

Cambridge

AS - Level

Business studies

CODE: (9609)

Unit 02- Chapter 12

Human resource management



Introduction

Human resource management (HRM) aims to recruit capable, flexible and committed people, managing and rewarding their performance and developing their key skills to the benefit of the organisation.

Human resource management – purpose and role

This management function has developed from, but is different to, the work of traditional personnel departments. These departments were responsible for just the recruiting, training, discipline and welfare of staff. They tended to be:

- bureaucratic in their approach, with an inflexible approach to employee issues
- focused on recruitment, selection and discipline rather than development and training
- reluctant to give any HR roles to any other departmental managers
- not represented at board of directors level and not part of the strategic management team.

HRM is broader and more far-reaching in scope. It focuses on:

- Workforce planning: Planning the future workforce needs of the business (see Chapter 13).
- Recruitment and selection: Recruiting and selecting appropriate employees and inducting them into the business.
- Developing employees: Appraising, training and developing employees at every stage of their careers.
- Employment contracts: Preparing contracts of employment for all employees and deciding on how flexible these should be: permanent or temporary, full- or part-time.
- Ensuring HRM operates across the business: Involving all managers in the development of their employees – emphasising that this is not just an HR responsibility.
- Employee morale and welfare: Monitoring and improving employee morale and welfare including giving advice and guidance.
- Incentive systems: Developing appropriate pay systems (and other incentives) for different categories of employees (see Chapter 11)
- Monitoring: Measuring and monitoring employee performance (see Chapter 13).

Recruiting and selecting staff

Organisations need to obtain the best workforce available if they are to meet their objectives and compete successfully

Recruitment and selection will be necessary when:

- the business is expanding and needs a bigger workforce
- employees leave and they need to be replaced – this is called labour turnover

1. Establishing the exact nature of the job vacancy and drawing up a job description

This provides a complete picture of the job and will include:

- job title
- details of the tasks to be performed
- responsibilities involved
- place in the hierarchical structure
- working conditions
- how the job will be assessed and performance measured.

The advantage of the **job description** is that it should attract the right type of people to apply for the job, as potential recruits will have an idea of whether they are suited to the position or not.

2 Drawing up a person specification

This is an analysis of the type of qualities and skills being looked for in suitable applicants. It is clearly based on the job description because these skills can only be assessed once the nature and complexity of the job have been identified. The **person specification** is like a 'person profile' and will help in the selection process by eliminating applicants who do not match up to the necessary requirements

3 Preparing a job advertisement

Job advertisements should reflect job requirements and personal qualities, and can be displayed in business premises, government job centers, recruitment agencies, and newspapers. Online recruitment services like Jobtrain and HireServe help businesses prepare effective online ads. Care must be taken to avoid discrimination, as nearly all countries prohibit unfair selection based on race, gender, or religion.

4 Drawing up a shortlist of applicants

A small number of applicants are chosen based on their application forms and personal details, often contained in a CV (curriculum vitae). References may have been obtained in order to check on the character and previous work performance of the applicants.

5 Selecting between the applicants

Interviews are the most common method of selection. Interviewers question the applicant on their skills, experience and character to see if they will both perform well and fit into the organisation. Some interviewers use a seven-point plan to carry out a methodical interview.

Benefits of internal recruitment	Benefits of external recruitment
<ul style="list-style-type: none"> ■ applicants may already be known to the selection team ■ applicants will already know the organisation and its internal methods – no need for induction training ■ culture of the organisation will be well understood by the applicants ■ often quicker than external recruitment ■ likely to be cheaper than using external advertising and recruitment agencies ■ gives internal staff a career structure and a chance to progress ■ staff will not have to get used to new style of management approach if vacancy is a senior post 	<ul style="list-style-type: none"> ■ external applicants will bring in new ideas and practices to the business – this helps to keep existing staff focused on the future rather than 'the ways things have always been done' ■ should be a wide choice of potential applicants – not just limited to internal staff ■ avoids resentment sometimes felt by existing staff if one of their colleagues is promoted above them ■ standard of applicants could be higher than if just limited to internal staff applicants

Table 12.1 Advantages of internal and external recruitment

Employment contracts

Employment contracts are legally binding documents. Care needs to be taken to ensure that they are fair and accord with current employment laws where the worker is employed. A typical employment contract will contain the following features:

- Employee's work responsibilities and the main tasks to be undertaken.
- Whether the contract is permanent or temporary (see Chapter 13).
- Working hours and the level of flexibility expected, e.g. part time or full time, working weekends or not (see Chapter 13), the payment method to be used for the job and the rate for it (e.g. hourly rate).
- Holiday entitlement.
- The number of days' notice that must be given by the worker (if they wish to leave) or the employer (if they want to make the worker redundant).

KEY TERM

Employment contract: a legal document that sets out the terms and conditions governing a worker's job.

