CHAPTER 8

INTRODUCTION

- Until they get to a certain size, entrepreneurial organizations are unlikely to have a separate human resource management specialist and department.

- The organization grows the entrepreneur personally may have to handle human resources activities until the point at which it's necessary to hire a specialist in this area.

Strategic human resource management

- Is it just a nice thing to say or is there some truth to the statement.

- According to jeffrey pfeffer, a management professor who has spent is carrier studying people and organizations, they are very important.

- The high performance organizations have people strategies that reward teamwork, commitment, excellence, integrity and other essential behaviors,

- The people philosophy of these high performance organizations revolves around treating people appropriately by giving them the tools, training, and incentives they need to do their jobs.

- The common thread in these high performance work practices that is, human resource policies and practices that lead to high level of both individual and organizational performance.

- Pfeffer identifies seven people practices that he believe are key to a successful organization.
- Once study reported that if an average age company implemented these high performance work practices, it good potentially add annually (per employee) $27044 more in sales, $3814 in profits and $18641 in market value.
- Another study reported that significantly improving the organization's HRM practices could increase its market value by as much as 30%

Bringing people on board

- Jeff Soderberg, founder and president of software technology group knows how important it is to have the right people in his organization.

- His employees are intensely devoted to practicing their chosen sport.

- There are things that any entrepreneur must do to ensure that the venture has the people it needs to do the works that's required.

HUMAN RESOURCE PLANNING

- The first step in bringing people on board is knowing something about the types of people needed and how many people are needed.

- Some of the activities we are going to look at might seem overly cumbersome at times.

- Remind yourself of the importance of having employees who are exceptionally capable and motivated

- One of the first things an entrepreneur should do is inventory current employees by getting information on their education, training, prior employment, languages spoken, special abilities, specialized skills.

- Another important part of human resource planning is a job analysis which is assessment that defines job and behaviors necessary to perform them.

- Two important human resource document created with the information from the job analysis are the job description and job specification.

- Job description is a written statement of the work a job holder does.

- Job specification states the minimum acceptable qualification that a job holder or job seeker must posses to perform a given job successfully.

- The foundation for a successful HRM program occurs during the human resource planning process.
- The initial HR activity takes time, the effort and resources expended will be worth it.
- The payoff will be a core of competent, dedicated and skilled individual who will be able to initiate and drive the entrepreneurial ventures successful growth.

Recruiting, Selecting and Hiring

Recruiting

- Recruiting is a process of locating identifying, and attracting capable job applicants.

- It can be frustrating process for entrepreneurs, particularly if the labor market is tight and if the entrepreneurial venture can't offer the same types and amount of compensation and benefits that larger organizations can.

- However, the entrepreneur should approach recruiting with the perspective that what (in this case, who) comes into organization affects what goes out of the organization.

- If your recruiting activities are done halfheartedly and with little thought or preparation , you're going to get below average job applicants, and the resulting work performance is going to be below average.

- The point is that an entrepreneur should take the recruiting process seriously because the organization's ultimate performance levels are a reflection of the quality of people brought in.

