers (those born 1965 to 1977) make up almost 29 percent of the workforce.
- Gen Yers (those born 1978 to 1994) make up almost 24 percent of the workforce.

Human Resource Planning

- **Human resource planning** – ensuring that the organization has the right number and kinds of capable people in the right places and at the right times.
 - **Job analysis** – an assessment that defines jobs and the behaviors necessary to perform them.

Human Resource Planning (cont.)

- **Job description** – a written statement that describes a job.
- **Job specification** – a written statement of the minimum qualifications a person must possess to perform a given job successfully.

Recruitment and Decruitment

- **Recruitment** – locating, identifying, and attracting capable applicants.
- **Decruitment** – reducing an organization's workforce.

Exhibit 12-4

Recruiting Sources

Source	Advantages	Disadvantages
Internet	Reaches large numbers of people; can get immediate feedback	Generates many unqualified candidates
Employee referrals	Knowledge about the organization provided by current employee; can generate strong candidates because a good referral reflects on the recommender	May not increase the diversity and mix of employees
Company Web site	Wide distribution; can be targeted to specific groups	Generates many unqualified candidates
College recruiting	Large centralized body of candidates	Limited to entry-level positions
Professional recruiting organizations	Good knowledge of industry challenges and requirements	Little commitment to specific organization

Exhibit 12-5

Decruitment Options

Option	Description
Firing	Permanent involuntary termination
Layoffs	Temporary involuntary termination; may last only a few days or extend to years
Attrition	Not filling openings created by voluntary resignations or normal retirements
Transfers	Moving employees either laterally or downward; usually does not reduce costs but can reduce intraorganizational supply–demand imbalances
Reduced workweeks	Having employees work fewer hours per week, share jobs, or perform their jobs on a part-time basis
Early retirements	Providing incentives to older and more senior employees for retiring before their normal retirement date
Job sharing	Having employees share one full-time position

Selection

- **Selection** – screening job applicants to ensure that the most appropriate candidates are hired.
 - A valid selection device is characterized by a proven relationship between the selection device and some relevant criterion.
 - A reliable selection device indicates that it measures the same thing consistently.

Exhibit 12-6

Selection Decision Outcomes

		Selection Decision	
		Accept	Reject
Later Job Performance	Successful	Correct Decision	Reject Error
	Unsuccessful	Accept Error	Correct Decision

Exhibit 12-7

Selection Tools

Application Forms

- Almost universally used
- Most useful for gathering information
- Can predict job performance but not easy to create one that does

Written Tests

- Must be job related
- Include intelligence, aptitude, ability, personality, and interest tests
- Are popular (e.g., personality tests; aptitude tests)
- Relatively good predictor for supervisory positions

Exhibit 12-7

Selection Tools (cont.)

Performance-Simulation Tests

- Use actual job behaviors
- Work sampling—test applicants on tasks associated with that job; appropriate for routine or standardized work
- Assessment center—simulate jobs; appropriate for evaluating managerial potential

Interviews

- Almost universally used
- Must know what can and cannot be asked
- Can be useful for managerial positions

Exhibit 12-7

Selection Tools (cont.)

Background Investigations

- Used for verifying application data—valuable source of information
- Used for verifying reference checks—not a valuable source of information

Physical Examinations

- Are for jobs that have certain physical requirements
- Mostly used for insurance purposes

Selection (cont.)

- **Realistic Job Preview (RJP)** – a preview of a job that provides both positive and negative information about the job and the company.

Providing Employees with Needed Skills and Knowledge

- **Orientation** – introducing a new employee to his or her job and the organization.
 - Employee Training is an important HRM activity.
 - In 2011, U.S. business firms spent more than \$59 billion on formal employee training.

Exhibit 12-8

Types of Training

<i>TYPE</i>	<i>INCLUDES</i>
General	Communication skills, computer systems application and programming, customer service, executive development, management skills and development, personal growth, sales, supervisory skills, and technological skills and knowledge
Specific	Basic life–work skills, creativity, customer education, diversity/ cultural awareness, remedial writing, managing change, leadership, product knowledge, public speaking/presentation skills, safety, ethics, sexual harassment, team building, wellness, and others

Exhibit 12-9

Traditional Training Methods

On-the-job—Employees learn how to do tasks simply by performing them, usually after an initial introduction to the task.

Job rotation—Employees work at different jobs in a particular area, getting exposure to a variety of tasks.

Mentoring and coaching—Employees work with an experienced worker who provides information, support, and encouragement; also called apprenticeships in certain industries.

Experiential exercises—Employees participate in role playing, simulations, or other face-to-face types of training.

Workbooks/manuals—Employees refer to training workbooks and manuals for information.

Classroom lectures—Employees attend lectures designed to convey specific information.