KEY TERM

Labour turnover: measures the rate at which employees are leaving an organisation. It is measured by:

$$\frac{\text{number of employees leaving in 1 year}}{\text{average number of people employed}} \times 100$$

Labour turnover

If a business employed, on average, 200 employees last year and 30 left during the year, then the **labour turnover** rate would be 15%. High labour turnover is more common in low unemployment areas due to better-paying jobs and higher unemployment rates in certain industries. For example, fast-food restaurants can have over 100% labor turnover in a year, while law practices and scientific research typically have low turnover rates.

Training and developing employees

Having spent a great deal of time and effort on recruiting and selecting the right staff, the HR department must ensure that they are well-equipped to perform the duties and undertake the responsibilities expected of them. This will nearly always involve training in order to develop the full abilities of the worker.

There are different types of training:

1 Induction training is given to all new recruits. It has the objectives of introducing them to the people that they will be working with most closely, explaining the internal organisational structure, outlining the layout of the premises and making clear essential health and safety issues.

2 On-the-job training involves instruction at the place of work. This is often conducted either by the HR managers or departmental training officers. Watching or working closely with existing experienced members of staff is a frequent component of this form of training.

Costs of high labour turnover	Potential benefits of high labour turnover
<ul style="list-style-type: none"> ■ costs of recruiting, selecting and training new staff ■ poor output levels and customer service due to staff vacancies before new recruits are appointed ■ difficult to establish loyalty and regular, familiar contact with customers ■ difficult to establish team spirit 	<ul style="list-style-type: none"> ■ low-skilled and less-productive staff might be leaving – they could be replaced with more carefully selected workers ■ new ideas and practices are brought into an organisation by new workers ■ a business that plans to reduce staff numbers anyway – due to rationalisation – will find that high labour turnover will do this, as leaving staff will not be replaced

Table 12.2 Costs and potential benefits from high labour turnover

3 Off-the-job training entails any course of instruction away from the place of work. This could be a specialist training centre belonging to the firm itself or it could be a course organised by an outside body, such as a university or computer manufacturer, to introduce new ideas that no one in the firm currently has knowledge of.

Development and appraisal of employees

This should be a continuous process. Development might take the form of new challenges and opportunities, additional training courses to learn new skills, promotion with additional delegated authority and chances for job enrichment. To enable a worker to continually achieve a sense of self-fulfilment, the HR department should work closely with the worker's functional department to establish a career plan that the individual feels is relevant and realistic.

Discipline and dismissal of employees

On occasions it will be necessary for an HR manager to discipline an employee for continued failure to meet the obligations laid down by the contract of employment. Dismissing a worker is not a matter that should be undertaken lightly.

To show that a dismissal is fair, employers need to be able to show that one of the following is true and, except in the case of gross misconduct, that the agreed procedures have been followed:

- inability to do the job even after sufficient training has been given
- a continuous negative attitude at work, which has badly affected the employees or their work
- continuous disregard of required health and safety procedures
- deliberate destruction of an employer's property
- bullying of other employees

There are certain situations in which dismissal can be considered unfair or in breach of employment law. These include:

- pregnancy
- a discriminatory reason, e.g. the race, gender or religion of a worker
- being a member of a union
- a non-relevant criminal record – if the employer has previously been unaware of a criminal record, it is not a reason for dismissal unless it is central to the job, e.g. a cashier convicted of stealing from the till or a schoolteacher convicted of child abuse.

Redundancies

This is not the same as dismissal and the two should not be confused. **Redundancy** occurs when workers' jobs are no longer required, perhaps because of a fall in demand or a change in technology.

The way announcements are made can have a significant impact on staff and the wider community, leading to job security loss. Redundancy can occur due to budget cuts or when a job is no longer required. Set guidelines are followed to ensure correct redundancy, with the principle being 'last in, first out'. If natural wastage is not sufficient, voluntary redundancy may be pursued. However, an invitation to leave is a high-risk strategy.

Employee morale and welfare

Most HR departments will offer advice, counselling and other services to employees who are in need of support, perhaps because of family or financial problems. These support services can reflect well on the caring attitude of the business towards its workforce.

Work–life balance

The hours and times people work have always been subject to change but the pace of this change is now more rapid than ever because:

- customers expect to have goods and services available outside traditional working hours
- organisations want to match their business needs with the way their employees work
- globalisation has led to much greater levels of competition, so efficiency and flexibility are important to a business to remain competitive.

Some analysts suggest that HR departments should assist employees to achieve a better **work–life balance** that will reduce stress – but also increase employee efficiency.

The following methods have been used by some businesses to allow employees to take more control of their working lives to allow for more leisure and relaxation time, more time for creativity and more time with family:

- Flexible working (see Chapter 13).
- Teleworking – working from home for some of the working week.
- Job sharing – allowing two people to fill one full-time vacancy, although each worker will only receive a proportion of the full-time pay.
- Sabbatical periods – an extended period of leave from work. This can be for up to 12 months. Some businesses do not pay employees during this period but guarantee to keep the job open for them on return, but some businesses do pay employees a proportion of their full time salary.

Policies for diversity and equality

Most organisations have policies which try to ensure **equality and diversity** in the workforce. The countries in the European Union have strict laws that govern equality issues – and this is true of many other countries.

