Course Export - Human Ressource Management

University
Semester
Created By

Rodlik

---

01 Introduction to Human Resource Management

Define Human Resource (HR)

- The people employed by an organization
- Carry out tasks
- Compensated trough pay and other rewards

Define Human Resource Management (HRM)

- Managerial activities to **develop** and **maintain** HR
- Is an organizational function and part of all activities
- Increase and keep up organizational effectiveness

Includes all activities of managers, not just the HRM Department

What are the goals of HRM ?

- Hire, manage, motivate, reward people
- Balancing legal and ethical concerns with the needs of the organization (align and balance objectives)

Achieve **Performance** and **Satisfaction**

Explain Theory X and Theory Y

Theory X

- Employee has little ambition, needs to be directed
- Threaten/force to work
- Use rewards or punishments

Theory Y

- Employees like work, are committed to succeed under then right circumstances
- Employees seek and accept responsibility
- Utilize full potential of an employee

Both can become a self-fulfilling prophecy

Examples: - Patagonia - Southwest Airlines - Ryanair - Foxcon - Amazon

Patagonia

Very successful outdoor Shop

- Free Food, childcare
- Short individual work hours

Southwest Airlines

Budget airline successfull by treating employees very well

- Average pay but good training, fun and development
- Still profitable

Ryanair

- Pilots are not employees but self employed and only contract for the airline

Amazon

- Security queue not payed

Foxcon

Suicides, harsh Theory X leadership, high turnover

What are main topics of HRM?

- Attracting, selecting, training and developing employees
- Leading and motivating
- Fostering teamwork, rewarding employees, career management

What is the "norm of reciprocity"?

If the company treats employees well, they will repay (e.g. better performance). Returning benefits for benefits.

02 Methods in Management Research

Explain **Evidence Based Management (EBM)**

Decisions in HRM should be based on the scientific method.

Steps: - Post managerial question - Search for evidence - Apply evidence

EBM tries to offer science based solutions to practical problems. - As with other sciences, never guaranteed as humans (which are not always predictable) involved. - What works most of the time, for most situations ?

Most management decisions are still taken based on intuiton, but EBM is in most cases superior.

Name important principles of **EBM**

Relevance vs rigor

- Scientic models should be practically relevan (**Relevance**) but use sophisticated scientific methods (**Rigor**)
- Reality is complex, models have to simplify
- Right balance is key

Principle of parsimony

Choose the simplest explanation that works

Conceptzualization of variables

It is hard to measure variables (sales -> easy, but other performances might be hard "creativity, team-climate" etc)

Which study designes are typically used in HRM?

Correlational field studies

- Good for finding relations (how is b related to a)
- High external validity
- Use different sources or time-lagged design
- Questionaires often used, collect many data points for correlational field studies

Experiments

- Mostly done in the lab
- Good for studying causal link (does x lead to y)
- High internal validity
- Can be combined with **Correlational field studies** in the field

Meta-analysis - Many studies pooled, averages a relevant - Don't overinterpret outliers

Explain central tendency and dispersion

- Science in HRM is usually based on many studies
- Average is relevant
- Standard deviation or variance is also very relevant

Explain types of variables in research models

- **Independent/Predictor** Variable

The variable whose effect on the outcome is beeing studied

- **Criterion/Outcome** Variable

The variable beeing effected by the predictor

- **Mediating** Variable

Explains the process through which the mediator effects the criterion ("transmits the effect")

- **Moderating** Variable

Effects the strength of the relationship between predictor and criterion

Explain statistical concepts

Statistical signficance Likelyhood that the result from a study is true for the entire population -> **p-value** (p<0.05/0.01 often alpha level, below = significant)

Effect size How strong is the effect if it exists ?

Statistical power How likely it is that the study can distinguish between an actual effect from chance. (Target:~80%)

Sample size No right answers. Sample size determines **statistical power**. Big enough to reach the needed **statistical power**, to big = inefficient.

Does higher pay correlate with higher job satisfaction?

Yes, but the effect is small. (Example for high statistical significance, but low effect size)

What is the Principle of parsimony?

If there are multiple potential explanations for phenomena the simplest one that makes sense should be preferred. (Ockhams Razors)

03 Personnel Selection

Is personell selection important for an organization?

Depends on the complexity of the work, because the variability of performance is bigger.

The higher the ratio (variability of performance), the more resources should be allocated for improving selection decisions

What should one look for in applicants?

