

Workshop 1 - Effective Teamwork (109)

- **Charter:** conflict beforehand → know rules and how to interact with your team
 - You can review it again (team charter as guideline)

Workshop 2 - BMC Consulting

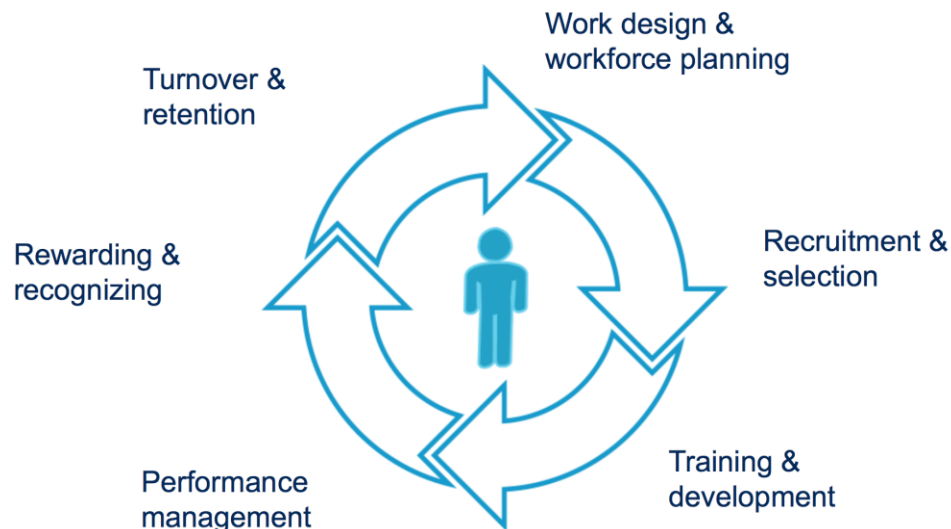
- Competency profile very focused on men goals → attracts more men than women because they want a more balanced lifestyle etc. Very masculine organizational culture

Module 1 - Introduction to HRM

What is HRM management?

'All those activities associated with the management of work and people in organizations'

Employee Life Cycle



Devolution

'Tasks formerly undertaken by the specialist HR department are now allocated to line managers'

What HR Does



Two Main Reasons to Love HR

- 1) **Skill development:** being a better HR leader
 - > Even if you are not working in HR yourself, you need to: identify & select, manage, reward & retain the right people to support your goals/agenda.
 - > You also need to be able to 'speak HR' in order to get the HR support that you need (for transformations, mergers etc)
- 2) **External positioning:** Stakeholder management
 - > HR Due Diligence (zorgvuldigheidseisen) involves:
 - Structure of HR organization
 - Permanent/temporary employees (number, competence profiles, age, tenure, etc)
 - Management (spans of control, succession planning, non-compete-clauses etc)
 - HR productivity (fluctuation, absenteeism, revenue/employee, overtime, etc)

National Culture → Industry Culture → Corporate Culture

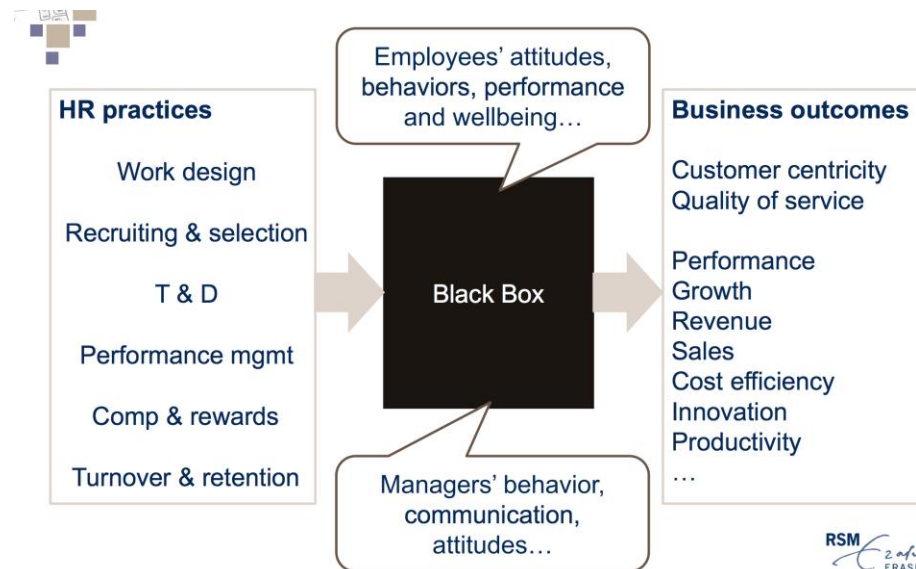
Example: fancy hotel in mumbai waar alle staff onwijs goed reageerde op terroristen aanval

Or, the tsunami on the island waar couple die honeymoon toen had alsnog terug kwam het jaar erna omdat staff zo onwijs goed had gehandeld.

HRM: A System of Practices



Black Box HR-Performance Link



HR in 21st Century

- > Talent management
- > Change management
- > Leadership development
- > Strategic partner

Evidence Based Management

- > **Key premise:** Base (management) decisions on a combination of 'best available evidence' and critical thinking
- > Evidence:
 - Professional experience & reflection
 - Organizational facts & figures (context!)
 - Research evidence
 - Perspectives of those affected (witnesses)

Problems with evidence:

- Too much (internet too much info)
- Inaccessible presentation
- Too little good evidence
- Evidence is hard to apply

Evidence Based Management - Mindset

> Make decisions through explicit and judicious (oordeelkundig) use of broad range of high quality evidence by asking an answerable question and then...

- Systematically demanding evidence
- Critically examining the logic
- Treating the organization as an unfinished prototype and experimenting
- Recognizing and embracing what you do not know

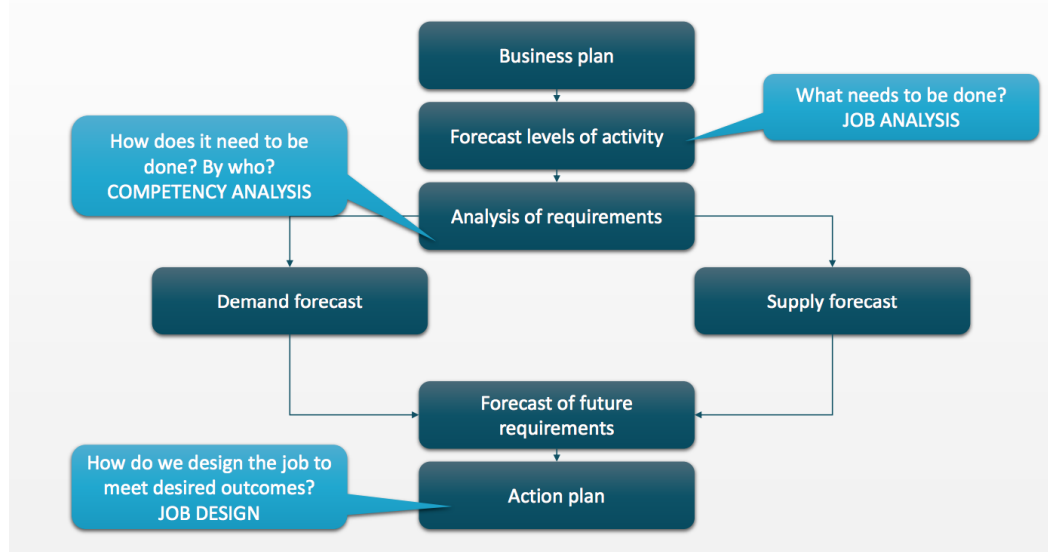
Take Home Messages

- HRM comprises a system of practices that impact HR outcomes and organizational outcomes
- HRM can make a big difference and be the source of sustainable competitive advantage and outstanding performance and dedication
- HRM is a complex task that all managers and leaders need to engage in
- Evidence-based management offers a robust approach to manage this complexity and design HR-systems that add value for an organization and its members

Module 2 - People Planning & Recruitment



People Planning



1) **Job Analysis:** Job focused: **What needs to be done?** (forecasts level of activity)

What is job analysis?: 'Process through which a job description is derived - describing the total requirements of the job'

- Example: what are the core activities (job tasks) of a successful professor?

> Why is Job Analysis important?

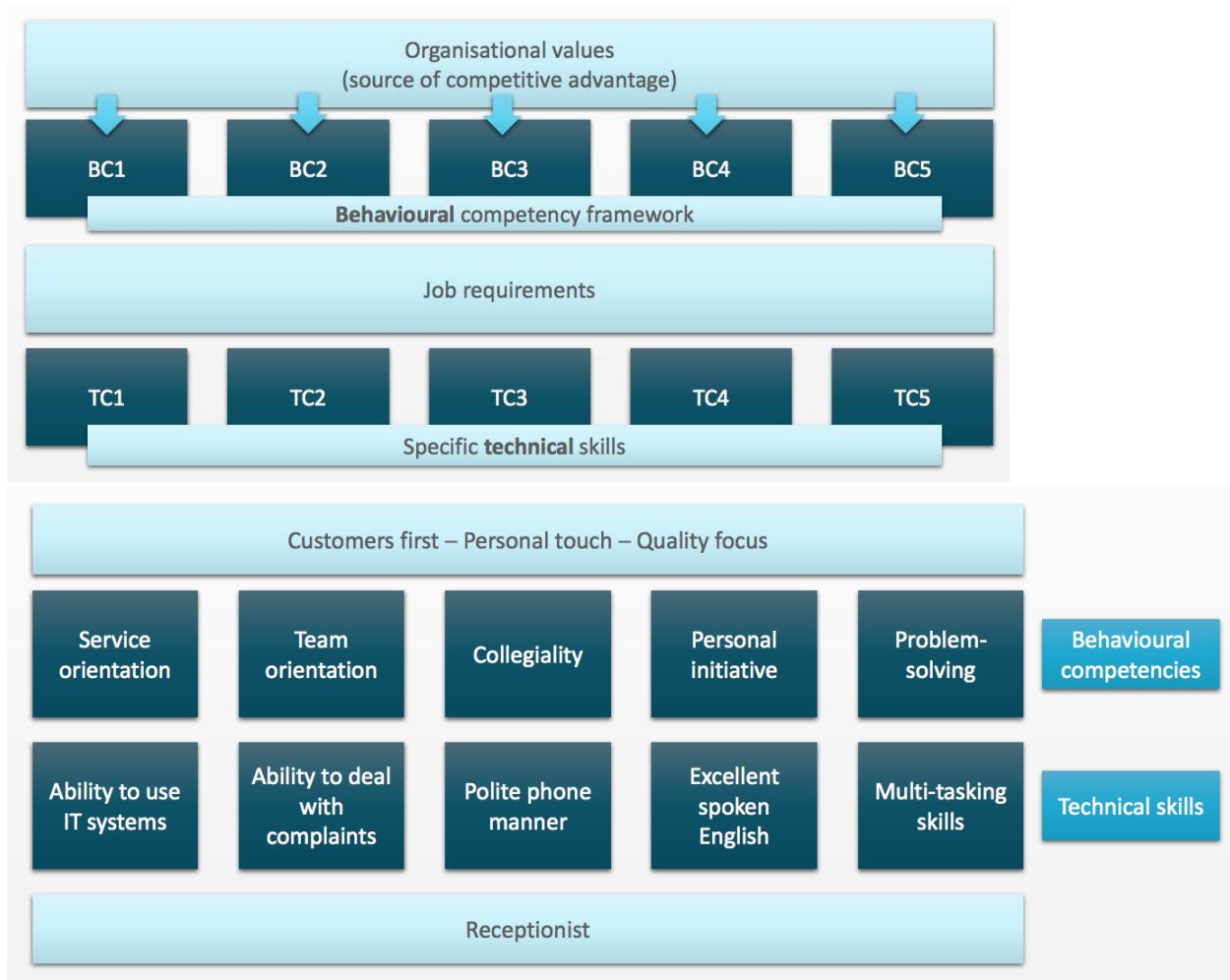
- To know which jobs (and how many) are needed
- To identify which skills are needed
- To identify best way to recruit suitable candidates
- (e.g. are skills available internally? Do we need to recruit new people?)
- As basis to assess suitable candidates
- To establish expectations for new recruits
- To identify baseline for development and performance management

2) **Competency Analysis:** Organisation focused: **How does it need to be done? And by Who?** (analysis of requirements)

'An underlying characteristic of a person which results in effective and superior performance on the job'

- Skills
 - Knowledge
 - Abilities/Attributes
- **Competencies** (boven het ijswater)

- Identity
 - Values
 - Personality
- (onder het ijswater)



> Documental evidence:

- Existing JDs
- Training manuals
- Relevant procedures

> Information from job holders:

- Existing job holder
- People in similar roles
- Key contracts

> Information from managers:

- Judgement
- Experience
- Observations

Methods of Job Analysis

- Interviews
- Observation
- Open-ended questionnaires
- Structured questionnaires

- Manager identifies needs
- Other people interviewed

3) **Job Design:** Person focused: ‘**How do we design the job to meet desired outcomes?**’ (action plan)

- Example: who is more satisfied on the job?