Exhibit 12-9

Traditional Training Methods (cont.)

Technology-Based Training Methods

CD-ROM/DVD/videotapes/audiotapes/podcasts—Employees listen to or watch selected media that convey information or demonstrate certain techniques.

Videoconferencing/teleconferencing/satellite TV—Employees listen to or participate as information is conveyed or techniques demonstrated.

E-learning—Internet-based learning where employees participate in multimedia simulations or other interactive modules.

Mobile learning—Learning delivered via mobile devices.

Retaining Competent, High Performing Employees

- **Performance management system** – establishes performance standards used to evaluate employee performance.
 - **Skill-based pay** – a pay system that rewards employees for the job skills they can demonstrate.
 - **Variable pay** – a pay system in which an individual's compensation is contingent on performance.

Exhibit 12-10

Performance Appraisal Methods

Written Essay

Evaluator writes a description of employee's strengths and weaknesses, past performance, and potential; provides suggestions for improvement.

- + Simple to use
- May be better measure of evaluator's writing ability than of employee's actual performance

Critical Incident

Evaluator focuses on critical behaviors that separate effective and ineffective performance.

- + Rich examples, behaviorally based
- Time-consuming, lacks quantification

Graphic Rating Scale

Popular method that lists a set of performance factors and an incremental scale; evaluator goes down the list and rates employee on each factor.

- + Provides quantitative data; not time-consuming
- Doesn't provide in-depth information on job behavior

Exhibit 12-10:

Performance Appraisal Methods (cont.)

BARS (Behaviorally Anchored Rating Scale)

Popular approach that combines elements from critical incident and graphic rating scale; evaluator uses a rating scale, but items are examples of actual job behaviors.

- + Focuses on specific and measurable job behaviors
- Time-consuming; difficult to develop

Multiperson Comparison

Employees are rated in comparison to others in work group.

- + Compares employees with one another
- Difficult with large number of employees; legal concerns

MBO

Employees are evaluated on how well they accomplish specific goals.

