

Technische Universität Wien  
Institut für Managementwissenschaften  
Bereich Arbeitswissenschaft und  
Organisation  
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A-1040 Wien

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# Human Resource Management and Leadership (VO)

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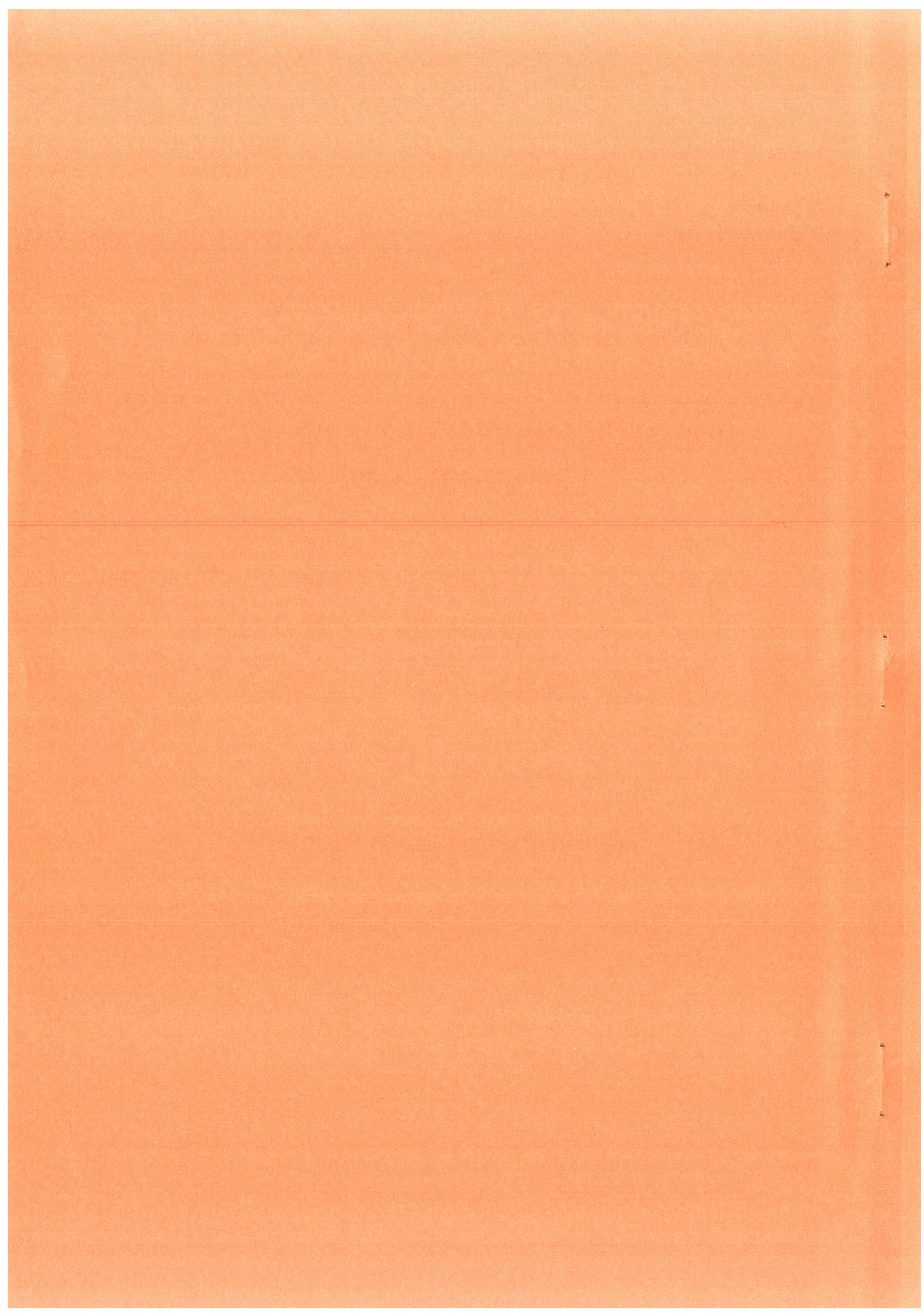
WS 2017/18

Sabine Köszegi  
Technische Universität Wien

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Univ. Prof. Dr. Sabine Köszegi &amp; Dr. Eva Zedlacher

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HRM &amp; Leadership

○ Lecture

- Attendance is not mandatory but recommended
- Interactive elements, guest speakers

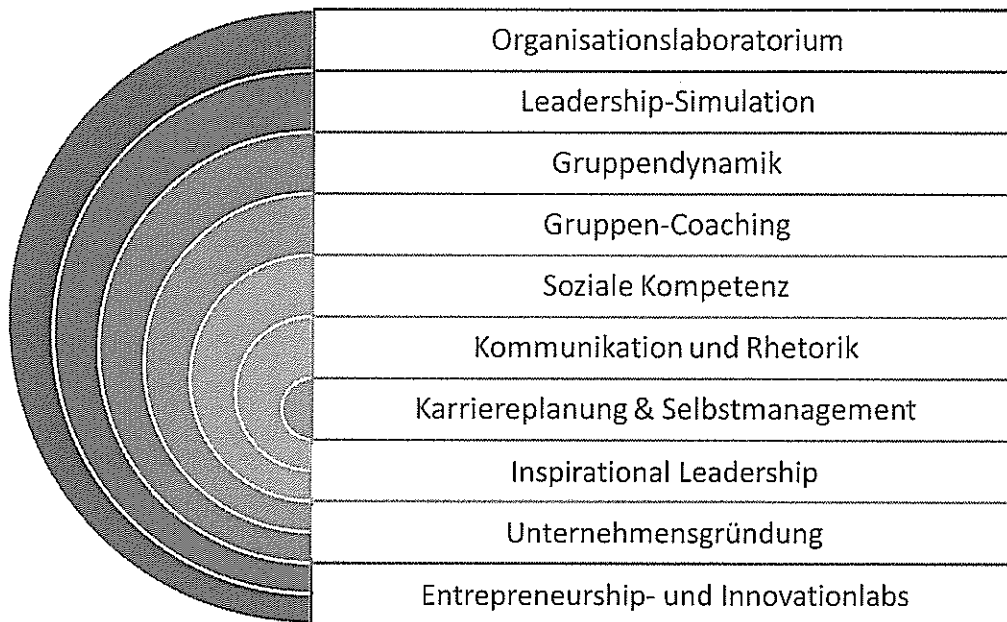
○ Exam

- 6 options, see TISS

○ Literature

- Lecture slides (print)
- Reader
- Recommended further reading: Robin Kramar et al. (2015): HRM in a global context

## Soft-Skills Courses



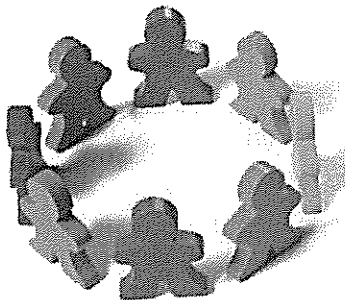
## Goals

To prepare for a leadership position with HR responsibility



- To understand the theoretical foundations of human resource management (HRM) & leadership
- To get an overview over the broad range of topics in HRM
- To know the most important instruments of HRM and their practical relevance
- To reflect ethical aspects of HR management and leadership

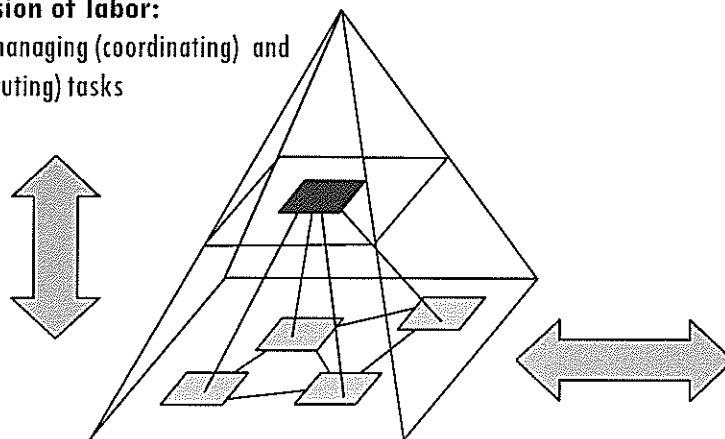
## Introduction and Theoretical Foundations



Definitions  
Scientific Paradigms & Theory Building

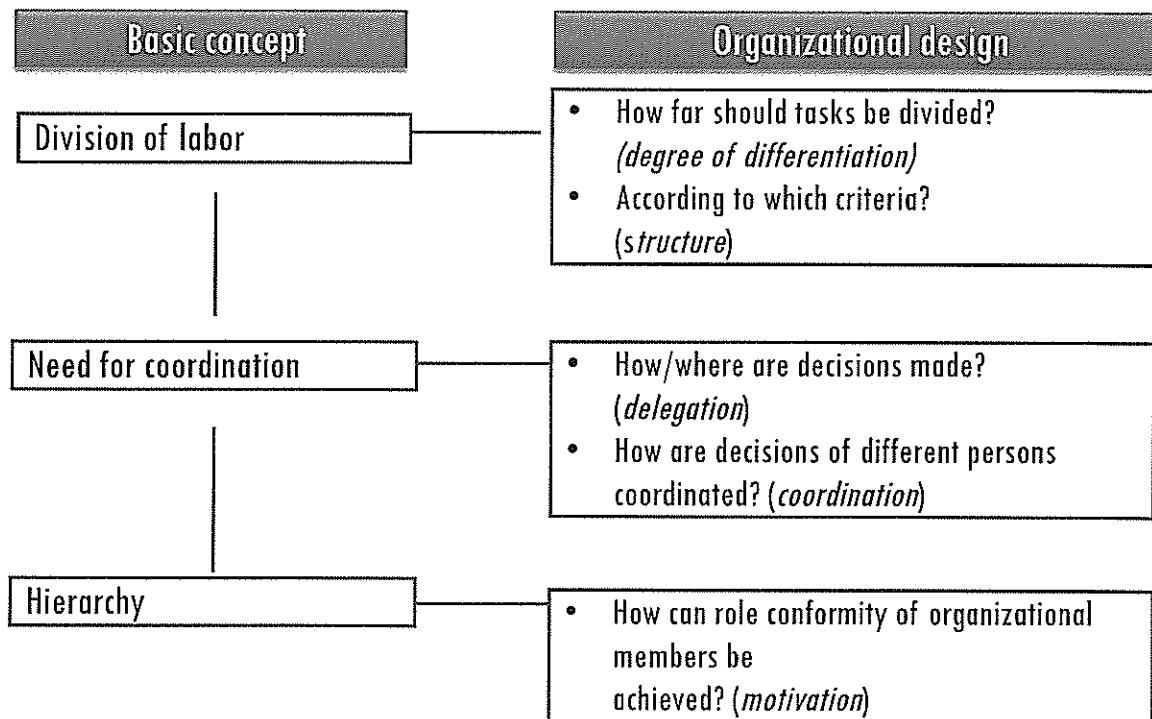
## Problem Definition

**Vertical division of labor:**  
Separation in managing (coordinating) and operative (executing) tasks

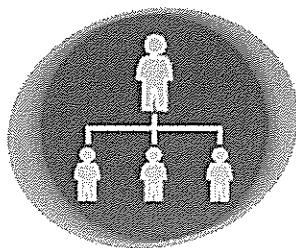
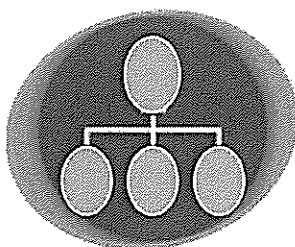


**Horizontal division of labor:**  
Decomposition of  
operative (executing) tasks

# Key Challenges in Organizational Design



# Managing People and Organizations



## Organization

### Abstract position

Organization Chart

Job descriptions

Job profiles

Coordination instruments

etc.

## People

### Concrete person

Qualifications, competences & skills

Motivation & leadership

Assessment center

Appraisal interview

etc.

# From Personnel Administration to HRM

Change in philosophy:

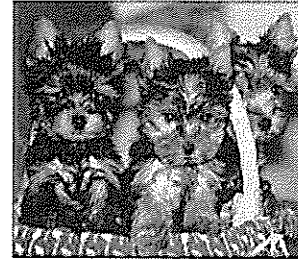
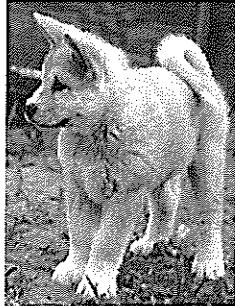
from personnel administration to people-oriented organizational activities

- **Personnel Administration**
  - Workforce centered
  - Mediation between personnel and management
- **Human Resource Management**
  - Resource centered
  - Managing culture is a top management responsibility

## Theoretical Foundations

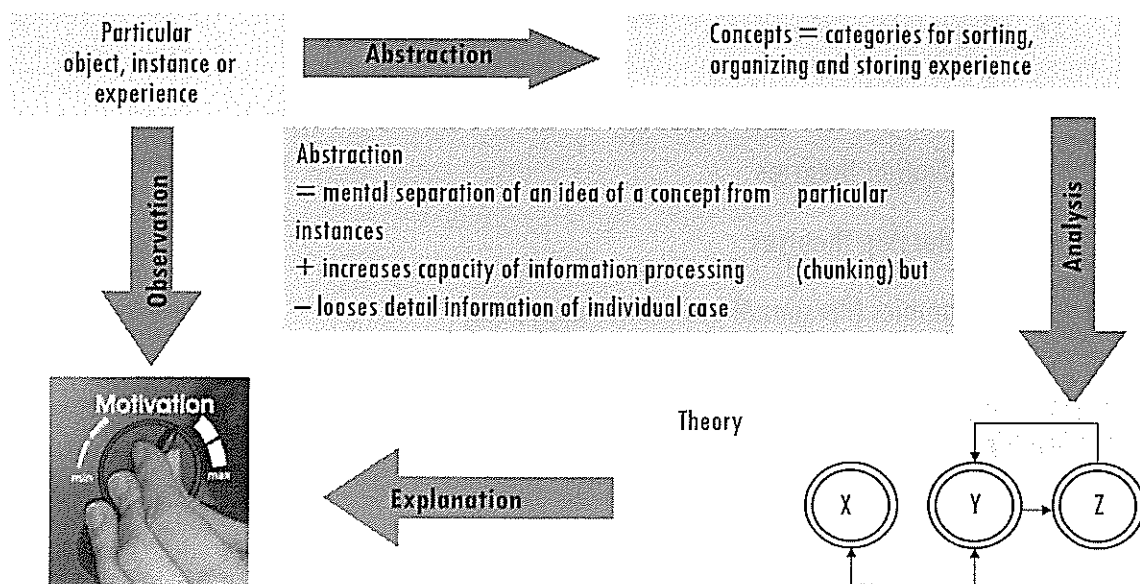
- Management theories
- Organization theories
- Human Relations approach
- Motivation theories
- Leadership theories
- Economics (Personnel economics approach)
- Critical Theory
- Etc.

# Abstraction



## Theory - Building

### How do I motivate my employees?





# Ontology, Epistemology & Methodology

## Ontology: The nature of being

Concerns our assumptions about reality and action:

Is there an *objective reality* out there or is it *subjective*, existing only in our minds?

Are our actions predetermined by the environment or do we have a free will?

## Epistemology: Theory of knowledge and of knowledge acquisition

What is "good" knowledge?

How can we acquire knowledge?

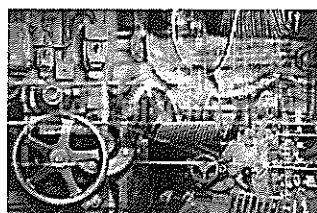
How do we represent or describe knowledge?

## Methodology: means or manner of the investigation

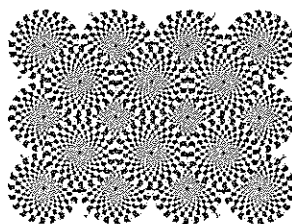
Which methods can be used for the investigation of the object?

# Scientific Paradigms

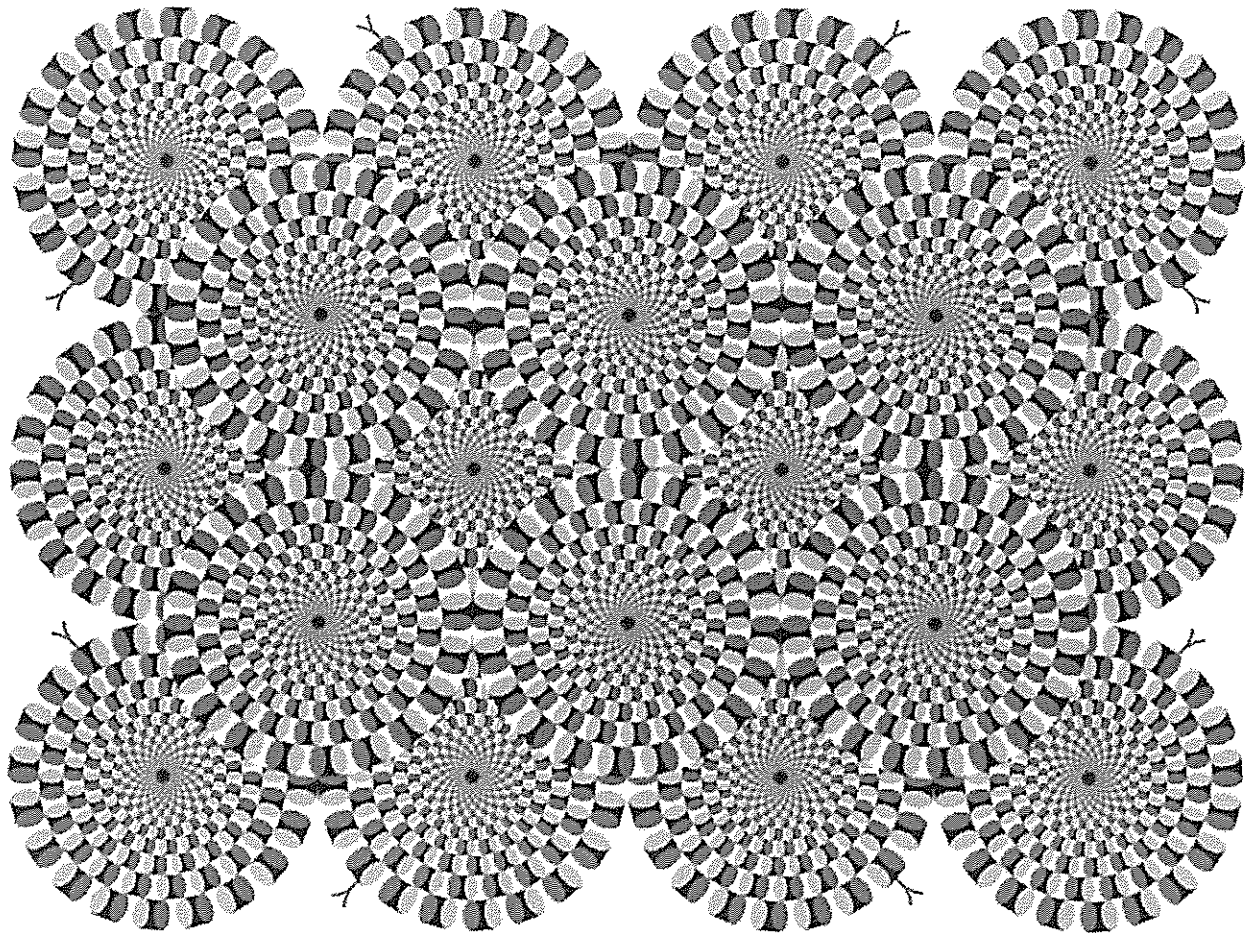
Different assumptions about truth and agency result in different paradigms  
and lead to different theories



Classical & Modern  
until 1970



Constructivism  
1970 - 1990



Introduction & Theory

What is a paradigm?

The Paradigm

The Relationship to

Knowledge

Epistemological

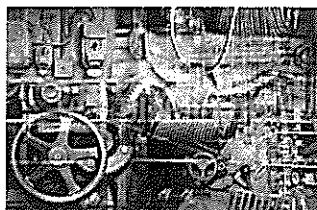
Approach & Research

Methodology &

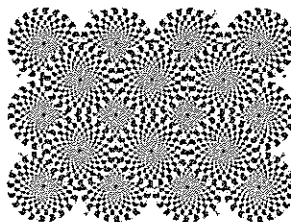
Epistemology

## Scientific Paradigms

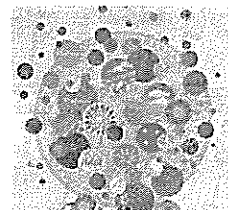
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Classical & Modern  
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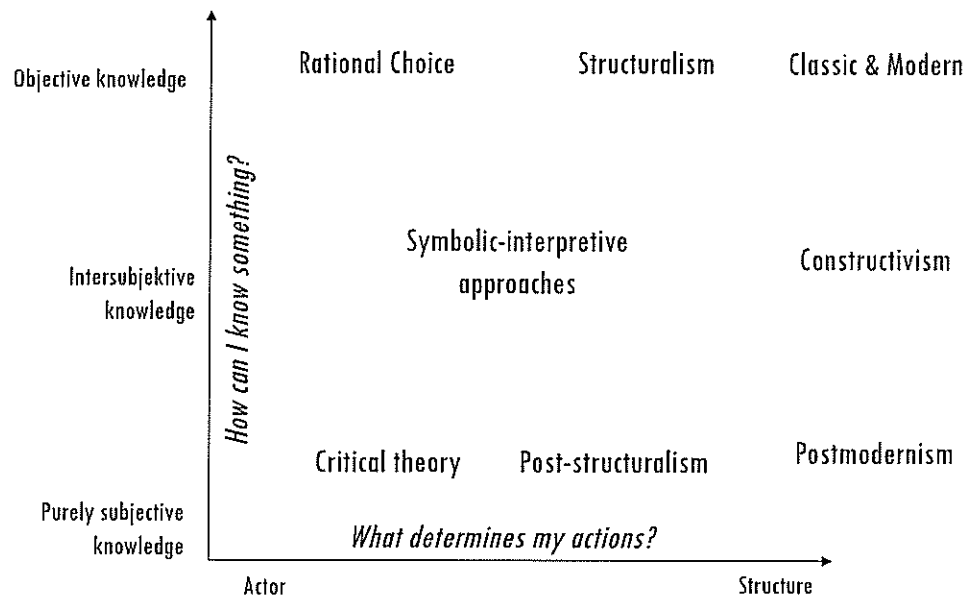


Constructivism  
1970 - 1990

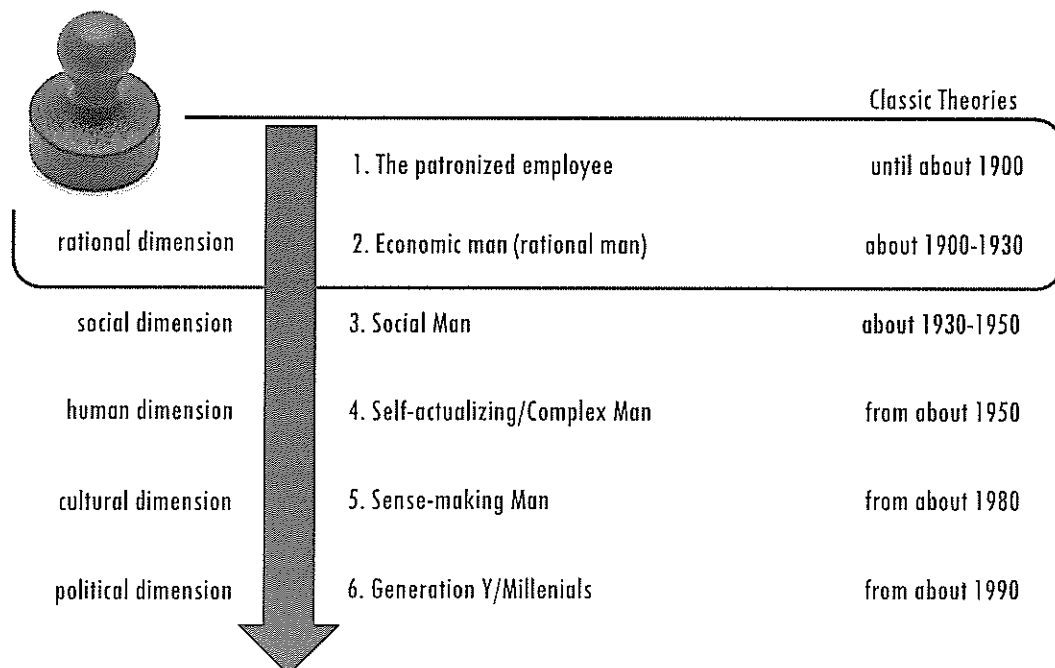


Postmodernism  
Since 1990

## Overview

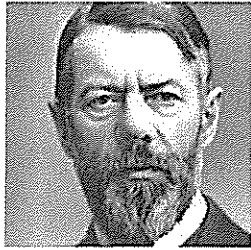


## Basic assumptions about human nature





## Weber's ideal bureaucracy



1864-1920

1. A bureaucracy is founded on the concept of rational-legal authority.
2. Organizational roles are held on the basis of technical competence.
3. A role's task responsibility and decision-making authority and its relationship to other roles should be clearly specified.
4. The organization of roles in a bureaucracy is such that each lower office in the hierarchy is under the control and supervision of a higher office.
5. Rules, standard operating procedures and norms should be used to control the behavior and the relationship between roles in organizations.
6. Administrative acts, decisions and rules should be formulated and put in writing.

## Taylor's Scientific Management

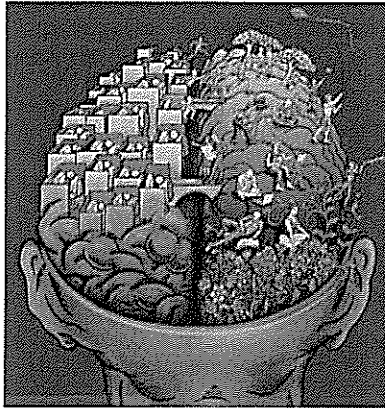


1856-1915

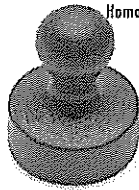
1. Horizontal division of labor (specialization)
2. Optimization of work processes and working tools
3. Separation of craft (manual) and clerical (mental) work as well as specialization in leadership (functional managers)
4. Shift of control and responsibilities to management and disempowerment of workers
5. Piece-rate incentive systems and punishment to avoid soldiering & shirking
6. Selection of employees based on tests to identify strengths
7. Professional labor conflict management

## Taylor's assumption of human nature

„Homo oeconomicus/economic man“  
*rational dimension*



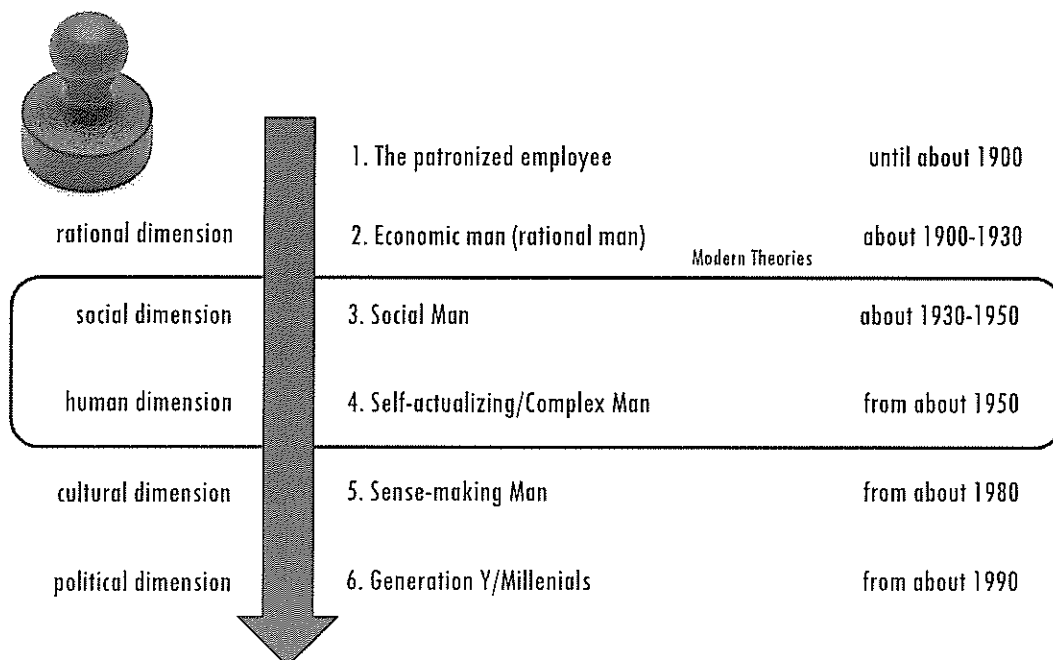
Homo oeconomicus and the self-sabotaging brain



Motivation and leadership theories focus on command and control  
Management tools: Hierarchies & formal roles, bureaucratic rules, processes

- Humans are lazy and prefer leisure over work
- Happiness can only be reached through consumption
- Consequently, motivation to work can be reached only through monetary incentives, but
- Since there is a trade-off between (1) and (2), discipline is also necessary to reach happiness
- Since (at least manually working) humans are not able to discipline themselves, they have to be subdued to explicit rules
- Engineers (scientists) can construct such rules to help workers to become happy.