What differentiates them?

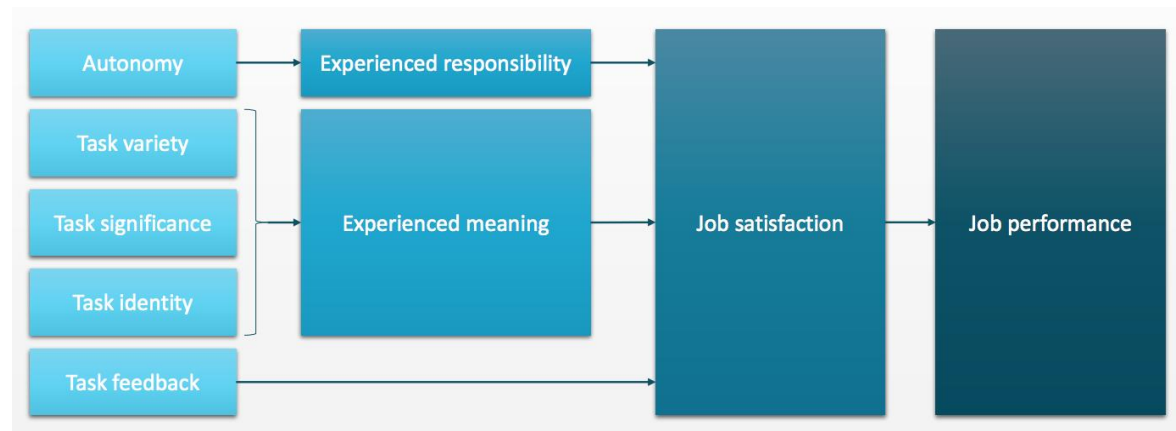
> **Autonomy**

> **Skill variety**

> **Task significance:** extent to which an identifiable piece of work (job) affects, or is important to, others within or outside the organization

> **Task Identity:** extent to which a job involves doing a complete from beginning to end and identifiable piece of work with a visible outcome, as opposed to doing only a portion of the job.

> **Feedback from the task**



- **How do you decide whether to apply for a job?**

- Attractiveness
- Fit with the organisation

Employer Brand

‘A set of attributes and qualities -often intangible- that makes an organisation distinctive, promises a particular kind of employment experience, and appeals to those people who will thrive and perform to their best in its culture’

- Advertising, marketing, logo, strategy, value, design, trust, identity

Cues

> People respond more to diffuse than specific cues from their environment

> Perception of brand

- Shaped by degree of familiarity with the organisation and external ratings of reputation
- Company communication of reputation had no impact

> Implication for employer branding? Spending money on making big explicit statements is pointless if the diffuse cues about the brand say something else

Social Media

'Serve the right content, to the right audience, at the right time'

Take Aways

- > People planning underpins (ondersteund) principles of good people management
- > We can approach this from the perspective of the job (job analysis), organisation (competency analysis), and person (job design)
- > Successful recruitment provides signals about the attractiveness of job/organisation and fit between person and job/organisation
- > This is done through the employer brand and targeted recruitment practices

Module 3 - Selection

- **Selection:** *'The process by which an organisation attempts to identify applicants with the necessary knowledge, skills, abilities, and other characteristics that will help it achieve its goals'*
 - People judging other people

How do we select the 'best' person for the job?

→ How do we know which method to use?

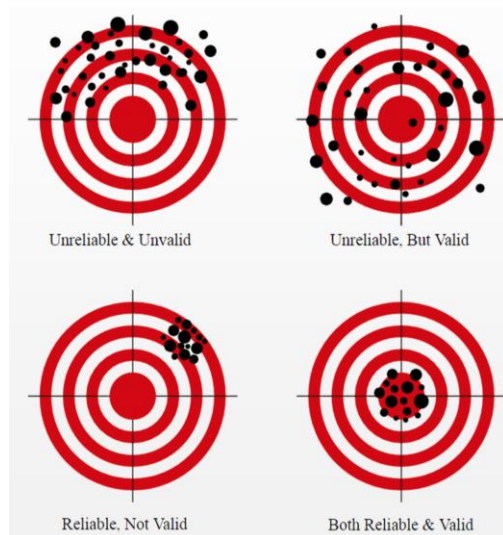


- 1) **Reliability:** Extent to which measurement is free of random error or noise
 - **Inter-rater reliability:** consistency of measurement across raters (beoordelaars)
 - **Test-retest reliability:** consistency of measurement over time
- 2) **Validity:** Extent to which a (performance) measure assesses all the relevant - and only the relevant - aspects (of job performance).

- More generally: the extent to which a score on a measure is related to what the measure is designed to assess
- Measures are *not* universally valid but are valid for certain concepts

→

How do we know if a selection method is reliable and valid?



3) **Generalisability:** 'Degree to which validity of a selection method established in one context extends to other contexts'

4) **Utility:** 'Degree to which information provided by selection methods enhances the effectiveness of selecting personnel in real organizations'

- Cost effective?
- Time effective?
- Practical to implement?

Personality and Selection decisions

Openness to Experience

Conscientiousness

Extraversion

Agreeableness

Neuroticism

- Extraversion: managerial performance hoger
- Agreeableness & emotional stability (neuroticism): team performance hoger

> The **tipping point**: when does extraversion become arrogance? Etc

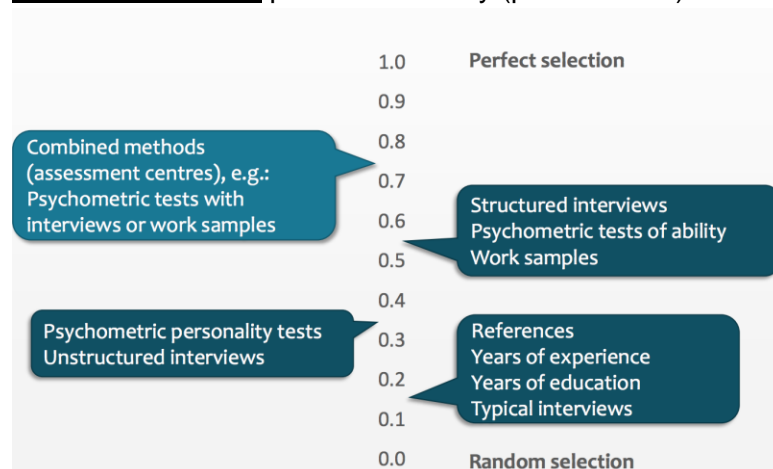
Proactive Personality



> Proactivity is beneficial if the **fit** is right (person-job fit)

Predictive Performance

Selection methods: predictive validity (performance)



Do you change how you appear to other people?

> **Self-monitoring personality**: 'The extent to which you monitor (observe, regulate, control) how you appear to other people'

- High self-monitors manage the self that they present to others in social settings
- Low self-monitors are more 'true to themselves' regardless of the context

Structure and Interview performance

> **Conclusion**: candidates were able to influence results with non-performance factors more when interviews were unstructured.

→ The best structured interviews:

- Include questions developed after job analysis
- Use a mixture of situational, past behavioural, and job-related background questions
- Include evaluation on anchored-rating scales
- Are done by trained interviewers

Predicting performance - evidence

To make the best informed selection decisions, use:

- Ability test (cognitive test) + work sample test
- Ability test + integrity test
- Ability test + conscientiousness test
- Ability test + structured interview

→ **but** don't worry about:

- Years of education
- Job experience
- Age

Critique of Assessment Centres

- Individual tasks have just as good predictive validity as the whole range
- Opinions of assessors have a great influence, and are often influenced by each other
- They aren't truly indicative of competencies

Self-selection

- **A realistic job preview**
 - Designed to promote self-selection and aid person-organisation fit, so improve socialization and reduce early turnover
 - Should be based on job analysis to ensure accuracy
 - Should be balanced portrayal of the job

Accuracy of social media?

There is some correlation between personality and social media profile.

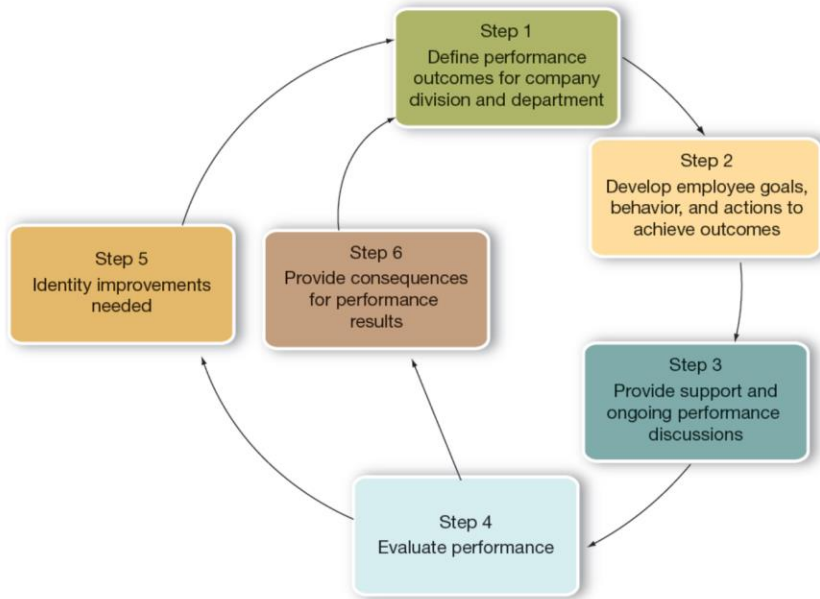
- Algorithms are found to be a more accurate predictor of personality based on social media profiles than humans
- **But**, recruiter ratings of fb pages were unrelated to job performance scores or turnover

Take Aways

- > Selection methods are important to overcome inherent biases, and therefore improve selection decision-making
- > Selection methods can be evaluated based on reliability, validity, generalisability, and utility
- > (Sometimes) personality predicts future performance, **but** personality evaluations are not infallible (foutloos)
- > Structured interviews are more effective, and combined with ability (cognitive) tests particularly so
- > Social media is now widely used for selection but can be problematic

Module 4 - Performance Management

Performance Management: *'is the process through which managers ensure that employee's activities and outputs contribute to the organization's goals'*



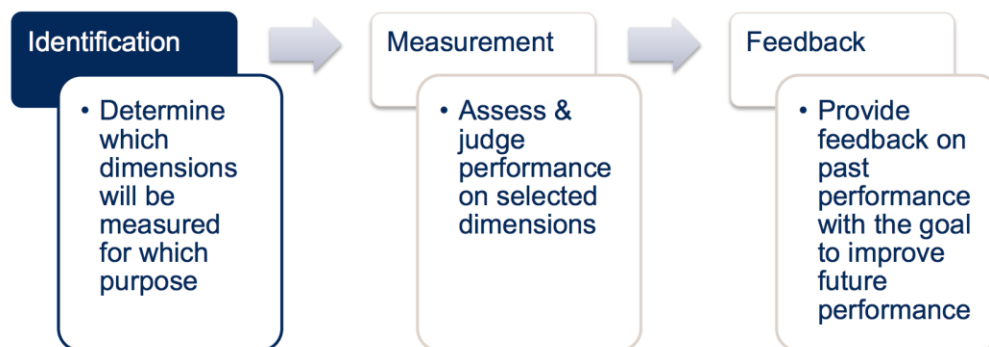
Key Purposes of performance management

- > **Strategic:** direct employee activities to the achievement of organisational goals
- > **Administrative:** provide basis to inform decision about salary, benefits, recognition as well as termination and layoffs
- > **Developmental:** identify strengths and areas of improvement for employee training & development