- + Focuses on goals; results oriented
- Time-consuming

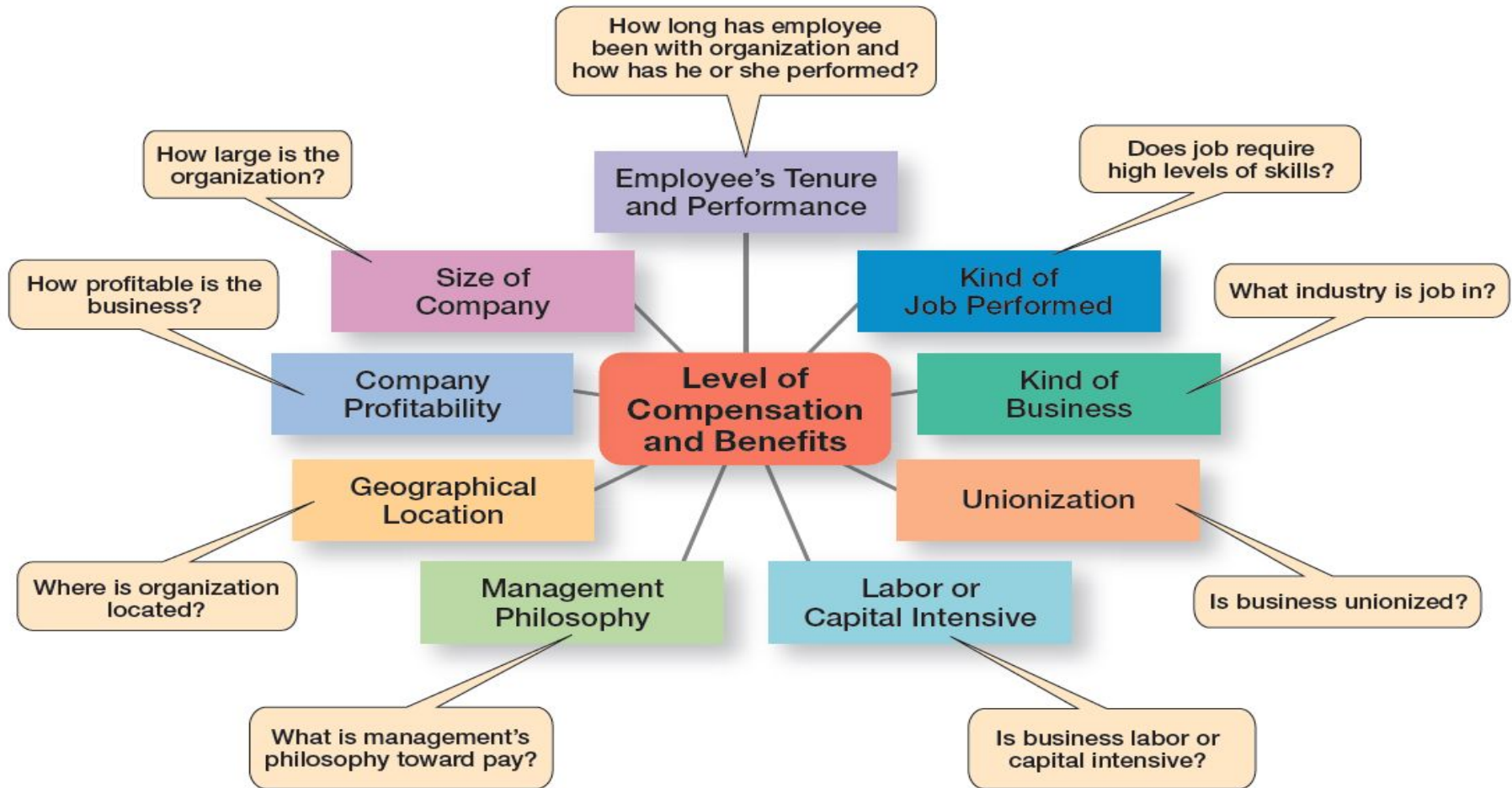
360-Degree Appraisal

Utilizes feedback from supervisors, employees, and coworkers.

- + Thorough
- Time-consuming

Exhibit 12-11

What Determines Pay and Benefits



Contemporary Issues in Managing Human Resources

- **Downsizing** – the planned elimination of jobs in an organization.
- **Sexual harassment** – any unwanted action or activity of a sexual nature that explicitly or implicitly affects an individual's employment, performance, or work environment.

Exhibit 12-12

Tips for Managing Downsizing

- Treat everyone with respect.
- Communicate openly and honestly:
 - Inform those being let go as soon as possible.
 - Tell surviving employees the new goals and expectations.
 - Explain impact of layoffs.
- Follow any laws regulating severance pay or benefits.
- Provide support/counseling for surviving (remaining) employees.
- Reassign roles according to individuals' talents and backgrounds.
- Focus on boosting morale:
 - Offer individualized reassurance.
 - Continue to communicate, especially one-on-one.
 - Remain involved and available.
- Have a plan for the empty office spaces/cubicles so it isn't so depressing for surviving employees.

Contemporary Issues in Managing Human Resources (cont.)

- **Family-friendly benefits** – benefits that accommodate employees' needs for work–life balance.



Contemporary Issues in Managing Human Resources (cont.)

- Employee Health Care Costs – since 2002, health care costs have risen an average of 15 percent a year and are expected to double by the year 2016 from the \$2.2 trillion spent in 2007.
- Employee Pension Plan Costs – pension commitments have become such an enormous burden that companies can no longer afford them. In fact, the corporate pension system has been described as “fundamentally broken.”

Creating and Managing Teams

Learning Objectives

1. **Define** groups and the stages of group development.
2. **Describe** the major components that determine group performance and satisfaction.
3. **Define** teams and best practices influencing team performance.
 - **Know how** to maximize outcomes through effective negotiating.
 - **Develop your skill** at coaching team members.
4. **Discuss** contemporary issues in managing teams.

What Is a Group?

- **Group** – two or more interacting and interdependent individuals who come together to achieve specific goals.
 - Formal groups
 - Work groups defined by the organization's structure that have designated work assignments and tasks.
 - Informal groups
 - Groups that are independently formed to meet the social needs of their members.

Exhibit 13-1

Examples of Formal Work Groups

- *Command groups*—Groups determined by the organizational chart and composed of individuals who report directly to a given manager.
- *Task groups*—Groups composed of individuals brought together to complete a specific job task; their existence is often temporary because when the task is completed, the group disbands.
- *Cross-functional teams*—Groups that bring together the knowledge and skills of individuals from various work areas or groups whose members have been trained to do each others' jobs.
- *Self-managed teams*—Groups that are essentially independent and that, in addition to their own tasks, take on traditional managerial responsibilities such as hiring, planning and scheduling, and evaluating performance.