- "The best predictor of turure behavior is past behavior"
- General abilities (mental ability, communication skills)
- Specific abilities (needed for specific jobs)
- Personality
- Motivation (hard to measure during selection)
- Attitude and values (organization fit)

Name steps of the selection process

1. Determine what variables best predict performance in a particular job
2. Determine how best to measure these variables
3. Measure these variables in an effective and efficient manner
4. Determine what candidates have the highest likelihood of high performance
5. Hire candidates
6. After several months, evaluate and improve the procedure

Name criteria for evaluating personnel selection methods

- **Objectivity** (different people rate an interview the same)
- **Reliability** (test results dont vary a lot if repeated)
  Validity (measuring what you intend to measure)
  - **Criterion (Predictive)** -> the most important aspect, given that the goalis to predict how well applicants will perform if hired

- **Acceptance** (methods not accepted by interviewees)
- **Efficiency** (not always worth overdoing the process)

Explain **predictive**,**incremental (∆R2)** and **concurrent** **validity**

How well does information i got on an interviewee predict them doing well on the job ?

Goal: Reduce uncertainty in hiring decisions

Prerequisite: Understanding what explains variance in the outcomes

Multple correlations can be used to reduce uncertainty (concept of assessment centers: collect many sources of information)

Combine predictor variables to increate the **incremental validity** ∆R2

Concurrent validity can be built with the same process from internal data of already employeed workers. (often done using assessment centers)

RISK!: Bias leading to hiring the same (potentially bad) workers, that are just the same kind that we already have. (doesnt help with diversification)

What kind of succeeds and failures exist in personell selection?

Which personell selection methods have high or low predictive validities:

- **Cognitive ability tests .56**
- **Work sample tests .54**
- **Structured interviews .51**
- Job knowledge tests .48
- **Personality tests .40**
- **Assessment centers .37** (centers often not specific fo the job)
- Interviews .35
- References .26
- Years education .20
- Years job experience .18
- Interests .10
- **Graphology .02** (analysis of handwriting)
- Age -.01

Source: Roberson & Smith (2004)

- **Caveats**: Averages across many jobs, one should determine which work for their company/job
- **Example**: For high complexity jobs, **Personality tests** work even better than Roberson & Smith (2004) suggested

What types of job interviews exist?

- **Structured**
- **Semistructured**
- **Unstructured** (Very dependent on similary between interviewer and interviewee)
- **Situational** (Interviewer describes situation, interviewee describes their reaction)

What types of interview errors/biases exist?

- **First impression**

Rated higher than it should be, because humans want to quickly form an impression Has an effect on Information gathered later in the interview (positive first impression, hobbies might be viewed more positive)

- **Contrast**

Many interviews, interviewers tend to rate good interviews better than they would otherwise if they had a bad one before

- **Similarity**

Candidates similar to us are likely rated higher by us

- **Non-relevancy**

Irrelevant information for the job influences selection decision

Name a problem with unstructured interviews

Overconfidence

Unstructured interviews may lead to the interviewer believing to have learned a lot about the interviewee while that is not the case. Quality of decision can decrease while confidence of decisions increases.

Are experts (detectives, job interviewers, judges, psychiastrists) good at detecting lies?

No, only 55% of the time.

Improve lie detection:

- Body language is not very informative
- Verbal cues are better
- Unexpected questions
- High cognitive load on the liar

How much does the General Mental Ability (Intelligence) of a person predict their job performance?

Meta analysis over wide range of jobs, intellegence explains:

- **15%** performance difference in **low** complexity jobs
- **26%** performance difference in **medium** complexity jobs
- **33%** performance difference in **high** complexity jobs

(1996)

- **26%** performance difference in **low** complexity jobs
- **28%** performance difference in **medium** complexity jobs
- **41%** performance difference in **high** complexity jobs

(2003)

Jobs have gotten more complex

How does the importance of general mental ability and experience change of the years on a job?

Over the years, general mental ability becomes more important (because intelligent people learn more), whereas experience becomes less important ("30 years of experience are often no more than 1 year of experience, repeated 30 times")

Describe the Big Five Model of Personality ("OCEAN"-Model)

Most people are in the middle of all the trades, very few are extreme in some of them. Different jobs require different profiles, in some jobs some are very important.

The big 5 can help predict outcomes like job performance, the Big Five Model is better than many others for predicting outcomes.

- **Openness to Experience**

Flexible, creative, curious, imaginative, willing to try new things -> The most heterogeneous one (low openes-> not bored with repetetive tasks)

- **Conscientiousness**

Careful, dependable, self-disciplined, diligent, hard-working -> Most highly correlated with good performance in most jobs

- **Extroversion**

Outgoing, talkative, sociable, gregarious, assertive -> Most highly correlated with success in leadership positions

- **Agreeableness**

Courteous, caring, empathic, affable, friendly, kind, helpful

- **Neuroticism (Opposite: Emotional Stability)**

Anxious, hostile, moody, irritable, depressed, capricious, morose

How useful are personality tests for personell selection in comparison to cognitive tests?

The topic is highly debated since some models are better than others.

Personality tests have to deal with social desirability bias, because people answer themselves. But this might not be a big problem because people seem to not be that good at selecting the answer companies are looking for.

On average **cognive tests** appear to have **higher predictive validity** than **personality tests**.

Both can be combined

Why is it hard for motivation to be assessed?