- We can't hire quality people if we don't locate, identity, and attract them.
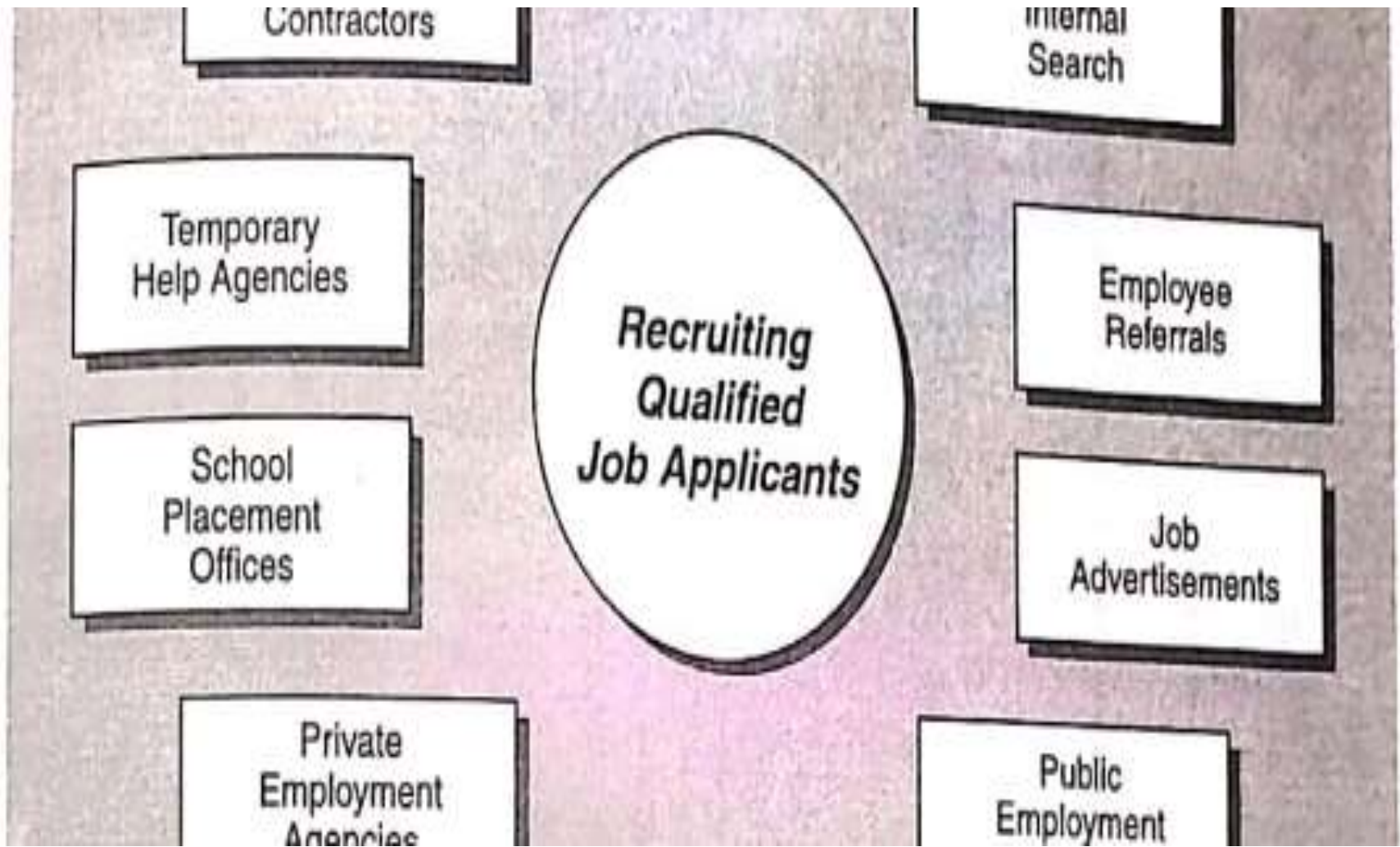
Sources for Recruiting job applicants

Portrays eight sources;

- The first type of recruiting source is employee referrals that is, asking your current employees for the names of potentials job candidates.

- One benefits of this approach is the fact that the current employee knows the type of person who would be a good fit for the organizational culture and performance expectations.

- In addition, the current employee will want to refer someone who's going to reflect on them.

- After all, a person isn't going to recommend someone who's likely to fail. That would make the current employee look bad.

- However, if you're just beginning to add employees to your entrepreneurial venture, this approach obviously won't work until you have current employees to ask for referrals.

- Another recruiting source is to use job advertisements in newspaper or other paper source.

- On the other hand, private employment agencies often attracts higher skilled individuals and will carefully screen job applicants for applicable skills, but there's typically a high cost for this type of service.