Five criteria for performance management

- 1) Fit with strategy
- 2) Validity
- 3) Reliability
- 4) Acceptability
- 5) Specificity

Performance Management Process



1) **Identification** BCG example: Anne die scoorde op de verschillende dimensies (problem solving, client interaction, team contribution etc)

- **Job Analysis:** *'A list of all the responsibilities, tasks, and behaviors that are needed to be successful in one's job'*

2) **Measurement**

- **Rating Errors**

- Favoring similar individuals: 'similar to me'
- Distributional errors: leniency (mildheid), strictness, central tendency (angst voor uitersten)
- Cognitive biases: 'halo-effect' / 'horn-effect' (1 eigenschap wordt onterecht uitvergroot, de rest wordt hier ook op gebaseerd)
- Attractiveness
- Mood (affects what information we process)

→

- Positive mood: superficial & global
- Negative mood: detailed & local

- **How can we minimize rating errors:**

- Awareness
- Reduce role of individual judgement
- Reduce the conditions that promote these biases (fatigue, stress, cognitive load)

- **Approaches to measuring performance**

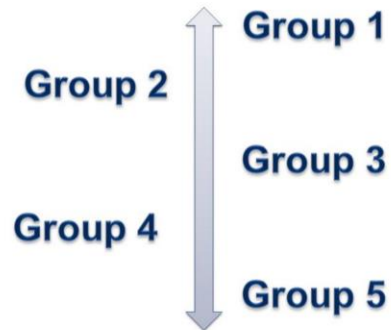
- > **Ranking: Relative comparisons**

- Supervisors compare an employee's performance to the performance of other employees doing the same job
 - Outcome depends on other employees
 - Examples: Rank order (highest-lowest), paired comparisons, forced distribution ('force' proportion of ratees into number of categories)

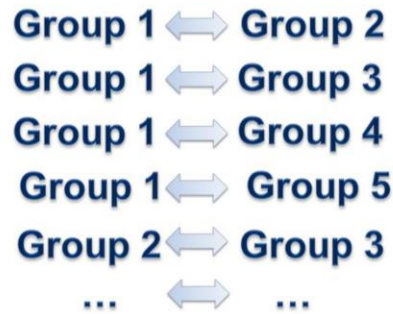
- > **Rating: Absolute judgment**

- Supervisors rate performance based on (attribute, behavior, results) criteria with defined cut-off points
 - Outcome is independent of other employees
 - Examples: behaviorally anchored rating scales

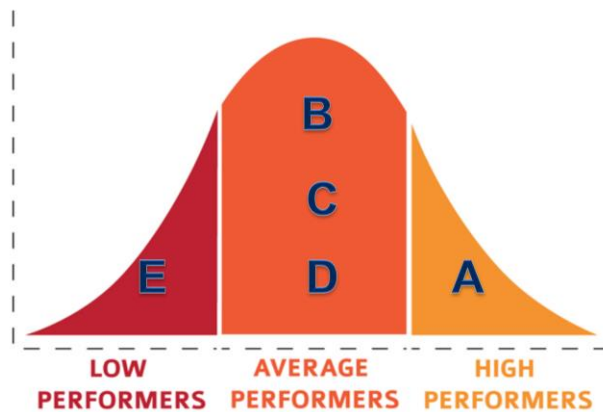
Relative judgment type #1: **Rank ordering**



Relative judgment type #2: **Pairwise comparison**



Relative judgment type #3: **Forced distribution**



- **Ranking: Pro's and Con's**

Pros & Uses

1. Force differentiation and avoid central tendency
2. Fairly easy to implement
3. Different evaluation standards of supervisors irrelevant

Useful for: (a) distributing (limited) pay raises/bonuses (b) eliminating poor performers.

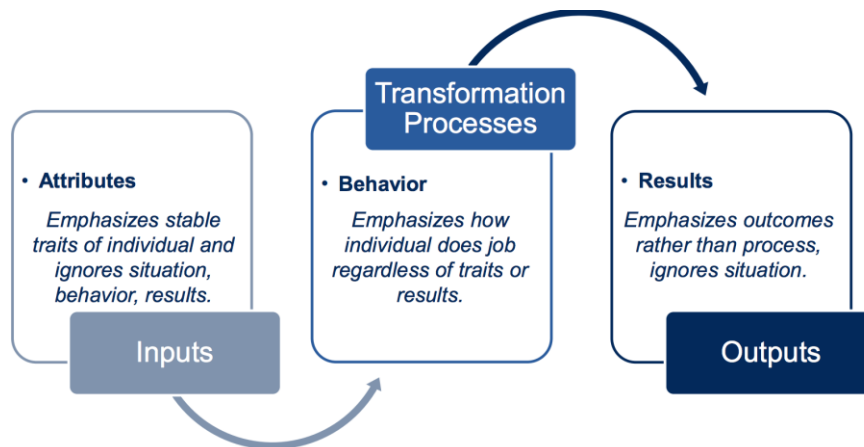
Cons

1. Promotes competition and conflict among employees
2. Unpopular with ratees
3. No information on what high performance means
4. Legal issues

Especially detrimental for high-performing teams!

Criteria	Ranking Approaches
Fit	<i>Poor</i>
Validity	<i>Low: "Best" or "worst" does not define what is good or bad</i>
Reliability	<i>Low: Categorization dependent on others</i>
Acceptability	<i>Low: Perceived as unfair and unspecific</i>
Specificity	<i>Very low</i>

- **Absolute Ratings: What to measure?**



-
- **Behavior: overview of approaches**
 - > **Critical Incident Method:** Record of specific examples of the employee acting in ways that are either effective or ineffective.
 - > **Behaviorally anchored rating scale (BARS):** Record of specific statements of behavior that describe different levels of performance (e.g., preparation: 7=gathers all necessary equipment and information before shift; 1=not prepared for shift activities).
 - > **Behavioral observation scale (BOS):** Record of all behaviors that describe different levels of performance

- **Results: overview of approaches**

- > Measuring productivity (examples)

- Sales
 - Costs
 - Service quality
 - Rate of defects
 - Clients served

- > Management by objectives (MBO):

key result area → objective → %complete → actual performance

- **Absolute Rating** **Pro's and Con's**

	Pros & Uses	Cons
Attributes	<ul style="list-style-type: none"> • Easy to develop • Simplicity 	<ul style="list-style-type: none"> • Number might seem arbitrary • No information on how to improve
Behavior	<ul style="list-style-type: none"> • Reliability • Accuracy • Meaningful for employees 	<ul style="list-style-type: none"> • Time-consuming/demanding for managers
Results	<ul style="list-style-type: none"> • Linked to company strategy • Objectivity 	<ul style="list-style-type: none"> • Results not always under control of individuals (validity) • Actions not contributing to results may be disregarded

Evidence of discrimination in performance ratings

→ is performance appraisal dead?

→ Companies that got rid of performance rating are **not** doing so well.

> Overall **performance** dropped by 10%

- **Engagement**: satisfaction of high-performers dropped by 28% - they were missing recognition and feedback
- **Connection**: managers reacted negatively because they felt less connected to their staff (even though they liked the reduced time pressure)
- **Communication**: perceptions of quality of communications dropped by 14%

Deloitte: Recognize, See & Fuel

Designing a new PA system

- 1) **Recognize** performance: annual (variable) compensation decision
- 2) **See** performance: quarterly/per-project performance snapshots based on four future-oriented statements about each employee rather than their skills
- 3) **Fuel** performance: weekly check-ins with each employee; initiated by employee not manager; employees use self-assessment tool to explore their strengths and discuss them with peers and manager

Key characteristics of innovative performance management

Key characteristics of innovative performance management

- Focus on employees
- Ongoing
- Two-way
- Timely
- Opportunity for development



Implementation: Challenges

1. **Creating a new mindset:** Investing heavily in change management to help managers take employees work seriously in a culture in which work is not taken seriously.
2. **Employee attitudes:** Employees were initially unenthusiastic about the process that had been implemented. They felt that the new management system was just another fad.
3. **Managers' skills:** Managers were not trained in the new system, compensation planning, and providing effective feedback.



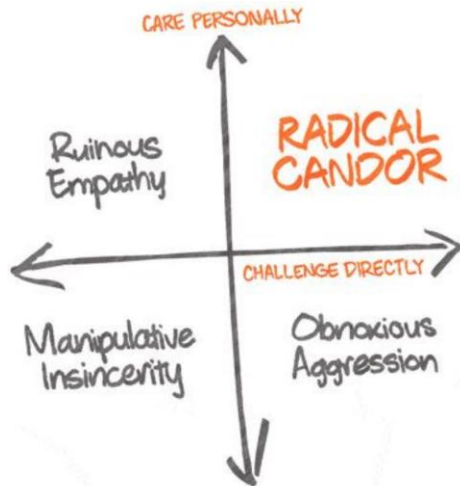
Providing Performance Feedback

• Two steps to difficult conversations

1) Before the conversation

- **Mindset:** approach conversation as collaborator, not an adversary → how could we achieve a mutually desirable outcome?
- **Prepare content:** script out conversation → own the structure of the meeting, gather behavioral examples
- **Allow employee to prepare:** ask for employee self-assessment → encourage employee to reflect and prepare
- **Prepare setting:** create quite, neutral, undisturbed environment → date, time, room
- **Anticipate scenarios:** anticipate reactions and plan countermeasures

2) During the conversation



What is the most important ingredient for team performance?

- 1) **Psychological Safety:** team members feel safe to take risks and be vulnerable in front of each other
- 2) **Dependability:** team members get things done on in time
- 3) **Structure & Clarity:** team members have clear roles, plans and goals
- 4) **Meaning:** work is personally important to team members
- 5) **Impact:** team members think their work matters and creates change

How do you create psychological safety?

- 1) Approach conflict as a collaborator, not an adversary
- 2) Speak human to human
- 3) Anticipate reactions and plan countermeasures
- 4) Replace blame with curiosity
- 5) Ask for feedback on delivery
- 6) Measure psychological safety

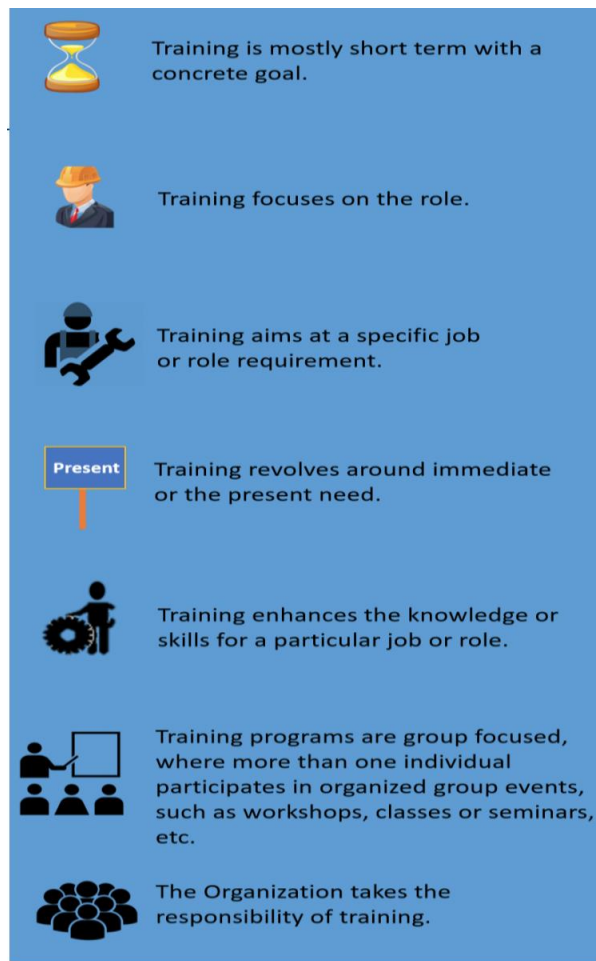
Performance Management: Take Aways

- > Performance management refers to a process through which managers ensure that employees' **activities** and outputs contribute to organization's goals by (1) **identifying performance criteria**, (2) **measuring performance**, and (3) **providing feedback** to employees about their performance.
- > Performance appraisal is based on thorough job analysis
- > When measuring performance, managers need to decide what criteria (attributes, behavior, results) and how to evaluate: in general, assessing behavior and results using a rating approach (i.e. absolute judgement) rather than a ranking approach (i.e. relative comparisons) is recommended.
- > When providing feedback, managers need to prepare the conversation (i.e. objectives, timing, scenarios) and strike a balance between challenging directly and caring personally.
- > On average, feedback has positive performance effects, BUT: feedback cues, task characteristics, situational variables, and employee personality lead to great variety in effects.