- People may **lie**
- People **may not actually know** how motivated they are going to be on the job
- People tend to **talk about goals** (future-focused cognitive motivation), but **not about motives** (present-focused emotional motivation)
- People show **maximum motivation** in interviews, this doesn't show typical **day to day motivation**

Better: Looking at the past of the person

How valid are interest based selection tests?

Highly debated but dependent on how structured and planned the questions on interests are.

The validity can be improved by asking about interests which categories are relevant to the job.

RIASEC Dimensions

How is person-organization fit releated to job performance?

Person organization fit is hard to predict but relevant to job performance and very relevant in context with staying at the company long term.

A suggestion might be to ask for admired people rather than ask about values and norms.

Explain the ASA framework

- **Attraction**: Is the person interested in the company and their values
- **Selection**: Does the organisation think the person is a good fit
- **Attrition**: You have to fit in, diversification goes down

ASA Framework tries to explain which workers stay at the company long and get important positions. Countermeasures have to be taken to increase workforce diversity if needed.

Are social media profiles related to job performance?

No (according to a study)

The profiles had no relation to job performance. But one has to consider what they post on social media.

04 Job and Work Design

Explain Scientific Management (Taylorism)

Used in the first half of the 20th century

- Maximizing efficiency through extreme specialization
- Workers only work, thinkers manage
- Downsides: low satisfaction, low innovation

Explain the Human Relations and Human Resource paradigm

Became influential in the second half of the 20th century

- Foster employees and fulfill their needs
- Better working conditions
- Leads to higher levels of motivation and satisfaction, which should lead to higher efficiency
- Maslow's pyramid, Theory Y and Hygiene factors (like money) + motivators (like an interesting job)

Led to many restructures and jobplaces into settings were workers would strive and achieve meaningful common goals

Explain the job characteristics model

What should be considered when designing or redesigning jobs?

Work arrangements:
- Hours

- Setting (office vs. home; face-to-face vs. virtual collaboration) -> Personal preferences and situation at home + commute
- Physical environment (light, air, noise, distractions) -> music in general bad, air quality important, too many or too little light important
- Breaks
- Job **rotation** (different jobs/departments)
- Job **enlargement** (more roles and tasks, horizontal enlargements, same level and periphery)
- Job **enrichment** (vertical enlargements, less supervisors, more authority, independece and control)
- **Beneficiary contact** (interactions with people that gain from their jobs)
- **Social embeddedness** (social community at work, work events)
- Assigning and ordering of different tasks

How can jobs be ordered to increase performance?

- A **boring task after an intrinsically motivated interesting one can lead to worse performance on the boring task**
- If one single task is way more interesting than most others, this negatively affects performance on the other tasks
- This also leads to higher performance variance

However: This **situation is still better than just all boring tasks**.

Better: Very interesting - moderately interesting - boring task in that order -> **Sustain Motivation**

When should different tasks be timed during the day?

- The later tests at school are taken, the worst

  Operations in the afternoon went worse than in the morning

  Important tasks, tasks that require a lot of **cognitive effort** or **willpower** should be **scheduled for the best time of the day.**

- Most **meetings** should not be taken at **"good" times of the day**, but later when high-efficiency individual work is less effective

When planning work days these things should be considered

05 Personnel Training and Development

Which types of training and development exist and what's the difference?

- Two types of training measures:
  - Specific measures aimed at training and developing concrete competencies needed on the job (like coding)
  - General measures aimed at training and developing broadly usable competencies (e.g., leadership, communication, negotiation, etc.)

  Three goals of personnel development:

- Enhance specific task-related competencies
- Foster competencies that enable the person to be placed in different positions with different responsibilities (e.g., management)
- Promote job satisfaction, retention, and personnel marketing

  Training: Focused on current job/tasks, participation: mandatory

- **Development**: Focused on the future and future job challenges/tasks, participation: voluntary

Explain Nature vs Nurture

- **Nature**: Genes
- **Nurture**: Socialization and personal development

HRM has to split these, **Nurture** effected traits can be developed and learned. **Nature** traits have to be selected from the population.

Organization's cant only focus on selecting the right people (**"Nature"**), they also have to teach and develop them (**"Nurture"**) Both the selection and training program are equaly important

The Big 5 traits stay relatively the same in life.

What types of knowledge exists and which type of training is linked to them?

- **Tacit (Implicit)** Knowledge <-> **Informal training**
- **Explicit** Knowledge <-> **Formal training**

Both are important and compliment each other.

Tacit (Implicit) Knowledge: Personal Knowledge on how to do certain things in a specific way, based on experience, hard to codify and transmit

Informal training: Done while working, inexplicitly transferred by a co-worker, **not in a formal setting**

Explicit Knowledge: Well documented, easily articulated and **transferable**

Formal training: Led by an instructor, courses, events: **formal setting**

How does one plan training for an organization?