Stages of Group Development

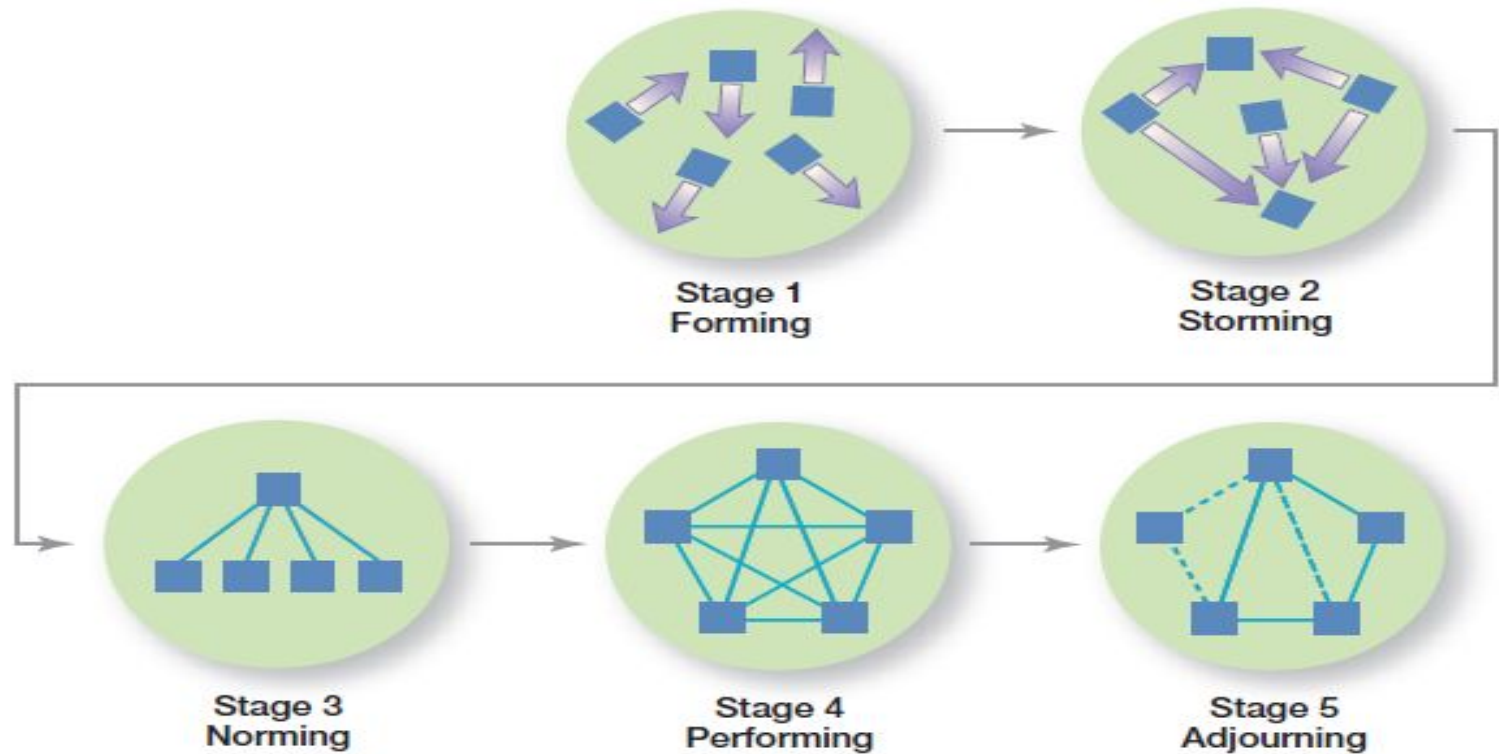
- **Forming stage** – the first stage of group development in which people join the group and then define the group's purpose, structure, and leadership.
- **Storming stage** – the second stage of group development, characterized by intragroup conflict.
- **Norming stage** – the third stage of group development, characterized by close relationships and cohesiveness.

Stages of Group Development (cont.)

- **Performing stage** – the fourth stage of group development when the group is fully functional and works on group task.
- **Adjourning** – the final stage of group development for temporary groups during which group members are concerned with wrapping up activities rather than task performance.