## Basic assumptions about human nature



# Humanization of Work

## Hawthorne Experiments

F.J. Roethlisberger & W.J. Dickson

*Management and the Worker*

Harvard University Press

Western Electric Company

1924-1927 Lighting experiments



### ***The aim of the experiments:***

Analysis of the relationship between quality and quantity of lighting and the efficiency of industrial activity

# Humanization of Work



## 1927-1939 Hawthorne Experiment

**Objective:** Analyzing the relationship between working conditions and fatigue and monotony

1<sup>st</sup> part: test room investigation

2<sup>nd</sup> part: Survey with 20,000 employees about positive and negative aspects of work

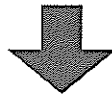
3<sup>rd</sup> part: Analysis of the interviews with regard to job satisfaction

4<sup>th</sup> part: Analysis of the social organization of the employees



## Findings from the Hawthorne Studies

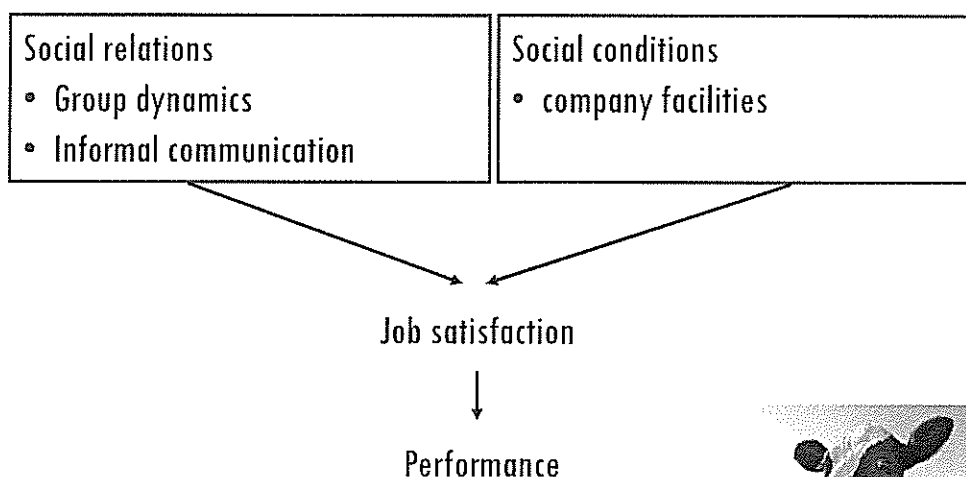
- General upward trend of the performance of the employees, irrespective of experimental working condition
- Improvement of the social climate between the women during the first two years of the experiment
- Increase of performance and high cohesion of the employees in response to autonomy and participatory (friendly) leadership
- Hawthorne effect: Positive effect of good personal relationships on performance (relationship between experimenter and subjects)
- Small group hypothesis: solidarity and cooperation easier to be achieved in smaller groups



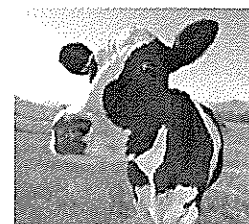
*social dimension*

**Social Man** = social conditions and interpersonal relations  
are the most important things in life for human beings .

## Human Relations Approach



Slogan: "Happy cows give more milk"



# Motivation

= willingness to carry out assigned tasks



www.imageproduction.nl

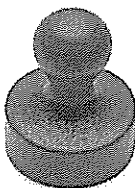
## Social Sciences and basic assumptions about human nature

### ▪ Self-actualizing Man (e.g. Maslow):

refers to a self-developing and self-actualizing person, who strives for autonomy. The self-actualizing man is motivated when there is possibility for personal development.

### ▪ Complex Man:

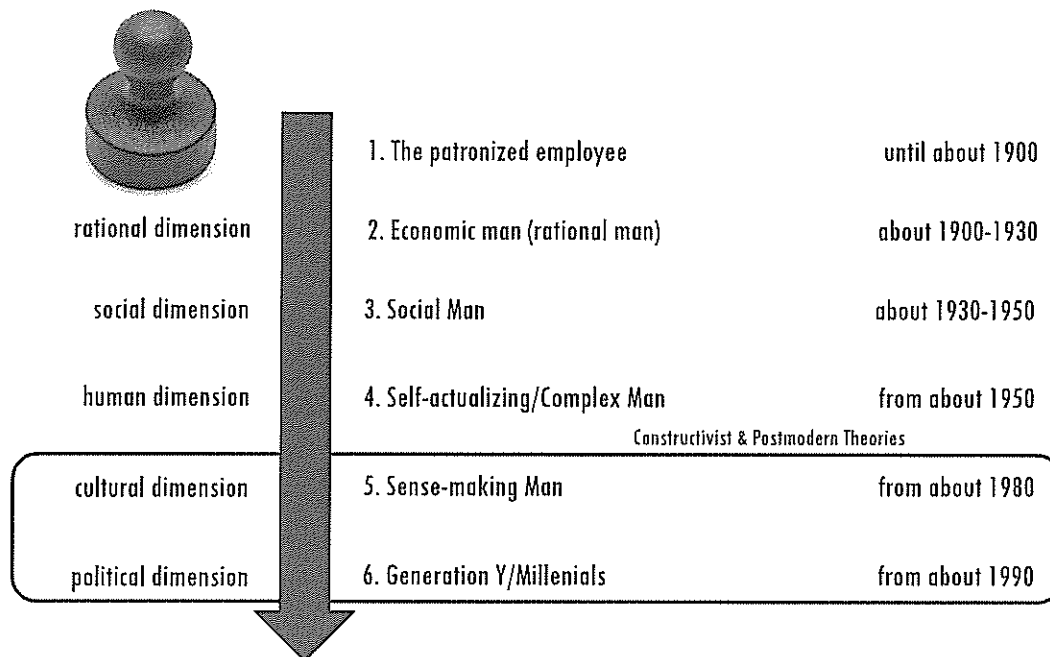
Findings from social science showed that people are influenced by various factors. The Complex Man is adaptable and capable to learn and to acquire new motives → needs are constantly changing



Motivation and leadership theories focus on "incentivation" and motivation of employees

Management tools: appraisal and incentives, management by objectives, etc.

## Basic assumptions about human nature



## Drop Your Tools

In 1949, 13 firefighters lost their lives at Mann Gulch, in 1994, 14 more firefighters lost their lives under similar conditions at South Canyon. In both cases these men and women were overrun by exploding fires when their retreat was slowed because they failed to drop the heavy tools they were carrying. By keeping their tools, they lost valuable distance they could have covered more quickly if they had been lighter. All 27 perished within sight of safe areas. The question is, why did the firefighters keep their tools?

Waick, Administrative Science Quarterly, 1996



### Reasons:

1. Listening
2. Justification for change needed
3. Trust: following unusual orders by strangers?
4. Losing control without tools
5. Skill at dropping (not trained)
6. Skill with replacement activity: lighting escape fires
7. Fear of Failure (surrender)
8. Social dynamics: following others
9. Consequences severe enough?
10. Identity: preoccupation with reputation as con-do firefighter

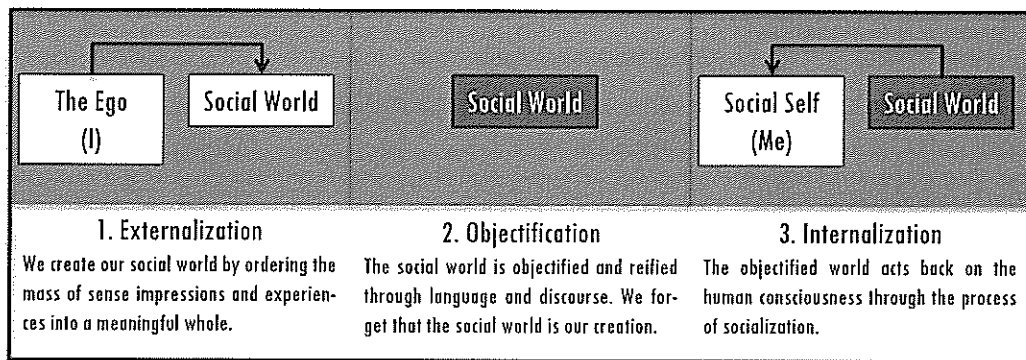
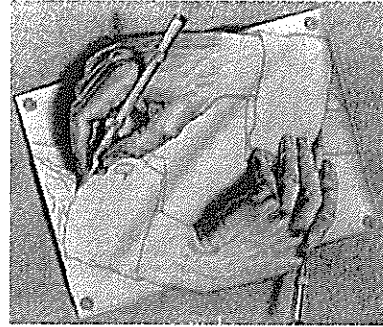


## „Objective“ Facts Are Socially Constructed

Money, Marriage, Property Rights ...

- These things are what they are because we think they are what they are. E.g. Money is money by fiat.
- But they are what they are, objectively. Not simply a matter of belief. (Searle 1996, 2010)

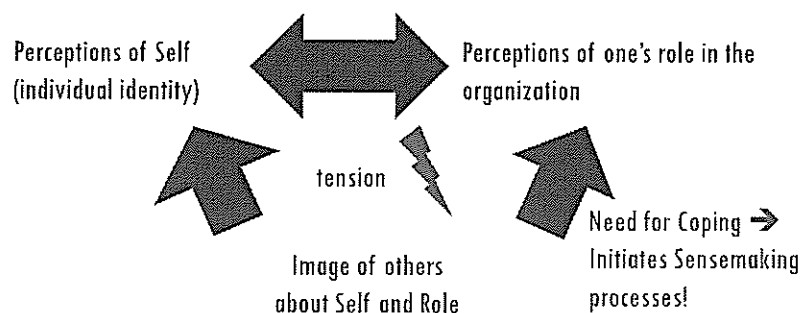
„Drawing Hands“ M. C. Escher



## Sensemaking in Organizations

How can I know what I think until I see what I say?

Process of identity negotiation:

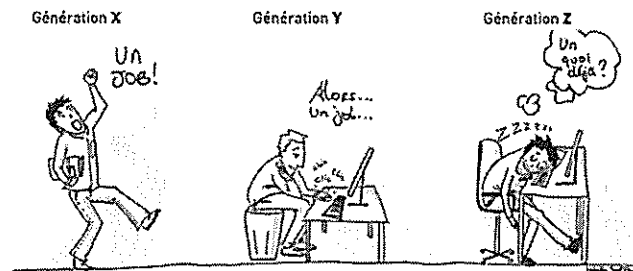


**Intra-individual Level:** Identity (Self-enhancement, self-efficiency, self-consistency)

**Inter-subjective Level:** Sense is made through “communicating selves”

**Social/abstract Level:** structure, roles, behaviors according to standardized rules, culture

# Human Nature - Generations Y and Z



95 % want to spend more time with friends

85 % want to act ethically

78 % want to engage in projects beneficial for the society

60 % want to do work that helps other people

57 % want flexibility in their work

Medienfabrik study cited in Der Standard, Karrieren Standars 2016/17

## Overview of working Generations

Chart 1: An overview of the working generations

Characteristics	Maturest (pre-1945)	Baby Boomers (1945-1960)	Generation X (1961-1980)	Generation Y (1981-1995)	Generation Z (Born after 1995)
Formative experiences	Second World War Rationing Fixed gender roles Rock 'n' Roll Nuclear families Delayed gender roles — particularly for women	Cold War Post-War boom "Swinging Sixties" Apollo Moon landings Youth culture Woodstock Family-orientated Rise of the teenager	End of Cold War Fall of Berlin Wall Korean War Trichsterium Love Aid Introduction of first PC Early mobile technology Latchkey kids Early levels of divorce	9/11 terrorist attacks Plagiarism Globalisation Breakup of Iraq Reality TV College Cart Eurovision	Economic downturn Global warming Globalisation Mobile devices Instagram Arab Spring Proliferation of social media Cloud computing Web 2.0
Percentage in U.K. workforce	3%	33%	35%	29%	Currently employed in either part-time jobs or new apprenticeships
Aspiration	Home ownership	Job security	Work-life balance	Freedom and flexibility	Security and stability
Attitude toward technology	Largely disengaged	Early information technology (IT) adapters	Digital immigrants	Digital Natives	"Technomorphs" — entirely raised and exist beyond generations
Attitude toward career	Jobs for life	Organisational — careers are defined by employers	Early "portfolio" careers — loyal to profession, not necessarily to employer	Digital entrepreneurs — work "freely" organisations, not "for"	Career improvisers — will move seamlessly between organisations and "job for" techniques
Signature product	Automobile	Television	Personal Computer	Text/Email/Phone	Google glass, graphene, mass computing, 3D printing, driverless cars
Communication media	Formal letter	Telephone	Email and text message	Text/Email/Phone	Instant messaging and virtual communication devices
Communication preference	Face-to-face	Face-to-face ideally, but telephone or email if required	Text messaging or online	Text/Email/Phone	Face-to-face
Preference when making business decisions	Face-to-face meetings	Face-to-face ideally but increasingly will go online	Online — would prefer face-to-face if time permitting	Text/Email/Phone	Solutions will be digitally researched

\*\*\* Integrating generations at the workplace

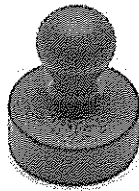
<http://fourbooks.com>

## Soulful workplaces?

- Life as a journey of unfolding instead of pre-planned goals and routes
- Internal yardstick to grow into true nature and work toward your calling
- A life well-lived breeds success & profit, not vice versa
- Focus on strengths, not on failures and what's wrong
- Wisdom beyond rationality
- "Both-and" thinking instead of "either-or"
- Integrating mind-body-soul
- Striving for wholeness with Self, others, life & nature



Source: Frederic Laloux, Reinventing Organizations, 2014



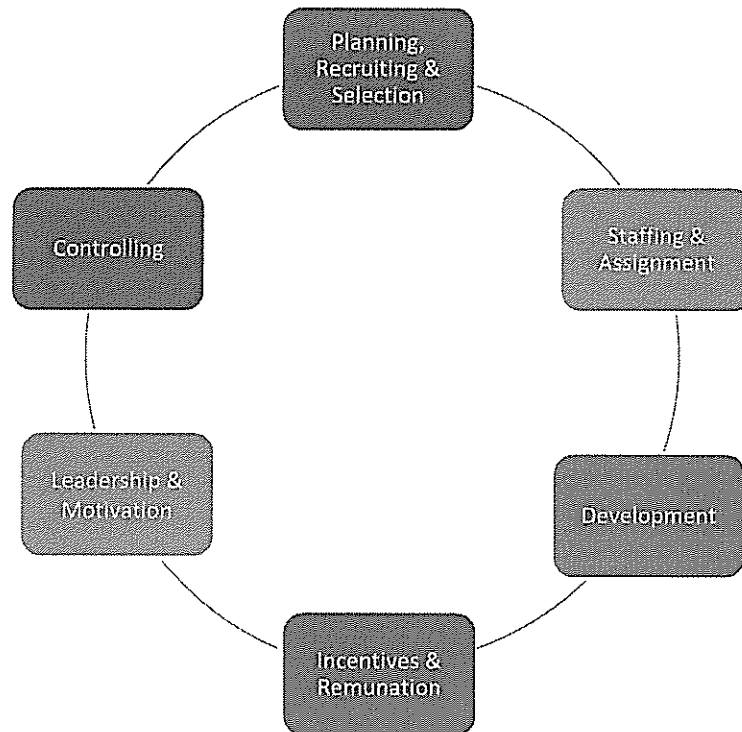
Motivation and leadership theories focus on empowerment of employees, motivation is achieved through purpose,  
Management tools: stakeholder model, value driven culture, distributed leadership, self-organization



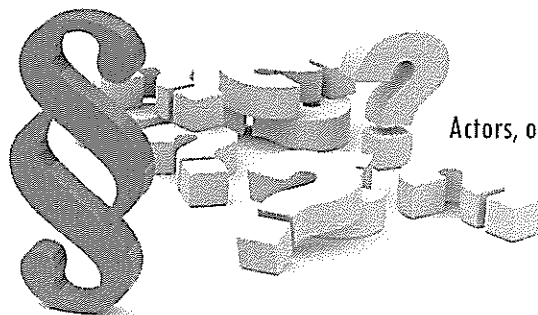
## Change of HR-Role

	Personnel Administration	Personnel Management	Service Provider
<b>Goals</b>	Legality Labor productivity	Satisfaction Economic efficiency	Self-actualization Sustainability
<b>Guiding Principle</b>	Bureaucracy (administrative orientation)	Market (competitive orientation)	Individual & Freedom (flexibility)
<b>Human Nature</b>	Economic/Rational Man	Social, & Complex man Member of organization	Sensemaking Man Generation Y & Millennials
<b>Theories</b>	Law, Engineering & Administrative Sciences	Business Administration Behavioral sciences	Postmodernism, critical theory plurality
<b>Environment</b>	Static	Dynamic	Complex and dynamic
<b>Driving forces</b>	Legislator (Law)	Competition	Stakeholders
<b>Instruments</b>	Instructions and regulations Hierarchy, Command & Control Formal qualification	Performance incentives Planning and Management by Objectives, Team work	Participation, distributed authority, Culture & Storytelling ICT

## Functions of HRM



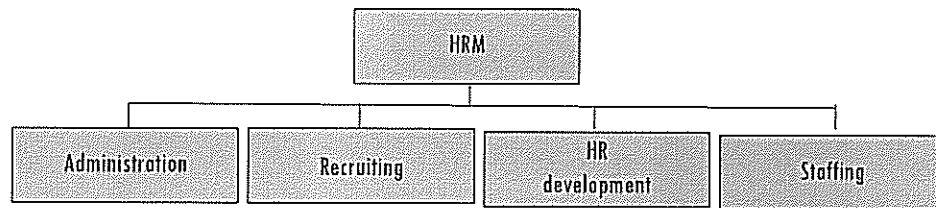
## Legal Framework for HRM



Actors, organization & legal framework

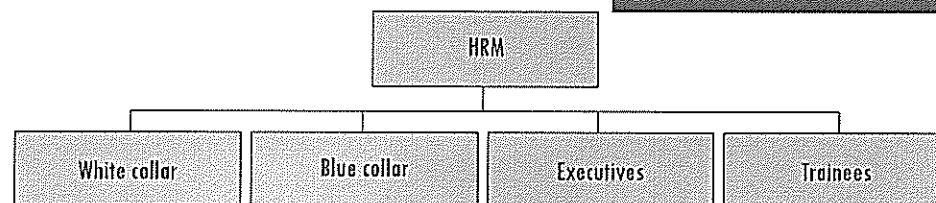
# Organization of HRM

Functional divisions, e.g.



In practice, we often find hybrid of functional and object-oriented structures with additional staff positions for cross-sectional or specific tasks.

Object-oriented divisions, e.g.



## Importance of HRM within the organization

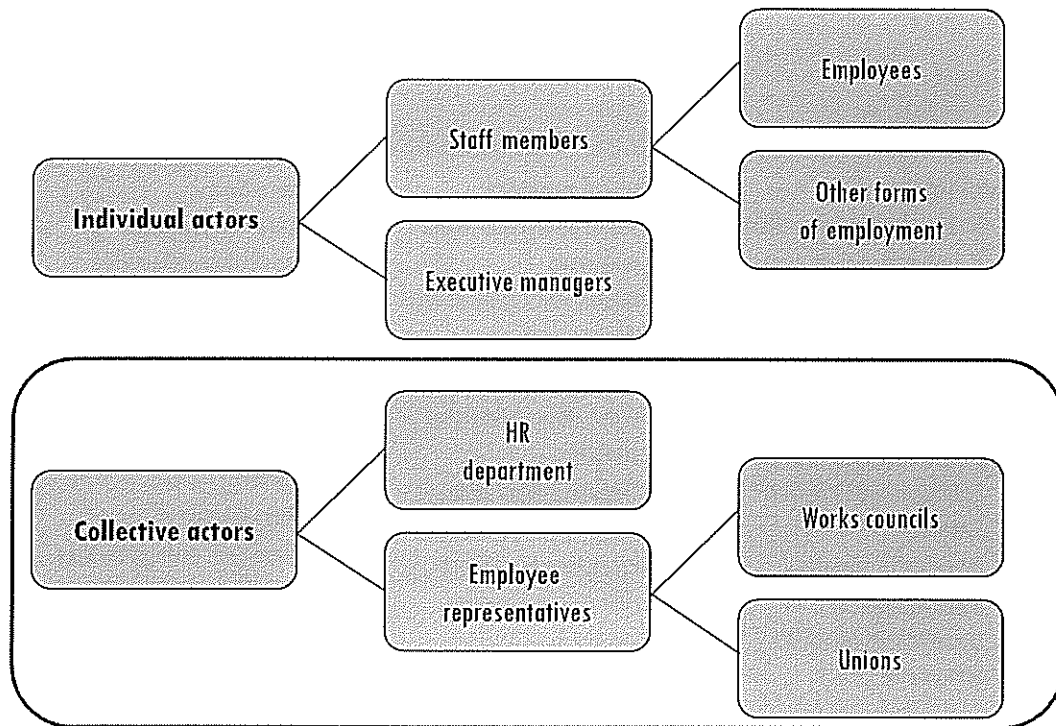
Influencing factors:

- Size of organization
- Skill levels of employees
- Extent of legal regulations concerning human resources
- Share of personnel costs in total expenditures
- Attitude of top management to HR
- Strength of the works council or employee representatives

➔ Trend: increasing importance of human resources:  
HR manager often member of the top management



## Actors relevant for HRM



## Works Council (Betriebsrat)

- Is regulated in Works Council Act (1919) as part of the Labor Constitution, Employment Act 1974, modified in particular in 1994
  - elected for 4 years by all eligible employees of the company
  - institutionalized employee representation in companies, businesses and corporations
  - when there are at least 5 workers (> 18 years)
  - delegates members into board of directors (1/3) in stock corporations
- Role:
  - Representation of all salaried staff in the enterprise
  - Maintenance and promotion the social and economic interests of the salaried staff

Source: GPA

## Rights of the Works Council

Information	Consultation	Negotiation
<b>Social information</b> <ul style="list-style-type: none"> <li>Hiring of disabled workers &amp; promotions anticipated</li> <li>Health and safety protection</li> <li>New technologies</li> <li>Wages</li> </ul> <b>Economic information</b> <ul style="list-style-type: none"> <li>Economic and financial situation</li> <li>Investment projects</li> <li>Balance sheet or consolidated financial statement</li> </ul>	<b>On social matters</b> <ul style="list-style-type: none"> <li>Social policy, individual measures</li> <li>Health and safety at work</li> <li>New technologies</li> </ul> <b>On economic matters</b> <ul style="list-style-type: none"> <li>Economic and financial situation</li> <li>Transfers, legal changes, M&amp;A</li> <li>Procedure for a legal ruling or bankruptcy</li> </ul>	<b>Cooperation</b> <ul style="list-style-type: none"> <li>If no joint decision → conciliation committee</li> <li>About reduction, removal or transfer of company facilities</li> <li>Introduction of new technologies, change of owners</li> <li>Mass dismissal</li> <li>Individual dismissals may be postponed (max. 5 days)</li> <li>Training, hours of work, profit sharing system, ...</li> </ul>

Source: GPA

## Decision making of the Works Council

- Decisions are taken by a majority, except for dismissals which require 2/3 majority
- Requirements for agreement with works councils:
  - Implementation of in-house regulations, monitoring staff activity, individual questionnaires, productivity-based earnings, evaluation of salaried staff
  - No agreement found, then dispute is placed before a conciliation committee
  - Dismissal of more than 200 salaried staff in enterprises with fewer than 400 salaried staff → national economic commission must be consulted

Source: GPA

## Representations of interests

Legal Representatives	Voluntary Representatives
<ul style="list-style-type: none"> <li>- Federal Chamber of Labor (AK)</li> <li>- Austrian Federal Economic Chamber (WKO)</li> <li>- Austrian Chamber of Agriculture</li> <li>- Medical Association</li> <li>- etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Austrian Federation of Trade Unions (ÖGB)</li> <li>- Federation of Austrian Industries (IV)</li> </ul>

## Austrian Federation of Trade Unions

- Founded in 1945, is the only Austrian organization representing the interests of workers based on voluntary membership
- Non-partisan although influencing politics
- Negotiating collective agreements & international representation
- Trade Unions:
  - GPA-DJP: Union of Salaried Private Sector Employees and of Printers, Journalists and Paper Workers
  - GÖD: Union of Public Services
  - GdG-KMSfB: Union of Municipal Employees, Art, Media, Sport and Freelance Workers
  - GBH: Union of Construction and Woodworkers
  - vida: Transport and Service Union
  - GPF: Union of Postal and Telecommunications Workers
  - PRO-GE: Union of Production Workers

Short movie regarding history of the trade union movement in Austria:  
[http://www.youtube.com/watch?v=mZVXPb8yzA4&feature=player\\_embedded](http://www.youtube.com/watch?v=mZVXPb8yzA4&feature=player_embedded)

Source: ÖGB

## Collective Agreement

- A **collective agreement** is a written contract within the framework of the Austrian social partnership
- The collective agreement regulates a large number of **claims that are not included in the law or exceed legal regulations** (such as wages and salaries, bonuses, uniforms, working hours, etc.)
- In practice: ÖGB and Austrian Federal Economic Chamber negotiate the collective agreements
- Per year, more than 500 agreements
- "Collective agreement-outsider effect": a closed collective agreement applies to all workers and employers of an industrial sector, line of business or industry.