Needs Assessment
- Organizational, departmental, team, individual

Ensuring Employees...
- Readiness for training (e.g., do they need certain other skills first?)
- Attitudes and motivation (often problematic)

Selecting Training Methods
- For example: virtual vs. on-site, team vs. individual, with or w/o human interaction (depended on what has to be learned)

Creating a Learning Environment
- Define learning objectives and training outcomes
- Establish psychological safety (No consquences for the job)
- Practice and feedback

Ensure Transfer of Training (-> Use new competencies in the job)
- Plans and goals for transfer
- Organizational, supervisor, peer, technological support (special tasks that they learned in training)

Evaluate Training
- Before-after status (what is the benefit?)
- Cost-benefit analysis (are the tasks working better?)

Name common training methods

Presentation Methods (Better for **Explicit knowledge**) -> **Theoretical Knowledge**

- Instructor-led classroom instruction
- Distance learning, teleconferencing, webcasting
- Audiovisual formats
- Mobile formats

Hands-on Methods (**Both Explicit and Implicit knowledge**) -> **Practical Knowledge**

- On-the-job training -Self-directed learning
- Simulations
- Games
- Case studies
- Behavior modeling
- Interactive videos and e-learning

Both should be complementary

Name possible training or development contents

- Communication
- Conflict-resolution
- Negotiation
- Teamwork
- Motivation (of others)
- Intercultural competencies
- Diversity and inclusion
- Leadership (often forgot "putting people that excell on their own in leadership positions")

Are leaders "Born" or "Made"?

The question is misguided:

Leaders **don't have to change the world**, the ones that do might be "Born".

Leaders have to motivate their team, which is realistic for most people. Some need more training and work than others. Many leaders feel like their doing a great job (because of little criticism or powerful positions) and do **very little to improve themselves**. If leaders are **open to learning**, their leadership skills can be improved to an extend. **

06 Motivation - Classic Theories

Define Motivation

The foce within a person that determines the: - Direction - Intensity - Perstitence of voluntary behavior

Motivation in itself is a relatively new idea, before the mid 20th century, there really was no option but to work one job that was your destiny.

Competence and Motivation make up the individual performance of a person

Which aspects of motivation exist?

- **Direction** of Motivation
- **Intensity** of Effort
- **Persistence** of Effort

How much ob the variance in job performance can be explained by Motivation?

Accross many different jobs, **25%** or more.

How does Motivation Influence job performance and organizational commitment?

- Motivation has a strong (~0.5) correlation to job performance
- Motivation has a moderate (~0.3) correlation to organizational commitment (whether on stays at the company) The latter can be explained by people with high motivation having more options outside their current company

How does ambition affects ones life?

Ambitios people are more satisfied and live longer

Explain Maslow's theory of needs

Notes:

Safety might not be the second need anymore, some people are taking more risks.

Not all people develop maslow's needs in the same order.

Which work related motives change with age?

More important: - **Self actualization** - **Interesting work** - **Autonomy** - **Helping an contributing to society** - **Job security** (small effect size)

Less important: - **Career advancements** - **Promotions** - **Recognition** - **Compensation & Benefits**

Explain the difference between instrinsic and extrinsic motivation

- **Intrinsic** motivation is based on the enjoyment of the task itsel
- **Extrinsic** motivation is based on the rewards associated with the task

Intrinsic motivation is in general superior at leading people to attain goals and be satisfied than extrinsic motivation

What are the basics of self-determination theory?

Focused on explaining beneftis of intrinsic motivation and negative effects of extrinsic motivation.

According to it: Three needs explain most human behaviour: - **Autonomy**: Beeing able to decide yourself what tasks you do - **Competence**: The feeling that you are really good at something - **Relatedness**: The experience of working constructivly with others

Does extrinsic motivation diminish intrinsic motivation?

- ->**Children toy experiment!**
- Supported by many studies with children

Hard to make assumptions on the workplace, it seems that both extrinsic and intrinsic can exist harmonically at the workplace.

Special cases: - People receive so much money for their work that they only start to think about the money and do everything to get it, including crowding out enjoyment

Explain expectancy-value-theory

Motivation depends on 2 main factors:

- **Expectancy**: The expectation of beeing able to complete the task
- **Value**: One has to value the outcome

3 relationships:

1. If I put in efford, I perform well
2. If I perform well, the organization will reward me
3. Those rewards are meaningful to me (Not given, organization might give rewards that are actually more duties like a promotion)

Employees have to perceive the three motivations as positive

Managers have to ensure the relationships exist

07 Motivation - Two Motivational Systems

What is Self-efficacy?

- One's **belief in one's ability to succeed** in **specific situations** or accomplish a task.
- It predicts performance.
- Just because you belief you can succeed in one field, doesn't necessarily help in others

Does positive thinking and visualization of success work well?

No, the more intensely you visualize that you have already achieved your goal, the less likely you are to actually start action to move closer to your goal.

This occurs because the mental simulation is already rewarding.

It seems that thinking about what you miss out on or lose, rather than what you could gain works better.