- School placement offices can be another source for job applicants. In these sources participants don't have a lot of relevant work experience.

- Another source for recruiting would ne temporary help agencies. For instance there's seasonal demand for venture's products or services, these agencies can be a good choice.

Employee selection

- It is a process of screening job applicants to ensure that the best individuals are hired.

- Employee selection is an exercise in prediction.

- What you want to predict is which job applicants will be successful performers if hired. How can do this?

- By using any number of selection devices that can help pinpoint important , related information about the job.

- The most commonly used ones include job applications, written test, performance simulation test, interviews, reference and background checks and physical examination.

- The job application is used by almost all organization.

- Although the job application is a popular employee selection instrument, typically only a couple of items on the application form prove to be good predictors of job performance.

- Written tests include tests if intelligence, aptitude, ability and interest.

- These types of tests have been used for years, although their popularity tends to run in cycles.

- The costs associated with developing and validating a set of written tests for a specific job also has decreased significantly.

- This criticism has led to an increased use of performance simulation test.

MANAGING PEOPLE

- Introduction to performance stimulation tests.
- Review of the research on interview.
- Suggestions for effective interviewing.
- Examples of no-no interview questions.
- Definition of decruitment.
- Table of decruitment options.

Performance Simulation Tests

Performance-simulation tests use actual job behaviours to   access a candidate's skills and abilities.

The two most popular performance simulation tests are work sampling and assessment centres.

➢   Work sampling.

➢   Assessment centres.

- **Working sampling** involves having job applicants perform tasks in a simulated model of a job. Applicants demonstrate they have the necessary skills and abilities by actually doing the simulated tasks. Work sampling is the more appropriate for routine type jobs.

- **Assessment centres** are places where job applicants undergo more elaborate performance simulation tests by performing exercises that simulate real problems they might encounter on the job. These tests are more appropriate for selecting people for professional or managerial positions.

- Research on both work sampling and assessment centers has shown that both tend to be good predictors of future job performance.

Review of the research on interview

A review of the research on interview leads us to the following conclusions:

- Prior knowledge about the applicant will bias the interviews's evaluation.
- The interviewer tends to have a stereotype of the what represents a "good" applicant.
- The interviewer tends to favour the applicants who share his or her own attitudes.
- The order in which the applicants are interviewed will influence evaluations.
- The order in which information is elicited during the interview will influence evaluations.

- Negative information is given unduly high weight.
- The interviewer often makes a decision concerning the applicant's suitability within the first 4 or 5 minutes of the interview.
- The interviewer forgets much of the interview's content within minutes after its conclusion.
- The interview is most valid in determining an applicant's intelligence ,level of motivation, and interpersonal skills
- A "cold" interviewer (one who's extremely formal and serious)can have a devastating effect on the verbal and nonverbal behaviors of applicants with low self-esteem.

Suggestions for Effective Interviewing

❑ Structure a fixed set of questions for all applicants.

❑ Have detailed information about the job for which applicants are interviewing.

❑ Minimizing any prior knowledge of applicants background, experience ,interests ,test scores , or other characteristics.

❑ Ask behavioural questions that requires applicants to give detailed accounts of actual job behaviours.

❑ Use a standardized evaluation form.

❑ Take note during interview.

❑ Avoid short interviews that encourage premature decision making.

However, even if u follow these suggestions, keep in mind that another important factor in interviewing job applicants is the legality of certain interview questions . Certain interview questions should not be asked because they potentially could expose the organisation to lawsuits by job applications . Some examples of "no-no" interview questions.

- What is your date of birth?

- Have you ever filed a workers' compensation claim?

- What is your place of birth?

- Do you own a home?

- What is your native language?

- Do you have children? Plan to have children? Have children core?

Decruitment

Decruitment describes techniques for reducing the number of employees within an organization. Although asking employees to leave the organization isn't a pleasant task, doing so sometimes may be absolutely necessary for the best interests or even the survival of the organization.