Module 5 - Training and Development

Why care about training?

- > T&D is expensive and often ineffective
 - Only 10% of corporate training is effective
 - Extra costs: lost productivity during training time
- > T&D can be an enabler for company performance
 - Training vs no training has a positive effect on job performance
 - Extra benefits: increase in knowledge but also morale, self-efficacy, quality of interactions etc.



The Training Process

'A process of systematically developing training to meet specified needs'



1) Need Assessment

'Evaluating the organization, individual employees, and employees' tasks to determine what kinds of training, if any, are necessary'

- Organization: **What** is the context? (strategy, resources & management support)
- Person: **Who** needs training?
- Task: **What** should the training cover?

2) Readiness for training:

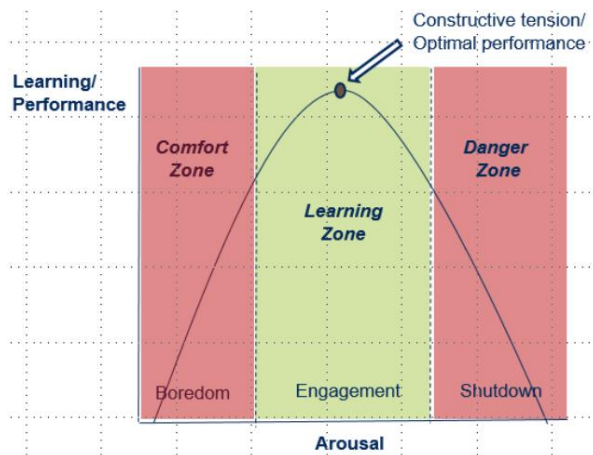
'Motivation to learn'

3) Training Plan

> Define goals for training in advance

- Link to organizational strategy and employees' task
- SMART (focus: specific and measurable)

> Choose trainers and methods that optimize the balance between costs and learning



Training methods: popular examples

- Case study
- Lecture
- Role play

Choosing effective training methods

- Match training method with trainee learning styles
- Include interactive elements
- Hybridization: combine different training methods

4) Training implementation and & transfer

Transfer: On-the-job use of knowledge, skills and behaviors learned in training.

5) Training Evaluation

What - **Criteria** for training **evaluation** (Kirkpatrick)

> **Reaction:** affective and attitudinal response

- Self-report surveys

> **Learning:** extent of learning

- Self-report surveys
- Knowledge tests

> **Behavior:** changes in job-related behavior

- Supervisor ratings
- Objective indicators

> **Results:** utility to the organization

- Productivity
- Profits
- Return-of-investment

How: approach for training evaluation

Pre-post controlled design	Pre	Post
Training group	X	X
Control group	X	X

Pre-post design	Pre	Post
Training group	X	X
Control group		

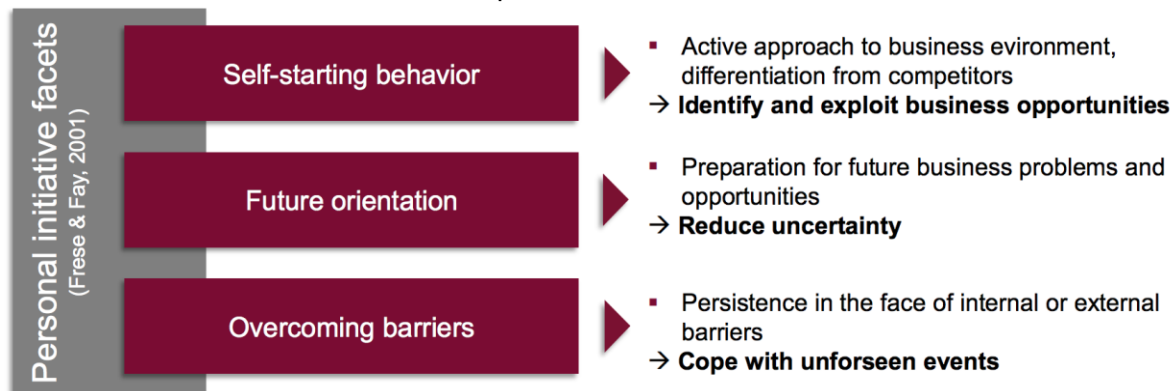
Posttest only design	Pre	Post
Training group		X
Control group		

6) Feedback

Case

> Insights from psychology might increase training effectiveness of trainings for micro-entrepreneurs in developing countries. → **personal initiative**

> Personal initiative is crucial for entrepreneurial success



> The training content results from crossing personal initiative theory and action regulation theory.

> Training consisted of classroom sessions and coaching

> Personal initiative training increases profits by 30% and sales by 17% (no effects on survival)

Development



Why does employee development matter?

> Careers are becoming increasingly 'boundaryless' and employees act as architects of their 'protean' (veranderende) careers.

- Careers are increasingly flexible and the traditional career that unfolds within one organization is less common
- Employees need marketable skills, which they exchange for performance on the job, to manage their career that unfolds across organizational boundaries and specialities.

Four Pillars of Employee Development

- 1) Formal Education
- 2) Assessment
- 3) Job Experiences
- 4) Interpersonal Relationships

1) **Formal education: methods**

- Workshops designed specifically for the organization's employees
- Short courses offered by consultants or universities
- University programs offered to employees who live on campus during the program (MBA)

2) Assessment: Information & Feedback

'Collecting information and providing feedback to employees about their behavior, communication style, or skills'

- **Example assessment tools:**

> **NEO Personality Inventory:** measures five factors of personality - conscientiousness, extroversion, adjustment, agreeableness, and openness to experience.

> **360-degree feedback:** feedback about performance and future potential by supervisor, peers, employees and customers

> **Assessment centers:** multiple raters or evaluators (assessors) evaluate employees' performance on a number of exercises.

> **Myers-Briggs Type Indicator:** Identifies individuals' preferences for energy (introversion vs extroversion), information gathering (sensing vs intuition), decision making (thinking vs feeling), and lifestyle (judging vs perceiving).

3) Job Experiences

> **Job enlargement:** adding challenges or new responsibilities to employees' current jobs.

> **Job rotation:** moving employees through assignments in one or more functional areas.

> **Transfers:** lateral moves to a different area of the company (e.g. international assignment)

> **Externship:** full-time temporary position at another company

> **Sabbatical:** a leave of absence to renew or develop skills

Examples of **job enlargement**

- Making transitions: employee must handle new, very different, or much broader responsibilities than previously
- Creating change: employee is responsible for starting something new in the organization
- Non-authority relationships: getting the job done requires the employee to influence others who she/he has no authority over.
- High visibility: employee is assigned with clear deadlines, high pressure, and exposure to senior management

4) Interpersonal relationships

Mentoring: to receive intellectual, political, and/or moral support

- An experienced, productive senior employee who helps develop a less experienced employee (a protege)
- Formal vs informal

> **Reverse mentoring:** refers to an initiative in which older executives are paired with and mentored by younger employees on topics such as technology, social media and current trends.

Coaching: to clarify goals/motives, identify areas for improvement, and create action plans.

- Someone who works with an employee to motivate the employee, help him or her develop skills and provide reinforcement and feedback
- Coach employees by asking questions → help people think through the situation by themselves

Differences between mentoring and coaching

- > Timeframe: coaching often shorter, mentoring longer
- > Structure: coaching more structures, mentoring more informal
- > Outcome: from coaching specific and measurable, outcome from a mentoring relationship can shift and change over time

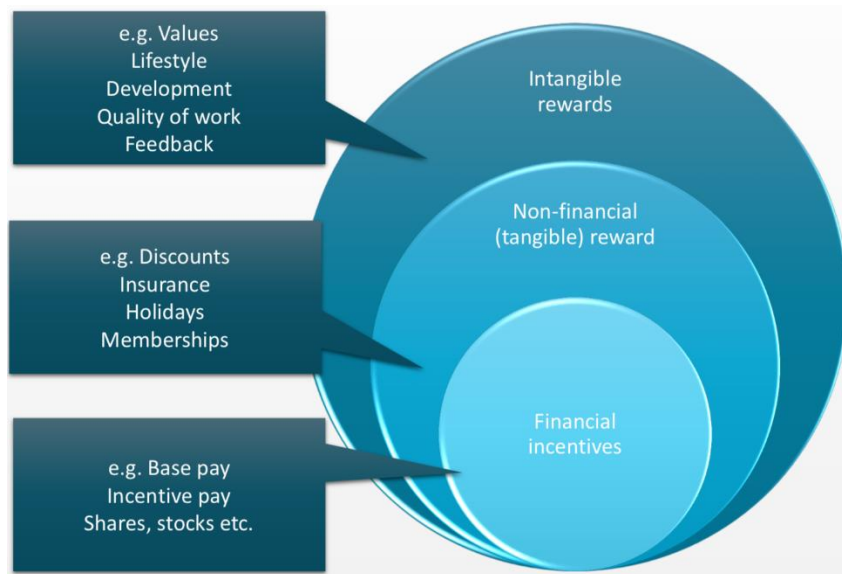
Training & Development; Take-away messages

- > Training is organized by the organization and enables employees to perform their current jobs, while development encompasses a broader set of activities that are more self initiated and targeted at enabling future performance (e.g. leadership development)
- > The training processes consists of (1) **needs assessment**, (2) **ensuring readiness for training**, (3) **planning of the training**, (4) **implementation and transfer of the training**, (5) **evaluation of results**, and (6) **feedback that informs future training programs**.
- > Employee development uses four different formats: (1) **formal education**, (2) **assessment**, (3) **job experience**, and (4) **interpersonal relationships**

Module 6 - Reward and Compensation

- > Which factor has the biggest impact on the effectiveness of the training?: the trainees receiving the training.

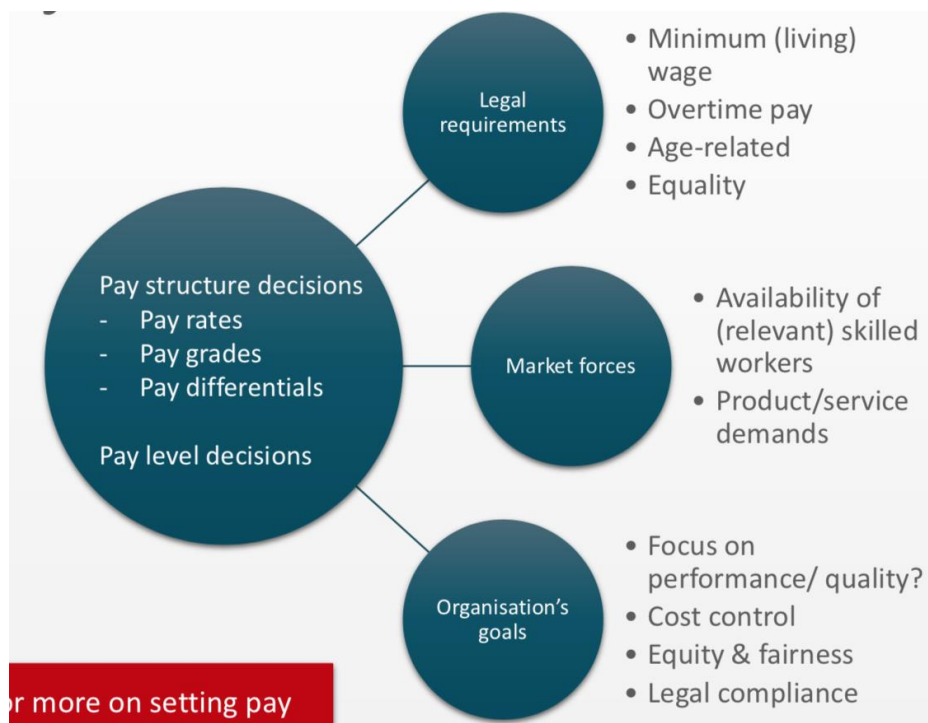
What is Reward?