Positive thinking: Feels good, doesn't work well to motivate someone

What contexts of Motivation exist?

Maximum Performance (most motivational trainings actually target this one)
- Challenge: Lack of Courage/Confidence
- Inner Dialogue: "I dont dare, I cant do it"
- Sitation: Short term or one time situation requring peak performance

Methods: Music, Motivating speeches, affirmations that one can do it, classical conditioning (anchors)

Typical Performance (for most people the more important one)

- Challenge: Lack of drive
- Inner Dialogue: "I dont feel like doing it"
- Sitation: Everyday situations; day to day work task

What is the dual nature of the human psyche?

Elephant

- Unconscious
- Emotional
- Strong

Rider

- Conscious
- Rational
- Weak

Explain the two motivational systems

Motives (Emotional system)

- Developed in earlier childhood
- Mostly uncouscious
- Driven by **fun** and positive emotions -> renewable
- Focus: **Present**

Goals (Rational system)

- Developed in later childhood
- Couscious
- Driven by **willpower** -> forego pleasures to benefit at some later point in the future
- Focus: **Future**

One can be guided by either one, in best case they work together.

- Reaching a goal is easy if the actions are fun (due to the emotional system)
- If the emotional system is too strong, they give in to emotions and wont quickly move towards their goals

People whos goals are to strong dont live in the current and never have fun

All of this is relevant to the job one should do

Which 3 forms of motivation arise from the two motivational systems?

Emotional Motivation -> Present focused
- **Fun/positive emotions** (job should be fun)

Rational Motivation -> Future focused
- **Personal goals** (Career etc)
- **Transpersonal goals** (Serve a higher purpose to humankind)

All 3 are present in people, some may be stronger.

Fun <-> Money <->Meaning

What's the problem with purely rational goals?

- **Willpower** is **finite** and drawn wile working on rational goals
- Resisting temptation also depletes willpower -> Radish/Cookie study

Balance between rational and emotional is very important!

-> Athletes getting fat after career end;might be mostly driven by rational

What are key takeaways for HRM in Motivation theory?

- Make work (at least partly) **fun and enjoyable** and the experience on the workplace good
- Enable employees to reach their **important personal goals** (whatever these may be)
- Enable people to do **meaningful work** that serves a purpose which is important to them

What is the Power Motive?

People with a power motive enjoy having influence on others or having an impact in general. They want to be in charge.

08 Job Satisfaction

How does Satisfaction Influence job performance and organizational commitment?

- Motivation has a strong (~0.5) correlation to organizational commitment (whether one stays at the company)
  - Very important which kind of job, higher correlation if it is important how well the job was done!
- Motivation has a moderate (~0.3) correlation to job performance

What kinds of organizational commitment exist?

- **Affective commitment**: You want to stay (emotion based)
- **Normative commitment**: The organization has given me so much, i have to give back (social norm)
- **Continuance commitment**: I need to stay to pay the bills

What HRM related variables correlate with job satisfaction?

Job Performance
- Satisfied workers are more likely to be productive workers.

Commitment / Turnover
- Satisfied employees are more likely to remain in the organization.

Customer Satisfaction
- Satisfied employees increase customer satisfaction and loyalty.

Life Satisfaction
- Job satisfaction is positively correlated with life satisfaction.

OCB (Organizational citizenship behaviours)
- Satisfied workers are more likely to engage in OCB -> Take on more tasks that contractually required -> voluntary extra effort -> new ideas!

What are key takeaways from job satisfaction for HRM?

- Measure satisfaction as a scale
- Satisfaction is very important for attracting new employees and keeping your current ones
  - Information is very public/transparent (kununu/glassdoor)
  - Private sector has to focus more/public sector workers are less likely to leave anyways
- If unsatisfied workers can't leave they tend to:
  - Slack off
  - Call in sick
  - Or moonlight (work another paid job)
- **Nature** and **Nurture** are affecting Satisfaction aswell: Satisfaction/Happyness should be considered when hiring
- Money has a stronger effect on motivation than on satisfaction
- More satisfied employees tend to have more positive outcomes (including **job performance**)

How is job satisfaction related to turnover?

- In general: Job satisfaction would lead to less turnover
- But Tech giants have high turnover, despite high satisfaction: because many options exist
- Same satisfcation level:
  - Coming from decline: more likely to quit
  - Satisfaction rising: less likely to quit

What are facets of job satisfaction and how do they correlate with overall job satisfaction?

Money is not really related to satisfaction, but people think it is -> Problems

People evaluate their lives better because of money, than their emotional well-beeing is actually affected

How does Income relate to emotional well-beeing?

- People evaluate their lives better because of money, than their emotional well-beeing is actually affected
- **Money buys cognitive satisfaction, but not happyness**

Some studies: 95.000$: No higher life evaluation; 60-75 no more emotional satisfaction (averaged)

What's **emotional labour**?