Decruitment Options

Option	Description
Firing	Permanent involuntary termination
Loyoffs	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

Managing People On Board

Getting competent, qualified people into organization is a first step in managing the effectively managing human resource.

Other HRM activities that an entrepreneur must be familiar, are

- ❑ Orienting
- ❑ Performance appraisal
- ❑ Employee training
- ❑ Compensation and benefits

Orienting

A person starting a new job needs some introduction to that job . This introduction is called **orientation**.

The major goals of employee orientation are
- To reduce all the initial anxiety.
- Familiarize new employee with a job, the work unit , the organization.
- To facilitate the transition from being an outsider to become insider.

Cont..

The three main areas that the orientation should cover are the **job**, the **work unit** and the **organization**.
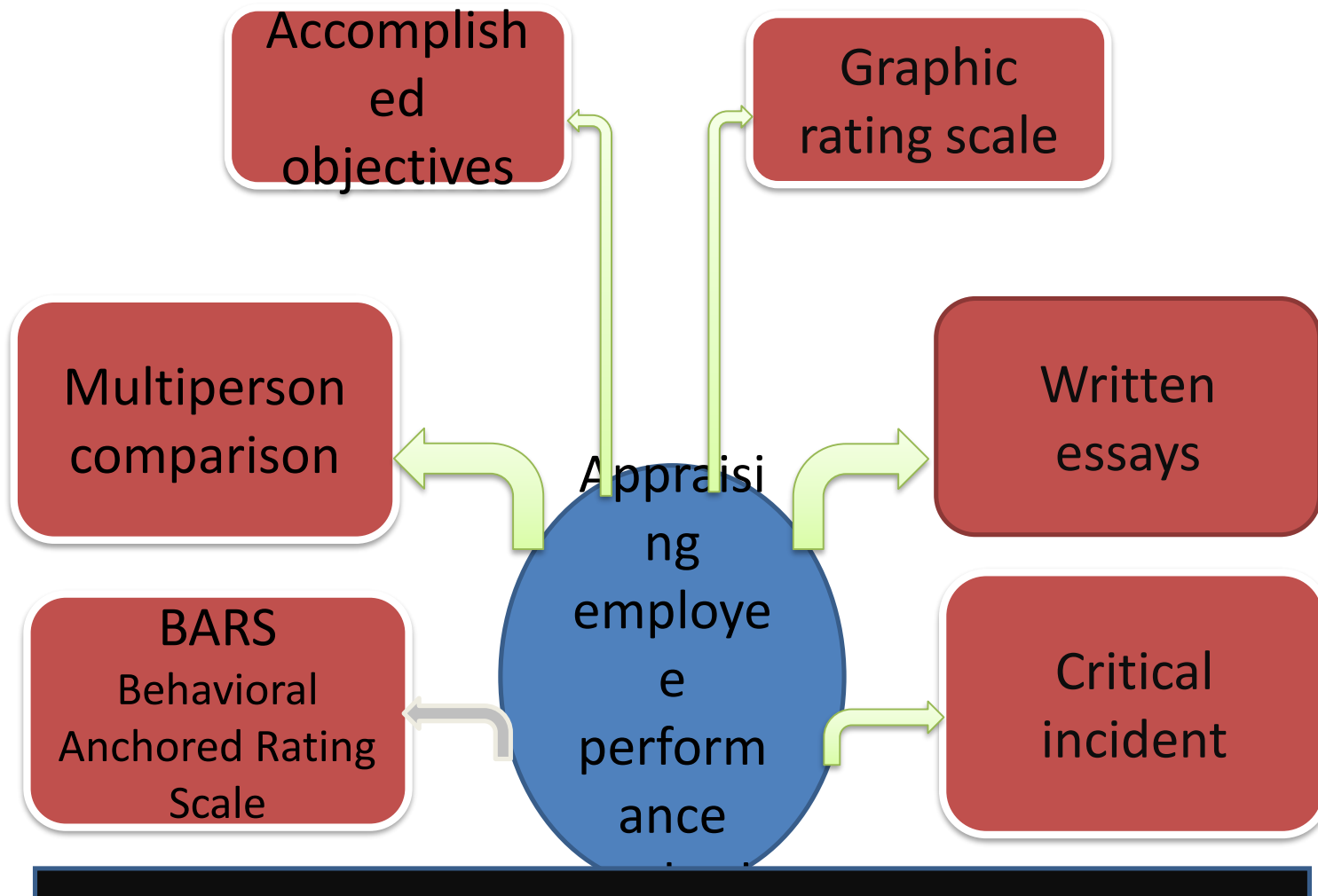
- In the job orientation, the new hire's specific duties and responsibilities are clarified, as are the performance expectations and performance evaluation techniques to be used.