Why does reward matter?

- 1) **Attraction** (base pay/salary top attraction driver for employee)

Setting Pay Levels



How much do we pay people relative to...

...other people in the organization?	...people doing similar jobs outside?
<p>Internal structure: What level of responsibility does this person have relative to other jobs (e.g. people management, budget responsibility, decision-making)?</p> <p>Value: What is the value of this position to the organization? (e.g. strategic importance, ease to replace)</p> <p>Fairness/equity: What is a fair rate compared to people doing <i>similar kinds of jobs</i> (not necessarily the same job)?</p>	<p>Job market: How many available, suitably skilled candidates are there on the market?</p> <p>Pay comparison: What do similar jobs gets paid, in our comparator organisations?</p> <p>Attractiveness: What do we offer compared to our competitors? How easy is it to attract people?</p> <p>Fit: What does 'best candidate' look like to us?</p>
Underpinned by job and competency analysis	

Netflix Case

- > **Pay strategy:** pay top of the market and they make sure everyone knows it.
 - Compensation all on pay (plus stock options, which the employee chooses)
 - Positive working environment
- > They set pay levels based on 3 questions:
 - What would that person get somewhere else?
 - What would we pay for a replacement?

- What would we pay to keep that person (if they had a bigger offer elsewhere)?
- > Not explicitly performance-related (although the final questions means their performance is indirectly reflected)
- > They only recruit and retain 'A players' → if you're not, you receive a cash goodbye

What are the benefits of Netflix's strategy?

- Setting high pay levels to attract only 'A players' from the market
- Because everyone *knows* they get paid the most... so pay is never a reason that people leave
- They do not use pay as a motivator to increase

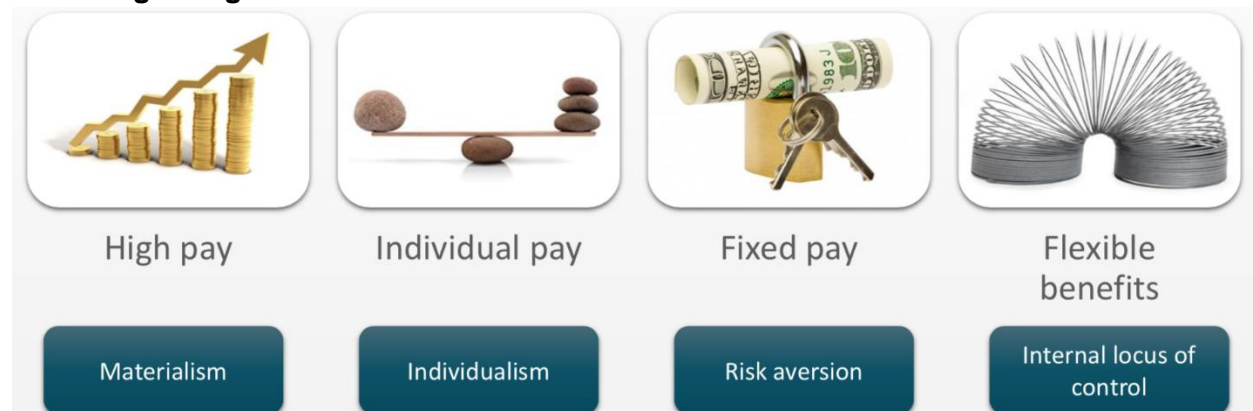
What are the potential issues of Netflix's strategy?

- > Are they inflating the market?
 - E.g. relative power in Santa Cruz/North
 - CA with 3500 employees
 - Desirable global employer
 - Comparable organisations try to compete
- > Is this financially sustainable or affordable for others?
 - E.g. adding to 'bottom line'
 - Little financial flexibility in the model

Why does reward matter?

2) Retention

Attracting new graduates



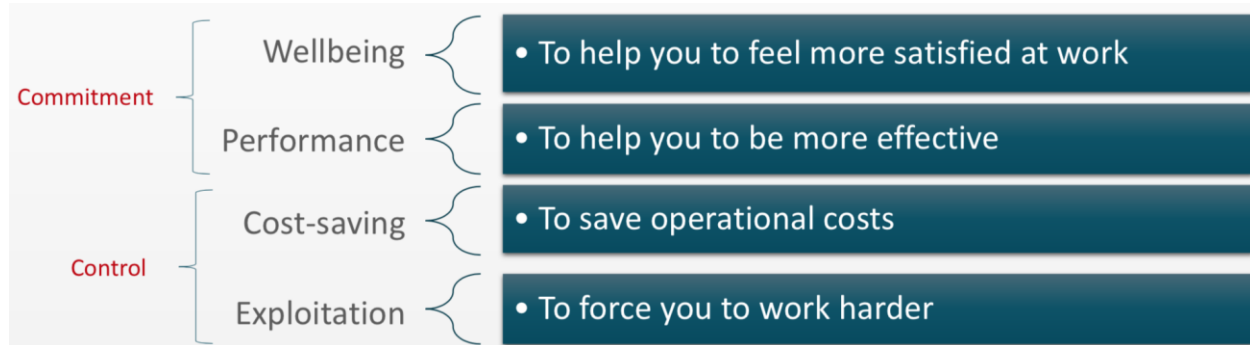
HR Attributions

> Attribution theory:

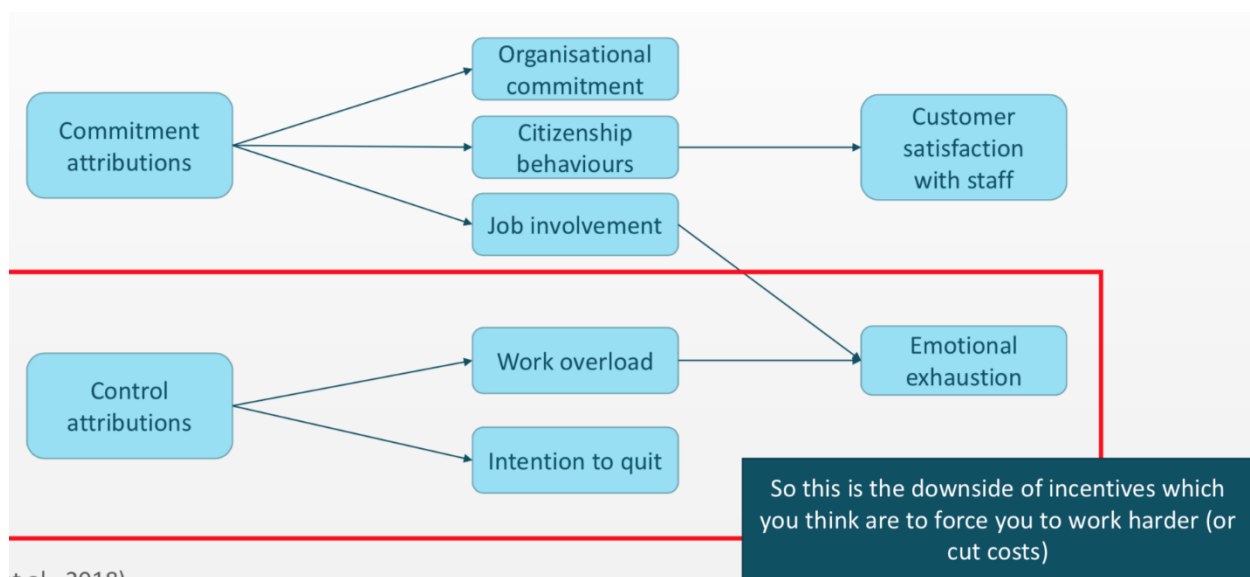
Individuals have a natural tendency to seek out explanations for observed phenomena or experiences. This informs their reactions.

> HR attribution theory:

Employees seek out explanations for why HR practices are in place (i.e. their intention). This informs their reactions → Why are we doing this?



- Employee perceptions and performance



Advice

- 1) *How* reward is administered (e.g. communication) is normally more important than *how much*.
- 2) Don't focus *only* on financial incentives

How do people evaluate their pay?

- 1) Satisfaction

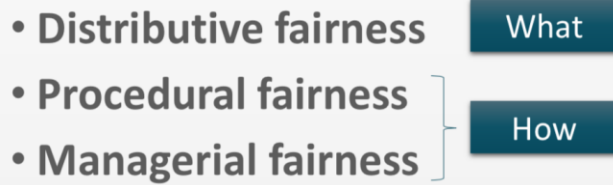


→ conclusion: it is not what we pay, but how we pay it

2) Fairness

Types of Fairness

> It's not just what employees receive, but also how decisions are made and communicated:



> **Procedural fairness:** Has the procedure been applied...

- Consistently
- Free from bias
- Accurately
- Allowing for flawed decisions be corrected
- Conforming to ethical standards
- Allowing for multiple perspectives to be taken into account?

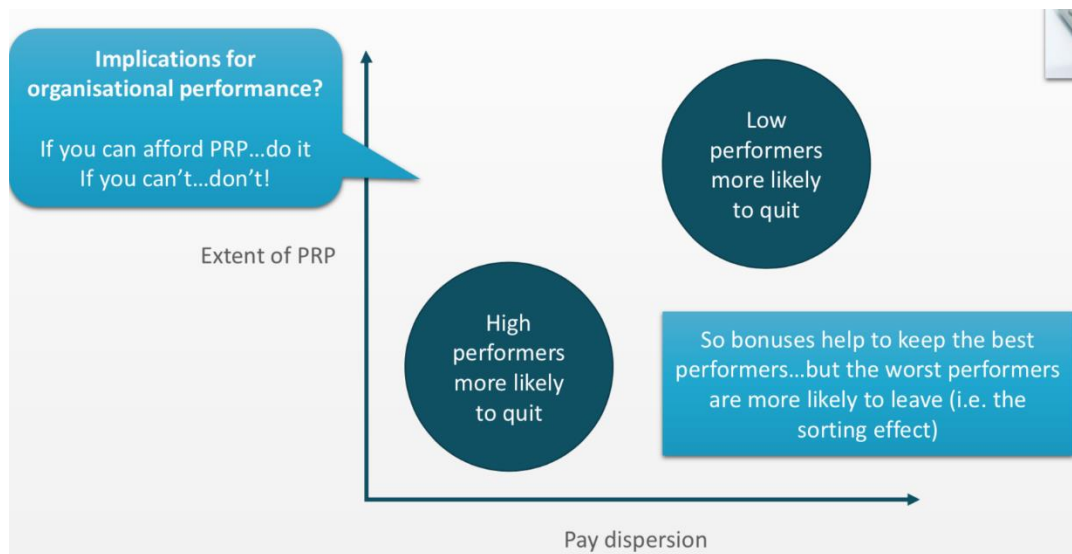
Motivation

How does **PRP (performance-related pay)** work?

1) Sorting Effect

Two sorting processes:

- **Attraction:** People who want their pay differentiated by performance, will be more attracted to organisations offering PRP (person-organisation fit)
- **Retention:** Low performers receive lower pay... so are more likely to leave the organisation (and higher performers stay)



2) Incentive Effect: Motivational basis of PRP



> **Expectancy theory**: Gaat over de motivatie van mensen, waarbij de werkomgeving centraal staat. De theorie kent drie belangrijke factoren: de verwachting (**expectancy**), instrumentaliteit (**instrumentality**) en valentie (**valence**).

> Rond een prestatie vind je drie gedragingen. Als eerste heb je de voorbereidingen (effort), die leiden tot prestatie (performance) en de leiden tot een bepaalde opbrengst (reward). Tussen deze drie gedragingen zit telkens een van de factoren die leiden tot een afweging.

- Als eerste de **expectancy**: het is een inschatting of inspanning zal leiden tot prestatie (moeilijkheidsgraad en effectiviteit etc)
- De tweede stap is de **instrumentality**: zal een goede prestatie ook daadwerkelijk leiden tot de gewenste opbrengst?
- **Valence**: hierbij vraagt iemand zich af of de opbrengst wel waardevol is.
- What are potential **issues** with the incentive effect?