Work at which one has to pretend to be happy (even though they are not), this may lead to: - psychological Burnout - Emotional exhaustion

Does Happiness lead to success?

- Meta analysis (2005): Yes
- Main factors:
  - Positive moods -> less turnover intentions
  - Happyness -> income
  - Satisfaction and psychological well-beeing -> better evaluations
  - More positive mood -> More ambitious goals

09 Stress

What is stress?

Stress is the psychological response to demands that tax or exceed are persons capacity or resources.

- **Stressors**: The demans that cause stress
- **Strains**: Resulting negative consequences of the stress

What kinds of strains (effects of stress) exist?

- **Physiological** Strains: illness, high blood pressure
- **Psychological** Strains: Depression, anxiety, burnout
- **Behavioral** Strains: Drug abuse, overeating, unhealthy lifestyle

Explain the transactional theory of stress (by lazarus)

How does Stress Influence job performance and organizational commitment?

- Hindrance stress has a strong negative (~0.5) correlation to organizational commitment (whether on stays at the company)
- Hindrance stress has a weak negative (~0.1) correlation to job performance

These results increase in the long term and are more focused on short term stress

Explain the steps used in organizational stress management

Assessment
- Audit Stress, monitor if high levels of stress are a problem in the organization, which stresses are problems

Reducing stressors
- Reduce stressful demands,
- Job sharing
- Give employees the opportunity to take time off wehen they want to

Provide resources
- Training interventions to increase competencies and skills
- Supportive practices to allow balance in demans: Flextime, working from home, short work week

Reduce strains
- Relaxation techniques
- Health and wellness offers

How do different people cope with stress?

- **Behavioral** methods: Do something the stress

  Cogntive methods: How does one thing about the stress

  Problem-focused methods: Directly adress the stress inducing topics

- **Emotion-focused** methods: Adress the reaction to stress
- Challenge stressors lead to Promotion-focused coping -> Good!
- Hindrance stressors lead to Prevention-focused coping -> Bad!

How should stress be considered in HRM?

- The **right level of stress** is beneficiarry (not too much, not to little)
- Depending on someones **Resillience** people like more stress than others -> consider in personell selection
- By giving people more **control over their job** and providing organizational support: **People can cope better with high workloads**
- Psychological detachment is important, if people thing about work at home, high demands lead to stress
- Make sure employees get **good** and **enough sleep**, more work time leads to less sleep (not linear)-> **diminishing returns**
- Employees without families can offset more stress into sleep
- Shield employees from distractions to allow them to achieve **Flow** (easiest in the morning and late afternoon)

What are the effects of lack or sleep or sleep drepivation?

- Ego depletion (self-regulation capacity of a person is exhausted)
- Less able to focus
- Bad reaction time
- Unethical conduct at work because of cognitive fatigue
- Abusive behavior in leader position

10 Personnel Evaluation

Describe a typical performance management process

1. Establish job duties
2. Performance has to be measured (more difficult as one might think)
3. Performance needs to be documented
4. Performance needs to be rated
5. Performance needs to be shared with the employee

Positive -> Reward and further develop **Negative** -> Implement improvement plan -> Screen again -> Transfer/Demote/Terminate or if improved go to positive

Name and explain important questions of personell evaluation

Who gets rated?

- Individual performance
- Team performance
- Or both with ratio (!)

What gets rated?

- Traits (subjective)
- Beahaviors (subjective)
- Outcomes (subjective) -> In-Role (Job description)/Extra-Role Performance (proactive/innovative)/OCB

How are employees rated?

- With respect to specified criteria (Objective/Subjective/Specific events (critical incidents approach) -> But alone
- In comparison to others (Ranking all employees/categories)

Whats meant by 360 degree feedback

- Objective ratings can be hard
- Subjective ratings can be very subjective

But: They can become more accurate if many people that interact with the target employee rate them

- Customers
- Self
- Peers
- Managers
- Subordinates

Additionally objective data can be added to compare

Drawback: a lot of effort

Explain techniques of employee rating

- Scales (eg Performance, Attitude, Quality of work etc)
- Verbal descriptions (more qualitative, less quantitative, less formal)
- 360 degree feedback
- Forced distribution (15% lowest, 20% low, 35% average...)

GE, Microsoft, some other IT companies copied forced distribution

Critisism: Forced Ranking causes lower productivity, skeptisism, mistrust and in general: Fight between co-workers.

Which psychological phenomena affect evaluations?