- In the work unit orientation, the new employee is introduced to the goals of the work unit, to how his or her job contributes to the units goals, and to co workers.

- The organization orientation should cover information about the organization's goals, history, philosophy, procedure and rules.

Performance appraisal

After orientation, the new employee starts performing the job duties he or she was hired to do after certain period, its important to appraise the person's performance.

Performance appraisal is the process of evaluating an individual's work performance.

Performance appraisal methods

Accomplished objectives

Graphic rating scale

Multiperson comparison

Written essays

BARS
Behavioral Anchored Rating Scale

Appraising employee performance

Critical incident

An entrepreneur may use different performance appraisal method

➤ **Graphic rating** scale is a popular method of appraisal In which an evaluator uses an incremental numerical scale to rate an employee on a set of performance factors. This appraisal approach is widely used because the numerical scale is relatively easy to create and use, but unfortunately it doesn't provide the depth of information that other methods do.

➤ **Written essay**, an evaluator writes a description of an employee's strengths, weaknesses, past performance, and potential and then make suggestion for improvements. A drawback is that a good or bad appraisal may be determined as much by the evaluator's writing skill as by the employee's actual performance.

➢ **Critical incidents** is one in which an evaluator lists specific key behaviors that separate effective from ineffective job performance. A list of critical incidents for a given employee provides a rich set of example that can be used to point out desirable and undesirable behaviors.

➢ **Behaviorally anchored rating scale(BARS),** is a technique in which an evaluator rates employees using a numerical scales, just like a graphic rating scale. But the difference is that the BARS focus on specific and measurable job behaviors, as opposed to general description or traits. The biggest drawback is the amount of time it takes to create the behaviorally anchored rating scales.

➢ **Multiperson comparison**, is a technique in which individuals are compared to other individuals in the work group. Although this approach would provide a good indicator of an individual's performance in relation to relevant others, it can be quite unmanageable to complete.

➢ Finally there's a performance appraisal technique **accomplished objectives** that evaluates a persons performance on the basis of how well she or he met established goals.

ENTREPRENEURSHIP AND MANAGEMENT

MOTIVATING EMPOLYEES AND
EMPLOYEE WORK TEAMS AND LEADERSHIP

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MOTIVATING EMPOLYEES AND EMPLOYEE WORK TEAMS AND LEADERSHIP

➡ Motivating Employees
   1.What is motivation?
   2. How to motivate Employees

➡ Employee Work Teams And Leadership
   1. What is a Work Team?
   2. Types of Work Teams

What Is Motivation?

➡Motivation is the willingness of an individual to exert high level of effort in doing a job in order to help the organization to reach is goal.

➡Although motivation can also refer to a person's efforts toward reaching personal goals

➡Early motivation theories focused on trying go describes what it was that motivated individuals.

   1. Maslow's hierarchy of needs

   2. Herzberg's motivation-hygiene theory or **two factory theory of information**

Conti..

- **Maslow's hierarchy of needs,** which states that there is a hierarchy of five human needs that serve to motivate a person to exert effort.