Exhibit 13-2

Stages of Group Development

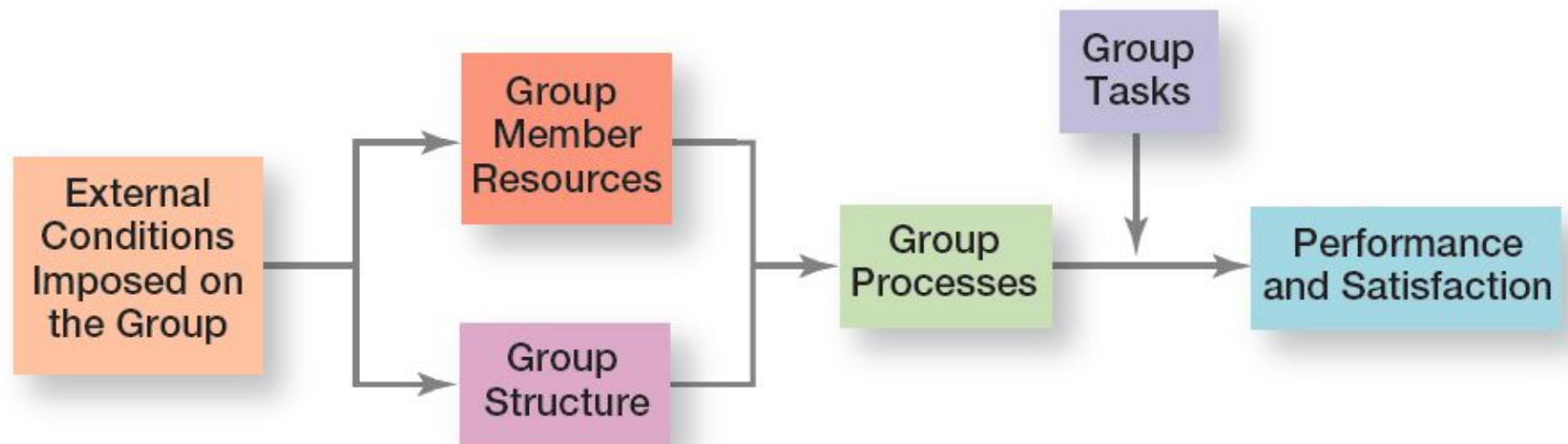


Work Group Performance and Satisfaction

- Why are some groups more successful than others?
 - The abilities of the group's members
 - The size of the group
 - The level of conflict
 - The internal pressures on members to conform to the group's norms

Exhibit 13-3

Group Performance/Satisfaction Model



External Conditions Imposed on the Group

- Work groups are affected by the external conditions imposed on it:
 - The organization's strategy
 - Authority relationships
 - Formal rules and regulations
 - Availability of resources
 - Employee selection criteria
 - The performance management system and culture
 - The general physical layout of the group's work space

Group Member Resources

- A group's performance potential depends to a large extent on the resources each individual brings to the group. These include:
 - Knowledge
 - Abilities
 - Skills
 - Personality traits

Group Structure

- **Role** – behavior patterns expected of someone occupying a given position in a social unit.
- **Norms** – standards or expectations that are accepted and shared by a group's members.
- **Groupthink** – when a group exerts extensive pressure on an individual to align his or her opinion with that of others.

Group Structure (cont.)

- **Status** – a prestige grading, position, or rank within a group.
- **Social loafing** – the tendency for individuals to expend less effort when working collectively than when working individually.
- **Group cohesiveness** – the degree to which group members are attracted to one another and share the group's goals.

Exhibit 13-5

Group Cohesiveness and Productivity

		Cohesiveness	
		High	Low
Alignment of Group and Organizational Goals	High	Strong Increase in Productivity	Moderate Increase in Productivity
	Low	Decrease in Productivity	No Significant Effect on Productivity

Group Structure (cont.)

● Group Size

- Small groups are faster than larger ones at completing tasks
- Large groups consistently get better problem solving results than smaller ones
- Amazon founder and CEO Jeff Bezos uses a “two-pizza” philosophy; that is, a team should be small enough that it can be fed with two pizzas.

Group Structure (cont.)