- **Similarity** (Bad news for diverstity)
- **Leniency, strictness, central tendency, horns** (different understanding of scales between managers: "everyone is average" or vice versa)
- **Primacy effect / recency effect** (last and first information is most influential, good performance at start and end of evaluation)
- **Availability heuristic** (some information is more available than others, people remember epic stuff but forget good constant performance)
- **Attitude heuristic** (If i like someone, i rate them well)
- **Confirmation bias** (I pick out the results that I expect)

- **Self-fulfilling prophecies** (I will help the person that i like because I expect them to do good)
- **Contrast effect** (Evaluation before effects the next one)
- **The perserverance effect** (False Rumours even though that are proven wrong stick "in jeder lüge steckt ein bisschen wahrheit")
- **Halo effect and implicit personality theories** (Our brain fills the information gaps, which is likely wrong)
- **Susceptibility to impression management** (Some employees are better at "faking" or projecting imges in evaluations, Verbal skills/attractiveness help here)
- **Physical attractiveness** (Being attractive may lead to higher scores)

What weaknesses may managers pose for performance evaluations?

Overconfidence: Studies show that many professionals overestimate their own judgements. This also effects employee evaluation

Too busy: They might not be able to take enough time for good evaluations.

Companies tend to prioritize managers technical jobs over justice in personell decisions. (No justice rewards)

What are issues/benefits of self-overestimation?

Positives:

- More ambitious goals

Downsides:

- 78% of employees rate their own performance as above average. -> That doesn't work out.
- Fair evaluations might be regarded as unfair by employees that overestimate themselves.
- **Major Bias: People think they have less bias than others.**

Which facets of organizational justice are there?

- **Distributive** Justice: The end result (promotions/raises)
- **Procedural** Justice: The way results are decided upon (how was my promotion decided?)
- **Interactional** Justice: How am I beeing treated by supervisor or HR dep (I may not feel appreciated, even though I get promoted)

Together, they make up organizational justice: - Affects performance and happyness

Relation between distributive and procedural justice:

How can personell evaluation be improved?

- Employees should be **involved** in setting goals and determining the criteria by which they will be evaluated
- Feedback in good setting (not by email or in the hallway)
- Feedback should focus the behavior of an employee not critize the employee itself
- Evaluations should be:
  - Based on transparent criteria (where possible)
  - based on criteria that are communicated long in advance
  - performed frequently, not just once per year
  - different raters (360 degree)
  - by raters that often interact with the employee
  - identify strenght aswell as weaknesses
  - detailed and lead to specific training or development

11 Biases and Unfairness in Organizations

What kinds of social cognition exist?

- **Quick and automatic**: "Without thinking", mostly nonconscious, effortless (**System 1**)
- **Controlled thinking**: Effortful, deliberate, conscious, intentional (**System 2**)

Name some common biases found in studies

- The weather (related to medical school interviews, 10% score difference)
- Race (white sounding names 50% more job answers)
- Gender (male Name rated higher and higher salary)
  - Mainly male advantage in organizational rewards, less in performance reviews (No good reason for this different treatment in the data, besides physical differences)

How can social cognition responses be collected (different systems)?

- **System 1**: Quick tests that don't allow for thinking
- **System 2**: Anonymous surveys (preventing bias)

Both can help with predicting biases and discriminiation

What kind of biases exist?

- **Implicit** Bias: System 1
- **Exmplicit** Bias: System 2

How can attractiveness pay?

- Physically attractive people get **leanier judge sentences** and **better grades** for the same essay
- **3% Salary difference** can be explained by attractiveness -> mediator: they are know more -> more options/contacts
- **Personell selection** - Male hire Male: More attactrive - Male hire Female: More attactrive - Female hire Male: More attactrive - Female hire Female: Less attactrive (but only if the interviewer would have had a lot of interaction with the hire)

Name some results of studies on bias and discrimination

- Implicit biases can result in budget cuts, verbal slurs and social exclusion
- Different treatmens for white/black patiens (blacks got the worse one)
- Women make less money than men
- The more agreeable a man was, the less money he made, the relation is less strong with women
- Gender pay gap
- Physically attractive people get leanier judge sentences and better grades for the same essay

How can age,weight and height effect pay?

- Rising average age in countries has resulted in elderly persons beeing seen as worth less

  Physical Height can be related to higher income

  Men benefit from weighting more than avg (to some point), women the other way around

How can organizations reduce biases?

- **Awareness is most important, many people that think they are not affected are atleast unconsciously**
- No photos on applications
- More phone interviews
- HR department removes all demographics and names -> Other managers evaluate only their work

12 Personnel Compensation

What are flexible benefits?

Each employee want different additional benefits, employees can choose:

- Money
- Vacation days
- Health care plans
- Child care
- Tuition fees
- Training and development
- etc...

What does a typical compensation system look like?

How do organizations determine their compensation strategy?

- **Overall strategy of the organization**: Does the company need the best people or can they be average?
- **Overall ability of organization to pay**: Startups might be only able to pay less money, if not money organizations need other options (stocks, a vision)
- **Ability to attract and retain employees**: Hard if there are good alternatives/competition for workers
- **Strength of union influence**: If they exists, they may have a strong influence

May be able to pay less with high job security or good benefits and vice versa. The overall package is important!

Which variables should be considered for variable pay?

- **Individual** level: Fostering individual-level performance
- **Unit** level: Promoting collaboration, teamwork, and unit-level performance
- **Organizational** level: Facilitating identification with the overall organization

How do financial incentives affect performance?