Source: ÖGB

## Right to go on Strike

- Right to strike is stipulated in the European Social Charter (1961)
- Legal controversies due to rare incidents:

**Breaking the employment contract for refusing to work?**

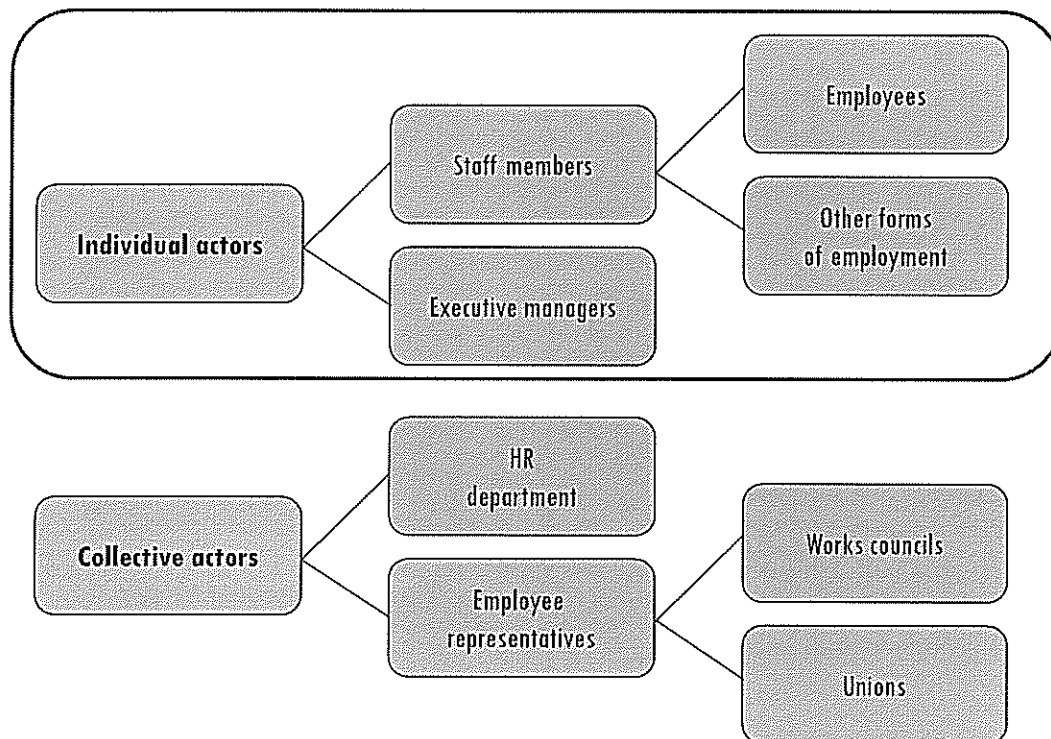
**or**

**Legally permissible means to enforce workers' interests?**

- Who pays the wage for the time of the strike?
  - Remuneration is paid by unions
  - Remuneration is paid by the employer (if employee is willing to work and prevented from work by "circumstances on the employer side")

Source: Wirtschaftskammer

## Actors in HRM

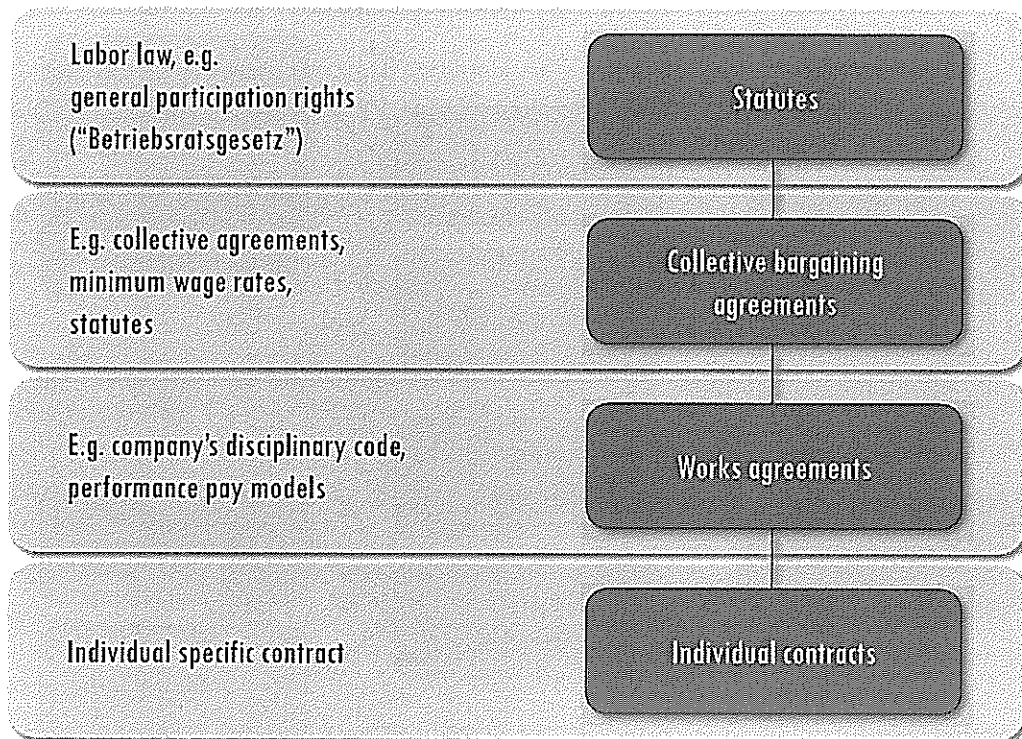


## Types of Employment

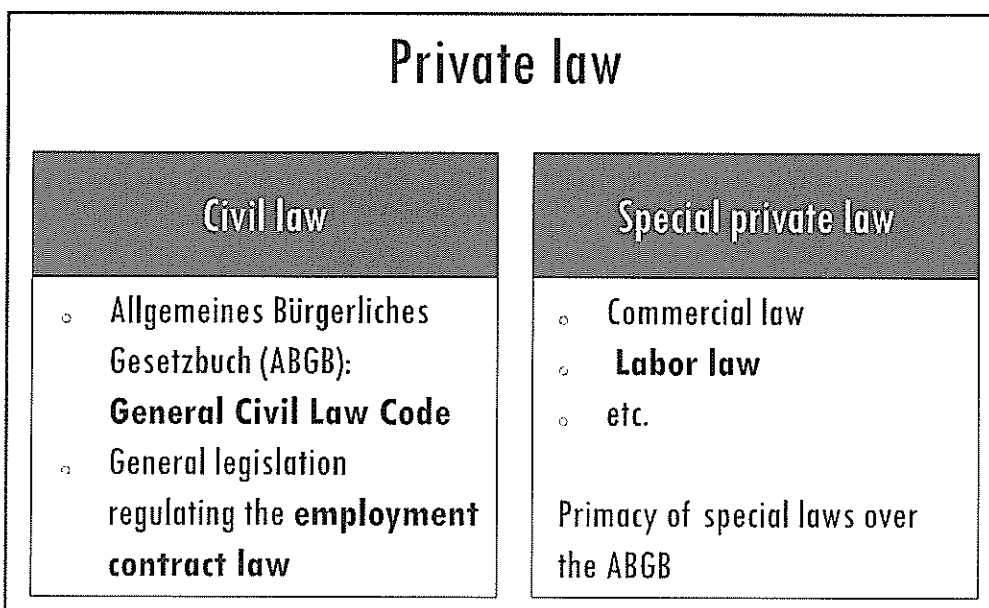
1. **Wage earners = employed persons**
  - Subject to Austrian labor law
  - White-collar employee: „Angestelltengesetz“ (part of the labor law)
  - Blue-collar worker: General Civil Law Code (ABGB) and regulations of the relevant industry's collective agreement
  - Differences in:
    - Duration of sick pay: employees get paid longer when away sick
    - Reasons for absence from work are regulated mandatorily in the collective agreement for blue-collar workers
    - Termination and dismissal
2. **Other forms of employment**
  - Are not or only partially subject to Austrian labor law
  - Examples: civil servants, self-employed, etc.



## Hierarchy of the Legal System



## Austrian Labor Law



## Labor Law comprises individual statutes

- **The Employment Act** (paid leave, provisions and grounds for dismissals, severance pay provisions, . . .)
- **The Labour Relations Act** (collective bargaining, co-determination and participation rights, . . .)
- **The Contract Law Adjustment Act** (employment aspects of business transfers, . . .)
- **Equal Protection Act** (no discrimination due to age, race, religion, sexual orientation or gender)
- **Maternity and Paternity Leave Acts** (parental leave until 2nd birthday of the child, parental part-time until 7th birthday)
- **Holiday Act / Working Hours Act / Act on Daily Rest Periods**

## Employment Contract

Written employment contract not necessary although recommended

Written statement of the terms and conditions (= no contract) immediately after the employment

### Features of an employment contract

- Personal dependency (decisional power of the employer)
- Economic dependency
- Continuous obligation
- Obligation to work for a certain time
- Duty to carry out the work oneself
- Use of employer's equipment
- Incorporation in the employer's organization
- Foreign regulation of the work (heteronomy)
- Success benefits employers
- The employer takes the risk (if product is not sold or is incorrect)

Source: Arbeiterkammer Wien

## Other Forms of Employment

Forms of employment that are not or only partially regulated by labor law

Employed-like / Executive	Civil Servants	Other
<ul style="list-style-type: none"> <li>○ Freelancer</li> <li>○ Contract for work and services ("Werkvertrag")</li> <li>○ Executive</li> <li>○ Executives who decisively influence the overall management of the company (can also be employed)</li> </ul>	<ul style="list-style-type: none"> <li>○ Public servant</li> <li>○ Judges</li> <li>○ conscientious objector performing community service (Zivildienst)</li> <li>○ Soldiers</li> <li>○ etc.</li> </ul>	<ul style="list-style-type: none"> <li>○ Subcontract worker</li> <li>○ Homemaker</li> <li>○ Monks</li> <li>○ Inmate</li> <li>○ Apprentices</li> <li>○ Shareholder</li> <li>○ Trader</li> <li>○ Freelancer</li> <li>○ The "new self-employed"</li> <li>○ etc.</li> </ul>

## Freelance-Contract & Contract for Work and Services

- **Freelance contract (freier Dienstvertrag/ freie DienstnehmerInnen):**
  - Examples: consultants, freelancing journalist
  - Labor law is not fully applied: for example unless otherwise agreed, no right to salary based on collective wage agreement, holiday & Christmas allowance and paid holiday
  - Features: No guaranteed outcome, use of own tools, no integration into the organization of ordering party, No or limited personal dependency
- **Contract for work and services (Werkvertrag):**
  - Example: order at a tailor for the production of a suit
  - Features: Results orientated, guaranteed outcome, no personal duty to work, use of own tools, no integration into the ordering party, no personal and economic dependency
  - Trade license necessary, exception: new Self-employed

Source: Arbeiterkammer Wien

## New Self-Employed „Neue Selbständige“

- Persons who have income from self-employed business activities and do not need a trade license for this activity
- No member of Economic Chamber
- Insurance obligation when income is above €6.453,35 annually (in 2012, yearly adaptation) or €4.515,12 when additional income from employed activity
- Mostly contracts for work and services
- Due to status of self-employment, they are not entitled to holiday & Christmas allowance, paid vacation, severance pay, etc.

Risk of "pseudo self-employment"  
Working person acting as independent entrepreneur, even though the nature of the work rather represents employed activity. E.g. a cook, who would have "flexible scheduling" according to the contract, has to work in the restaurant's kitchen at lunch and dinner time.

Examples: authors, reviewers, speakers, self-employed psychotherapists / midwives / physiotherapists

Source: Wirtschaftskammer Österreich 2012

## Trainees

Type of activities is crucial for type of employment

**a) Internship for training purpose** (for example, required internships, volunteer positions):

- Volunteers have higher freedom regarding presence in the organization and are not subject to directives
- No general compensation claim, however accident insurance

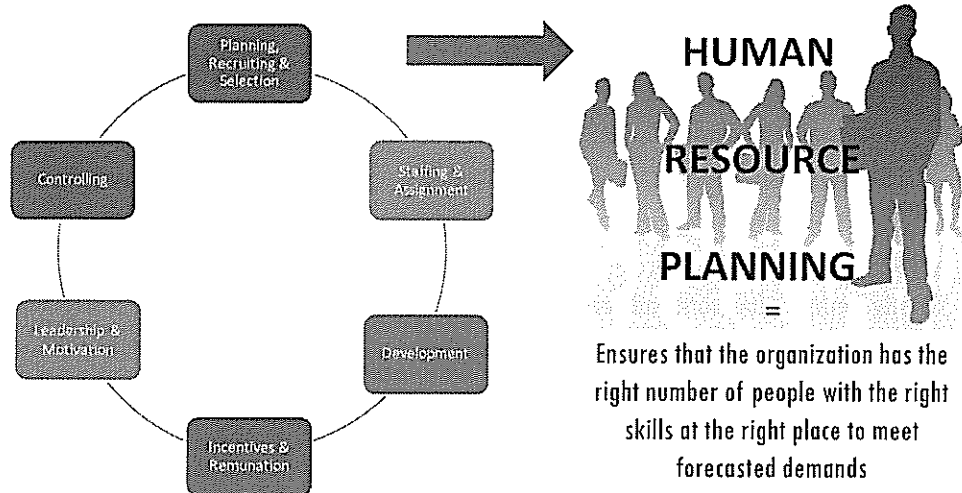
**b) Practical training in the form of an employment**

- Personal dependency (pre-determined working hours, bound by instructions, etc.)
- Therefore: employment law and collective agreements are valid (holiday and Christmas allowances, etc.)
- e.g. **Vacation employment** („Ferialarbeitsverhältnis“) is generally a "normal" employment during the holiday season

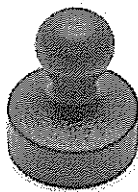
**c) Internships after university education**

- Are in any case to be reported to the social security

# Human Resources Planning, Recruiting & Selection



## Looking out for best employees?



**Person-Job Fit:** knowledge, skills and abilities

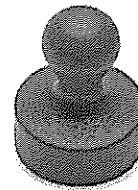
**Person-Organization Fit:** values and needs

**Person-Workgroup Fit:** Interpersonal attributes and professional norms

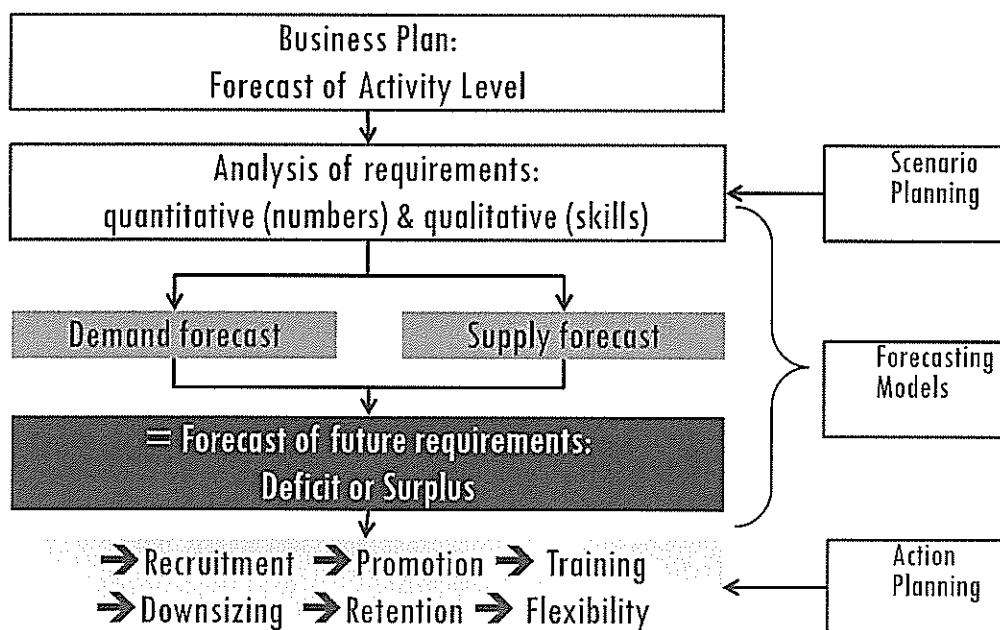


# Human Resource Planning

- **Quantitative:** How many people?
- **Qualitative:** Which qualifications?
- **Time:** When?
- **Location:** Where? In departments,... ?



# Human Resource Planning



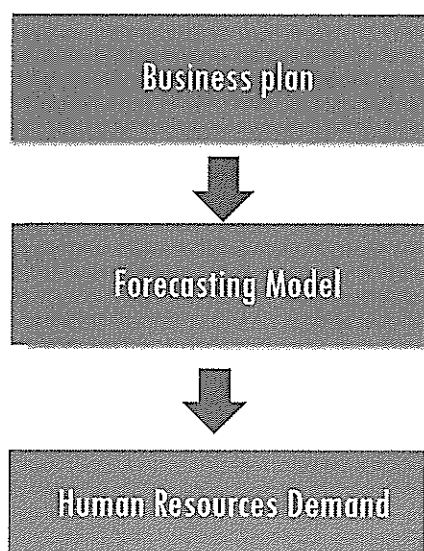
Source: adapted from Armstrong, 2009

## Forecast of Future Demand

Forecast	
1	Current number employed 70
2	Average Annual level of turnover 10 %
Expected drop-outs during year	
	-7
3	Balance at end year (Supply Forecast) 63
4	Number required at end year (Demand Forecast) 75
5	Number to be hired during year 12

Source: Armstrong, 2009

## Demand forecasting



### Methods:

- **Summative methods:** based on experience, managerial judgment (top-down or bottom-up)
- **Analytical methods** = work study technique: tasks and time studies; process analysis, time needed for activity, planned output
- **Rosenkranz formula:** combines summative and analytical methods
- **Statistical models:** multiple-nonlinear regression models, trend analysis

Source: adapted from Holtbrügge, 2007

## Summative Methods

- **Key ratios:** e.g. professor to student ratio;  
nurse to patient (beds)
- **Span of control:** number of employees/supervisor,  
e.g. ideal span = 6
- **Benchmarking:** compare with other companies  
in the same industry
- **Expert survey:** simple or Delphi,  
e.g., survey with department heads

Source: Holtbrügge, 2007

## Analytical Method

### Basic Structure: one type of operation m

$$PB = \frac{m \cdot t}{T}$$

PB: Staff demand (Personalbedarf)  
m: Number of operations = average frequency  
of the operation (planned output)  
t: Time required for operation  
T: Working time per person

### Different task categories: several types of operations m<sub>i</sub>

$$PB = \frac{\sum_i (m_i \cdot t_i)}{T}$$

PB: Staff demand (Personalbedarf)  
m<sub>i</sub>: Number of operations of category i  
t<sub>i</sub>: Time required for operation of category i  
T: Working time per person

Source: Holtbrügge, 2007

## Rosenkranz Formula (With Correction)

$$PB = \frac{\sum_i (m_i \cdot t_i)}{T} \cdot f_{NV} + \frac{t_v}{T} \cdot \frac{f_{NV}}{f_{TV}}$$

PB: Staff demand (Personalbedarf)  
 $m_i$ : Number of operations of category  $i$   
 $t_i$ : Time required for operation of category  $i$   
 $T$ : Working time per person  
 $t_v$ : Tasks without timing (miscellaneous)

Necessary delay allowance  
 $f_{NV}$  = product of  
 - forgotten tasks  $f_{NAZ} = 1,3$   
 - fatigue and recovery  $f_{EZ} = 1,12$   
 - downtimes  $f_{AQ} = 1,1$

Actual delay allowance  
 $f_{TV}$  = quotient of the target handling time and actual handling time)

Source: Holtbrügge, 2007

## Example Call-center Mobile Operator

37 employees à 170 hours / month

- Calls: 9.300/month, processing time 5 minutes
- Emails: 2.000/month, processing time 15 minutes
- New registrations: 1800/month, processing time 30 minutes
- Contract terminations: 400/month, processing time 3 hours
- Special cases: 50/month, processing time 5 hours
- 200 hours miscellaneous activities

**Staff demand:**

$$PB = \frac{\sum_i (m_i \cdot t_i)}{T} \cdot f_{NV} + \frac{t_v}{T} \cdot \frac{f_{NV}}{f_{TV}}$$

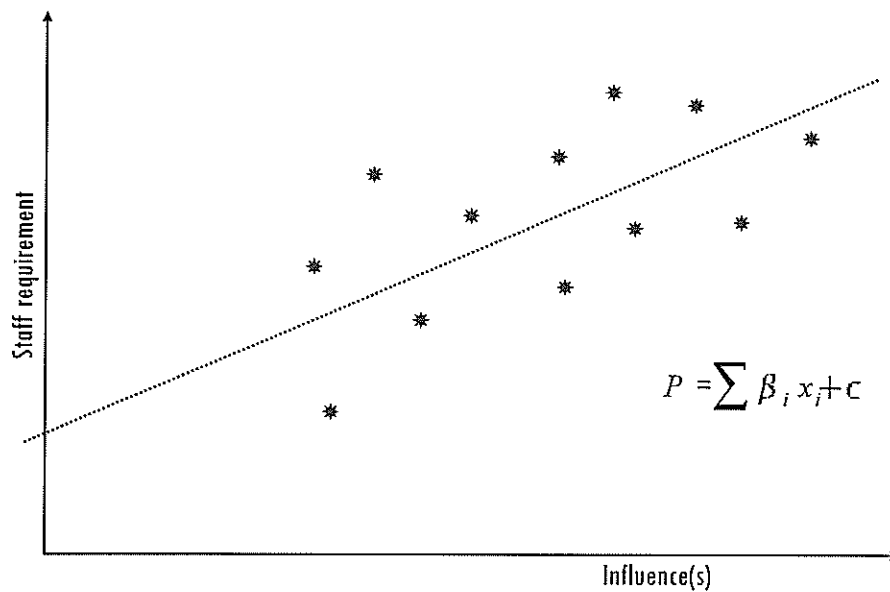
Target handling time =  $9.300 \cdot 1/12 + 2000 \cdot 1/4 + 1800 \cdot 1/2 + 400 \cdot 3 + 50 \cdot 5 = 3625$

Necessary delay allowance  $f_{NV} = 1,3 \cdot 1,12 \cdot 1,1 = 1,6$

Actual delay allowance  $f_{TV} = 37 \cdot 170 / 3625 = 1,74$

$PB = 3625 / 170 \cdot 1,6 + 200 / 170 \cdot 1,6 / 1,74 = 35,20$

## Statistical methods



Source: Holtbrügge, 2007

## Advantages and Disadvantages of the Methods

### Summative Methods

- General experience and standard values
- Simple
- In addition to economic goals, other (qualitative) objectives can be considered
- Based on past performance

### Analytical Methods

- Exact
- Time-and cost-consuming
- Coefficients come from knowledge about production (processes)
- Deterministic
- Focused solely on economic efficiency

### Statistical Methods

- Empirical relation
- Coefficients are estimated statistically
- Uncertainty is taken into account
- Requires historical data



# Qualitative Staff Requirement

- Which skills/knowledge/abilities are necessary for a particular job?
- How can necessary skills/abilities be defined?
- Can they be acquired through training?

## Job Analysis

- ... produces systematic information about jobs including the nature of the work performed, the equipment used, the working conditions and the position of the job within the organization
- Methods: interviews, questionnaires, critical incidents technique

## Job Description

- ... contains an outline of the job, the tasks involved, the responsibilities and the resources available
- basis for HR practices as well as for the determination of remuneration and training
- "flexible" job descriptions

# Skill levels

- Are better-educated employees more productive / better?
- Are better-trained employees worth the additional costs?
- What is the trade-off between quality and quantity?
- What is "highly qualified"?

$$\begin{aligned}
 \text{Efficiency} &= \frac{\text{Output}}{\text{Input}} \\
 &= \frac{\text{Output/time}}{\text{Input/time}} \\
 &= \frac{\text{Productivity}}{\text{Wage rate}}
 \end{aligned}$$

## Example: Productivity

### Type A: High productivity

Turnover: € 100,000 / month  
Wage: € 9 / hour

Wage / month:  
 $9 * 8 * 20 = 1,440$

Employees for 700,000 Turnover:  
 $700,000 / 100,000 = 7$

Total wage costs:  
 $7 * 1,440 = € 10,080$

### Type B: Low productivity

Turnover: € 70,000 / month  
Wage: € 6 / hour

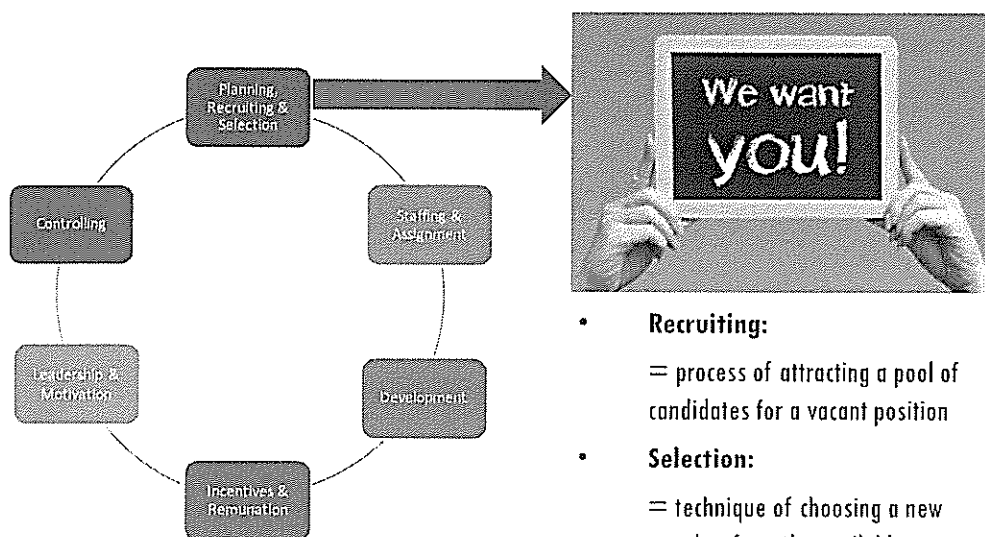
Wage / month:  
 $6 * 8 * 20 = 960$

Employees for 700,000 Turnover:  
 $700,000 / 70,000 = 10$

Total wage costs:  
 $10 * 960 = € 9,600$

$$\frac{100,000}{9} = 11,111 < 11,666 = \frac{70,000}{6}$$

## Recruitment & Selection



- **Recruiting:**  
= process of attracting a pool of candidates for a vacant position
- **Selection:**  
= technique of choosing a new member from the available candidates

## Recruitment & Selection

- Where can we find suitable employees?
- How can we attract suitable candidates?
- How is it possible to identify unfitting applications while limiting hiring expenses for the organization?
- How is it possible to discourage unsuitable candidates from applying?
- How can we find out whether applicants are suitable?
- Should we offer a high or low starting salary?
- Should there be a probation? If so, what should be the salary during that time? How much should the salary be increased subsequently?
- Should we offer performance-based wages (piece rate) or time wages?

## How to Find Suitable Employees



### Asymmetric information

#### Employees (candidates)

- Knowledge, skills & abilities
- Willingness to use these

#### Employers (companies)

- Requirements of the job
- Long-term development of the company

# Attraction & Selection of Personnel

Target =

Attract the “right” talents & reject unsuitable candidates  
as efficiently as possible

Possibilities to deal with the problem of asymmetric information

## 1. Gather information about candidates

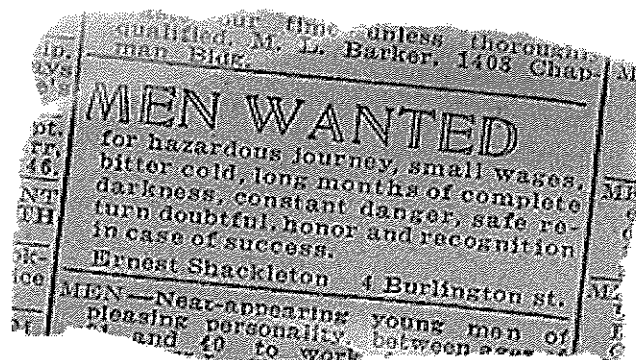
- Selection procedures
- Probation



## 2. Make use of self selection mechanism

# Targeting Intrinsic Motivation in Job Ads

Antarctica Expedition — Recruitment:



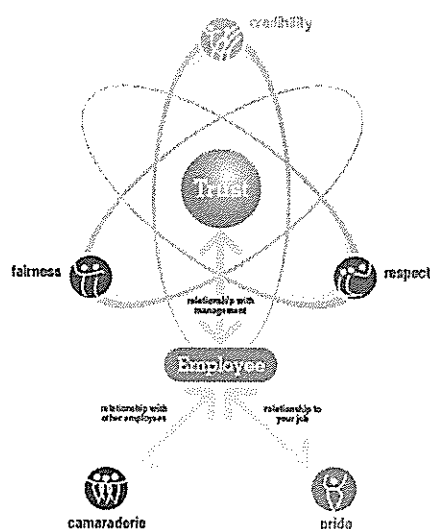
Sir Ernest Shackleton, 1914

# Employer Branding

- Development of a positive “**brand image**” of the organization
- Building on any aspect of the working experience that is distinct from that offered by other organizations competing in the same broad applicant pool
- Possible USPs
  - high pay
  - generous benefits package
  - flexible working
  - friendly and informal atmosphere
  - strong career development potential
  - job security

Torrington, Hall & Taylor, 2008, p. 159

# Employer Branding



## The Great Place to Work® Institute

...is a research and management consultancy based in the U.S. with International Affiliate offices throughout the world. It is committed to support European affiliates in their efforts to help organizations across all sectors achieve lasting improvements in their workplace relationships that produce measurable business benefits and better corporate performance. We have been listening to employees and evaluating employers since 1980, to understand what makes a workplace great. We know that the foundation of every great workplace is trust between employees and management. Our ongoing research, measurement tools, and educational services have made us leaders in helping build high-trust workplaces.

[www.greatplacetowork.co.uk](http://www.greatplacetowork.co.uk)

## Employer Branding

### Data from Universum's Employer Branding Insights 2011

Employers who find talent – Success factors

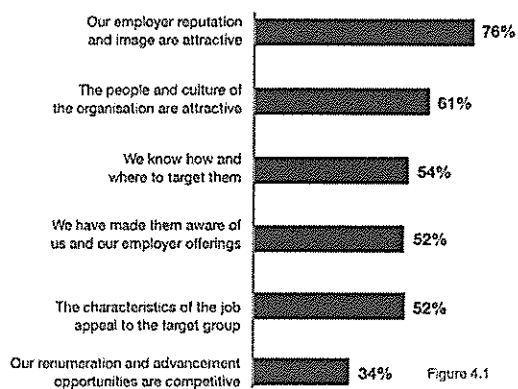


Figure 4.1

Employers that struggle – Reasons why

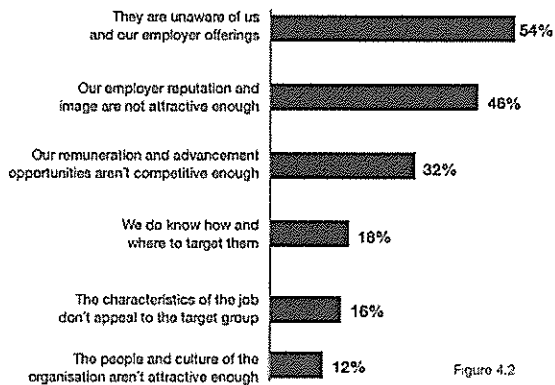



Figure 4.2

## Employer Ranking 2015 (Universum)

200.000 Students

1753 Universities

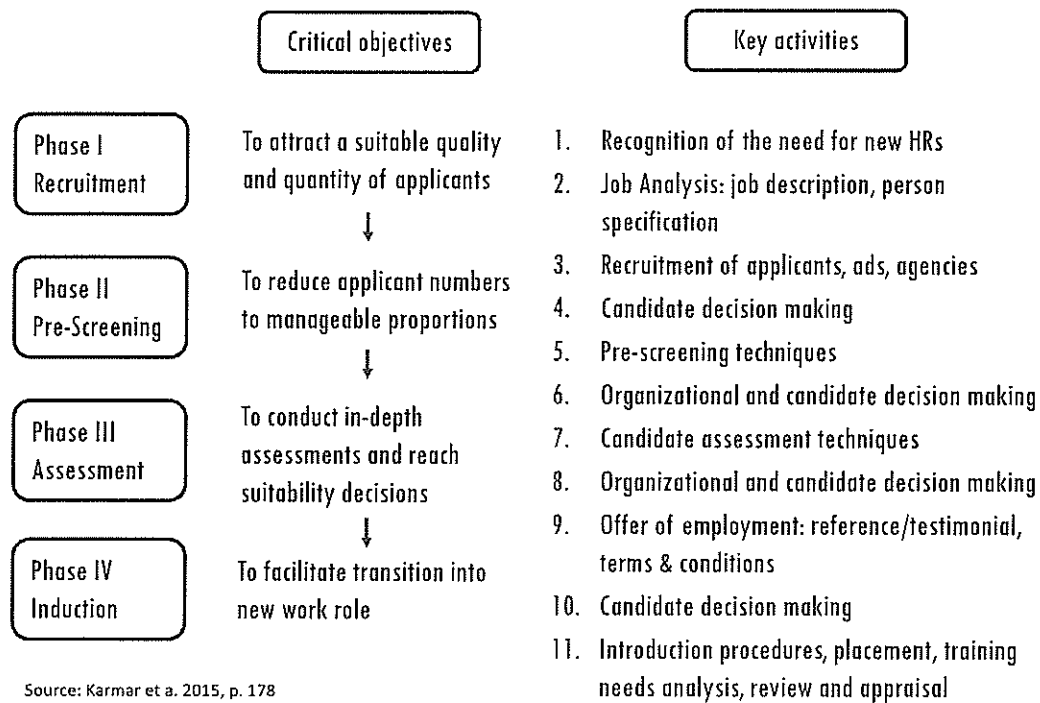
### Engineering students:

1. 
2. Microsoft
3. Apple
4. BMW Group
5. GE

### Business students:

1. Google™
2. Pricewaterhouse Coopers
3. Ernst & Young
4. Goldman Sachs
5. KPMG

# Recruitment and Selection Process



Source: Karmar et al. 2015, p. 178

## Job advertisement – UK example

### IF YOU HAVE WHAT INSPIRES US: VISION, ENERGY, INNOVATION

University of the West of Scotland is a leading edge modern University and we are at an exciting stage in our development. We have renewed our academic and international focus and are growing our research and knowledge exchange. Our investment in people now sees us recruiting up to 80 academic posts across the institution. We are looking for engaged and talented individuals to make a real impact on the local, national and international communities we serve.