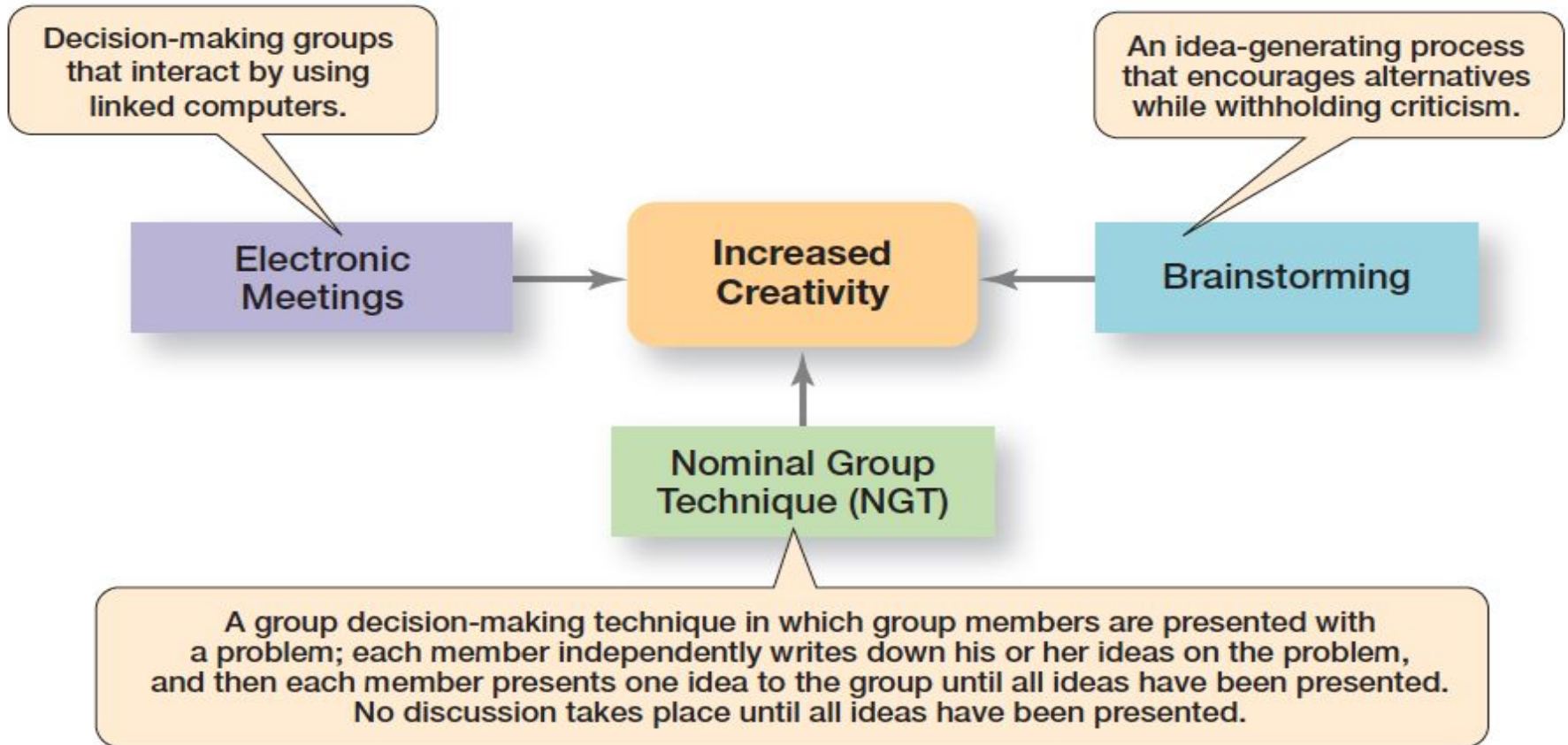
- **Group Processes** – processes that go on within a work group determines group performance and satisfaction. These include:
 - Communication
 - Decision-making
 - Conflict management

Group Structure (cont.)

- Group Decision-making – most organizations use groups to make decisions.
 - Advantages of group decision-making
 - More complete information and knowledge
 - A diversity of experience and perspectives
 - Increased acceptance of a solution
 - Disadvantages of group decision-making
 - Groups almost always take more time to reach a solution
 - Dominant and vocal minority can influence the decision
 - Groupthink

Exhibit 13-6

Creative Group Decision Making



Conflict Management

- **Conflict** – perceived incompatible differences that result in interference or opposition.
 - **Traditional view of conflict** – the view that all conflict is bad and must be avoided.
 - **Human relations view of conflict** – the view that conflict is a natural and inevitable outcome in any group.

Conflict Management (cont.)

- **Interactionist view of conflict** – the view that some conflict is necessary for a group to perform effectively.
 - **Functional conflicts** – conflicts that support a group's goals and improve its performance.
 - **Dysfunctional conflicts** – conflicts that prevent a group from achieving its goals.

Conflict Management (cont.)

- **Task conflict** – conflicts over content and goals of the work.
- **Relationship conflict** – conflict based on interpersonal relationships.
- **Process conflict** – conflict over how work gets done.