- In general yes, but not always

  Money is a motivator, people try harder and longer

  Simple vs **Complex**

- In simple tasks big bonuses help, simple effort-needing tasks
- In complex cognitive tasks bonuses don't work very well (Bonus as a source of stress or distraction) -> "Maybe I wont make it and get the big bonus" Can lead to unethical behavior
- In complex tasks: Intrinsic better, just pay enough

Bonuses are dangerous! -> High stakes may lead to big mistakes

How do financial incentives influence different people?

- Pay is more important to extroverts than introverts
- Variable pay is more important to academic achievers and people with higher self-efficacy (believing that they can get the job done)
- High performers want more rewards for their work the better they are
- Low performers prefer fixed pay

How do situations influence the effects of financial incentives?

- If pay differs in an industry, it is more imortant to employees
- Advantages of paying more than the market are less extreme than disadvantages of paying below the market
- Pay cuts lead to: Theft, calling in sick, slacking off (less effect when good explained and remorse shown)

Explain equity theory (by adams)

- "We tend to compare ourselves to our peers" (how good are others at the task i do) -> Effects stronger if they are similar to me
- More many can sometimes demotivate (when peers get more than I do) or motivate (vice versa)
- People sometimes think about fairness more than maximizing their result (Share 10 Dollars, one has to accept the amount I offer or we both get nothing experiment)
  - Maximize result: take anything offered
  - Reality: Take anything above 4-5 Dollars

Hoes does the position where i put mysel on the status ladder affect me?

The lower people put themselves compared to peers, the **worse decisions** are made, **lower income** and **less healthier**

What effects does income inequality have?

- Lower life expectancy
- Lower Index of health and all sorts of social problems

What effects can pay disparity have?

  In sporting team: worst collaboration, when low pay disparity: even the high payed athletes seem to do better

  Pay transparenty is a double edged sword: Can motivate the receivers of more money, demotivate others

- No pay disparity based on performance: High performers complain (-> public sector organizations!)
  - Right balance is the right way, the current huge gap is not good for the vast majority of employees (not just for their pay that is)
- Envy ca be pretty bad and result in less helping for high payed employees

What is the major takeaway from monetary rewards regarding HRM?

Money is often **overrated**: - **Pay enough** compared to other companies - In Job performance, long term!, **non-monetary** aspects (the work itself/organizational culture) are likely to have **more effect on performance**

13 The Future of Work

Explain the pessimistic view on the future of work

-> **"This Time Everything Is Different"**

- Counterargument: humans have only three main competencies - **physical, cognitive, and emotional**
- In the past, technological changes have either moved humans to other jobs within the same category of competencies (example: from agriculture to manufacturing) or from physical to cognitive and emotional work (example: from manufacturing to services)

  Currently, in many respects humans are still needed for cognitive and emotional work But advances in **machine learning** and **artificial intelligence** may change this:
  - In many cases, **algorithms are better than humans** at collecting, analyzing, and interpreting information (e.g., for medical diagnoses)
  - **Creativity is no longer a uniquely human trait** (e.g., AI superiority in chess; soon perhaps also in artistic endeavors)
  - Intuition is mainly pattern recognition (at which AI is increasingly becoming better, relative to humans); this will, over time, extend to understanding and working with human emotions
- Even high-skill jobs (e.g., lawyers, doctors) are at risk of being taken over by machines
- AI not only increasingly **outperforms humans** in previously human skills (physical, cognitive)
- AI has the additional advantage of updateability (e.g., medicine) and connectivity (e.g., traffic) - these advantages are so substantial that, in some domains, it may make sense to replace all humans by AI (e.g., replacing all human drivers by autonomous vehicles is estimated to reduce traffic fatalities - currently 1.25 million per year - by 90%)

Explain the optimistic view on the future of work

-> **Technological change will merely change work**

- Many technological changes in the **past** have met with fear and resistance
- In the past, **new technologies have made some jobs obsolete**, but they have also entailed **new, and typically better jobs**
- Despite fears and uncertainties about the future, there may be a continuation of this trend - that is, technological advances **will create new jobs that replace obsolete ones** and the standard of living for most will continue to rise

What are the jobs of the future?

- Everything that machines (for the time being) cannot do or cannot do as well as humans
- Designing, programming, and servicing the machines that perform work
- Low-paying jobs for which it is more cost-efficient to hire people rather than to automate

What are the open questions and challenges in the future of jobs?

- Will future make large sections of population economically useless (Harari in his book)?
- What solutions will societies find for displaced and unemployable people?
- Will politicians protect obsolete joins or protect people instead (switch to new jobs or UBI (universal basic income) /UBS (universal basic services))?
- Thomas penally and colleagues: top 1% of Americans hold 49% of wealth in America whereas 90% has 27% of wealth —> Digitalization and automation will increase concentration of wealth (if no political interventions)