> garbage drivers example: they drove too fast, didn't pick up all the garbage and made a stop less often which resulted in overweight garbage in the bus

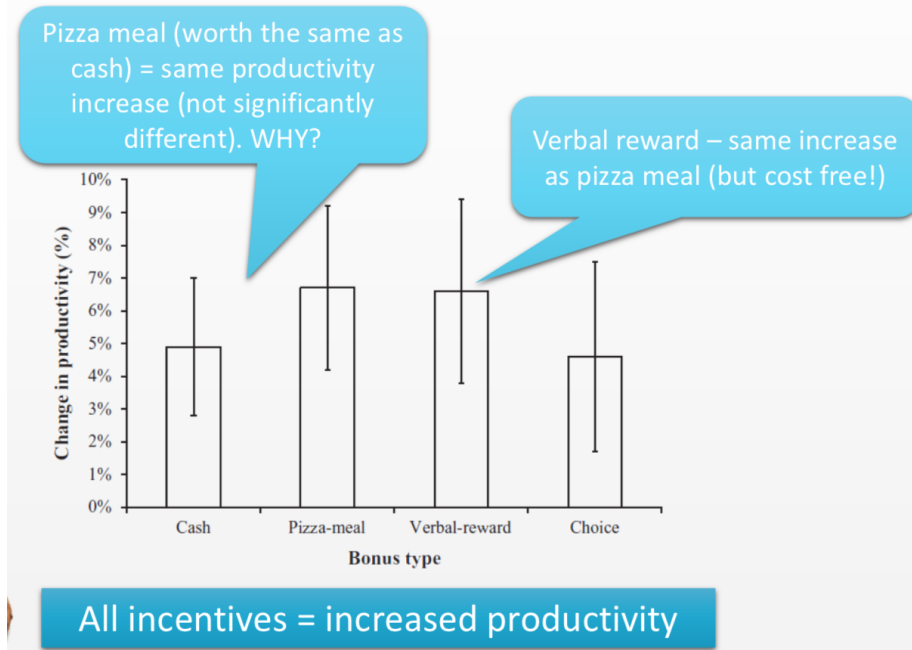
Three characteristics of motivation

- 1) Intensity of effort
 - High incentives can encourage excessive risk taking or corruption
 - 'Gaming' the system and focusing only on what gets measured
- 2) Direction of effort (extrinsic vs intrinsic)



- 3) Persistence of effort

How would you incentivize employees to encourage higher productivity?



- Productivity dropped when incentive was removed → but a lot more for cash-based incentives

> **Short-term incentives** increased intensity, but did not encourage persistence

Conclusions of PRP

- > Sorting effect works... but only when companies can afford to differentiate
- > Incentive effect works... but be careful what you pay for!
 - Focus not only on intensity (also on persistence)
- > Is PRP the only way to motivate? **No!**
- > Don't focus only on financial incentives
 - Differentiating based on benefits (unlimited parental leave, unlimited holidays etc)

Meaningful work (intrinsic motivation)

> Americans report that important, meaningful work is the job feature they value the most - above promotions, income, job security, and hours.

→ Meaningful work is:

- Work that has personal meaning for people
- Work that is valuable
- Work that provides people with a sense of purpose



Take Aways

- > Reward is important for attraction, retention and motivation
- > Setting pay levels relies on information about internal and external market
- > Motivation is based on the incentive effect - this can drive intensity of motivation, but we should also consider persistence and direction.
- > The way people perceive pay is important - its not just about *what* (distributive fairness) is paid, but also about *how* (procedural fairness)
- > Meaningful work, through job design, is a more powerful intrinsic motivator than pay

Module 7 - Turnover & Retention

> Turnover is **costly** for both organisations and individuals

- The cost of turnover is remarkably consistent across jobs at different pay levels, except the very highest-paid jobs.
- As unemployment goes up, so does the suicide rate
- The **impact is long-term**: life satisfaction does not return to pre-unemployment levels for years!

Why is job loss so devastating?

> **Financial impact:**

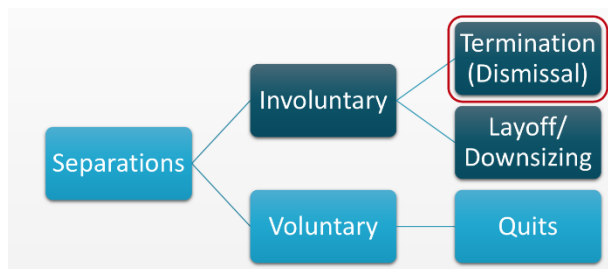
- Real & lasting (lower income & re-employment wage)
- Unemployment insurance reduces negative financial effect → *But*: changes in well-being persist after controlling for changes in family income

> **Non-financial impact:**

- Social relationships
- Status & respect
- Identity & purpose
- Security & confidence

> Stronger impact of job loss on life satisfaction of conscientious people

Separation



- 1) **Termination**: Involuntary turnover or separation that is initiated by the employer as a result of continued performance problems, workplace deviance, or criminal offenses

Prevent → establish **clear rules & procedures** → be **fair, consistent & swift** application of procedures.



Rules & Procedures



> Distributive fairness

- Consistent outcomes
- Knowledge of outcomes
- Outcomes proportionate to behaviour

> Procedural fairness

- Consistent
- Avoiding bias
- Based on accurate information
- Possible to correct mistakes
- Represent all interests
- Ethical standards

> Managerial fairness

- Explanation of decision
- Respectful treatment
- Consideration
- Empathy

→ Why is **Fairness** important?

- For those who leave (e.g. appeals, employment tribunal)
- For those who remain
- For organisational reputation

2) **Downsizing**: planned elimination of large numbers of personnel with the goals of enhancing the organization's competitiveness.

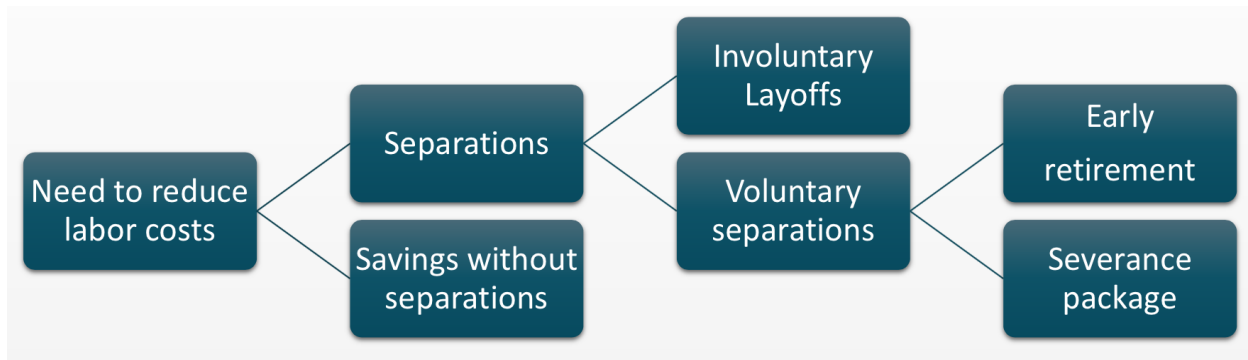
Promises	Evidence
<u>Layoffs increase stock prices</u> : Labor cost reduction sends positive signal to investors	• Stock returns tend to be negative; downsizing announcements often followed by abnormal negative shareholder returns
<u>Layoffs reduce costs</u> : Labor costs often single largest expense	• Costs related to layoff (rehiring, morale) can sometimes outweigh the savings on labor cost
<u>Layoffs improve productivity</u> : Savings in labor costs exceed declines in output	• Research suggests that productivity often declines together with labor costs
<u>Layoffs increase profitability</u> : Reduce slack and increase labor flexibility	• Studies of profitability and perceived profitability suggest negative trend

→ so sometimes downsizing is **not** the best option.....

- When is **downsizing** particularly **harmful**?
 - > When companies operate in **R&D** intensive industries, or
 - > In growing industries, or
 - > With industries with **low capital intensity**
 - **High capital intensity** = company which success relies more on physical capital (equipment, technology, machinery, geographical space) than on people
 - **Low capital intensity** = company which success relies more on human capital (people generating ideas, or delivering services) than on physical capital

'Despite the popularity of downsizing as a strategic initiative, the general consensus among researchers over the past two decades is that organizational performance is as likely to suffer as it is to improve after downsizing, even in the short term, and that the long term prospects associated with downsizing are decidedly **negative**'

→ **Alternatives;**



- Severance package = ontslagvergoedings pakket
- How to **minimize damage** and ensure organizational survival after **downsizing**?
 - Manage perceptions of fairness during the process
 - Manage stress during and after the process
- How can we foster **perceived control** among *survivors*?

> **Involvement:**

- Voice
- Participative goal setting & decision making
- Develop strategies for goal attainment

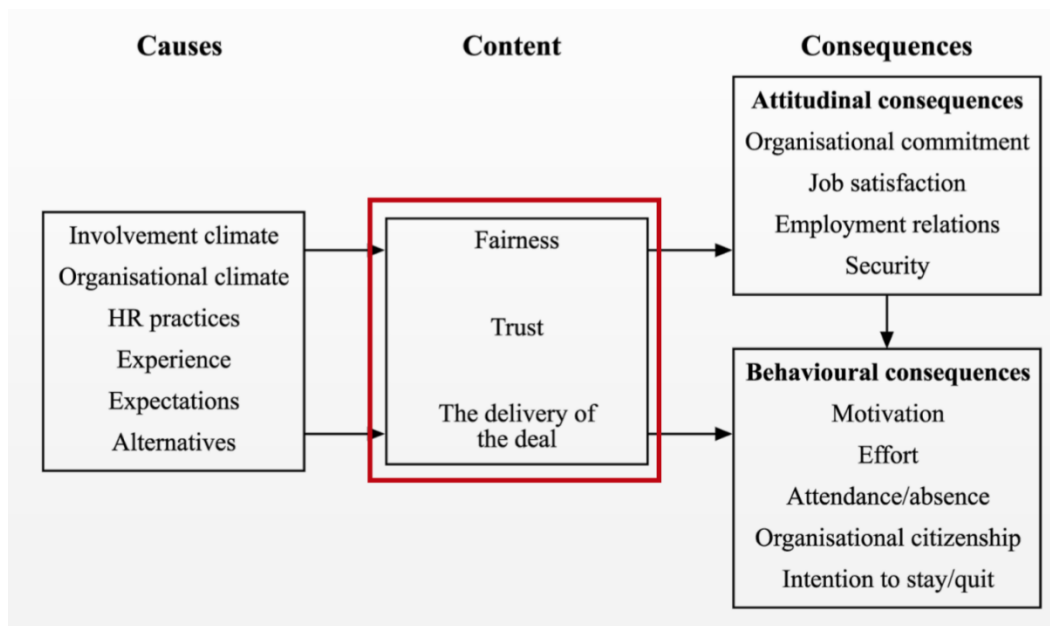
> provide opportunities to succeed

> provide access to decision makers

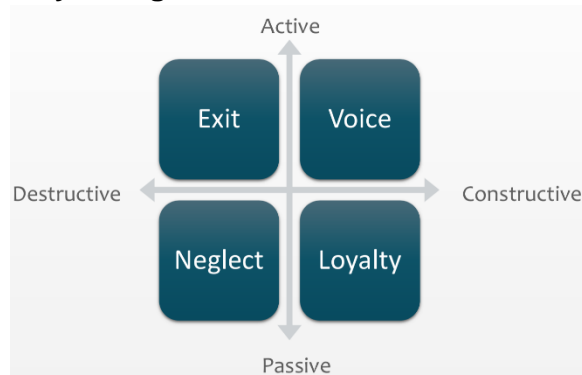
Quit

Psychological Contract Breach: organisation fails to meet obligations of **psychological contract**: unwritten expectations in employment relationship - distinct from formal, written expectations

Model of the Psychological Contract



Responses to Psychological Contract Breach



When do people choose to exit in response to PC breach?

- Low procedural justice
- Insufficient justification
- Desirable alternatives

So what does this tell us about retention?