### Academic development opportunities in the BUSINESS SCHOOL

The Business School is recruiting to a number of posts over the coming year and we would now like to appoint:

**Faculty of Business and Creative Industries, Business School, post can be based at either Paisley or Hamilton Campus**  
**Senior Lecturer in Human Resource Management (Ref. 12/141), £45,486 - £52,706 pa**

We are seeking an experienced academic to join the Human Resource Management Subject Group at an exciting time in the development of the University of the West of Scotland Business School.

The successful candidate will be expected to play a key role in the further development of human resource management through research as well as supporting programme management and development particularly at post-graduate level.

The Human Resource Management Subject Group has developed programmes accredited by the Chartered Institute of Personnel and Development at both undergraduate and post-graduate levels and the post holder will be expected to contribute to the continued enhancement of these programmes and to take a lead role in the development of an accredited post-graduate programme in International Human Resource Management. Applicant should hold a first degree plus a post-graduate qualification and should preferably be professionally qualified in human resource management with a track record of research outputs of an international standard. It is expected that the person appointed will be responsible for developing the Human Resource Management Subject Group's network of engagement with external organisations and for international academic and professional links.

This is a tremendous opportunity to join a strong team of academics committed to the enhancement of the University of the West of Scotland as a key provider of leadership, management and organisation development to the local, national and international communities.

For further information on this post please contact Dr. Bobby Mackie by e-mail at [bobby.mackie@uws.ac.uk](mailto:bobby.mackie@uws.ac.uk) or by telephone at 01698 283100.

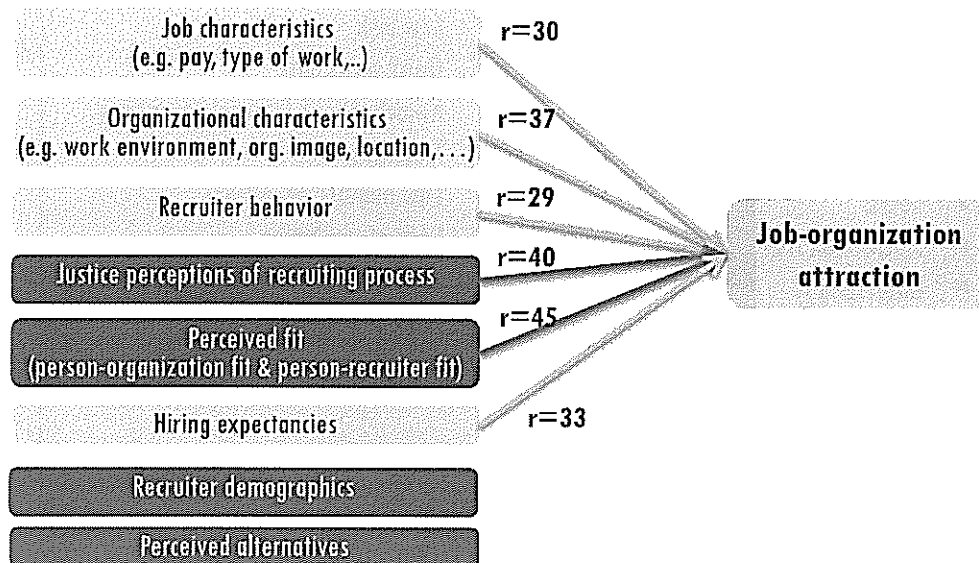
**Closing date for applications: 6 September 2012, Interviews will be held on: 3 October 2012**

Find out more about opportunities at University of the West of Scotland at [www.uws.ac.uk/jobs](http://www.uws.ac.uk/jobs).



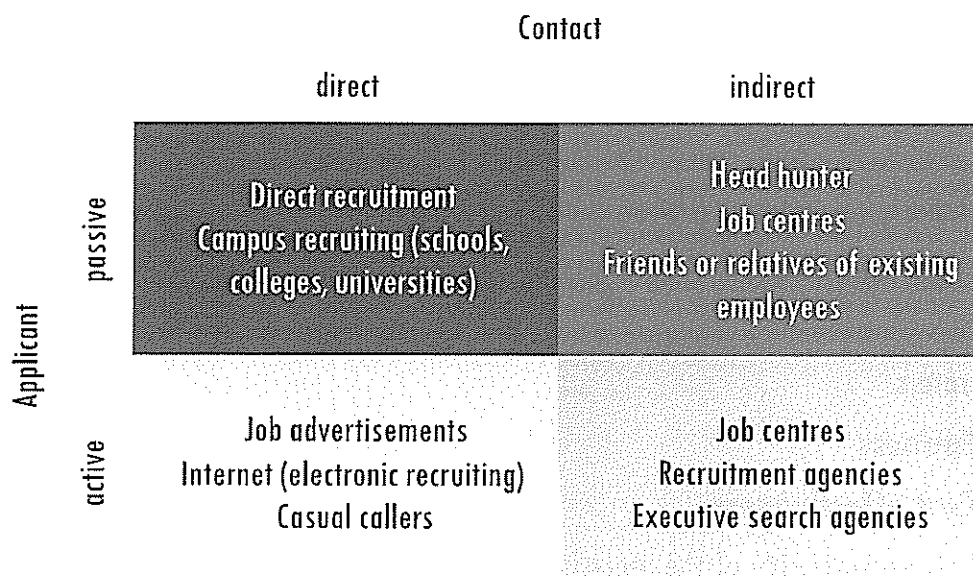
## What influences job-organization attraction?

Meta-analytic results: factors influencing **job-organization attraction** (i.e. job attraction, personal attraction to the prospective organization & attractiveness of the organization in general)



Chapman, Uggerslev, Carroll, Piasentin & Jones, 2005; p. 934

## Talent Search



## Internal vs. External Labor Market

External Labor Market	Internal Labor Market
<ul style="list-style-type: none"> <li>✓ New ideas</li> <li>✓ Expertise well specifiable</li> <li>✓ Information about competitors</li> <li>✓ Image</li> <li>✗ Costs</li> <li>✗ Fluctuation risk</li> <li>✗ Uncertainty</li> <li>✗ Lack of knowledge about organization</li> </ul>	<ul style="list-style-type: none"> <li>✓ Low risk</li> <li>✓ Quick procedure</li> <li>✓ Knowledge of internal processes</li> <li>✓ Motivation</li> <li>✗ Low number of options</li> <li>✗ Lack of expertise</li> <li>✗ Rivalries</li> <li>✗ "Automatic promotion"</li> </ul>

Scholz, 2000, p.394

## Criteria of good selection Process

- **High validity**  
Correlation between the selection criteria (e.g. grades) and the expected performance of the candidate (e.g. qualifications, achievement potential, motivation)
- **High reliability**  
Selections lead to the same results at different times and by different raters
- **Fairness**
- **Cost effectiveness**
- **Low complexity of the procedure**
- **Legality**

## Pre-Screening

### Formal requirements

### Application documents

- Motivation letter
- Curriculum vitae
- Certificates  
(education & Training, former employments)

### Questionnaires



"You're on our shortlist. It's between you and the bloke who's going to get the job."

## Pre-Screening & Implicit Biases



## Pre-Screening & Implicit Discrimination

### Explicit discrimination:

Discrimination is obvious: e.g.  
„Women are not suitable being  
construction engineers!“

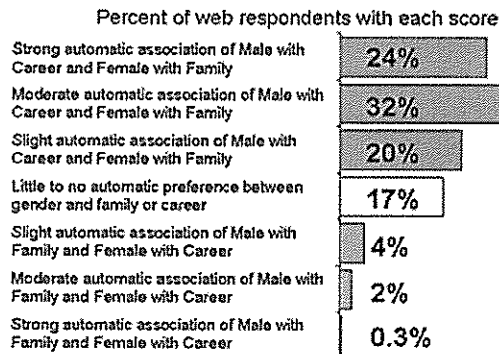
### Implicit discrimination:

Attribution of criteria to gender  
roles as well as different  
evaluation of criteria

<https://implicit.harvard.edu/implicit/demo/selectatest.html>

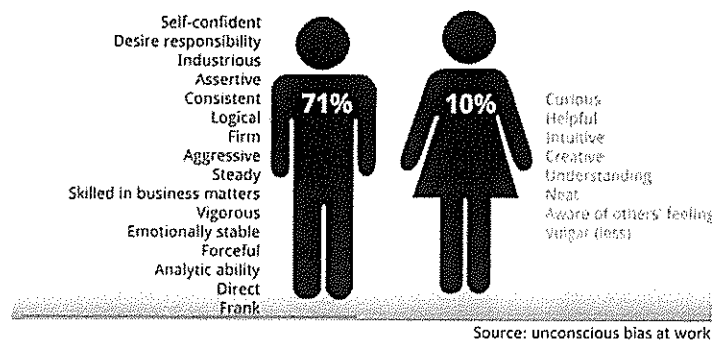
Implicit Association Test: Gender & Career

Distribution:



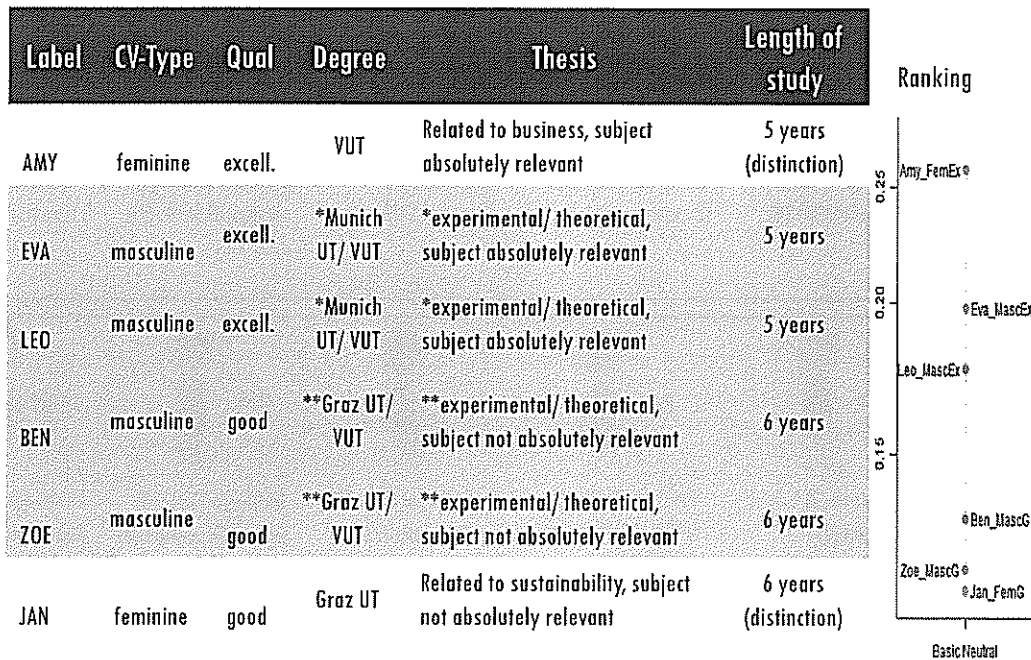
## Traits attributed to men and women

What makes a good manager?



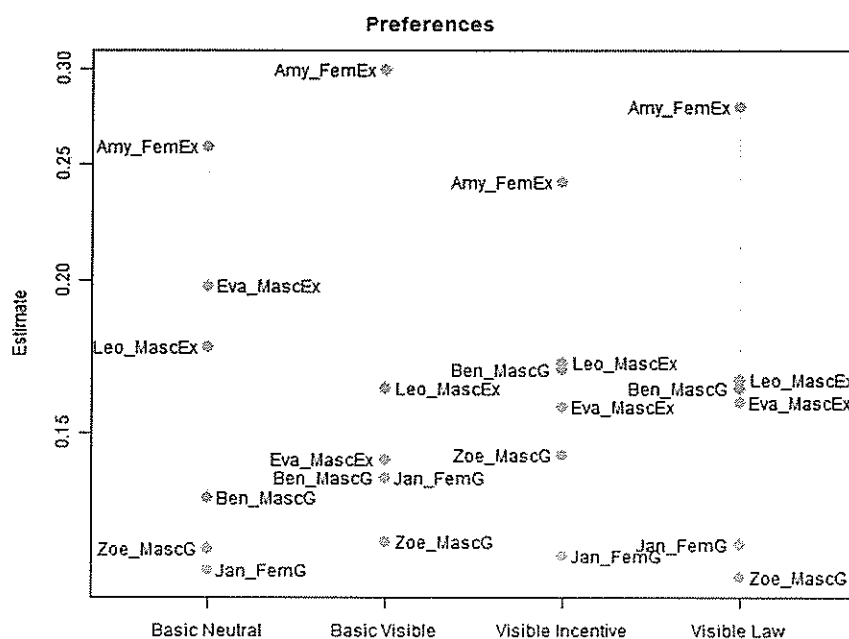
71 % of the traits that are used to describe a „typical man“ overlap with the traits used to describe a „good manager“, while only 10 % of the traits used to describe a „typical woman“ overlap with the traits used to describe a good manager.

## Experiment VUT: CV-Types and ranking in anonymous setting



\*,\*\* pair-wise randomized

## Comparison of ranks between treatments



## Justifications

### Anonymous — Gender neutral

Profile: feminine, good (TU Graz)	Profile: masculine, good	Profile: masculine, good	Profile: masculine, excellent	Profile: masculine, excellent	Profile: feminine, excellent (TUW)
Language Skills (2) Technical Skills (1)	Technical Skills (9) Personal Skills (4)	Personal Skills (1) Experience (1)	Education (2) Personal Skills (2)	Personal Skills (6) Technical Skills (4)	Personal Skills (12) Experience (6)

Jan



Zoe



Ben



Leo



Eva



Amy



Personal Skills (4)  
*Assertiveness, Motivation, Leadership*

Experience (2)  
Education (2)

Personal Skills (5)  
*Leadership, self-confidence, persuasiveness*  
Technical Skills (3)

Formal Education (8)  
Technical Skills (7)

Technical Skills (8)  
Formal Education (8)

Language Skills (9)  
Experience (7)

### Personalized - Gender labeled

## Insights from the VUT study

- Familiarity Bias: clear advantage of internal candidates
- Gender bias:
  - Women are evaluated significantly worse when gender is visible from the application
  - Reasons for rankings are stereotypical for gender: within visible treatment, personal skills are hardly attributed to women
- Mini-Me-effects (Homophily)
- Equal Treatment Act does not effective: no significant effect when referred to equal treatment act

## Verbal Job Reference — former employer

- ✓ Verification of the facts (time of employment, position, etc.)
- ✓ Reporting relationship with the candidate
- ✓ Reason for leaving
- ✓ Key responsibilities of the candidate in his/her most recent position
- ✓ How many reporting staff did the candidate manage? Their roles?
- ✓ Candidate's most important contributions to mission and goals
- ✓ Candidate's relationships with coworkers, reporting staff, and supervisors
- ✓ Attitude and outlook of the candidate
- ✓ Candidate's productivity, commitment to quality and customer orientation.
- ✓ Most significant strengths / weaknesses
- ✓ Overall assessment

Questions that might be asked by reference seeking persons:

- ✓ We are hiring this candidate to (job title or quick description). Would you recommend him/her for this position? Why or why not?
- ✓ Would you rehire this individual? Why or why not?
- ✓ Are there additional comments you'd like to make? Is there a question I should ask that I may have missed?

## Employment Reference Letter

### Examples

Er hat alle Arbeiten ordnungsgemäß erledigt.

Er zeigte großen Fleiß und Interesse an der Arbeit.

Mit seinen Vorgesetzten ist er gut zurechtgekommen.

Durch seine Geselligkeit trug er stets zur Verbesserung des Betriebsklimas bei.

Every hour with him was a happy hour.

Er zeigte ein hohes Einfühlungsvermögen für die Belange der Belegschaft.

Wir haben uns im gegenseitigem Einvernehmen/Einverständnis getrennt.

We generally found him loaded with work to do.

A man like him is hard to find.

It seemed his career was just taking off.

I can assure you that no person would be better for the job.

I would urge you to waste no time in making this candidate an offer of employment.

### Interpretation

Er ist ein Bürokrat ohne Eigeninitiative

Er war eifrig, aber ohne Erfolg

Er ist ein Mitläufer, der sich gut zu verkaufen weiß

Er neigte zu übertriebenem bis exzessiven Alkoholkonsum.

Employee is abusing alcohol.

Er suchte sexuelle Kontakte zu Betriebsangehörigen

Wir haben ihm gekündigt bzw. ihm nahe gelegt, selbst zu kündigen

Employee is indolent.

Employee is chronically absent.

Employee is so unproductive that the job is better left unfilled.

Employee is not worth further consideration as a job candidate.

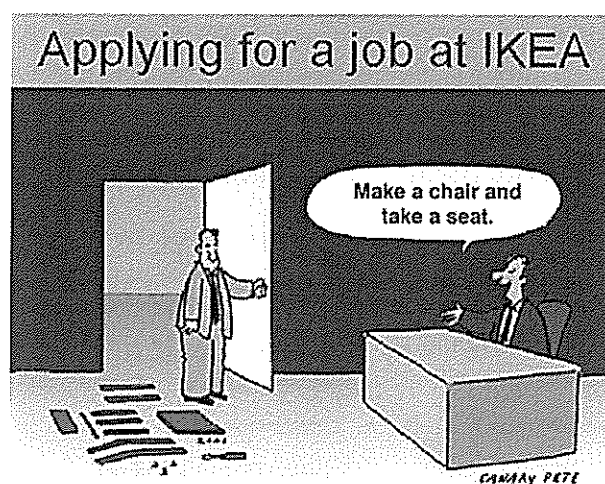


# Assessment Techniques



- **Interviews:** one-to-one & interview panel
- **Psychological tests:** intelligence testing & personality tests
- **Work-based tests:** in-tray exercises, situational interviewing
- **Assessment centers (AC):** individual as well as group tasks
- **Bio data:** biographical data
- **References:** current or former employers
- **Work sample tests**
- **Graphology:** handwriting samples (e.g. common in France and Switzerland)
- **Astrology:** zodiac signs
- **Polygraph test:** lie detector test

## Assessment — Recruitment Interview



# Implicit Biases



Source: <http://questionbridge.com/help/what-implicit-bias>

## Assessment - Cognitive Biases

**Order effects (primacy and recency):** tendency to give more weight to information given to the first and/or last pieces of information to the detriment of information in the middle; may cause disadvantages for interviewees scheduled in the middle

**Contrast-effect:** interviewer gives a distorted rating of an applicant based on a comparison against another applicant who has unconsciously been established as a 'benchmark' due to a particularly good or bad interview performance

**Halo-effect (horn effect):** personality is evaluated based on one prominent positive (negative) characteristic; Perceptions of attractiveness may also cause halo effect

**Confirmation bias:** tendency to look for evidence of our existing assumptions, and ignore or give lesser weight to contradictory information

**Similar-to-me effect:** more positive judgments when similar background / behaviour of interviewer

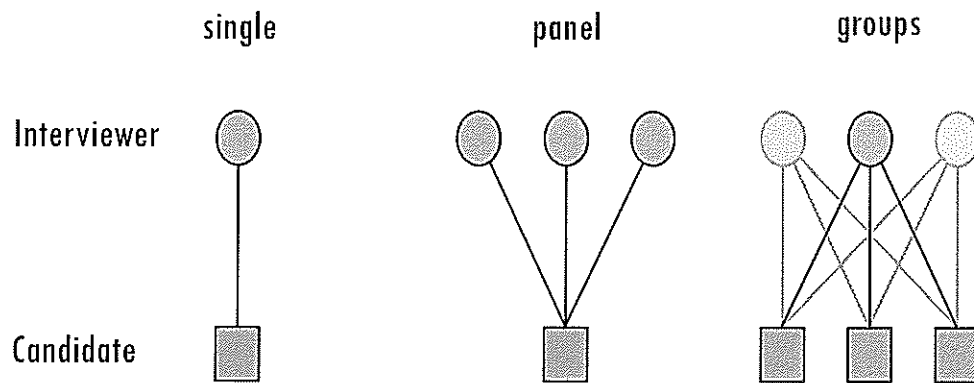
**Stereotypes:** beliefs of specific types of individuals or certain ways of doing things which may or may not accurately reflect reality

**Standardized measurements:** same person is evaluated differently based on group's performance (strong or weak group)

Non-standardized interviews → very low validity  
(Scholz, 2000, p.497)

## Assessment – Recruitment Interview

Improving quality of interviews:



## Assessment – Recruitment Interview

Improving quality of interviews:



Structured interview:

**Situational interview:** critical incidents of the prospective job: "What would you do?"

**Competency-based interviewing:** specific traits reflected in past achievements:

STARs = Situations, Tasks, Actions, Results: "What have you done?"

**Patterned behavior description interview:** probing major life events: "Why have you decided to ...?"

## Example of a Situational Interview

„For the past week you have been consistently getting the jobs that are the most time-consuming (for example, poor handwriting, complex statistical work). You know it's nobody's fault because you have been taking the jobs in priority order. You have just picked your fourth job of the day and it's another „loser“. What would you do?“

Interviewees offer unstructured responses that are then scored against benchmark answers.

The benchmark answers for the example question are

- (1) Thumb through the pile and take another job (poor)
- (2) Complain but do the job anyway (average)
- (3) Take the job without complaining and do it (good)

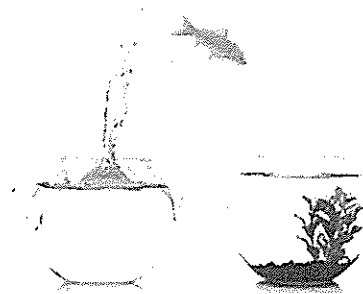
## Example of a Competency-based Interview

Could you please describe a situation which you perceived as extremely challenging (in your last job) ?

- What/Why was it challenging?
- How did you deal with the situation?
- What was the outcome?

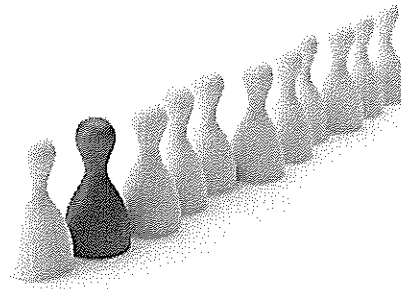
Could you describe a situation in which you had a work conflict with a colleague/supervisor?

- What was the conflict about?
- How did you deal with the situation?
- What was the outcome?



## Assessment Center

- Several candidates
- A number of (trained) observers
- Structured process
- Individual exercises
  - ✓ Presentation
  - ✓ In-tray exercise
  - ✓ Role play exercise
  - ✓ (Case study) interview
- Group exercises
  - ✓ Group discussion
  - ✓ Case study
  - ✓ Negotiation Exercise
  - ✓ Construction / Building exercise



Relatively high validity (Scholz, 2000, p.497)

## Dimension x Assessment Method Matrix

	Dimension	Interpersonal behavior				Performance behavior							Intellectual skills			
Selection of at least two qualitative methods for each dimension		ability to motivate	sensitivity	assertiveness	team work	decision behavior	persuasion ability	endurance	objectives	energy	ability to cope with pressure	performance motivation	Analytic skills	creativity	Organizational skills	values / interests
Psych. Tests	Intelligence test					x							x			
	Performance test							x	x	x	x	x				
	Personality test	x	x	x		x		x	x	x	x	x				x
AC simulation	Group discussion	x	x	x	x		x	x	x	x	x					x
	Presentation						x			x	x				x	
	Roles play	x	x	x	x	x	x	x	x	x	x				x	
	Video simulation		x										x	x	x	
	Case study	x	x	x		x		x		x	x		x	x	x	x
	Simulation /business game	x	x	x	x	x	x	x	x	x	x	x	x	x		
	In-tray exercise					x		x		x	x		x	x	x	

Adapted from Weiner, 2004

# Personality Tests — Projective Tests

## Rorschach Test

The Rorschach inkblot test has primarily been used for the diagnosis of thought disorder to differentiate between psychotic and non-psychotic thinking.



Source: [http://www.psych.usyd.edu.au/psyche/fun\\_rorschach\\_test.htm](http://www.psych.usyd.edu.au/psyche/fun_rorschach_test.htm)

Low validity (Scholz, 2000, p.497)

## Personality Test — The BIG 5

TESTS available at: <http://ipip.ori.org/newMultipleconstructs.htm>

**Openness to experience:** (inventive/curious vs. consistent/cautious).

Appreciation for art, emotion, adventure, unusual ideas, curiosity, and variety of experience.

e.g. I am quick to understand things, I do not have a good imagination. (*reversed*)

**Conscientiousness:** (efficient/organized vs. easy-going/careless).

A tendency to show self-discipline, act dutifully, and aim for achievement; planned rather than spontaneous behavior; organized, and dependable.

e.g. I like order, I make a mess of things. (*reversed*)

**Extraversion:** (outgoing/energetic vs. solitary/reserved).

Energy, positive emotions, assertiveness, sociability and the tendency to seek stimulation in the company of others, and talkativeness.

e.g. I don't mind being the center of attention, I keep in the background. (*reversed*)

**Agreeableness:** (friendly/compassionate vs. cold/unkind).

A tendency to be compassionate and cooperative rather than suspicious and antagonistic towards others.

e.g. I make people feel at ease, I am not really interested in others. (*reversed*)

**Neuroticism:** (sensitive/nervous vs. secure/confident).

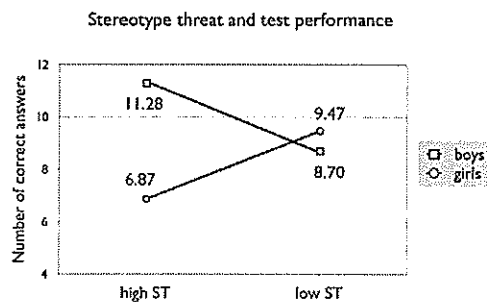
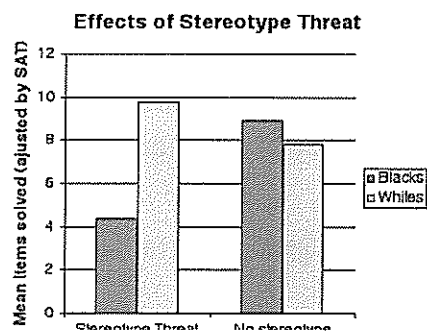
The tendency to experience unpleasant emotions easily, such as anger, anxiety, depression, or vulnerability.

e.g. I worry about things, I am relaxed most of the time. (*reversed*)





# Ability Tests and Stereotype Threat



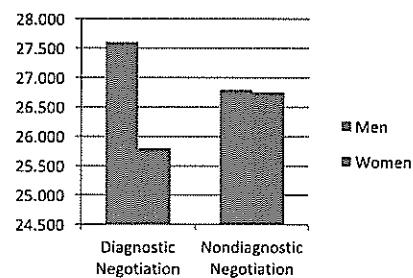
source: [http://en.wikipedia.org/wiki/Stereotype\\_threat](http://en.wikipedia.org/wiki/Stereotype_threat)

## Salary Negotiations

Tellhed & Björklund, 2011

**Treatment A: Non-diagnostic** (negotiation is easy and not reliable in predicting actual negotiation skills)

**Treatment B: Diagnostic** (negotiation will be challenging and will predict actual negotiation skills)



# Biographic Questionnaire

- How many different flats have you lived in?
  - When you were a child, with whom did you live the most time? (Parents, a parent, grandparents, nursing home)
  - Did you have many toys?  
(almost nothing up to everything I could wish for)
  - How would you rate your first school years?  
(with difficulty, normal, successful, stimulating)
  - What did your parents consider most important in terms of job choice?  
(that I am better off than my parents, that I earn well, that I enjoy my occupation, that I am expert in my area)
  - How many books do you have at home?
- etc.