- **Herzberg's motivation-hygiene theory** or **two factor theory of motivation.** This motivation theory proposed that the job factors that contribute to job satisfaction are not the same as the job factors that contribute to job dissatisfactions.

Conti…

➡ Above the early theories of motivation got manages and entrepreneurs thinking about motivation.

➡ Researchers began to recognize that the emphasis on what motivates individuals was misdirected because what motivates each of us is different.

➡ These theories focused on understanding the process of motivation from the perspective of what, the emphasis switched to understanding how motivate takes place.

    three of these motivation theories

        1. goal setting theory

        2. reinforcement theory

        3. expectancy theory

Conti…

➡ 1.**The goal setting theory** of motivation proposes that specific goal increases performance and difficult goals, when accepted by an individuals result in higher performance than do easy goals.

➡ 2.**Reinforcement theory,** which proposes that an individual's behaviour is a function of its consequences.

➡ 3.**Expectancy theory** this theory proposes that an individuals tends to act in a certain based on the expectation that the behaviour will be followed by a given outcome and attractiveness of that outcome to the individuals.

Conti..

induvidual effort — (a) → individual performance — (b) → organizational effort — (c) → individual goals&needs
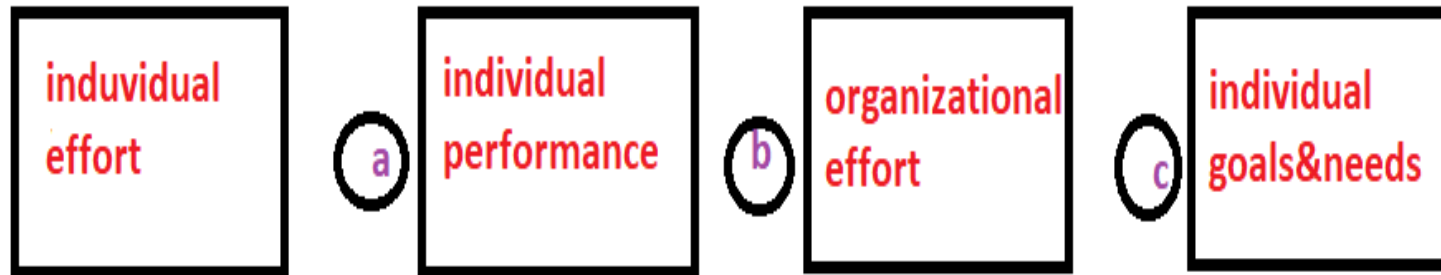
a=Effort-perfomance link
b=Performance-reward link
c=Attractiveness of rewards

How to Motivate Employees

- There is no simple answer to the question of how best to motivate employees, we do know something about increasing the likelihood of successfully motivating employees.
- Recognize individual difference
- Individual rewards
- Match people jobs
- Use goals
- Ensure that goals are perceived attainable
- Link rewards to performance
- Check the system for fairness

Conti..

➡ Don't ignore money

　　Having motivated employees is an important goal for an entrepreneurial venture.

Employee work teams and leadership

➠ Many organizations entrepreneurial and otherwise, are using work teams to performance organizational tasks, create new ideas and resolve problems.

➠ What is team work?

Most of us probably pretty familiar with teams, work teams are different and have their own unique traits

➠ Types of work teams

several ways categorise work teams we're going to describe them in terms of four characteristics:

1.purpose,

2.duration,

3.membership,

4.and structure.

How to Motivate Employees?

- Having motivated employees is an important goal for any entrepreneurial people venture.
- There are 8 ways to motivate employees such as,
    1. Recognize individual differences
    2. Individualize rewards
    3. Match people to jobs
    4. Use goals
    5. Ensure that goals are perceived as attainable
    6. Link rewards to performance
    7. Check the system for fairness
    8. Don't ignore money

1.Recognize individual differences

- One has understand that what is important to individual employees.
- Almost every motivation theory recognizes that employees aren't the same
- They have different needs.
- They also differ in terms of attitudes, personality and other important variables.