> Meeting expectations

- Clear communication before employment
- Honest communication
- Sometimes people won't get what they want → explain why

> Fairness

- Was what I was offered worth what I was giving up? (distributive)
- Did I have the opportunity to have my say? (procedural)
- Did my manager treat me with respect? (managerial)

Take-Aways

- > Turnover is **costly** for organisations, and individuals
- > But not all turnover is equal
 - **Downsizing** is a band-aid approach: quick but potentially damaging
 - And particularly for some kind of organisations
- > Ensuring **fairness** is key in the exit process
- > Why do people quit?
 - Breach of **psychological contract**
 - Damage to wellbeing, engagement, satisfaction, motivation

Module 8 - HR Analytics

Big Data

'Because of big data, managers can measure, and hence know, radically more about their business, and directly translate knowledge into improved decision making and performance' →
What's new?

- **Volume**: amount of data
- **Velocity**: speed with which it is produced
- **Variety**: new and numerous sources of data

Using Big Data

- > Big data must be used in the right way:
 - Claims to objectivity and accuracy are misleading
 - Bigger data are not always better data
 - Taken out of context, Big Data loses its meaning
 - Just because its accessible doesn't mean its ethical
- The amount of data doesn't matter if it's not used in the right way... This is where HR Analytics comes in.

What is 'HR Analytics'?

- > A focus on **evidence-based management**
- > Rethinking the question:
 - What do we need to succeed?
 - How do people actually contribute to organisational success?
- > Rethinking how people data are used in organisations
- > People analytics requires a specific set of skills... and not only data skills

The importance of Evidence-Based decision making

'The complexity and fast pace of today's organisations often lead to knee-jerk business decisions, fad chasing (razernij) and guesswork regarding 'what works' ... Blind faith has no place in professional practice'

Changing role of HR

'The development of HR's strategic role has been an evolution... The next step in the evolution is for HR professionals, and particularly senior HR professionals, to develop what we call **analytic literacy**' → What is Analytic Literacy?:

- Understanding that business logic drives measurement
- Thinking in terms of causal relationships
- Understanding new modes of analysis
- Communication skills

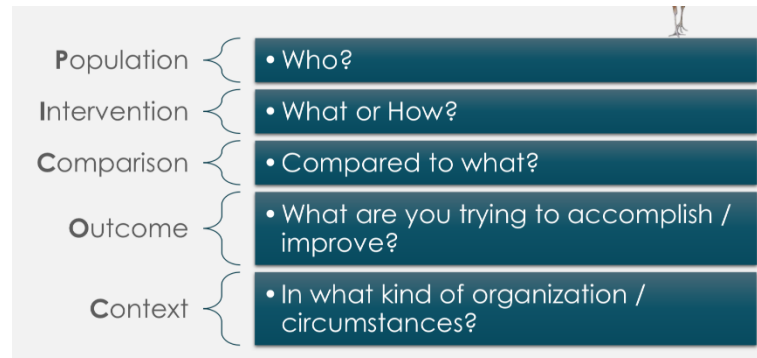


1) Asking the right question:

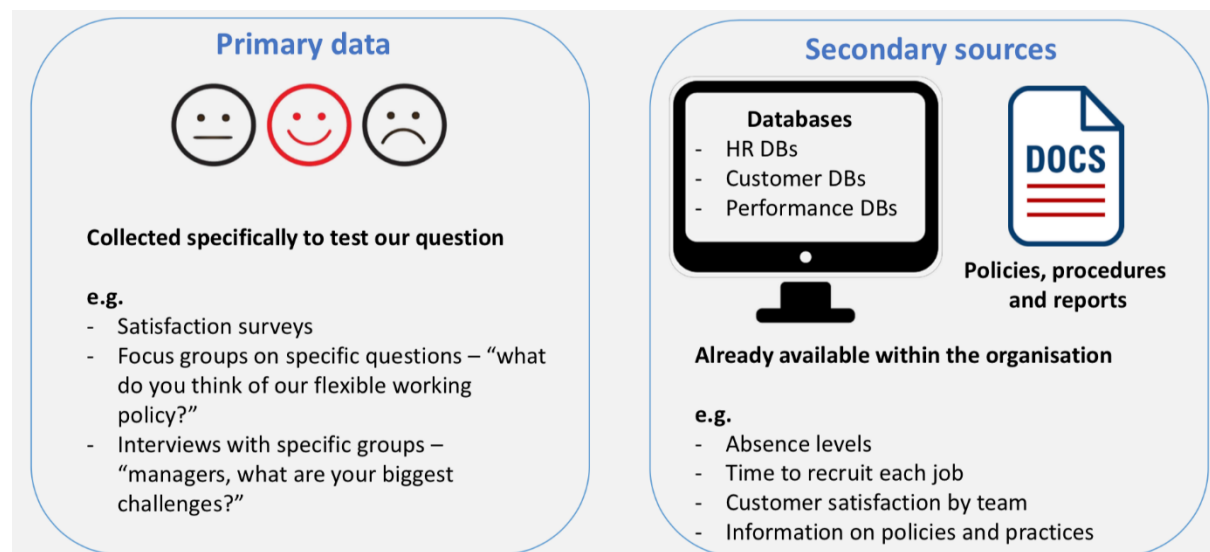
- Is it focused?
- Is it strategic?

Centre for evidence-based management

PICOC



Sources of Organisational Data



Levels of Analytics

- > **Descriptive:** describe relationships and current and historical data patterns
- > **Predictive:** Using current and historical facts to make predictions about the future
- > **Prescriptive:** Analysing complex data to predict outcomes, provide decision options, and show alternative impacts → = rarer in HR

The problem with headcount

- > **Headcount:** the number of people working in the organisation, right now.
 - Do we include people not directly employed by the organisation?
- > **Full-time Equivalent (FTE):** the actual number of contracted people employed by the organisation right now.
 - Is this a 'point in time' or across a period of time?

Predictive Analytics

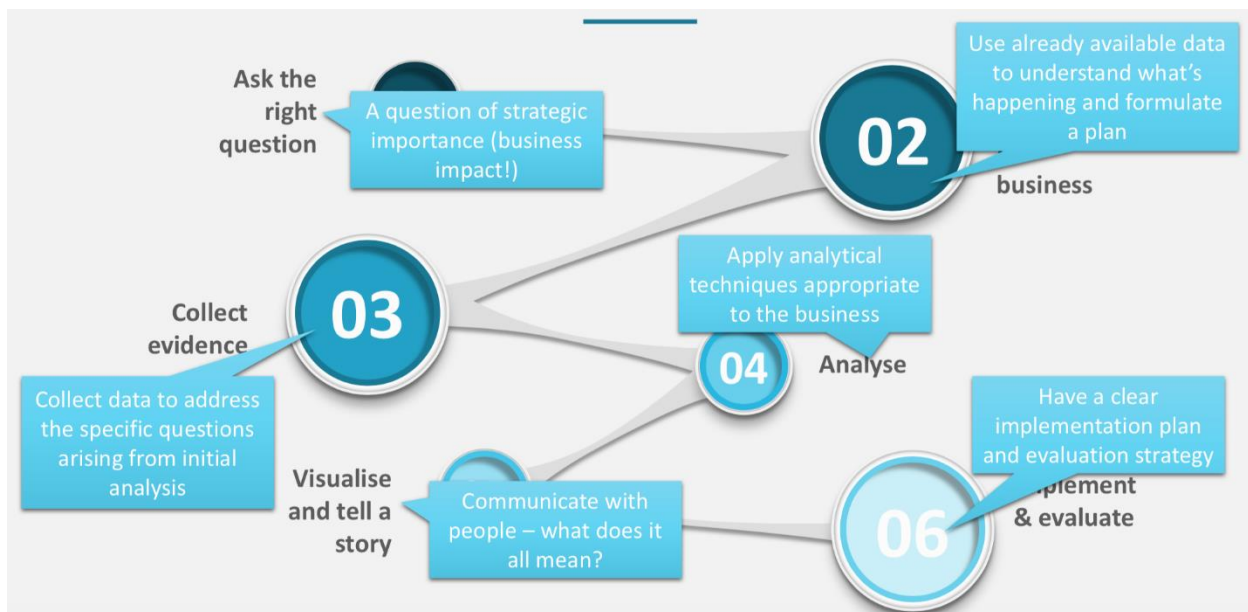
Failures of forecasting

'I cannot conceive of any vital disaster happening to this vessel (vaartuig)' - Captain of titanic

→ What went wrong?

- Lack of personal reflection
- Using obsolete knowledge
- Basing predictions only on past experience

→ They did **not** apply principles of evidence-based decisions!



Advanced Analytics

- > **Network analysis** → interactions between group members

> **Sociometrics:**

- Body language
- Tone, pitch and speed
- Who you talk to
- Where you talk to them

Predictors of Team Productivity

- 1) **Energy:** number and nature of exchanges within the team. Verbal and non-verbal
- 2) **Engagement:** distribution of energy amongst the team - more evenly distributed is better
- 3) **Exploration:** communication outside the team, bringing the knowledge back

→ Findings:

- Energy, engagement and exploration explained circa 30% in team productivity
- 35% of team's performance explained simply face-to-face communication
- Social time explained circa 50% of communication within the team

Machine Learning

Can be used if...

- > The task is performed regularly and without the need for much creative thought
- > 100 people were asked the same question and agreed on the answer
- > The task has been performed over time, and you have an idea about what 'success' looks like (for the machine to learn)
- > If the risk of a wrong answer is not extremely high

Future for ML (machine learning) for People Analytics?

- > Succession planning and talent identification
- > Identify and develop personalised learning and development based on analysis of performance, skills, experience and future needs
- > Chatbots to respond to standard people questions (freeing up manager and HR time)

Risks to the success of HR Analytics

- > Lack of analytics... about analytics
- > Rubbish in ... rubbish out (more data is *not* better data)
- > *Not* driven by real business problems
- > *Too* HR focused (inward looking)
- > Analytics used to drive a specific agenda
- > Forgetting that numbers = people

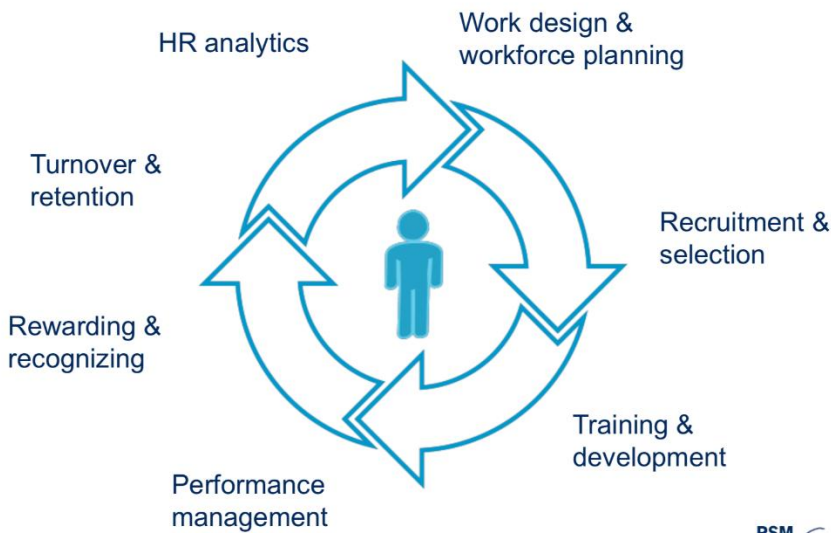
Adding value through People Analytics

- > **Analytics = question driven:** Strategic analytics does not start with the data, but focuses on a specific business issue, question, or problem

- > **Collaboration is key:** People analytics probably works best as a collaborative effort, recognizing that a range of skills are needed.
- > **Quality over quantity:** Investment is needed in data collection and storage... but analytics can be done with only small amount of data (depending on the question)

Module 9 - Strategic HRM & Recap

Employee lifecycle: HR Practices



Philosophy shapes HR strategy & Practices

- > **HR Philosophy:** Organisation's **vision** on 'How important are people to our organisation's success? And 'How do we want to treat people?'
- > **HR Strategy:** Strategy towards how people are managed in the organization, to achieve organisational goals.
- > **HR Practices:** Specific people management practices

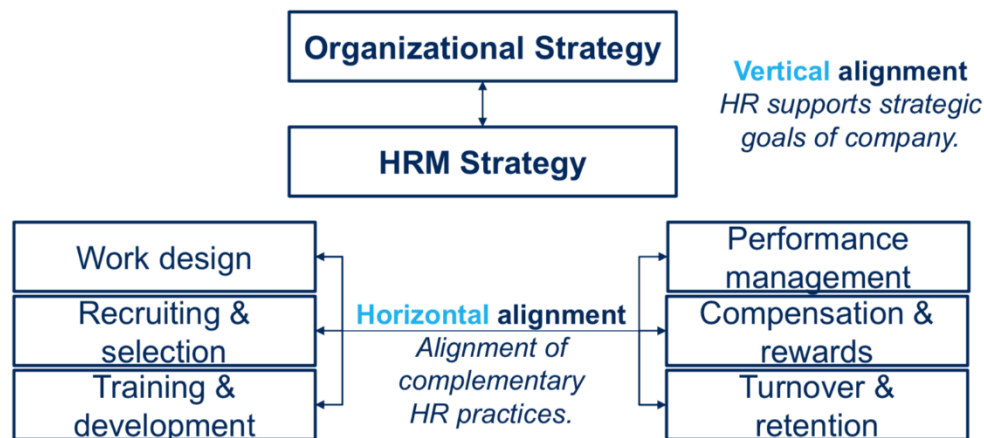
What is strategic HRM?

