

# Course Export - Human Ressource Management

University

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## 01 Introduction to Human Resource Management

### **Define Human Resource (HR)**

- The people employed by an organization
- Carry out tasks
- Compensated through 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 the 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 - Foxconn - Amazon**

#### **Patagonia**

Very successful outdoor Shop

- Free Food, childcare
- Short individual work hours

#### **Southwest Airlines**

Budget airline successful 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 intuition, but EBM is in most cases superior.

### Name important principles of **\*\*EBM\*\***

#### Relevance vs rigor

- Scientific models should be practically relevant (**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

#### Conceptualization of variables

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

## Which study designs 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
- Questionnaires 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 being studied

- **Criterion/Outcome** Variable

The variable being 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 significance** Likelihood 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 don't vary a lot if repeated)
- **Validity** (measuring what you intend to measure)
  - **Criterion (Predictive)** -> the most important aspect, given that the goal is 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 ( $\Delta R^2$ )** 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

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

Combine predictor variables to increase the **incremental validity  $\Delta R^2$**

**Concurrent validity** can be built with the same process from internal data of already employed 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. (doesn't help with diversification)

**What kind of successes and failures exist in personnel selection?**

**Which personnel 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 for 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 similarity 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, psychiatrists) 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, intelligence 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 openness -> not bored with repetitive 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 **cognitive 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, independence 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 equally 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 consequences 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 force within a person that determines the: - Direction - Intensity - Persistence 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 of the variance in job performance can be explained by Motivation?

Across 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 one stays at the company) The latter can be explained by people with high motivation having more options outside their current company

### How does ambition affect one's life?

Ambitious 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 and contributing to society** - **Job security** (small effect size)

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

### Explain the difference between intrinsic and extrinsic motivation

- **Intrinsic** motivation is based on the enjoyment of the task itself
- **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 benefits of intrinsic motivation and negative effects of extrinsic motivation.

According to it: Three needs explain most human behaviour: - **Autonomy**: Being able to decide yourself what tasks you do - **Competence**: The feeling that you are really good at something - **Relatedness**: The experience of working constructively 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 being able to complete the task
- **Value:** One has to value the outcome

3 relationships:

1. If I put in effort, 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 believe 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 don't dare, I can't do it"
- Situation: Short term or one time situation requiring 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 don't feel like doing it"
- Situation: 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 unconscious
- Driven by **fun** and positive emotions -> renewable
- Focus: **Present**

### Goals (Rational system)

- Developed in later childhood
- Conscious
- 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 won't quickly move towards their goals

People whose goals are too strong don't 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 while 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 satisfaction 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-being is actually affected

### How does Income relate to emotional well-being?

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

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
  - Happiness -> income

- Satisfaction and psychological well-being -> better evaluations
- More positive mood -> More ambitious goals

## **09 Stress**

### **What is stress?**

Stress is the psychological response to demands that tax or exceed a person's capacity or resources.

- **Stressors:** The demands 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 ( $\sim -0.5$ ) correlation to organizational commitment (whether one stays at the company)
- Hindrance stress has a weak negative ( $\sim -0.1$ ) 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 when they want to

#### **Provide resources**

- Training interventions to increase competencies and skills
- Supportive practices to allow balance in demands: 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 about the stress

**Cognitive methods:** How does one think about the stress

**Problem-focused methods:** Directly address the stress inducing topics

- **Emotion-focused methods:** Address the reaction to stress
- Challenge stressors lead to Problem-focused coping -> Good!
- Hindrance stressors lead to Emotion-focused coping -> Bad!

### **How should stress be considered in HRM?**

- The **right level of stress** is beneficiary (not too much, not too little)
- Depending on someone's **Resilience** people like more stress than others -> consider in personnel 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 think 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 of sleep or sleep deprivation?**

- 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)
- Behaviors (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

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

### **Which psychological phenomena affect evaluations?**

- **Similarity** (Bad news for diversity)
- **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 affects the next one)
- **The perseverance 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 images 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 affects 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 personnel 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 being 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 happiness

Relation between distributive and procedural justice:

### How can personnel 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 criticize 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 strength as well 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 discrimination

#### What kind of biases exist?

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

#### How can attractiveness pay?

- Physically attractive people get **leaner judge sentences** and **better grades** for the same essay
- **3% Salary difference** can be explained by attractiveness -> mediator: they are known more -> more options/contacts
- **Personnel selection** - Male hire Male: More attractive - Male hire Female: More attractive - Female hire Male: More attractive - Female hire Female: Less attractive (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 treatments for white/black patients (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 leaner 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 being 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 at least 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 wants 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 important 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 transparency 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 jobs 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)