2.Individualize rewards

- One has to use the knowledge in finding employee's differences to individualize rewards they can get.

- Because employees have different needs, wha acts as a reinforcer foe one may not be so for another.

3.Match people to jobs

- A great deal of evidence shows the motivational benefits of carefully matching people to jobs.

- For example, high achievers will do best in jobs that provide opportunities to participate in setting challenging goals and that involve autonomy and feedback.

- However others will not be motivated by those kinds of jobs or job responsibilities.

4.Use goals

- The research on goal-setting theory suggests that employees should have challenging, specific goals, and feedback.

- If you expect resistance to the goals, use participation to increase acceptance.

5.Ensure that goals are perceived as attainable

- Employees who see goals as unattainable (unachievable) will reduce their effort.

- Employees who see goals as attainable (achievable) their attitude is like "why bother, it won't any do any work hard."

- Therefore that employees feel confident that increased effort can lead to achieving work goals.

6.Link rewards to performance

- Entrepreneurs should attempt to make rewards contingent on performance.

- Rewarding factors other than performance will only reinforce those other factors.

- Entrepreneurs should also look for ways to increase the visibility of rewards.

- If employees can see what type of behaviors and performance levels are being rewarded, this can serve to motivate others.

7.Check the system for fairness

- Every employees should perceive that rewards or outcomes are fair and equitable.

- And it is related to the amount of effort expended in doing the work.

8.Don't ignore money

- It is so easy to get caught up in setting goals, creating interesting jobs and providing opportunities for participation but the fact that money is a major reason to people work.

- All allocation of performance based wage increases, bonuses and other pay incentives is important in determining employee motivation.

- It is not saying that motivation techniques should focuses only on money but stating that if money is removed as an incentive, people are not going to show up at work.

- But it can't say the same for removing goals, enriched work or participation.

Employee Work Teams and Leadership

• Many organizations entrepreneurial and others are using work teams to perform organizational tasks, create new ideas and resolve problems.

• Work teams are popular and likely to continue being used.

• Here we discuss about

   1.What is a Work Team?

   2.Types of Work Teams in an organization

What is a Work Team?

- Most of us are probably familiar with teams, especially if we have ever participated in or watched any type of organized sports activity.

- Although an athletic team has many of the same characteristics as a work team.

- Work teams are formal work groups made up of interdependent, interacting individuals who are responsible for the attainment of work goals.

Continue….

- Work teams are groups of employees that work together on a task.

- Work teams are different and have their own unique traits.

- Work teams are most efficient when job content changes and expert advice are needed to complete a set of work with different skills.

Types of Work Teams

- There are four characteristics in work teams such as,

  1. Purpose

  2. Duration

  3. Membership

  4. Supervised or self managed

1.Purpose

- Work teams can vary in their purpose or goal.

  Ex: Abound of the variety of work activities teams have tackled in entrepreneurial organizations.

- For instance, a team might be involved in product development, problem solving or any other work-related activity.

- So one way work teams can be described is in terms of what they have set up to do.

2. Duration

- This can be either permanent or temporary.

- Teams that are formal, ongoing components of an organization's structure would be classified as permanent.

- Many entrepreneurial organizations that have adopted the work-team concept around these permanent teams.

Continue……

- On the other hand, temporary teams would include ad hoc task forces, project teams or any other type of short-term.
- It is created for a specific purpose that will disband once that goal is accomplished.

3. Membership

- It can be either function-based or cross-functional team.

- Function-based is composed of people from a particular organizational functional area or department.

- Cross-functional team, which has team members from various organizational functional areas or department.

4. Supervised or self managed

- A supervised team is one that is under the direction of some person who is responsible for guiding the team in setting goals, in performing the necessary work activities, and in evaluating performance.

- A self managed team, as its suggests assumes these responsibilities as it manages itself.