Source: <http://www.biografischer-fragebogen.de>

# Biographic Information Questionnaire

## Biographic information sheet (BIB)

- Analysis of biographic commonalities of the organization's successful coworkers for generating a biographic profile and developing a questionnaire
- High „face validity“: past work behavior is a good predictor for future work behavior

Relatively high validity (Scholz, 2000, p.497)

- Efficient when screening a high number of applications

# Biographic Information Questionnaire

## Problems:

- No theory about the relationship between items and the respective criterion
- Predictors based on performance of existing workforce
- High effort to develop questionnaire
- lack of transferability & generalization
- manipulation is possible
- discrimination (e.g. different questionnaires for men and women)

## Effectiveness of Selection Procedures

Without employment test

$$p_q \cdot g_q + (1 - p_q) \cdot v_u$$

With employment test

$$g_q - c$$

$p_q$  probability that candidate is qualified

$g_q$  profit in case candidate is qualified

$v_u$  loss in case candidate is unqualified

$c$  costs of the test

Test is advantageous:

$$g_q - c > p_q \cdot g_q + (1 - p_q) \cdot v_u$$

$$c < p_u(g_q - v_u)$$

when...

- High probability that candidate is unqualified
- High loss in case candidate is unqualified
- Low costs of the test

## Recruiting and Selection

Aim =

To attract suitable candidates

To sort out unsuitable candidates as efficiently as possible

Dealing with problem of asymmetric information:

- Information gathering
  - ✓ Selection procedure
  - ✓ Probation
- Self selection



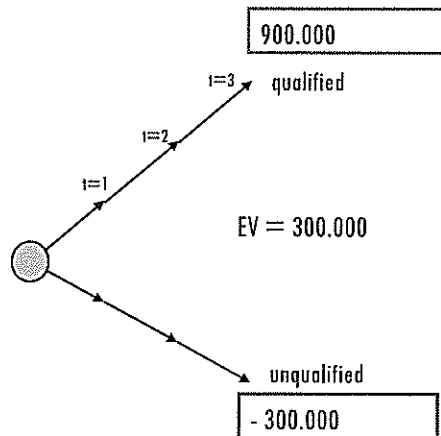
## Probation (1/2)

Right: 120.000/year profit for sure

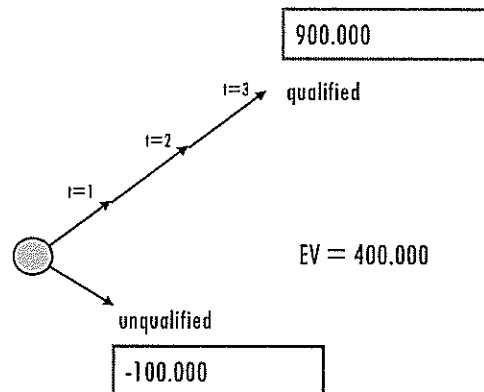
Risk: 300.000 or -100.000;  $p=0.5$

Comparison: with/without probation, planning period of 3 years

Risk: without Probation:



Risk with Probation:

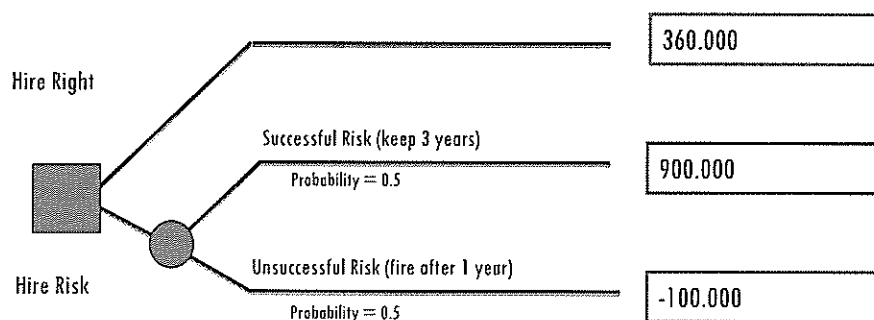


## Probation (2/2)

Right: 120.000/year profit for sure

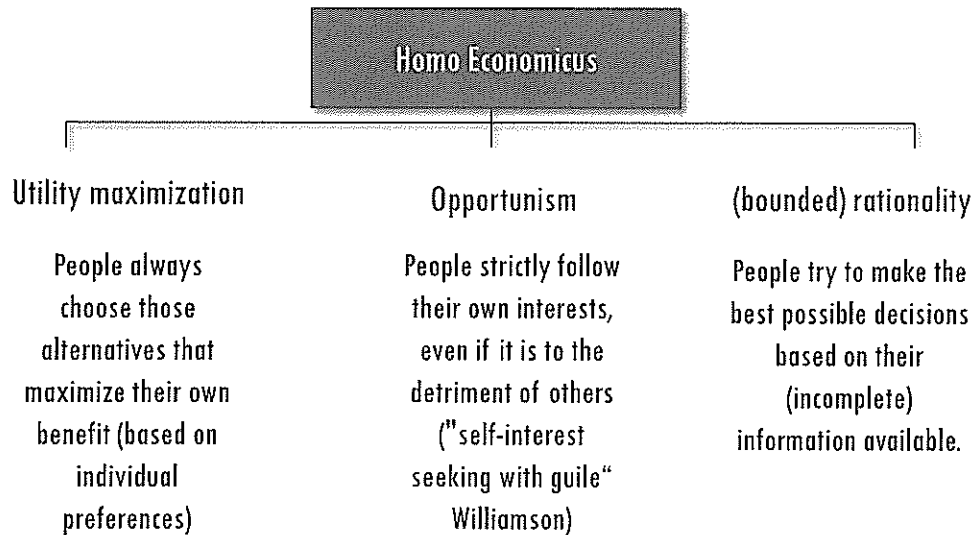
Risk: 300.000 or -100.000;  $p=0.5$

Comparison: with probation, planning period of 3 years

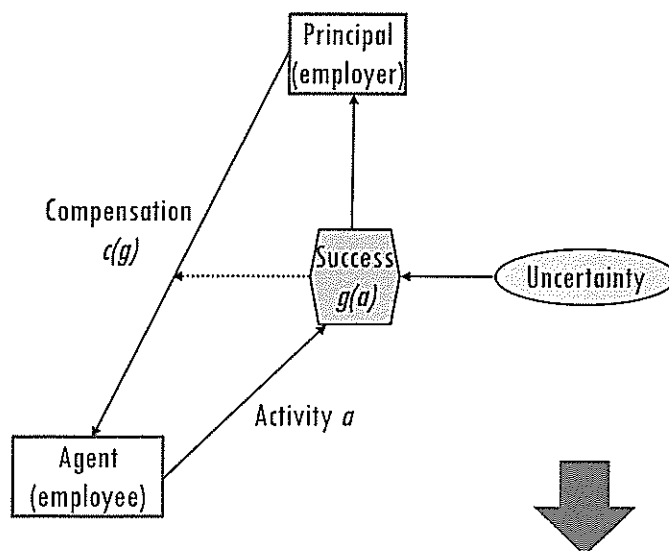


# Personnel Economics Approach

Human resource decisions from a microeconomic perspective



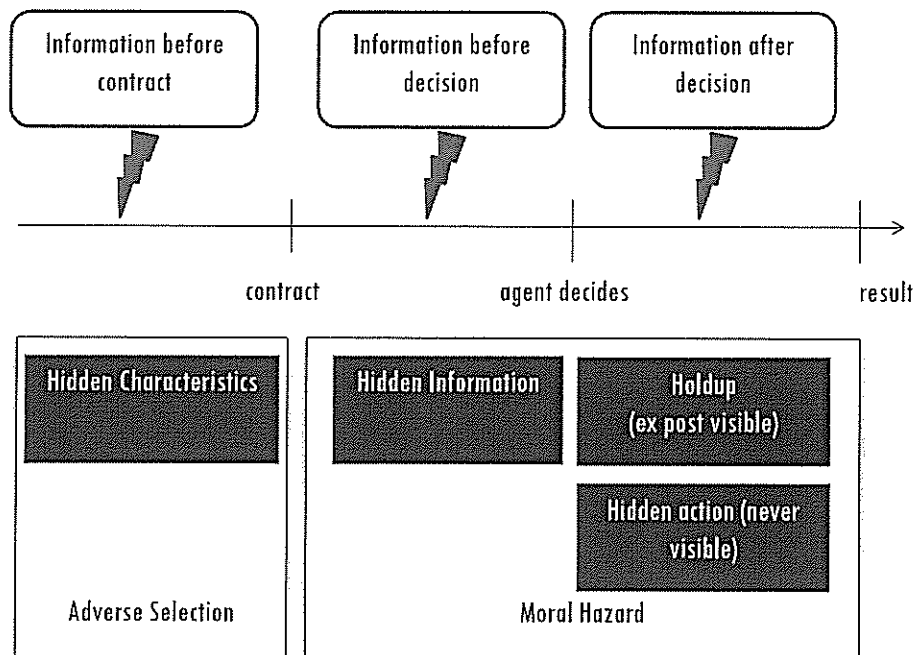
## Principal Agent Theory



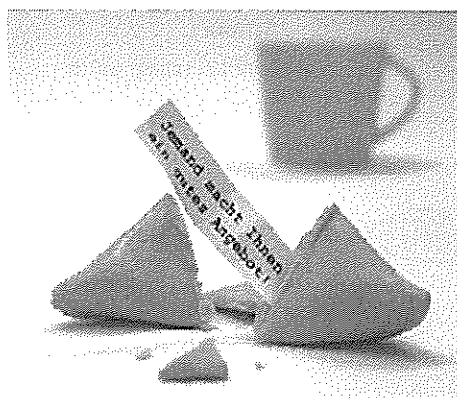
- **Hold up and hidden Action:**  
Principal cannot watch agent's actions
- **Hidden Information:**  
Agent has *information* that the principal does not have
- **Hidden Characteristics:**  
The principal does not know actual *characteristics* of the agent

Especially relevant for designing organizational incentive programs & performance and efficiency control

## Structure



## Problem of Adverse Selection



### Adverse Selection

... occurs when systematically the wrong type of candidates is attracted to the job, while suitable candidates are not.

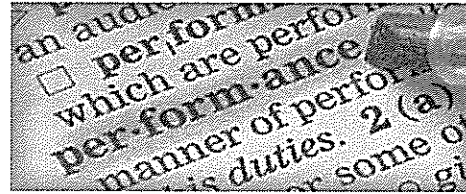
### Aim

... Designing incentive systems (salary, probation) in a way that

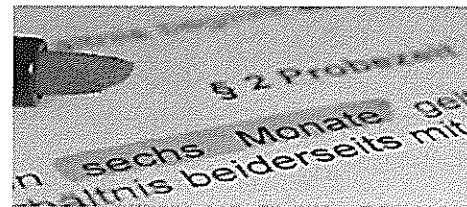
- (i) unsuitable candidates (e.g. unqualified / unproductive) refrain from applying,
- (ii) while as many as possible suitable candidates (qualified / productive) apply

## Dealing with Adverse Selection

- (i) **Contingent Contract:** offer a piece rate wage instead of a time wage  
 → pay is strictly on output



- (ii) **Temporary Contract:** offer a temporary contract with probation wage  
 → only skilled workers get tenured



## Contingent Contract Piece Rate

Advantage for qualified

$$o_q \cdot w \geq z$$

Alternative employment  
Offer of piece rate

$o_q$  Productivity of qualified  
 $o_u$  Productivity of unqualified  
 $z$  alternative wage (time wage)  
 $w$  wage per piece rate

Disadvantage for unqualified

$$o_u \cdot w \leq z$$

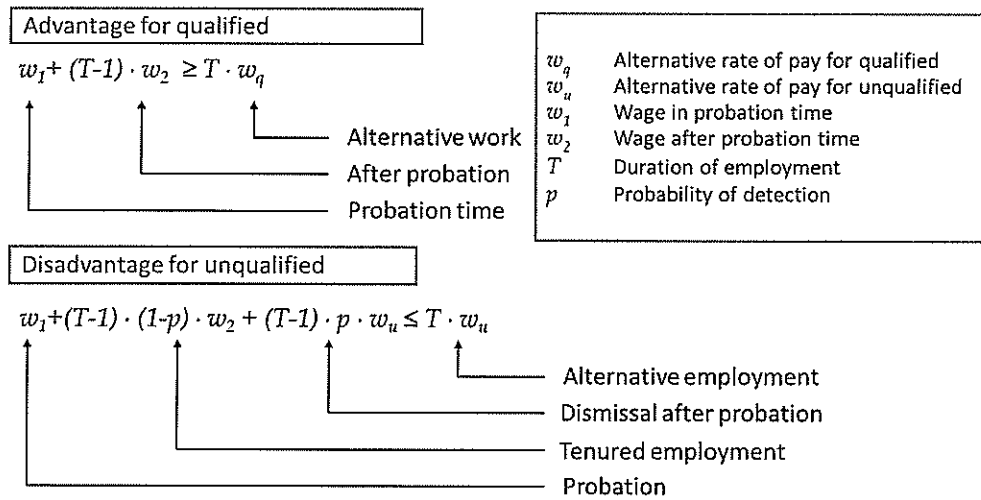
Alternative employment  
Offer of piece rate

$$\frac{z}{o_q} \leq w \leq \frac{z}{o_u}$$

Problem: monitoring-costs!



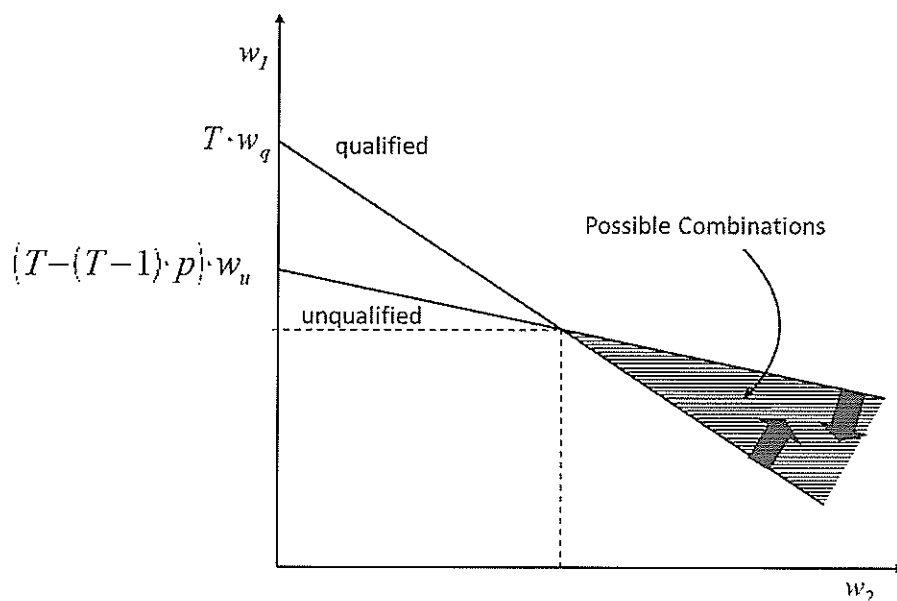
## Temporary Contract with Probation



$$T \cdot w_q - (T-1) \cdot w_2 \leq w_1 \leq (T - (T-1) \cdot p)w_u - (T-1) \cdot (1-p) \cdot w_2$$

## Probation: Imperfect Monitoring

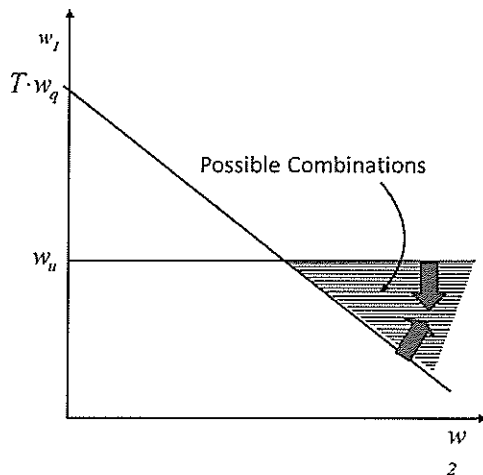
$$T \cdot w_q - (T-1) \cdot w_2 \leq w_1 \leq (T - (T-1) \cdot p)w_u - (T-1) \cdot (1-p) \cdot w_2$$



## Probation: Perfect vs. no Monitoring

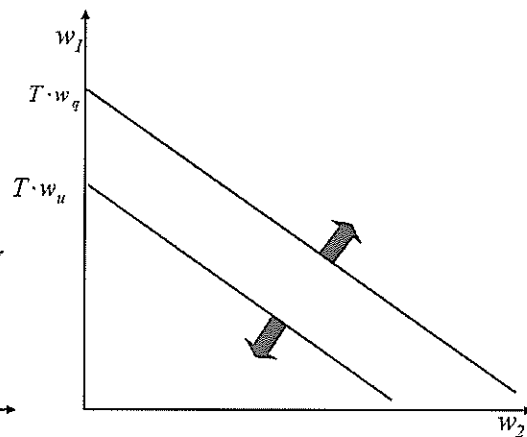
Perfect Monitoring:

$$p = 1 : T \cdot w_q - (T-1) \cdot w_2 \leq w_1 \leq w_u$$



Detection Not Possible:

$$p = 0 : T \cdot w_q - (T-1) \cdot w_2 \leq w_1 \leq T \cdot w_u - (T-1) \cdot w_2$$



## Summary of Recruiting & Selection

The aim of recruitment is to attract suitable candidates and to sort out unsuitable candidates as efficiently as possible

### Methods

- Screening of qualifications: efficient if reference is easy to get for qualified, but not for the others.
- Assessment techniques (tests, work samples etc.)
- Performance-based contracts (self selection)
- Probation with a lower salary: efficient if low-skilled have little chances to remain undetected during the probation

Empirical Findings: Companies with probation and performance-based remuneration attract qualified people, but have to pay higher wages

## Recruiting in Soulful Organizations



Recruiting-Interviews by future colleagues:

- focus on fit with organization (values) and purpose
- 10-12 interviews is no rarity
- candidate is introduced to organization's culture

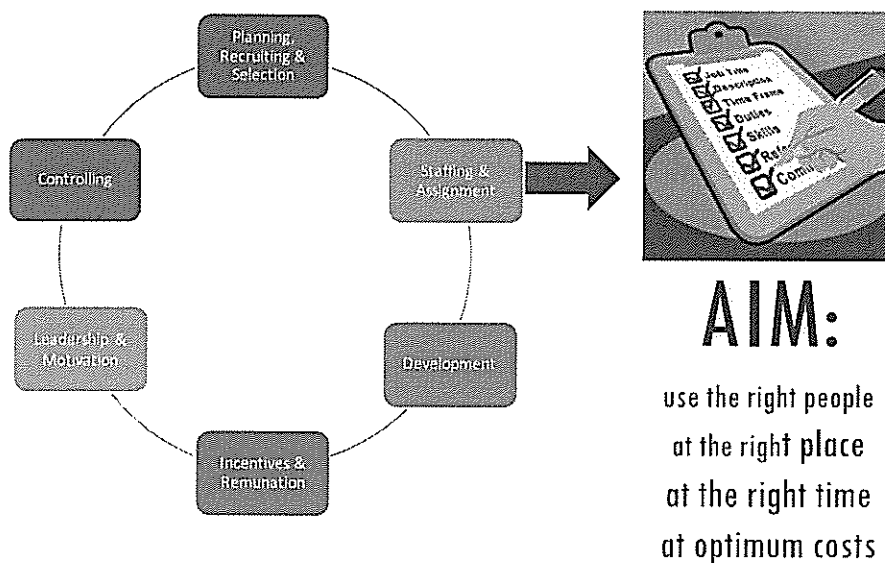
Example :



Zappos.com (currently biggest organization running on Holacracy with 1500 employees) offers its new hires a \$ 3000 check if they have second thoughts and choose to quit during the four-week orientation.

- 1-2 % of new-hires take the offer
- Whenever this percentage draws too close to zero, Zappos increases this amount.

## Staff Assignment & Job- and Work design



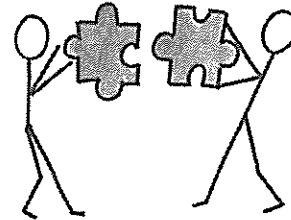
# Staff Assignment

- **Human resource planning & allocation of tasks**

Planning of staff assignment: assign workers to tasks, and adapt workplaces and working conditions to workers

- **Design of work content**

- Individual-oriented task design
- Team-oriented task design



- **Organization of working time**

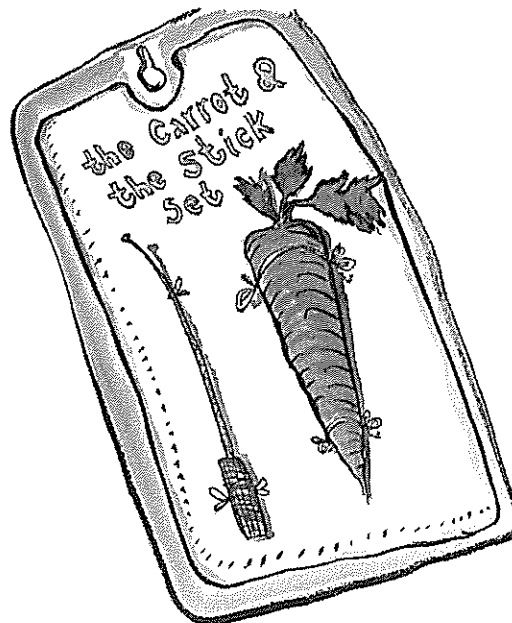
- **Ergonomics & Safety**

"Work must be feasible and bearable and should be reasonable and satisfactory" (translated from Jung, 2008)

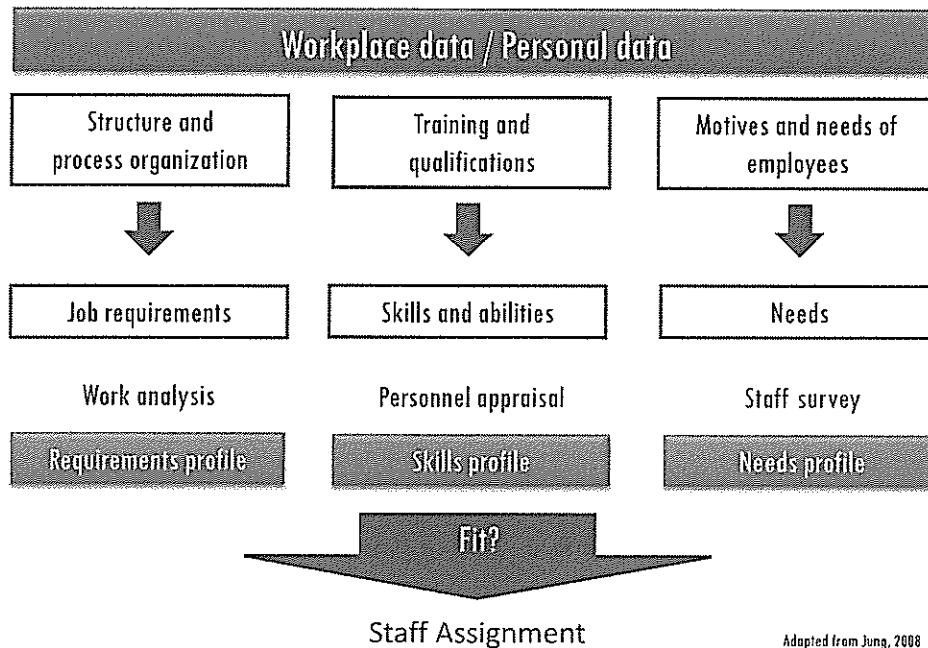
- Health protection
- Social appropriateness
- Technical economic rationality

# Job Design

motivation by job design ?



# Staff Assignment Planning



## Division of Labor

### ➤ Classification

Tasks are distinguished according to which characteristics?

### ➤ Degree of differentiation

(specialization)

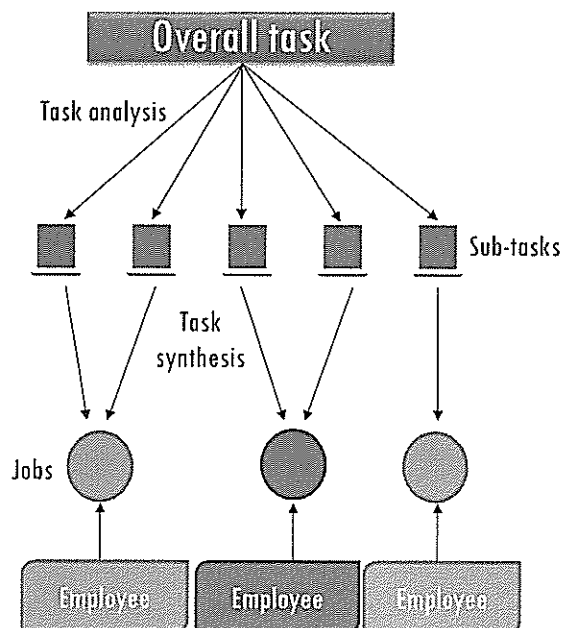
To what degree are activities subdivided into separate jobs?

### ➤ Task synthesis

On what basis will jobs be grouped together?

### ➤ Assignment of staff

Which employees fit optimally which jobs?



## Job Characteristics Model, Hackman & Oldham

$$MPS = \frac{\text{skill variety} + \text{task identity} + \text{task significance}}{3} \times \text{Autonomy} \times \text{Feedback}$$

<b>Motivational Potential Score (MPS)</b>	<b>a predictive index that suggests the motivating potential in a job</b>
<b>Skill variety</b>	degree to which a job requires a variety of different activities
<b>Task identity</b>	degree to which a job requires completion of a whole and identifiable piece of work
<b>Task significance</b>	degree to which a job has a substantial impact on the lives or work of other people
<b>Autonomy</b>	degree to which a job provides substantial freedom, independence, and discretion to the individual
<b>Feedback</b>	degree of direct and clear information about the effectiveness of performance

Robbins, Judge & Campbell, p. 175

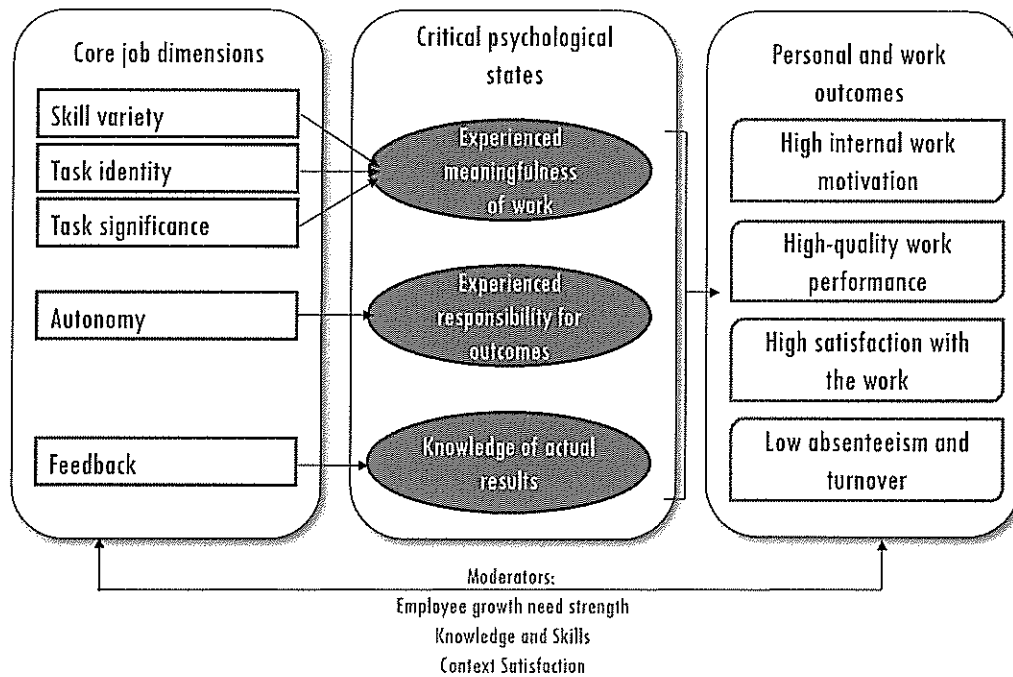
## Job Characteristics Survey, Hackman & Oldham

1. My job provides a lot of variety.
2. My job allows me the opportunity to complete the work I start.
3. My job is one that may affect a lot of other people by how well the work is performed.
4. My job lets me be left on my own to do my own work.
5. My job by itself provides feedback on how well I am performing as I am working.
6. While performing my job I get the opportunity to work on many interesting projects
7. My job is arranged so that I have a chance and the ability to talk with customers/clients/end users.
8. My job has the ability to influence decisions that significantly affect the organization.
9. My job provides me the opportunity of self-directed flexibility of work hours.
10. My job provides me with the opportunity to both communicate with my supervisor and to receive recognition from them as well.
11. My job gives me the opportunity to use many new technologies.
12. My job is arranged so that I have an understanding of how it relates to the business mission.
13. My job influences day-to-day company success.
14. I am able to act independently of my supervisor in performing my job function.
15. I receive feedback from my co-workers about my performance on the job.