The advantages of promoting equality in the workplace include creating an environment with high employee morale, developing a good reputation and the ability to recruit top talent.

KEY TERMS

Equality policy: practices and processes aimed at achieving a fair organisation where everyone is treated in the same way and has the opportunity to fulfil their potential.

Diversity policy: practices and processes aimed at creating a mixed workforce and placing positive value on diversity in the workplace.

Workplace diversity relates to acknowledging differences among employees and deliberately creating an inclusive environment that values those differences. A workplace that encourages diversity employs individuals from various races, ethnicities, religions and genders. Many businesses implement diversity programs, which educate employees on the definition of diversity and how it helps every member of the workforce.

A diverse workforce also leads to an increase in creativity because individuals from different backgrounds approach problem solving in different ways. Businesses also benefit from diversity in language skills, which allows them to provide products and services internationally.

Revision questions

Q1. 9707/11/M/J/2010/Q1/(a)

State two functions of a Human Resources (Personal) Manager. [2]

Q2. 9609/12/M/J/2016/Q4/(a)

Distinguish between a 'job description' and 'Person specification'. [2]

Q3. 9707/11/M/J/2014/Q2/(b)

Briefly explain two ways human resource management could help a business achieve its objectives. [3]

Q4. 9707/13/M/J/2011/Q1

(a) Define the term 'job enrichment'. [2]

(b) Briefly explain two benefits to a business that might result from the use of the job enrichment. [3]

Q5. 9707/13/O/N/2011/Q4

(a) Define the term 'induction training'. [2]

(b) Briefly explain why a business might invest in the training of its staff. [3]

Q6. 9707/12/M/J/2012/Q2

(a) State two methods of staff recruitment. [2]

(b) Distinguish between a 'job description' and 'Person specification'. [3]

Q7. 9707/13/M/J/2012/Q2

(a) Define the term 'contract of employment'. [2]

(b) Briefly explain the difference between 'redundancy' and 'dismissal'. [3]

Q8. 9707/12/O/N/2012/Q1

(a) Define the term 'induction training'. [2]

(b) Briefly explain two ways a Human Resources Management can help a business achieve its objectives. [3]

Q9. 9707/13/M/J/2014/Q2

(a) Define the term disciplinary procedures. [2]

(b) Briefly explain two reasons why disciplinary procedures are important for a business when managing its employees. [3]

Q10. 9707/11/O/N/2014/Q2

(a) State two functions of Human Resources Management. [2]

(b) Briefly explain the difference between 'redundancy' and 'dismissal'. [3]

Q11. 9707/13//M/J/202010/Q3

Briefly explain three functions of Human Resources Management. [5]

Q12. 9609/12/O/N/17/Q3

Explain the importance of the workforce planning for the effective performance of a university. [5]

Q13. 9707/12/M/J/2014/Q7/(a)

Explain how the effectiveness of the operations management function can be influenced by human resource management. [8]

Q14. 9609/12/F/M/2018/Q5/(a)

Analyse the benefits of a job description and a person specification when recruiting a new employee. [8]

Q15. 9707/11/O/N/2012/Q5/(b)

Discuss the importance of training and development in motivating the workforce in a school. [12]

Q16. 9707/13/M/J/2015/Q7/(b)

Discuss how a cruise ship company could solve the problem of high level of passenger complaints about poor customer service. [12]

Q17. 9609/11/M/J/2018/Q7 (b)

Discuss the view that the most important role of human resource management (HRM) in all businesses is to maintain high level of staff moral and welfare. [12]

Q18. 9707/11/M/J/2011/Q7

(a) Explain the importance of human resource management to a large business. [8]

(b) Discuss why the management of a hotel might decide to recruit a new head chef externally rather than internally. [12]

Q19. 9707/12/M/J/2015/Q7

(a) Explain why it is important for a business to have an effective system of recruitment and selection. [8]

(b) Discuss why a school might decide to recruit a new head teacher externally, rather than by internal promotion. [12]

Q20. 9609/12/M/J/2018/Q7

(a) Analyse why a human resource department have developed policies for diversity and equality. [8]

(b) 'A significant investment in training and development is the best way to improve employee effectiveness in a retail businesses'. Discuss this view. [12]

Q21. 9707/11/O/N/2011/Q6

Discuss the importance of staff training and development in achieving business objectives. [20]

Q22. 9707/13/M/J/2013/Q6

Discuss the factors a Human Resources Director could consider when seeking to improve staff morale. [20]

Q23. 9707/11/M/J/2015/Q6

Discuss the factors that would indicate that a retail business has effective human resource management. [20]

Q24. 9609/12/O/N/2017/Q6

A hospital requires employees to work long and often unsociable hours. Discuss why and how the hospital should assist its employees to achieve a good work-life balance. [20]

Q25. 9609/11/O/N/2018/Q6

Discuss the possible consequences for a tertiary sector business that decides to reduce its expenditure on employee training and development. [20]