Exhibit 13-7

Conflict and Group Performance

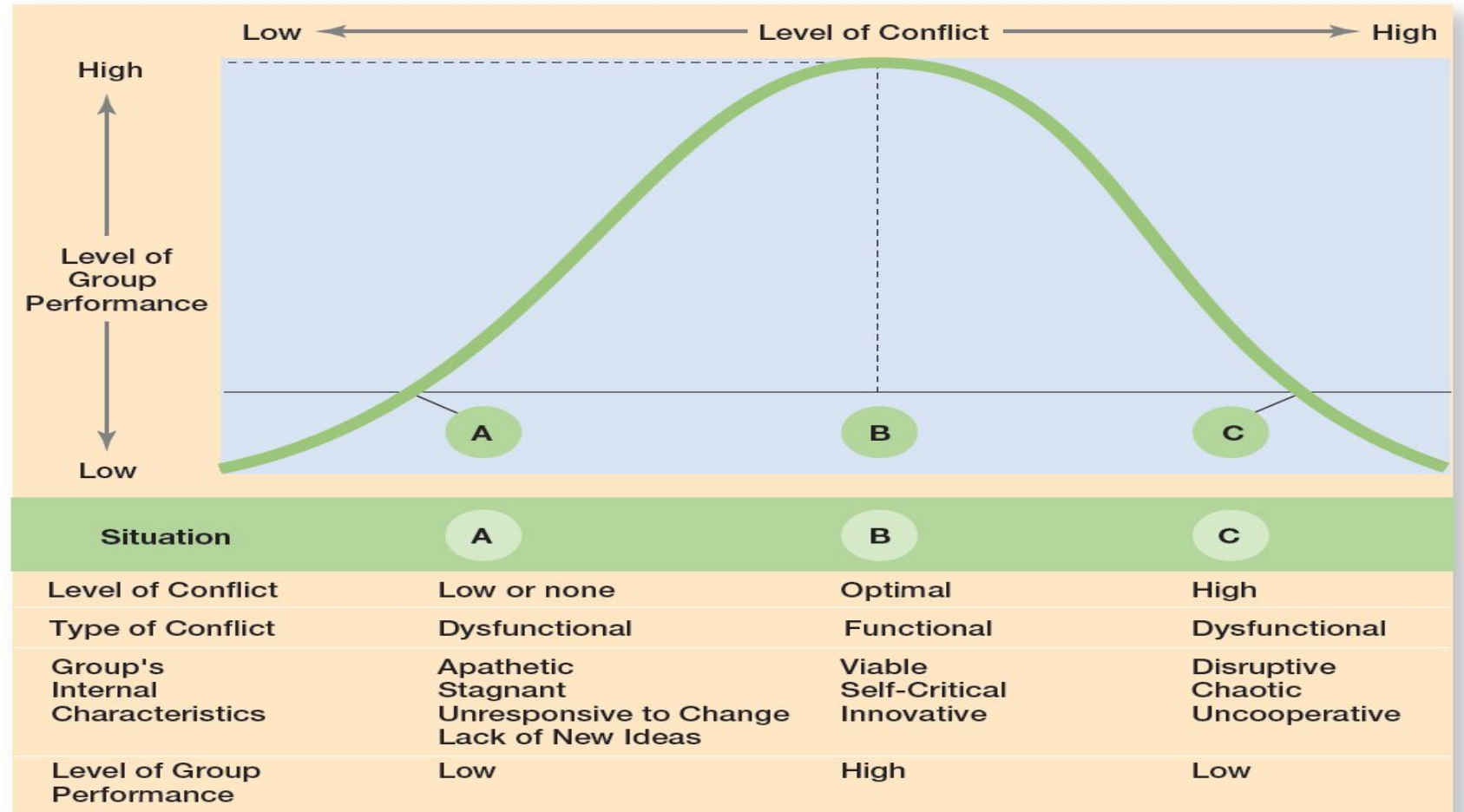
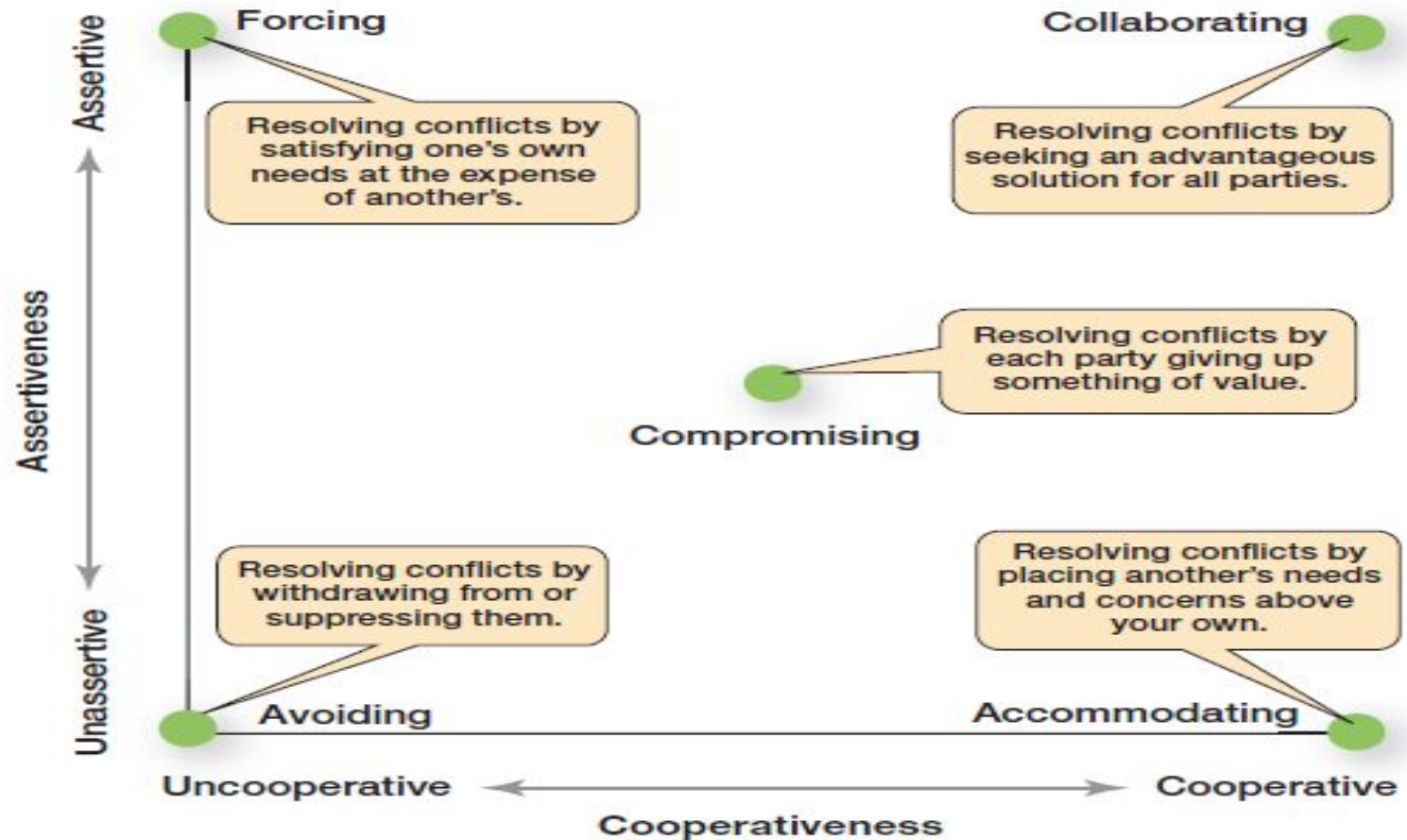