[http://www.marscape.com/php/hr2/jds\\_quiz.php3](http://www.marscape.com/php/hr2/jds_quiz.php3)

# Design of Work Content

Hackman & Oldham Job Characteristics Model



## Job Characteristics Averages for 6 Professions

N = 6 930 employees in 56 different organizations

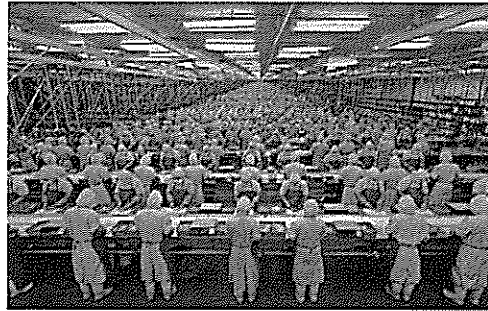
Variable	Professional/ Technical	Managerial	Sales	Service	Clerical	Machine Trades
Skill variety	5.4	5.6	4.8	5.0	4.0	5.1
Task identity	5.1	4.7	4.4	4.7	4.7	4.9
Task significance	5.6	5.8	5.5	5.7	5.3	5.6
Autonomy	5.4	5.4	4.8	5.0	4.5	4.9
Feedback	5.1	5.2	5.4	5.1	4.6	4.9
Growth needs strength	5.6	5.3	5.7	5.4	5.0	4.8
Internal motivation	5.8	5.8	5.7	5.7	5.4	5.6
Pay satisfaction	4.4	4.6	4.2	4.1	4.0	4.2
	147.8	150.7	127.0	130.9	96.6	124.9

$$MPS = \frac{\text{skill variety} + \text{task identity} + \text{task significance}}{3} \times \text{Autonomy} \times \text{Feedback}$$

# Work Specialization

## Advantages

- Little training necessary, easy adaptation
- Easy assignment process
- Short period of vocational adjustment
- Increases labor productivity and quality



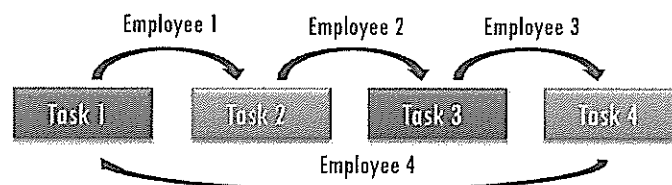
Source: Petra Resi

## Disadvantages

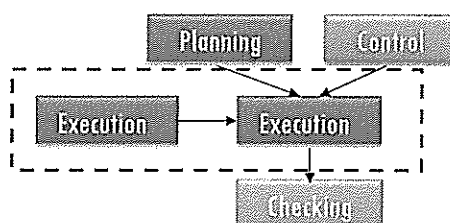
- Monotonous physical and mental stress
- Decrease in adapting and change capabilities
- Restricted social interaction and communication
- Monotony and alienation

# Instruments of Job (Re-)Design

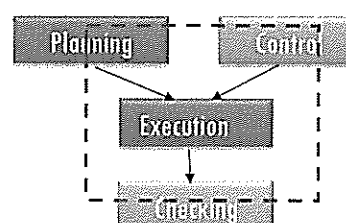
## Job Rotation:



## Job Enlargement:



## Job Enrichment:





## Alternative work arrangements

- **Tele working**
  - Home based tele working
  - Center-based tele working (satellite-offices)
  - On-site tele working (at the customer or supplier)
  - Mobile tele working (location-independent)
- **Transition to flexible working hours**
  - Positioning of working hours taking into account individual needs and circadian rhythm: shift work, flexitime, part time, job sharing
  - Breaks (more frequent, short breaks advantageous)
  - Concept of life work time: part-time work for elderly people and sabbatical

## Work arrangement in Soulful Organizations



Example Netherlands:

Until 1995 about 80 Nursing organizations provided home-nursing services → highly specialized task organization:

- Organization structure: steep hierarchies (regional managers & directors), call centers, planning and administration departments, controlling, etc.
- To ensure accurate planning and drive up efficiency, time norms were established for each type of health treatment (= products): e.g. intravenous injection 10 minutes, bathing 15 minutes, wound dressing 10 minutes, changing a compression stocking 2.5 minutes, etc.
- To increase efficiency, treatments were tiered according to the expertise they required, more experienced and expensive nurses perform only the more difficult products, so that cheaper nurses do all others
- To keep track of efficiencies, a sticker with bar code is placed on the door of every patient's home and nurses have to scan in the barcode, along with the treatment, after every visit. All is centrally stored and monitored...

# Buurtzorg



2006 Jos de Blok founded Buurtzorg — according to the principles of a „soulful organization“. It grew from 10 to 7.000 nurses within seven years (today they have around 10000) and reached outrageous results (Ernst & Young Study 2009):

- Organization structure: no bosses, no middle management, 30 people in administration (mostly IT) for 7.000 employees, regional coaches
- Buurtzorg requires, on average, close to 40 percent fewer hours of care per client than other nursing organizations
- Patients stay in care only half as long, heal faster, and become more autonomous
- A third of emergency hospital admissions are avoided, and when a patient does need to be admitted to the hospital, the average stay is shorter.
- The Savings for the Dutch social security system are considerable (close to 2 Billion €)
- Absenteeism for sickness is 60 % lower in Buurtzorg and turnover 33 % than in traditional nursing organizations
- In 2013 Buurtzorg employed two-thirds of all neighborhood nurses

## Buurtzorg II



# Team-Oriented Work Design

## MIT study on productivity of automobile manufacturers

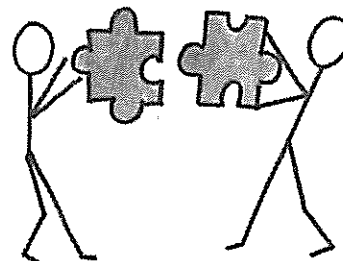
Key data	Japanese producers in Japan	Japanese producers in USA	Producers from USA	European producers
Productivity (hours / car)	16,8	21,2	25,1	36,2
Quality (assembly errors / 100 cars)	60	65	82,3	97
Absence (%)	5	4,8	11,7	12,1
Improvement suggestions (employee / year)	63,6	1,4	0,4	0,4
Team organization (%)	69,3	71,3	17,3	0,6

Womack/Jones/Reos 1992, cited in Hollbrügge, 2007, p.144

# Groups & Teams

## Four criteria of groups

1. Two or more people in social interaction
2. Stable group structure
3. Shared goals
4. Members perceive themselves as being a group



A *team* is a group whose members have *complementary skills* and are committed to a *common purpose* or set of performance goals for which they hold themselves mutually accountable.

Greenberg & Baron, 2003, p.273

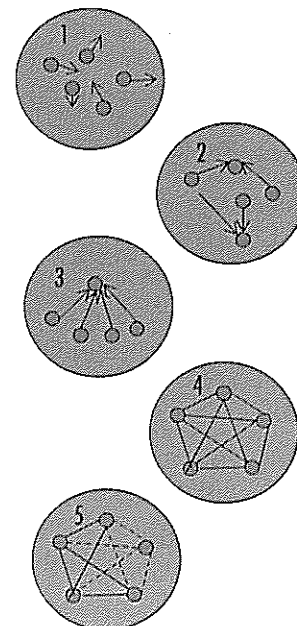


## Group Formation



## The Five-Stage Model of Group Formation

- **Stage 1: Forming**  
Uncertainty about roles, low trust
- **Stage 2: Storming**  
Conflicts within the group, leadership tries to establish itself
- **Stage 3: Norming**  
Formation of cohesion and unity
- **Stage 4: Performing**  
Energy is directed at achieving the performance target
- **Stage 5: Adjourning**  
Completion of tasks, termination of roles, dissolution of temporary groups



Tuckman & Jensen, 1977 cited in Greenberg & Baron, 2003, p.277

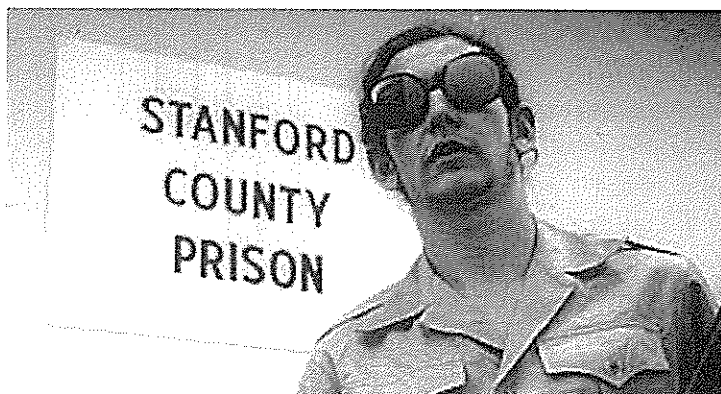
## Group Properties

- **Roles:**  
→ Zimbardo's Stanford Prison Experiment
- **Norms:**  
performance norms, appearance norms, social arrangement norms, resource allocation norms  
→ group pressure for conformity: e.g. Asch Experiment
- **Status:**  
socially defined position or rank given by others (derived from assigned power, ability to contribute to goals and personal characteristics)  
→ creates status hierarchies (e.g. influences conformity to norms)
- **Size:**  
smaller groups are faster and better performing, larger are groups better in problem solving (diversity)  
→ social loafing
- **Cohesiveness:**  
degree to which members are attracted to each other  
→ influences productivity (moderated by performance norms)

## Roles

**Roles** = Set of expected behavior patterns attributed to someone occupying a given position in a social unit.

**Role identity** = attitudes and behaviors, consistent with role (expectations), create identity



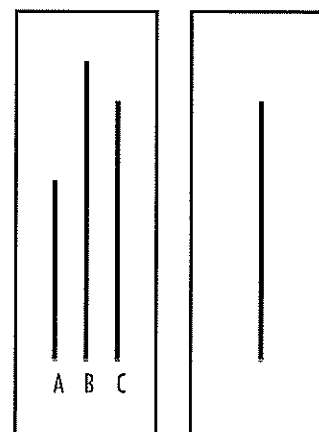
<http://www.youtube.com: Stanford Prison Experiment>

## Group Think



## Asch Experiment

The experiment was conducted by Solomon Eliot Asch in 1950 with 123 male subjects. These subjects were assigned to groups of 5-7 persons who were privy to the experiment. During 18 rounds Asch showed the participants white cards (see picture) with lines of different length and asked **which line on the left card (ABC) was the same length as the line on the right card**. The privy group members answered first and were advised to choose the correct answer in the first two rounds. In the following rounds ("Critical Trials") they had to respond uniformly with a wrong answer. The aim of the experiment was to see whether the actual subject **adapts the response to the (obviously) wrong answer to the group members**.



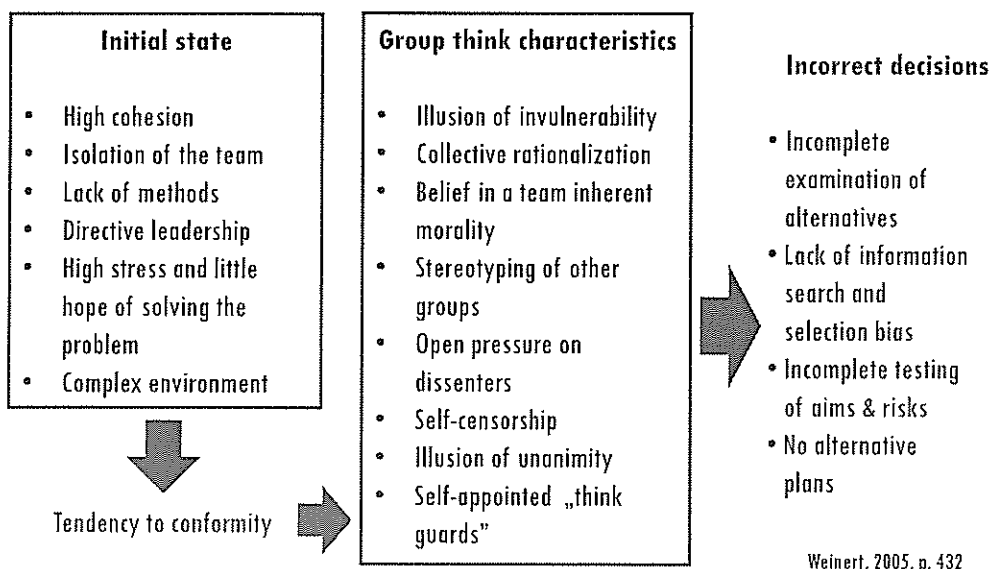
**Asch Experiment**

<http://www.youtube.com/watch?v=TYIh4MkcJJA>

# Group Conformity



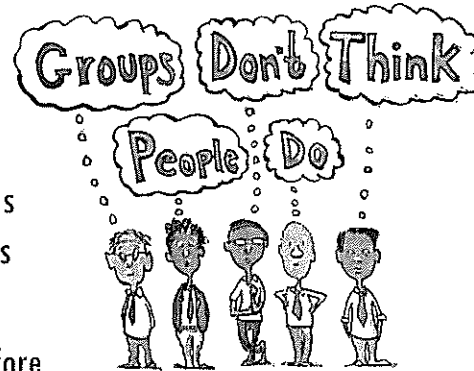
# Group Think





## Strategies against groupthink

- **Promote open inquiry:** identify negative aspects of a decision before it's too late (e.g. devil's advocate)
- **Use subgroups:** base decisions on recommendations of two groups
- **Admit shortcomings:** no decision is perfect, ask for doubts and misgivings about a group's decision
- **Hold second-chance meeting:** before implementation hold a second-chance meeting for group members to express doubts



Free All rights reserved

Greenberg & Baron, 2005, p. 432

## Group Shift

### Example:

Car company has been sued for one million Euro compensation due to a death that occurred because rear door opened itself.

Two possibilities:

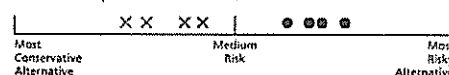
(A) Conservative strategy: settlement out of court.

(B) Risky strategy: case to be taken to the court.

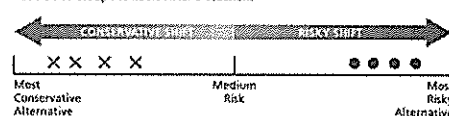
Each manager has a personal opinion. How will they decide as a group?

Weinert, 2005, S. 434

Position of Group Members Before Discussion:



Position of Group Members After Discussion:

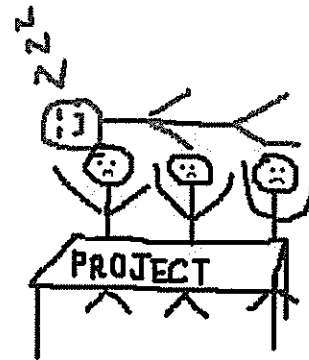


- **Groupshift:** polarization of group opinion into extremes
- Direction depends on position previous to discussion: sometimes groups are more conservative than individual decisions, but more often → shift towards greater risk
- Due to diffusion of responsibility, conformity pressures, increased confidence and social comparison
- Can be viewed as special case of groupthink

## Shirking

A group of students has to submit a joint seminar paper. The group divided the whole task into smaller tasks: literature analysis, writing the introduction, writing the theory section, data collection, data analysis, writing the discussion, proof reading, preparing a presentation, presenting the paper.

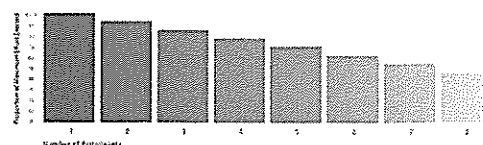
You have signed in for the introduction of the paper and are now thinking about how much effort you will to put into it ...



## Shirking, Social Loafing & Free Riding

- **Shirking** („Drückebergerei“) in team work (Alchian/Demsetz, 1972)
- **Social Loafing** („Soziales Faulenzen“) Decreasing individual effort in the presence of others (Latane, 1979)
- **Free riding** („Trittbrettfahren“) of public goods: problem of collective behavior, when economic agents consume public goods, but do not give anything in return

Phenomena occur when individual effort/contribution cannot be measured/controlled



Ringelmann effect: group performance increases with group size, but the addition of new members to the group has diminishing returns on productivity.

Maximilian Ringelmann, a French agricultural engineer, examined in the end of the 19th century the performance of draught animals and found for example that the performance of two horses pulling a carriage in the joint was not twice as high as that of an individual horse. Fascinated by this discovery Ringelmann extended his investigations to humans and found similar effects. The Ringelmann effect is due to motivation and coordination losses.

## When are teams favorable?

- Diversity and complementary skills:  
knowledge transfer, use of specialization, complementarities of activities
- Complex Tasks

### Strategies against Social Loafing:

- *Team size*: the smaller the team, the easier to control
- *Composition*: similarity facilitates supervision, however, heterogeneity promotes creativity and prevents group think;
- *Implicit and explicit incentives for teams*: team bonuses, profit sharing, etc.
- *Team development*: norms

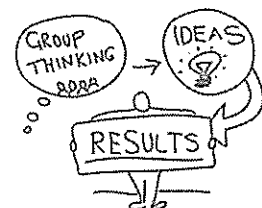
## Summary Group Work

### Benefits

- Economies of scale
- More autonomous and less monotonous
- Better decisions (because of more information and more complex considerations)
- Larger acceptance and higher satisfaction

### Disadvantages

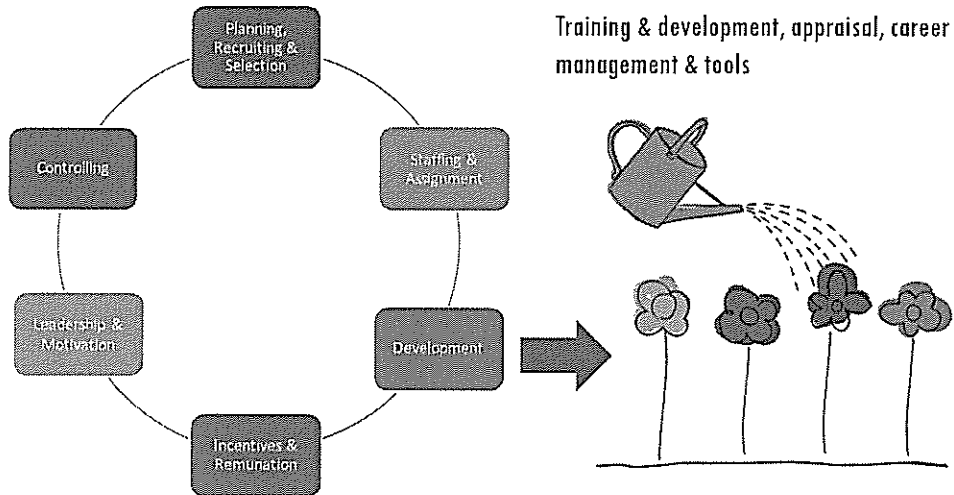
- Increased time required
- Group think
- Diffusion of responsibility and risk-shift phenomenon
- Shirking
- Difficult to evaluate individual performance



*"Madness is the exception in individuals but the rule in groups."*

Friedrich Nietzsche

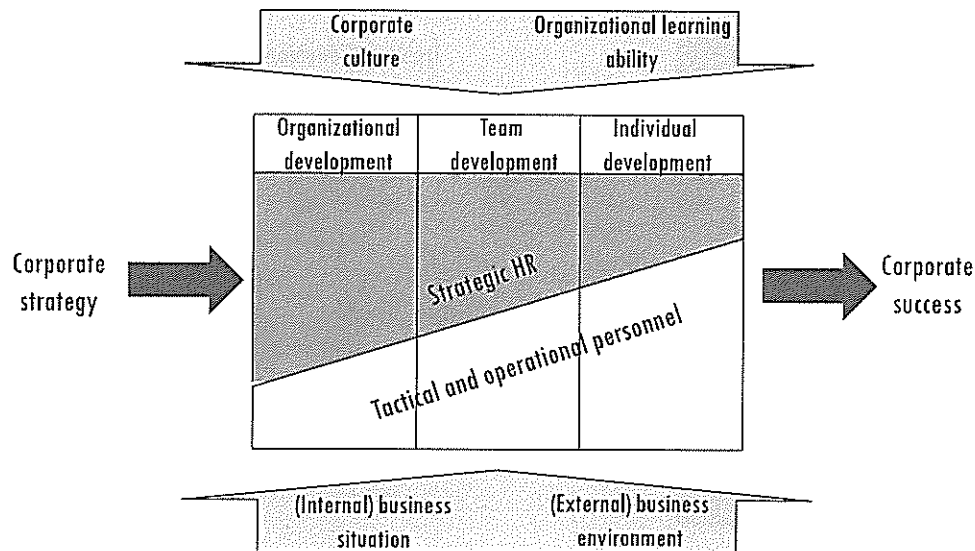
# HR Development & HR Tools



## Goals

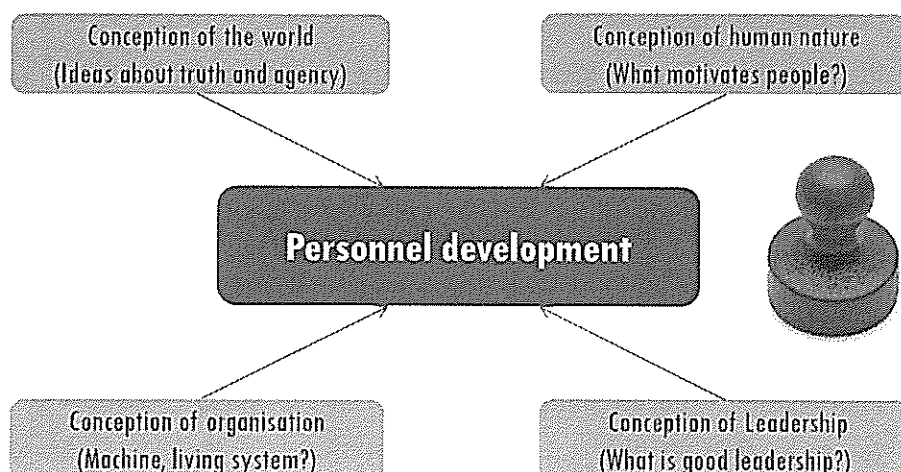
- Evaluate and appraise job performance
- Improve the efficiency and competitiveness of the company
- Adapt the employee qualification to the changing work requirements
- Increase learning ability (learning to learn)
- Increase the flexibility of staff and willingness to innovate
- Increase staff satisfaction and loyalty (e.g. retention management)
- Improve the corporate image (e.g. Great Place to Work)
- Secure a qualified staff
- Satisfy individual needs and educational demands

# Personnel Development and Strategy

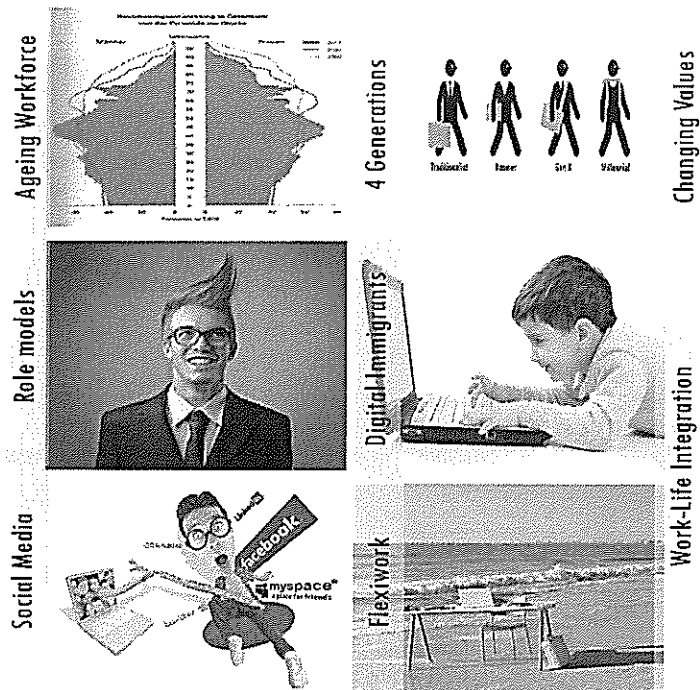


Adapted from Scholz, 2000

## Context

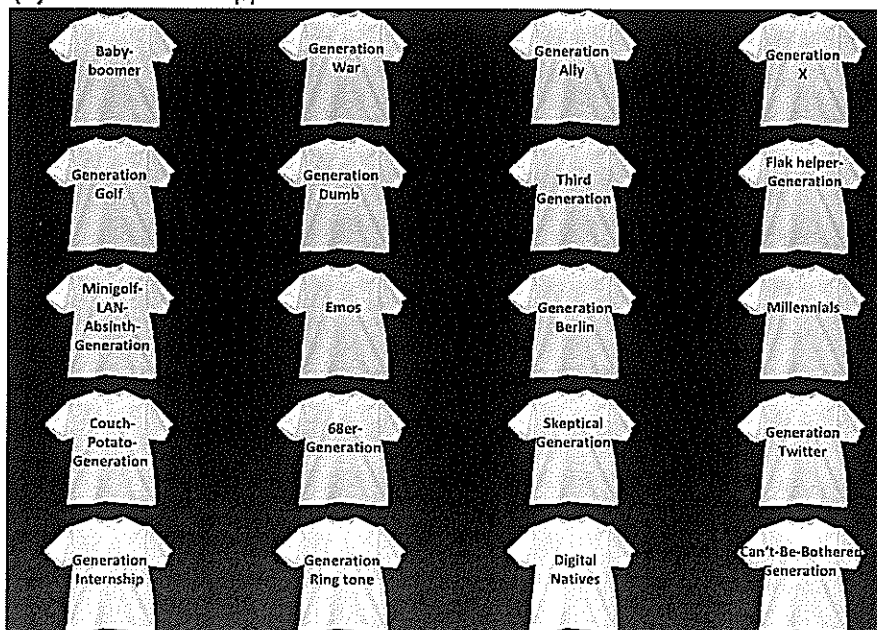


# Mega-Trends



# Generation — Challenge?

(Björn Bohnenkamp)



## Change in Values

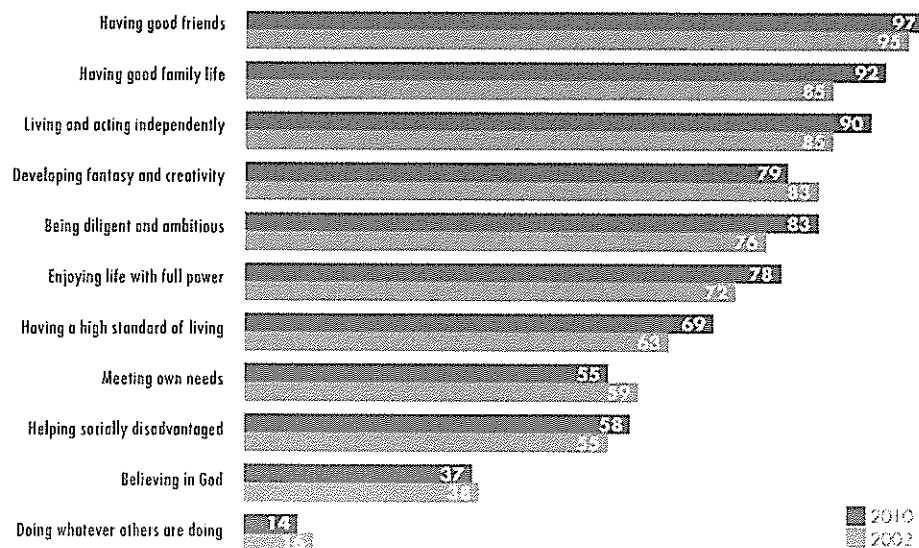
	Generation X	Generation Y	Generation Z
	The safety considered „key children“	The idealistic millennium generation	The self-centered benefit-maximizer
Temporal placement	Born in 1960-80 (currently ~ 35 - 50)	Born in 1980-2000 (currently ~ 15 - 35)	Year of birth since 1995 (currently ~ 20)
Characteristics	<ul style="list-style-type: none"> <li>▼ Safety considered</li> <li>▼ Sceptical</li> <li>▼ Materialistic</li> </ul>	<ul style="list-style-type: none"> <li>▼ Idealistic</li> <li>▼ Positive</li> <li>▼ Team-oriented</li> </ul>	<ul style="list-style-type: none"> <li>▼ Focussed on the own goals</li> <li>▼ Digital Natives</li> <li>▼ Freedom-loving</li> <li>▼ Self-confident</li> </ul>
Implication of the labour world	<ul style="list-style-type: none"> <li>▼ on the peak of their earning capacities and training the next generation of the world of labour</li> <li>▼ „classic“ career term</li> <li>▼ value a secured job</li> <li>▼ Long period of employment</li> </ul>	<ul style="list-style-type: none"> <li>▼ Little bonding to the company, but to single persons</li> <li>▼ Commit themselves to topics like environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>▼ Low loyalty towards the employer/company</li> <li>▼ Individualistic way of working</li> <li>▼ Output-orientated leadership is required</li> <li>▼ Digital Entrepreneurs</li> <li>▼ Aiming at personal income and life lust maximizing</li> </ul>

purpose & soulfulness instead of money?