'All those activities affecting the behavior of individuals in their efforts to formulate and implement the strategic needs of the business' (Schuler)

Or

'The integrated and holistic approach to developing differentiated HRM policy choices and practices that can provide a firm with a distinctive source of sustained competitive advantage' (Malik)

The Importance of Alignment

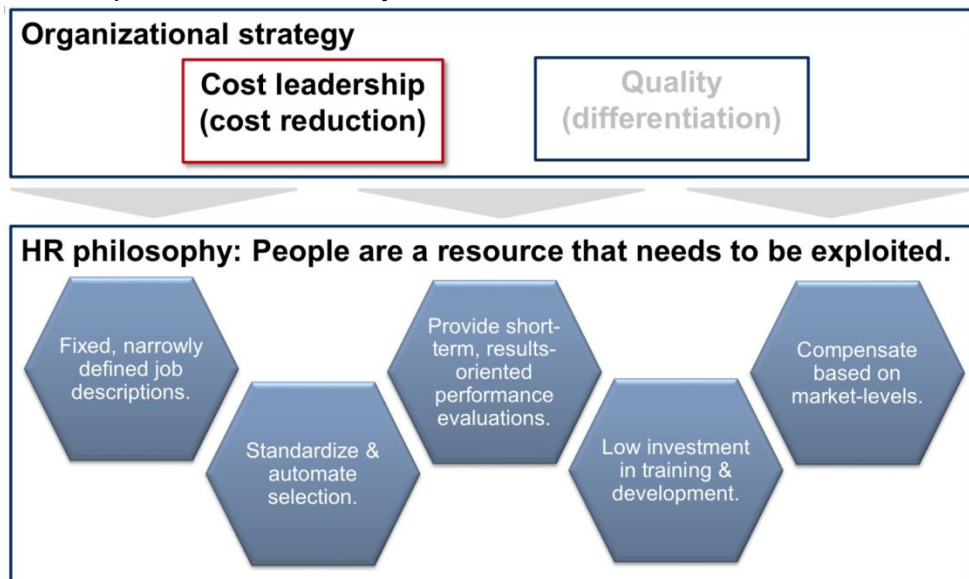


Best Fit Model: Fitting HR strategy to Organizational Context and Strategy

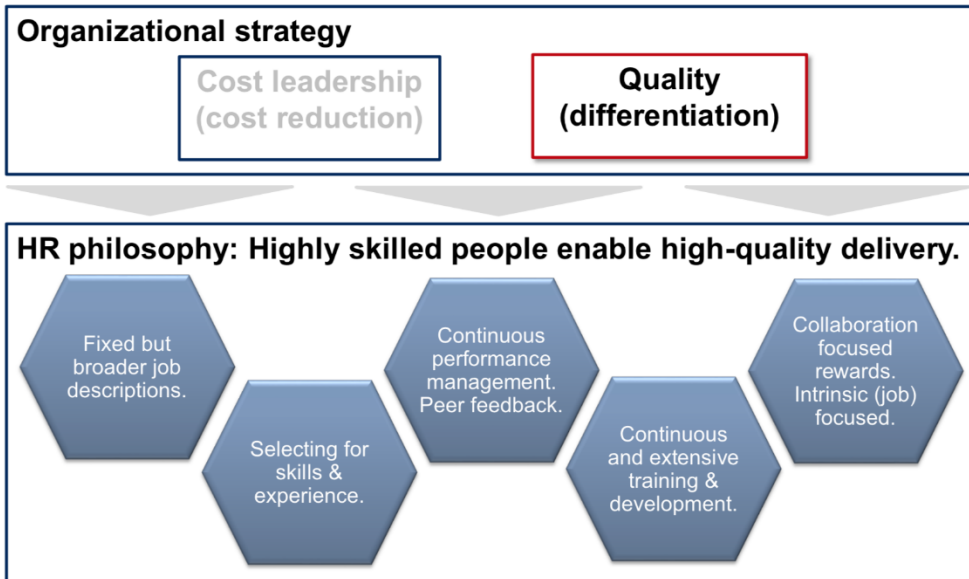
Vertical alignment: HR practices are aligned with and support organizational strategy

> Organizational strategy; cost leadership vs quality differentiation

→ example: **Cost Leadership**



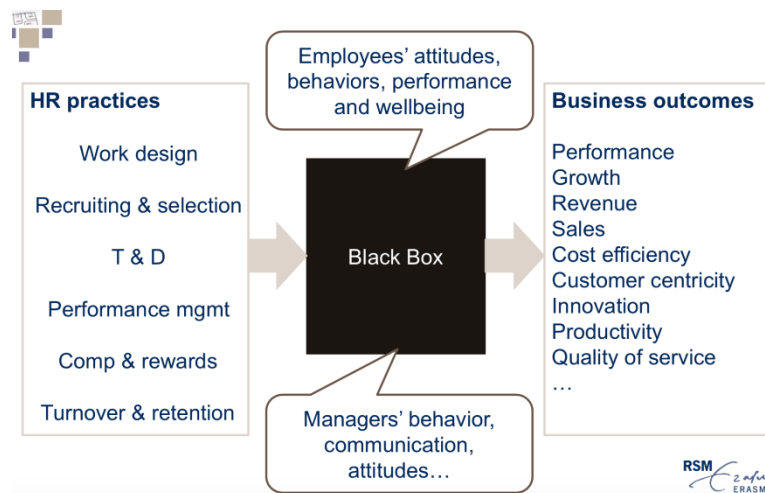
→ example: **Quality, differentiation**

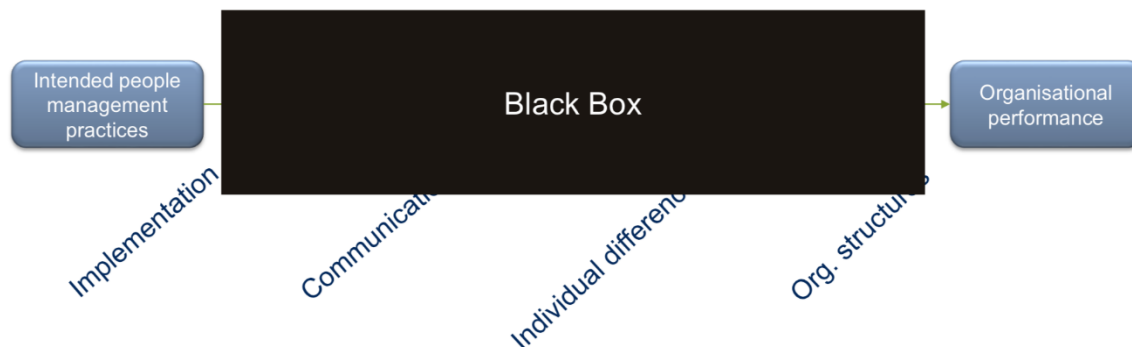


Horizontal alignment: HR practices are aligned with and complement each other.
Weak horizontal alignment example:



Black-Box: HR-Performance Link





Bundles of HR practices with different Focus

1) **Skill-enhancing** HR practices: Focus on ensuring appropriately skilled employees;

- Comprehensive recruitment
- Rigorous (strenge) selection
- Extensive, formal and informal training

= Recruitment and Selection & Training and Development

2) **Motivation-enhancing** HR practices: Focus on enhancing employee motivation;

- Developmental performance management
- Competitive compensation
- Performance-linked incentives
- Promotion and career opportunities
- Job security

= Performance Management & Compensation and Rewards

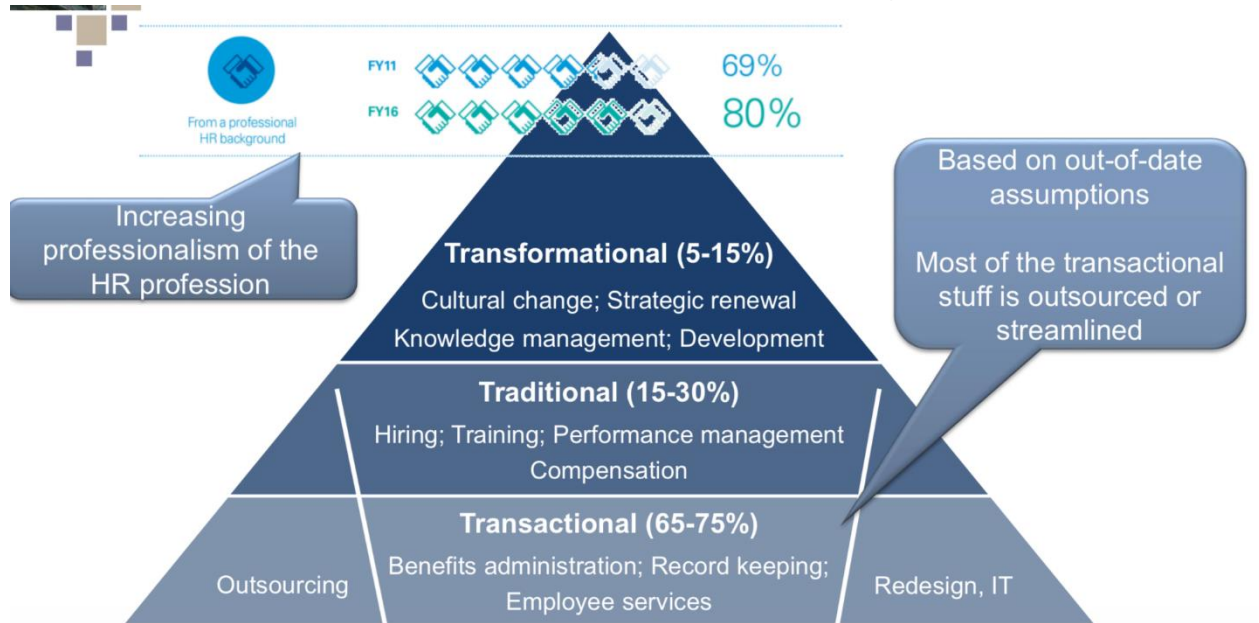
3) **Opportunity-enhancing** HR practices: Focus on empowering employees to use skills and experience to achieve organisational objectives;

- Flexible job design
- Work teams
- Employee involvement
- Information sharing practices

= Work design

What is stopping HR from being strategic? → **4 Key Criticisms**

1) HR people are not the sharpest tacks in the box (and do boring stuff)



2) HR pursues efficiency over value

- **But**; remember those coffee breaks? → \$15m a year productivity increases + wellbeing benefits for employees.

3) HR isn't working for you

- Conflicting outcomes: strong focus on HR-performance link (sometimes) at the expense of people and their well-being
- Mutual benefit: increasing recognition on creating mutual benefits for both- organization and employee well-being

4) The corner office (CEO) does not get HR and HR is not getting the corner office

- Apart from the COO, the CHROs match CEOs most closely in core leadership characteristics (as well as in salary)!