Exhibit 13-8

Conflict-Management Techniques



Turning Groups into Effective Teams

- **Work teams** – groups whose members work intensely on a specific, common goal using their positive synergy, individual and mutual accountability, and complementary skills.



Exhibit 13-9

Groups Versus Teams

Work Teams

- Leadership role is shared
- Accountable to self and team
- Team creates specific purpose
- Work is done collectively
- Meetings characterized by open-ended discussion and collaborative problem-solving
- Performance is measured directly by evaluating collective work output
- Work is decided upon and done together
- Can be quickly assembled, deployed, refocused, and disbanded

Work Groups

- One leader clearly in charge
- Accountable only to self
- Purpose is same as broader organizational purpose
- Work is done individually
- Meetings characterized by efficiency; no collaboration or open-ended discussion
- Performance is measured indirectly according to its influence on others
- Work is decided upon by group leader and delegated to individual group members

Types of Work Teams

- **Problem-solving team** – a team from the same department or functional area that's involved in efforts to improve work activities or to solve specific problems.
- **Self-managed work team** – a type of work team that operates without a manager and is responsible for a complete work process or segment.

Types of Work Teams (cont.)

- **Cross-functional team** – a work team composed of individuals from various functional specialties.
- **Virtual team** – a type of work team that uses technology to link physically dispersed members in order to achieve a common goal.

Creating Effective Work Teams

- Clear Goals – high-performance teams have a clear understanding of the goal to be achieved.
- Relevant Skills – team members have the necessary technical and interpersonal skills.
- Mutual Trust – effective teams are characterized by high mutual trust among members.
- Unified Commitment – members are dedicated to team goals.

Creating Effective Work Teams (cont.)

- Good Communication – messages are clearly understood.
- Negotiating Skills – members need to be able to confront and reconcile differences.
- Appropriate Leadership – leaders motivate a team to follow through difficult situations.
- Internal and External Support – proper training, incentives, and resources.

Exhibit 13-10

Characteristics of Effective Teams



Current Challenges in Managing Teams

- Group Member Resources in Global Teams – managers need to clearly understand the cultural characteristics of group members.
- Group Structure – issues include conformity, status, social loafing, and cohesiveness.
- Group Processes – multicultural global team is better able to capitalize on the diversity of ideas.

Exhibit 13-11

Global Teams

Drawbacks	Benefits
<ul style="list-style-type: none">• Dislike of team members• Mistrust of team members• Stereotyping• Communication problems• Stress and tension	<ul style="list-style-type: none">• Greater diversity of ideas• Limited groupthink• Increased attention on understanding others' ideas, perspectives, etc.

Understanding Social Networks

● Social Network

- The patterns of informal connections among individuals within groups.
- The Importance of Social Networks
 - Relationships can help or hinder team effectiveness.
 - Relationships improve team goal attainment and increase member commitment to the team.

- Thanks
- Questions