## Value Orientation

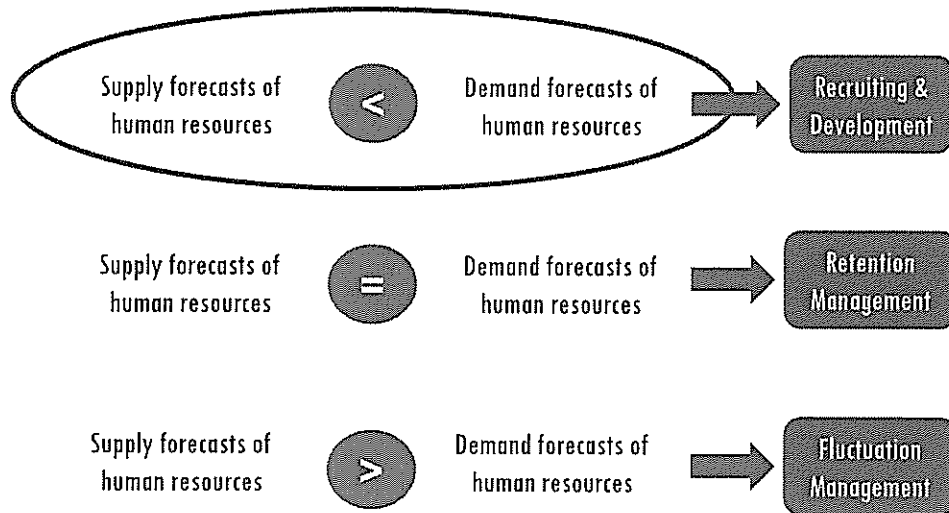
Value orientation: pragmatic but not adjusted

Young people between age of 12 and 25 (in%)

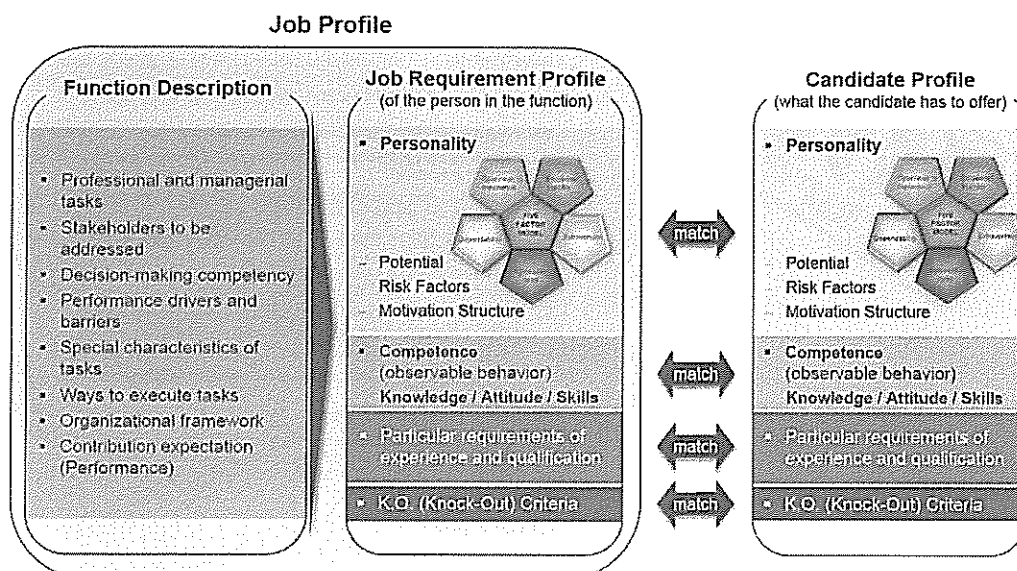


Source: 16. Shell Study of Young People, Status: 2010

## Core-Tasks of HR Development



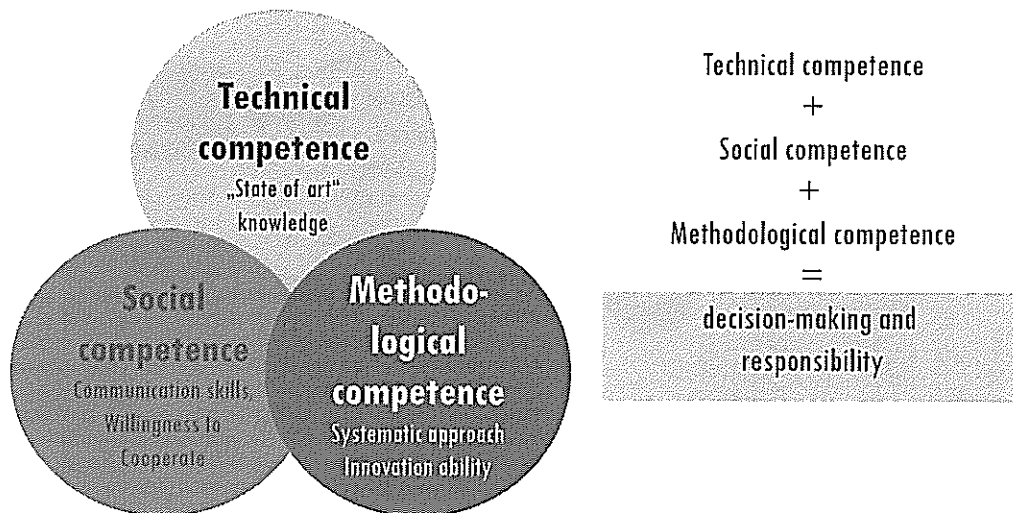
## Requirements



Source: <http://sedlak-partner.com>



# Competences



## JOB DESCRIPTION

**JOB TITLE:** Casual Sales Assistant  
**DEPARTMENT:** Retail Services  
**REPORTING TO:** Shop Supervisors  
**RESPONSIBLE FOR:** -  
**JOB PURPOSE:** To undertake sales and customer service duties required to operate the Union Shop, and be responsible for shelf filling and the overall presentation of the Union Shop.

### MAIN DUTIES AND RESPONSIBILITIES

1. Operating the cash till efficiently, ensuring that all moneys received are correctly registered.
2. To serve customers courteously and efficiently ensuring that the highest standards of customer service are met at all times.
3. Monitoring stock on shelves, filling to the required standard and assisting with stock counts.
4. Ensuring all stock is held in accordance with the Union's security and financial procedures.
5. Ensuring that all products and displays are maintained to the highest standards of customer satisfaction and legal requirements.
6. To carry out cleaning of shelving and refrigeration units when required.
7. All other appropriate duties as and when required by the Shop Supervisors.

### KEY WORKING RELATIONSHIPS

The postholder will work under the supervision of line management, but will also be expected to work under their own initiative. There is a need for excellent communication and the continued maintenance of relationships with all staff in the Union, all customers and visitors.

### HOURS OF WORK

A minimum of two shifts per week, days will vary and will include evenings and weekends. Please note that full-time University of Sheffield students are not allowed to work more than 16 hours per week.

### DURATION OF CONTRACT

Casual contract for one academic year.

Source: <http://singlepageresume.com>



### Project, Service and Solutions Specialist Job description

Level:3

Area: PPS

Manager: Team Leader

#### Requirements:

Application management level 2 and software development or  
Process management level 3

#### Development possibilities:

Option: in case of positive service change to XY related company  
and under the given circumstances to a relevant development model

#### Target of the position

- Applications management: main responsibility for 2-3 system and evaluation of alternatives, identification of improvement process...
- Software—development: independent re-engineering of already existing solutions, finding proactive solutions, writing offers, invoices and complex software development
- Project management: leading projects, representing on XY internal and XY cross-functional projects

#### Basic tasks:

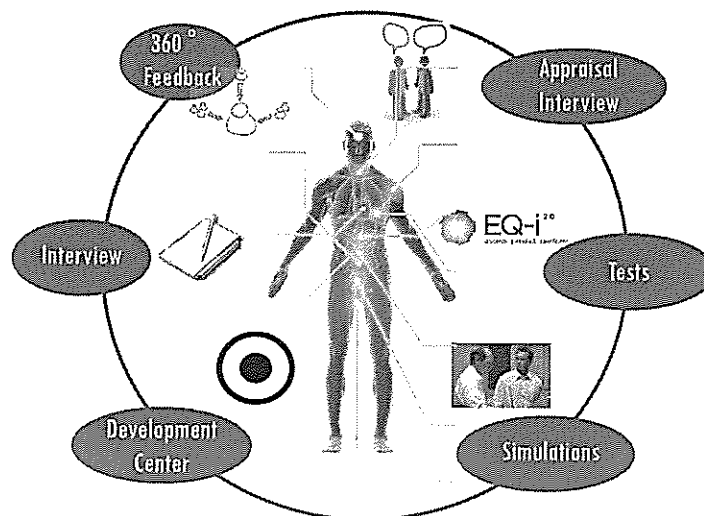
- Applications management
  - support of current software: communication to provider / outsourcing partner regarding complaints and requirement of new functions (FIVS, WH, FACE) ...

#### Additional tasks:

- Tracking
  - Coordination, communication with the outsourcing partner in terms of platform development and resources
  - Plan and control of the technical processes
- Software development (software development concepts)
- Project proceeding models

Source: HR Diamonds

## Assessment of Candidate Profile

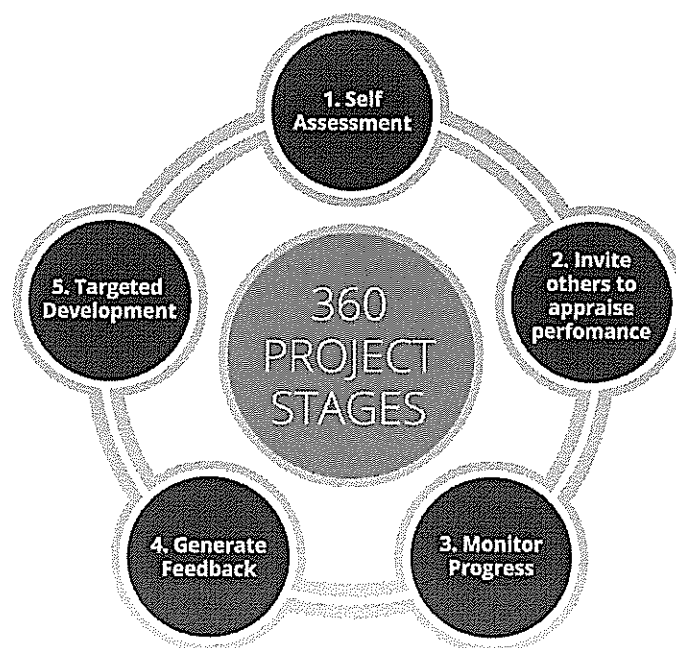


## 9-Box Evaluation Grid

Potential	Looking for other challenges	7 • vorübergehende Situation (z.B. neu in dieser Funktion) • Erwartung, dass man kurzfristig volle Leistung zeigt • benötigt Anleitung/Unterstützung • benötigt Informationen über Geschäftsbereich/Unternehmen • volle Leistung in aller Funktion	8 • erfüllt stets die Erwartungen • bringt Innovationen ein/setzt neue Grenzen • zeigt Begabungen für die nächste Ebene • kann Nachfolgerin für Position auf der nächsten Ebene sein	9 • sucht kurz- bis mittelfristige Entwicklungsperspektive /Risiko der Abwanderung • benötigt stets neue Herausforderungen • kann weiter aufsteigen, wobei sein/ihr Erfolg wahrscheinlich ist • denkt langfristig, hat Ziele/Visionen • legt Normen fest, sehr ehrgeizig
	Potential Improvement, Extension of the function	4 • Diskrepanz mit der Position • hat möglicherweise Kompetenzen, für andere Position • benötigt Aktions-/Maßnahmenplan • ernsthaftes Engagement zur Entwicklung wird erwartet	5 • Leistungen sind jederzeit auf eine Zufriedenheit • informiert sich über Marktentwicklungen • Entlohnung, Karriere ist zu berücksichtigen • benötigt möglicherweise Unterstützung, um das Potenzial zu nutzen	6 • zeigt Begabung für die nächste Ebene • akzeptiert den Status quo • verfügt über fundiertes Fachwissen, hat soziale Fähigkeiten • bringt kontinuierlich Bestleistungen • hat großes internes/externes Netzwerk
	Is satisfied with the current position	3 • hat sehr hohe Anforderungen • große Arbeitsbelastung • Stille Reserve und Leistungspotenzial • es besteht ein hohes Aufwaspotenzial • insgesamt gute Leistungen • bedarf möglicher Maßnahmen (enge Führung, intensive Begleitung)	2 • Leistungen sind üblicherweise zur allgemeinen Zufriedenheit • hat möglicherweise Schwierigkeiten, sich mit Veränderungen des Umfelds (Komplexität) zurechtzufinden • bringt solide/wertvolle Leistungen • ist nicht motiviert, für eine höhere Ebene • ist zufrieden mit der dzt. Funktion	1 • professionelle Stütze des Unternehmens • Person, von der viele MA lernen • zeigt außerordentlich, zuverlässige Leistung • ist bezüglich des Marktes und des Fachgebietes auf dem Laufenden • wichtige Person für das Unternehmen • ist in der aktuellen Funktion zufrieden und sehr gut besetzt
		Meets Expectation partially – short / middle term will reach a higher performance category	Meets Expectations	Exceeds Expectations
		Performance		

Source: HR Diamonds

## 360 Degrees Feedback



Development

Very Good

Good

Fair

Poor

Unable to Rate

### Knowledge/Strategic

<input checked="" type="checkbox"/> Understands our industry and the market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input checked="" type="checkbox"/> Understands how the business makes money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input checked="" type="checkbox"/> Understands how the organization generates revenue	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input checked="" type="checkbox"/> Understands budgets and financials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input checked="" type="checkbox"/> Understands the operational side of the business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input checked="" type="checkbox"/> Takes a broad, strategic approach to problem solving and decision making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input checked="" type="checkbox"/> Takes a long-range view rather than always focusing on immediate, short-term outcomes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input checked="" type="checkbox"/> Integrates long-term strategic goals into decisions made today	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Continue with the next portion of the survey

Save submissions and continue later

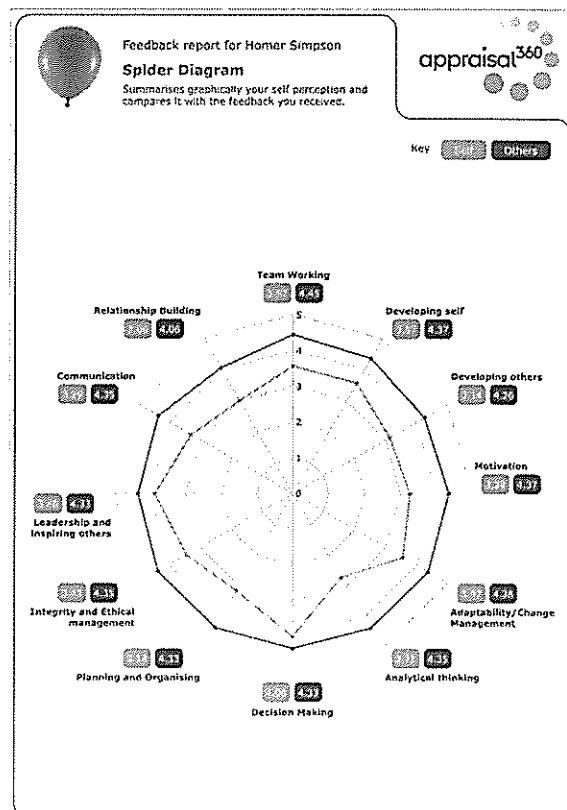
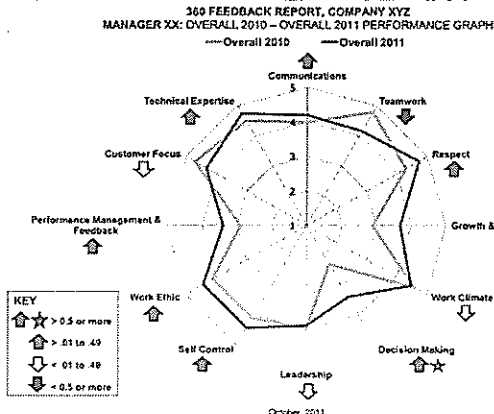
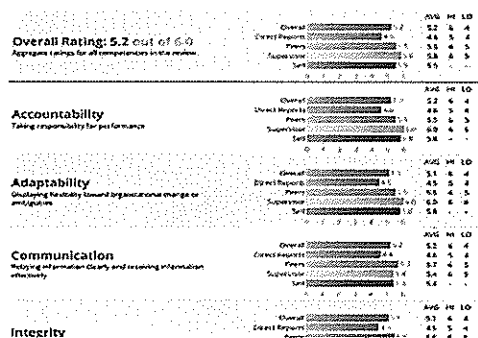
Return to previously answered items

Percent Complete - 8%

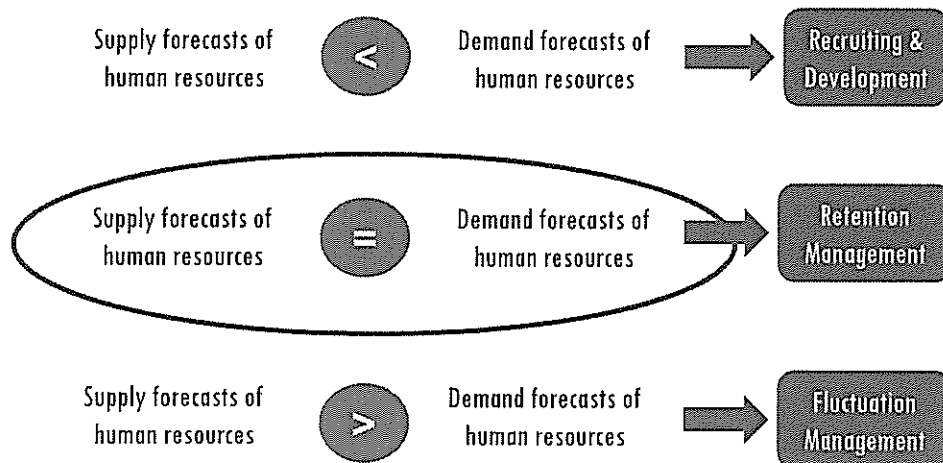
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### Competency Summary

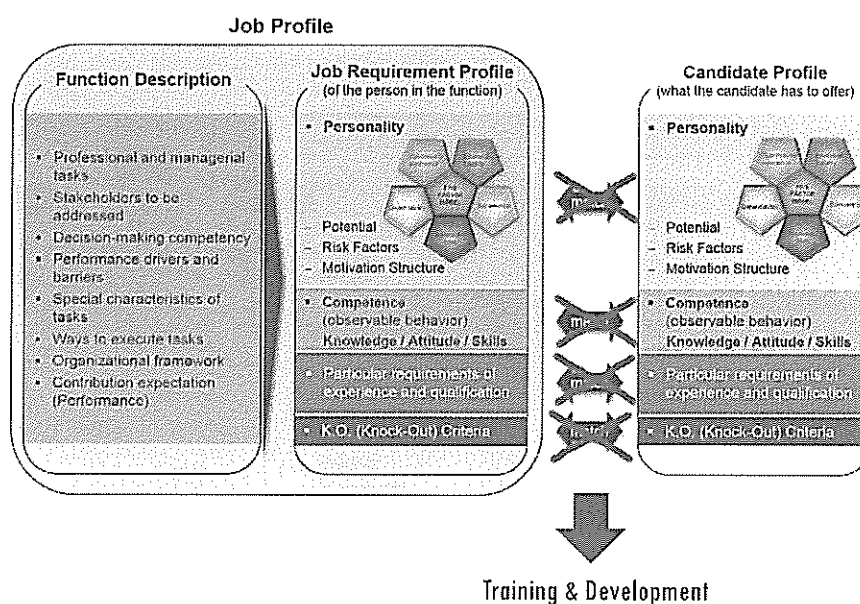
This report shows average ratings for each competency in the review segmented by rater group. The 10 and 100 columns present the highest and lowest ratings submitted by each rater group for a given competency. The All Ratings bar shows the average of all competency scores from all rater groups together, excluding the self-rating.



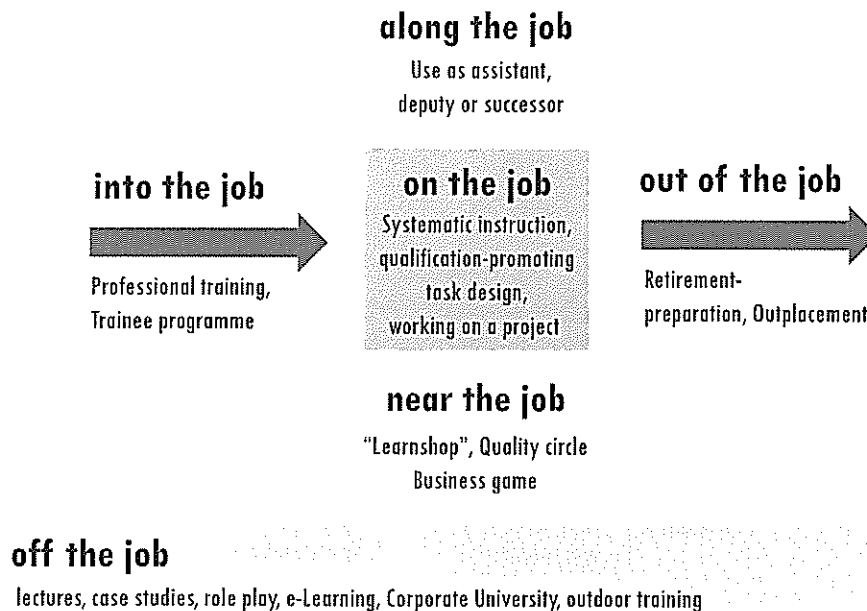
## Core-Tasks of HR Development



## Trigger for Training & Development



# Training Methods

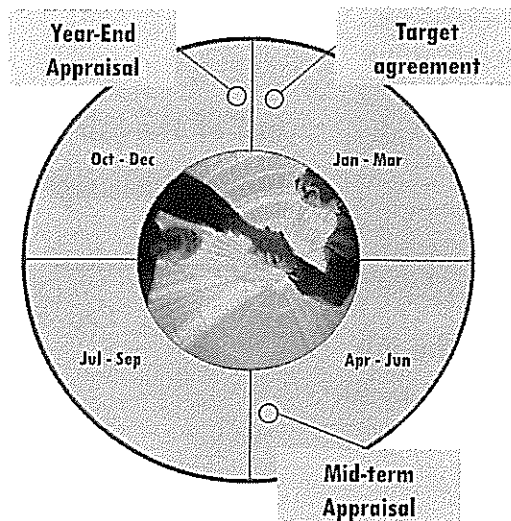


Source: Holtbrügge (2007)

## Different Formats

Format	Method	Group size	Fields of action
Workshops	Moderation	~ 6 pp to 30 pp	Internal topics, strategy
Trainings	Content + practise	to ~ 15 pp	Competences and skills
Seminars	Lecture	~ 15 to 30 pp	Transfer of knowledge
Team developments	Team exercises and moderation	~ 5 pp	Team cohesion, performance & conflict management
Coaching	Questions, systemic tools, role plays, etc.	1 pp	Individual challenges and problems
Supervision	Case processing	Working groups	Analysis and reflexion of work practices
Mediation	Mediation techniques	2 pp	conflict management between two or more parties
Symposia	Large group designs, lectures	from 30 to ~ pp	Strategy, purpose, future labs
Games	Role plays	To ~ 8 pp	Experiential learning

# Performance Management



## Target/Objectives agreement:

Agreement on the objectives (performance goals, premium goals, Key Performance Indicators KPI etc.)

## Mid-term Appraisal:

Performance Analysis, agreement on training and development measures, feedback to the supervisor

## Year-End appraisal interview:

Review on the business year + performance assessment & KPIs, giving feedback to the supervisor

## Individual meetings:

Salary, project and conflict conversation

In the meantime: talk, talk, talk ☺

# Guidelines for Performance Appraisals

- Describe behavior actually seen
  - Not inferences of its causes or judgments
- Be specific
- Explain consequences of behavior
- Focus on behavior relative to performance
  - Don't criticize personality or attitude
- Verify understanding
- Provide clear statement of expectations



## SMART Objectives - MbO

**Specific** – Describes what you will do in specific terms, and defines the desired outcome.

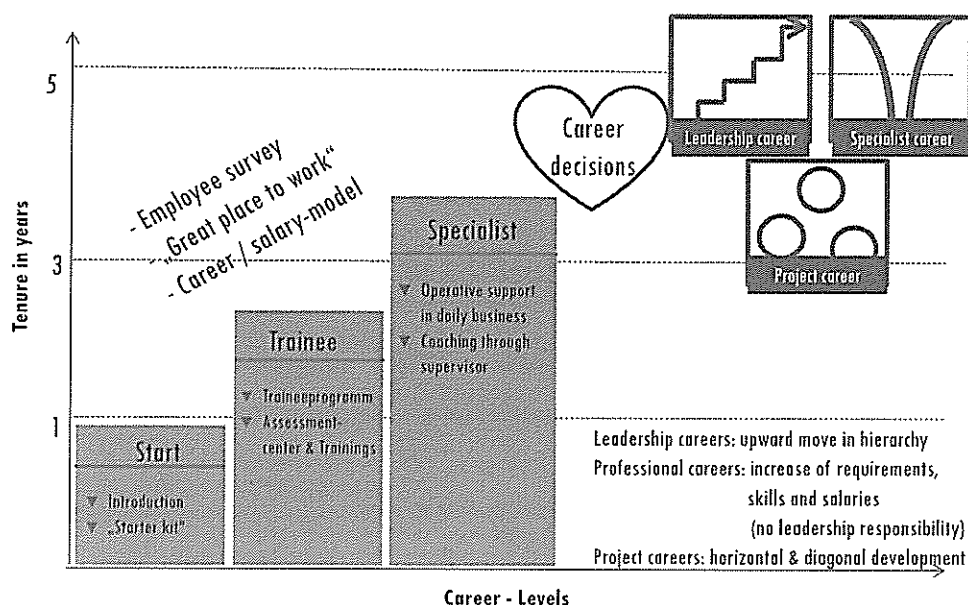
**Measurable** – Clarifies in measurable terms, such as quantity, quality or cost, how you will know if you've succeeded. Let's you know if you've done enough, more than enough or not enough.

**Agreed** – Means you commit to accomplishing the objective, and your manager commits to supporting you and providing appropriate resources so you can succeed.

**Realistic** – Helps ensure the objective is possible to achieve, and that you have the resources (time, money, skills, or people) and authority you need to succeed.

**Time-bound** – Specifies when you will complete the objective.

## Career Management





## Career perspectives = Motivation to Perform?

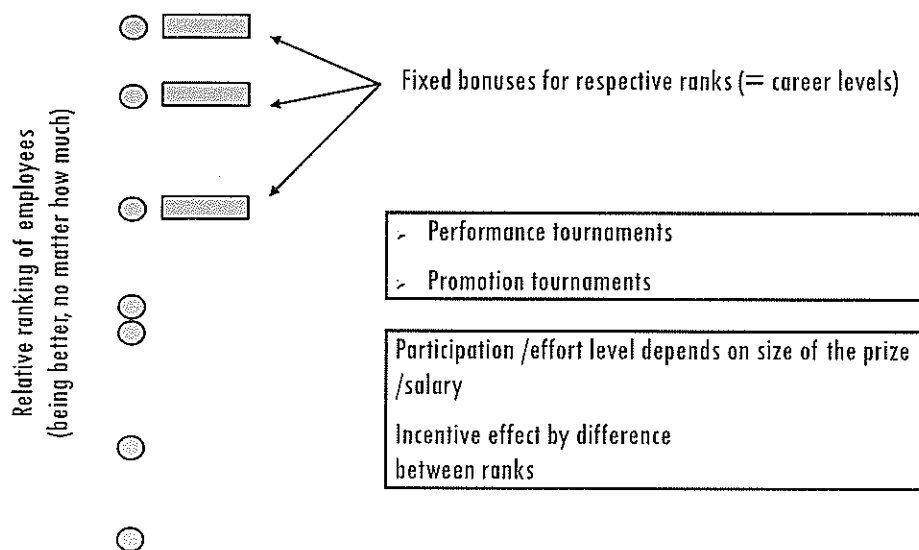


- Career ladders as performance tournaments
- Lazear & Rosen, 1981  
**Tournament theory**

### Tournament theory

Assume Roger Federer and Rafael Nadal think about taking part in a tennis tournament. Would they work as hard for a charity tournament with symbolic prizes as for a match in a Grand Slam tournament? Which factors influence their decision whether to participate or not in a tournament? What are possible factors influencing their effort level at the tournament?

