Chapter 11
Hiring, Training & Evaluating Employees

Learning Objectives
1. Explain human resource planning by firms.
2. Differentiate among the types of compensation that firms offer to employees.
3. Describe the skills of employees that firms develop.
4. Explain how performance of employees can be evaluated.

The Key to a Firm’s Performance

Human Resources

Selecting the best people for the job.

Training

Establishing a formal process to recognize (and ultimately reward) those employees who performed well, while offering suggested improvements for other employees.

Evaluation

Form a team of employees with the right background, training and guidance.

Prize: Value

Human Resource Planning

The act of planning to satisfy a firm’s needs for employment.

Three tasks:
1. Forecasting staffing needs.
2. Job analysis.
3. Recruiting.

Forecasting Staffing Needs

Determine the right number of qualified people and where they are needed.

Three events which require forecasting:
- Firm expansion.
- Retirement.
- Temporary increase in production.
Job Analysis

The analysis used to determine the tasks and the necessary credentials for a particular position.

The results of Job Analysis are:
- **Job specification**
  Identifies the necessary skills, traits or attributes for successful performance in a particular job.
- **Job description**
  States tasks and responsibilities of the job position.

Recruitment

Involves seeking and attracting individuals from which a qualified candidate(s) can be selected.

Internal vs external recruiting:
- **Internal**
  Recruit people within the firm.
- **External**
  Recruit people outside the firm.

Recruitment Screening Process

- **Screening applicants**
  1. Assess each application to screen out unqualified applicants.
  2. Interview applicants to assess personality characteristics, punctuality, communication skills, and attitude.
  3. Contact applicants’ references.
  4. Use employment tests to assess candidates’ abilities.
  5. Make the hiring decision.

Steps for Screening Job Applicants

![Chart showing steps for screening job applicants]

Employment Testing

One of the most controversial areas in Human Resource Management.

**General Categories:**
- Aptitude
- Psychomotor
- Job Knowledge
- Proficiency
- Interest
- Psychological
- Polygraph
- Drug

Six Important Laws Providing Equal Opportunity

- © Civil Rights Act of 1964.
Seven Methods of Compensation

- Salaries and wages
- Stock options
- Commissions
- Bonuses
- Profit sharing
- Employee benefits
- Perquisites

Which one is right for your firm?

Skills Development

- Technical
- Decision Making
- Customer Service
- Safety
- Human Relations

Employee Evaluations Should

- Be segmented by the relevant criteria for each job position.
  - Provide feedback.
  - Provide direction.
  - Indicate strengths and weaknesses.
  - Determine a raise or promotion.
  - Consider objective versus subjective criteria.

Direct Measures of Performance

<table>
<thead>
<tr>
<th>Job Position</th>
<th>Direct Measures of Performance</th>
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<tbody>
<tr>
<td>Salesperson</td>
<td>Dollar volume of sales over a specific period</td>
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<tr>
<td></td>
<td>Number of new customers</td>
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<tr>
<td></td>
<td>Number of delinquent accounts collected</td>
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<tr>
<td></td>
<td>Net sales per month in territories</td>
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<tr>
<td>Manager</td>
<td>Number of employee grievances</td>
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<td></td>
<td>Cost reductions</td>
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<td></td>
<td>Attendance</td>
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<td>Unit safety record</td>
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<td></td>
<td>Timeliness in completing appraisals</td>
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<td></td>
<td>Employee satisfaction with manager</td>
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<tr>
<td></td>
<td>Division productivity</td>
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<tr>
<td></td>
<td>Diversity of new hires</td>
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<tr>
<td>Administrative assistant</td>
<td>Number of letters prepared</td>
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<td>Word processing speed</td>
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<tr>
<td></td>
<td>Number of errors in filing</td>
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<tr>
<td></td>
<td>Number of tasks returned for reprocessing</td>
</tr>
<tr>
<td></td>
<td>Number of calls answered</td>
</tr>
</tbody>
</table>

Development of Evaluation Fairness

- Why: demonstrate overall fairness to employees and satisfies legal guidelines.

1. Communicate job responsibilities.
2. Inform employee of deficiencies.
3. Use consistency among employees.