## Career Ladder & Performance Tournaments



# Career as a Performance Tournament

## Advantages

- × Lower measurement costs
- × Protection against external risks
- × Competitive nature increases motivation
- × Applicable for teams

## Disadvantages

- × Risk of collusion (performance is agreed on between workers)
- × Reduction in performance because of heterogeneous participants
- × Competitiveness, sabotage

# HR Development at Buurtzorg



## → Training & Development:

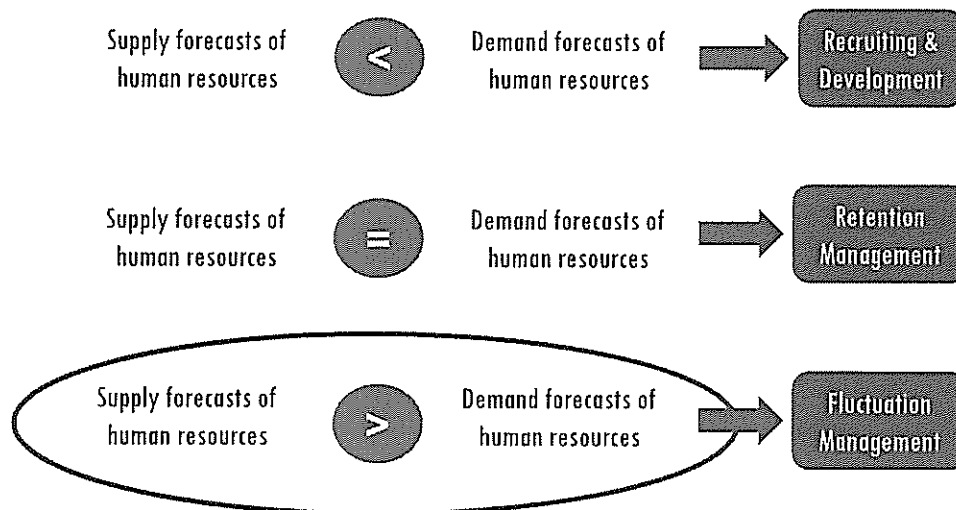
At Buurtzorg, 3% of revenue could be spent on training without needing to consult anyone

- All employees of Buurtzorg are trained in the „advice process“, this is a structured but simple way how decisions are made in teams at Buurtzorg.
- Nurses freely decide on their own training needs and look for the best provider
- New recruits have to take the course “solution-driven methods of interaction”

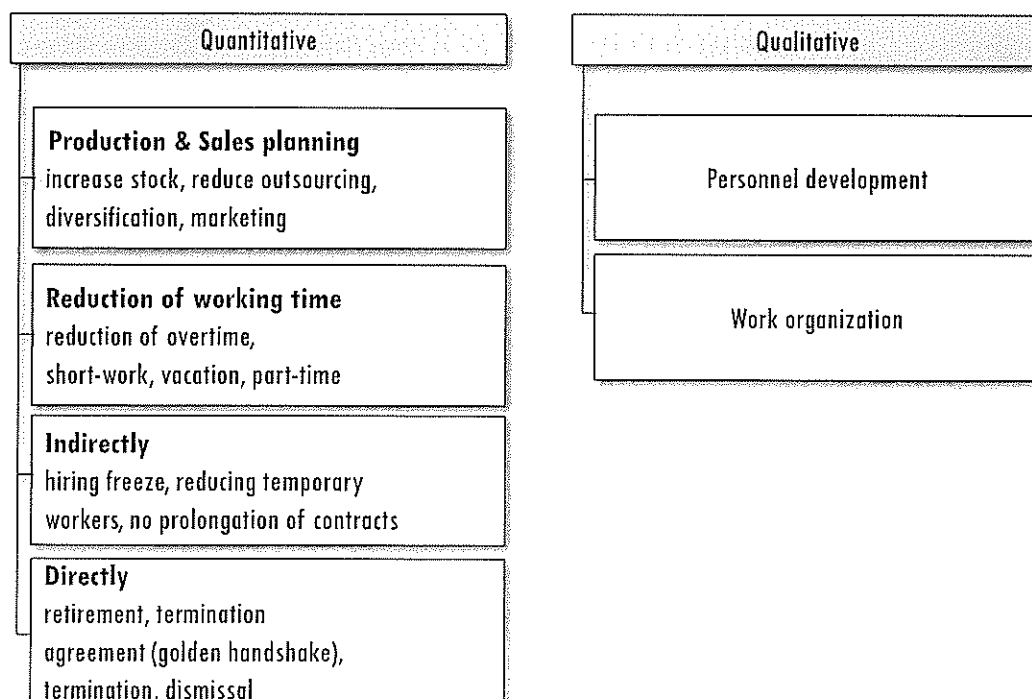
## → Performance Appraisal & Feedback

- Buurtzorg does not have an HR department, it does not have job descriptions, no qualification profiles, no 360° feedback, etc.
- Instead they integrate feedback and reflection on (team) performance regularly in their team meetings

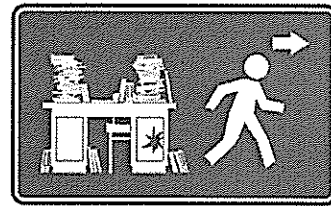
## Core-Tasks of HR Development



## Personnel Layoff



## Direct Staff Layoff



- Termination of labor contract ("Kündigung")
- Dismissal ("Entlassung"): only with the employee's fault, reasons are listed exhaustively in law
- Termination agreement ("Einvernehmliche Auflösung")
- oral or written form (but written is recommended)
- Fixed term contracts can only be terminated if this has been agreed upon between employer and employee

## Termination

- **Employer termination**
  - Unless otherwise agreed: at least six weeks notice up to 5 months (depending on years of service)
  - Only by 15<sup>th</sup> of the month or by last day of the month (=> 24 dates/year)
  - Special protection against dismissal (dismissal only with consent of Labor and Social Court):
    - Expectant mothers
    - Parental leave
    - Works council
    - etc.
- **Employee termination (resignation)**
  - White-collar („salaried“) workers (Angestellte):
    - Unless otherwise agreed one months' notice period (up to six months)
  - Blue-collar („waged“) workers (Arbeiter):
    - Notice period and dates are primarily regulated in the various collective agreements

## Other Forms of Dissolution

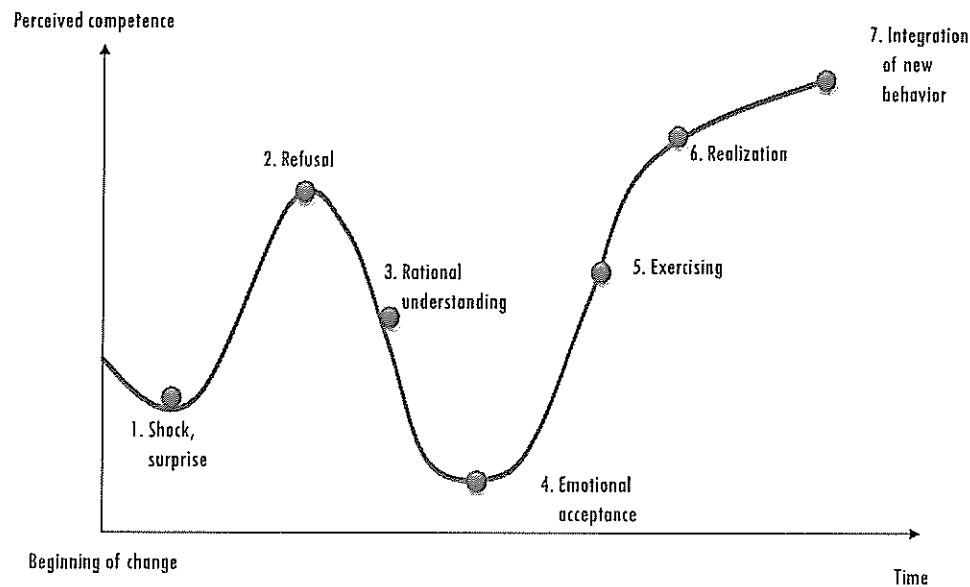
- **Termination agreement (consensual):** mutual voluntary termination of the employment contract
- **Dismissal** for reasons of insubordination, disloyalty and other types of gross misconduct (“**Entlassung**”)
  - immediate termination of employment by employer
  - Reason for dismissal must be given
  - Different reasons for dismissal between white and blue collar workers
- **Gardening leave (“Dienstfreistellung”):**
  - employee is released from duty (usually during notice period)
  - salary is continued to be paid

## HR- Instruments for Layoff

- **Exit interview** (on a voluntary basis and by an outside person)
  - Reasons for leaving
  - Evaluation of different aspects of work activity
  - Suggestions for improvement
- **Outplacement**
  - A process through which the organization will help employees facing redundancy to find other jobs
  - negative effect of staffing reduction should be minimized: employer breaches psychological contract (also perceived by remaining staff)

# Response to Dismissal / Termination

## Emotional response to change - phase curve



Folzer et al. 1999, p. 14

# Outplacement

## Managing outplacement may include:

- Communicating the reality and its consequences as soon as they are known
- Counseling for the individuals facing redundancy (help with coping of psychic-social stress)
- Help to discover aptitude for alternative types of work (e.g. through the use of psychometric tests)
- Training in new and relevant skills (e.g. self-presentation)
- Using corporate networks to identify vacancies
- Support for job search (e.g. help with composing a CV)
- Allowing employees taking time off to seek other employment and attend interviews

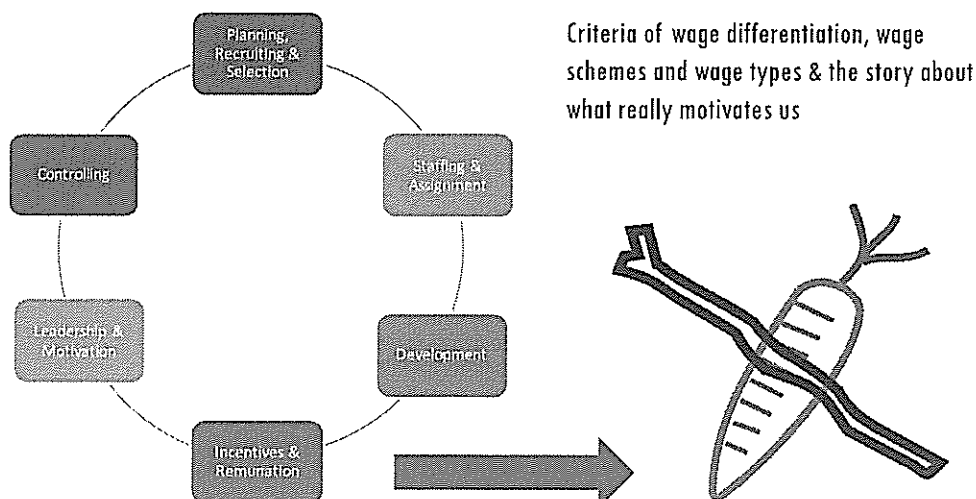
McKenno & Boerh, 2008, p. 160

## Recruiting and Dismissals at



- ➔ Currently 250 joining Buurtzorg every month and 25 that leave each month (Laloux, 2014):
  - a nurse will feel that she does not fit the team or that self-management doesn't suit her after all, this process mostly happens by mutual consent, on a friendly basis
- ➔ At Buurtzorg, when one person has lost the trust of the team:
  - the team tries to find a mutually agreeable solution
  - If that doesn't work out, the group calls the regional coach or an external facilitator to mediate
  - If no agreement can be found, the team members can ask Jos the Blok (founder) to mediate
  - In the rare cases where even that fails, they can ask Jos the Blok to put an end to the person's contract (legally, he is the only one who can do so)

## Incentive & Compensation Systems

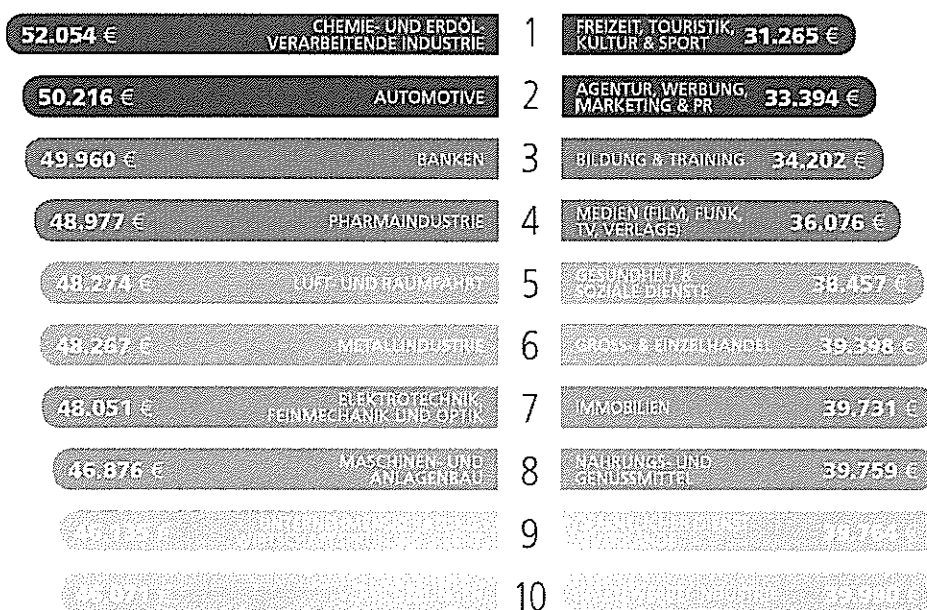


## Problem Definition

- What is it that makes certain jobs attractive for certain workers, and continually motivates them to perform well?
- Should the wages depend on work performance or should there be a fixed wage rate?
- How should the performance be measured??
- Does a performance based remuneration ensure that employees pursue right goals?, do the right things?
- What are compensation components beyond money?
- How can we find out what — other than money — motivates the individual employee?

Source: Wolff/Lazear 2001

## Salaries in Top- and Flop-Industries 2016



Source: StepStone Gehaltsreport for Germany, 2016

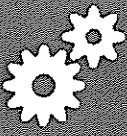


## Entry Salaries in different Disciplines 2016

MEDIZIN (UND ZAHNMEDIZIN)	52.036 €
NATURWISSENSCHAFTEN (BIOLOGIE, CHEMIE, PHARMAZIE, PHYSIK)	47.618 €
WIRTSCHAFTSINGENIEURWESEN	47.325 €
INGENIEURWISSENSCHAFTEN	46.477 €
RECHTSWISSENSCHAFTEN	45.730 €
MATHEMATIK UND INFORMATIK	45.211 €
WIRTSCHAFTSINFORMATIK	45.013 €
BWL, VWL, WIRTSCHAFTSWISSENSCHAFTEN	41.843 €
PSYCHOLOGIE	41.229 €
POLITIK- UND SOZIALWISSENSCHAFTEN	36.823 €
GEOMASSENCHAFTEN	36.392 €
LEHRAMT	36.196 €
SONSTIGES	34.597 €
ARCHITEKTUR	33.917 €
DESIGN	33.518 €
TECHNISCH-WISSENSCHAFTLICHE SOZIALWISSENSCHAFTEN	33.200 €
PHYSIK UND RECHTSWISSENSCHAFTEN	32.555 €
GEOMASSENCHAFTEN UND WIRTSCHAFTSWISSENSCHAFTEN	31.157 €

Source: StepStone Gehaltsreport for Germany, 2016

## Salaries Engineers 2015 (Austria)

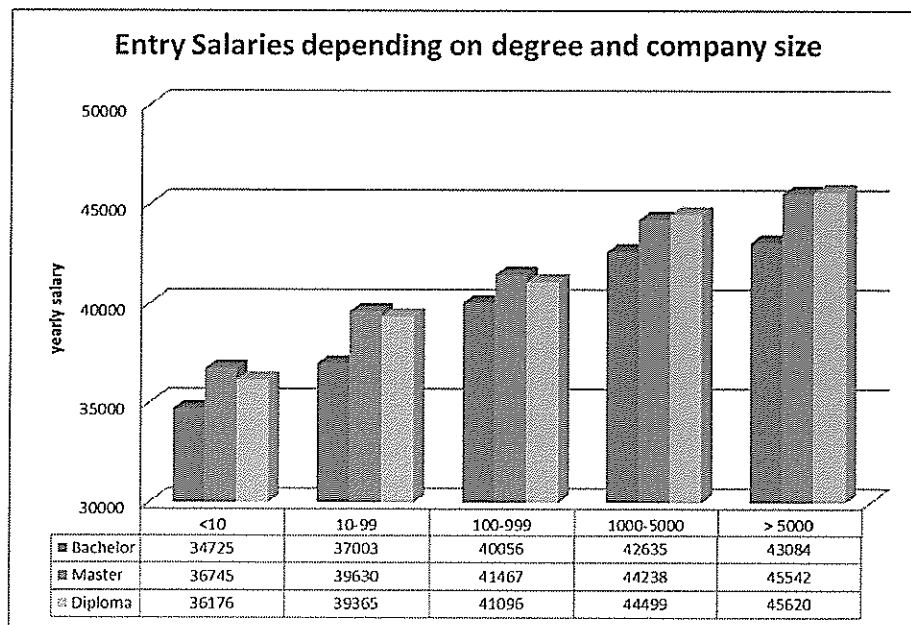
 <b>Techniker</b> Bruttojahresgehalt in Euro				
	ALTER	UNTERGRENZE	MITTELWERT	OBERGRENZE
Junior Engineer – HTL	23	29.100,-	<b>34.200,-</b>	40.200,-
Junior Engineer – Akademiker	27	39.200,-	<b>46.200,-</b>	53.600,-
Senior Engineer	34	53.900,-	<b>66.700,-</b>	77.900,-
Projektleiter	38	63.500,-	<b>77.800,-</b>	91.700,-
Leiter Produktion	45	99.500,-	<b>116.400,-</b>	132.800,-
Technischer Geschäftsführer	49	152.100,-	<b>182.700,-</b>	212.300,-

Quelle: Gehaltsexperte Dr. Conrad Pramböck für **karriere.at**

## TOP Universities in Germany and Entry Salaries

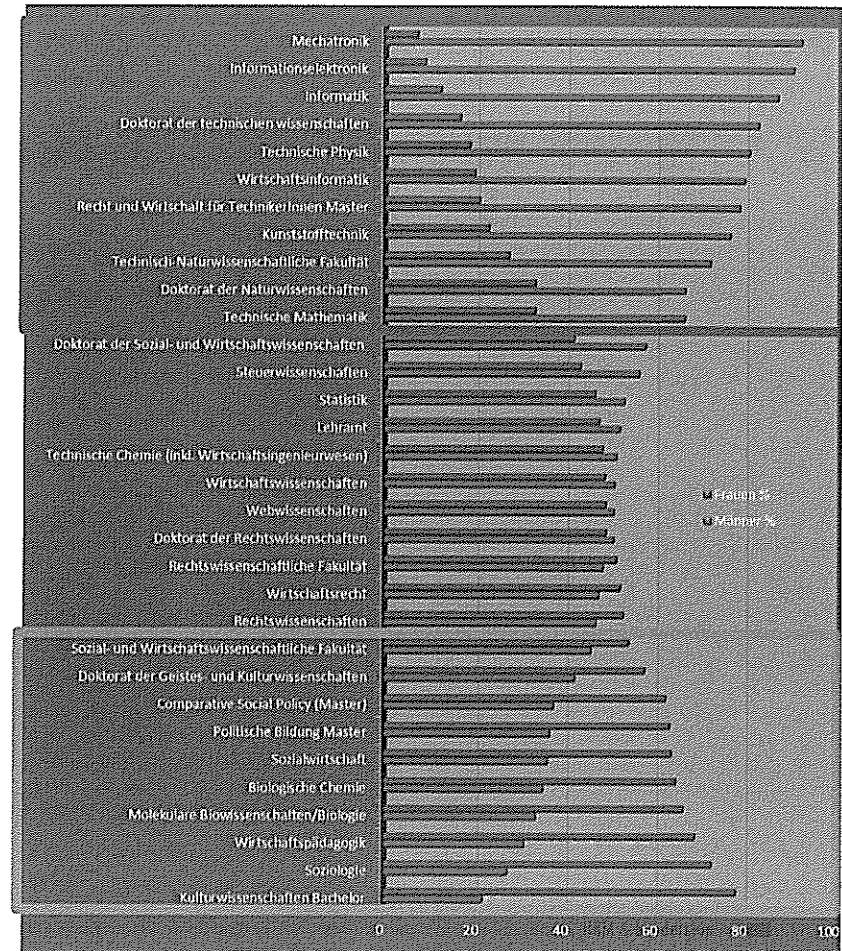
FÜR INGENIEURWISSENSCHAFTEN		FÜR INFORMATIONSTECHNOLOGIE	
54.367 €	TU DARMSTADT	1	TU DARMSTADT 54.333 €
53.087 €	UNIVERSITÄT HANNOVER	2	RWTH AACHEN 53.063 €
52.060 €	KARLSRUHER INSTITUT FÜR TECHNOLOGIE	3	HUMBOLDT-UNIVERSITÄT ZU BERLIN 50.313 €
51.094 €	UNIVERSITÄT ERLANGEN-NÜRNBERG	4	UNIVERSITÄT FREIBURG 49.444 €
50.944 €	UNIVERSITÄT BREMEN	5	UNIVERSITÄT BONN 49.008 €
50.739 €	UNIVERSITÄT STUTTGART	6	KARLSRUHER INSTITUT FÜR TECHNOLOGIE 46.967 €
50.032 €	TU HAMBURG-HAMBURG	7	TU MÜNCHEN 46.857 €
49.862 €	TU BRAUNSCHWEIG	8	UNIVERSITÄT MANNHEIM 46.800 €
49.575 €	RWTH AACHEN	9	UNIVERSITÄT DES SAARLANDES 46.576 €
48.172 €	TU MÜNCHEN	10	TU BERLIN 46.091 €

## Entry salaries (2012)



<http://www.zukx.de/orientierung/geld/gehalt/einstiegsgehalter-fur-ingenieure/>

# Graduates JKU & Gender



© Univ.Prof. Dr. Sabine Köszegi

HRM & Leadership

HRM & Leadership

HRM & Leadership

HRM & Leadership

HRM & Leadership

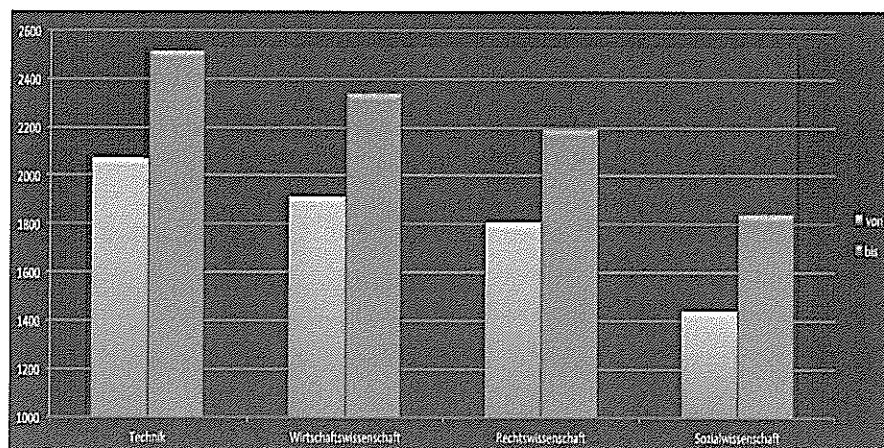
HRM & Leadership

HRM & Leadership

HRM & Leadership

HRM & Leadership

## Entry salaries & discipline



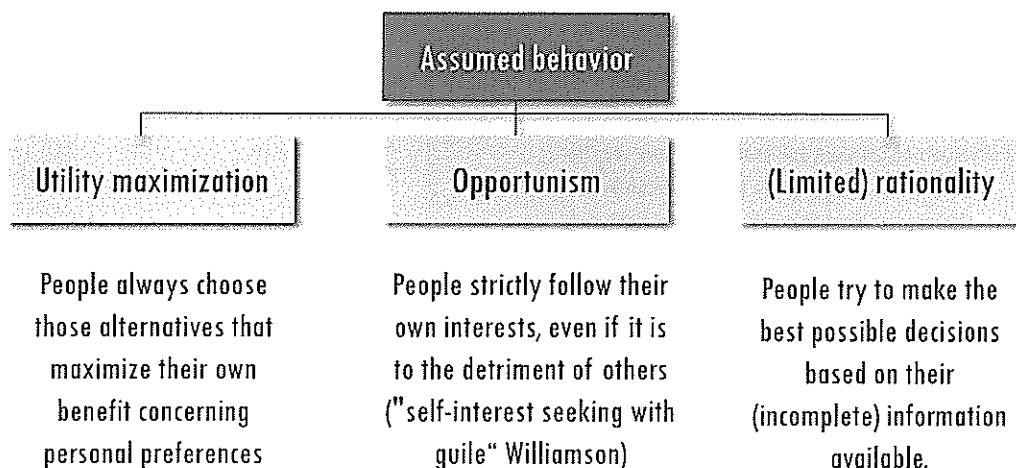
Source: <http://www.studium.at/einstiegsgeloh-altakademiker>, November 2014

## IT Industry Salaries depending on Function

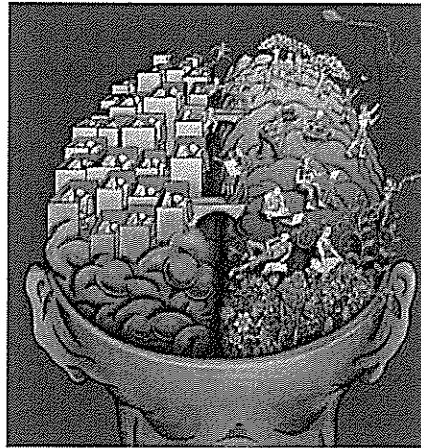
	Entry Salary	With Professional Experience	Leadership Position
Marketing	58.753	65.284	96.682
Consulting	57.247	69.109	98.640
Software Development	45.183	55.208	80.640
Sales	39.771	53.053	130.619

	Total	Fixed	Performance based	
Sales	83.833	56.423	33%	Survey 2006: 26.000 employees of 52 companies (Source: Süddeutsche.de, Mai 2009)
Marketing	65.284	54.745	16%	
Projectmanager	53.429	48.903	8%	
Projectleader	85.853	68.989	20%	
Junior consultant	42.881	40.297	6%	
Senior consultant	98.640	79.393	20%	
Software development	45.183	43.445	4%	
Software development leadership	100.752	79.441	21%	

## Personnel Economics Approach



# Homo economicus



Homo Economicus and the self-sabotaging brain

Source: [www.interest.co.nz](http://www.interest.co.nz)

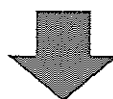
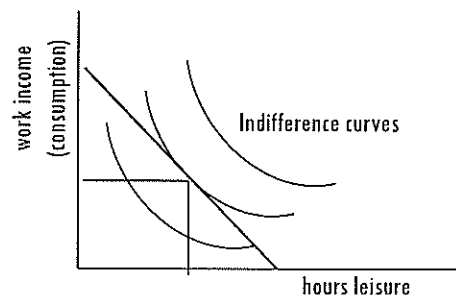
# Homo economicus

Work causes suffering (*Arbeitsleid*)

There is a trade-off between leisure and work (income)

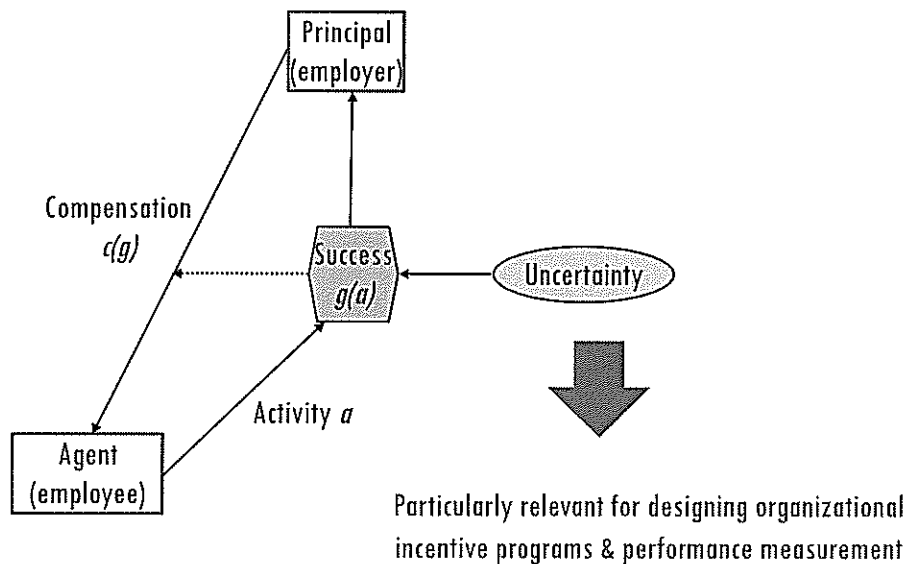
Leisure and income enter a person's utility function; indifference curves show the same level of utility (substitutability)

Individuals adjust work and realized income so as to equate the marginal rate of substitution between leisure and production of real output to his marginal rate of substitution in consumption.



Goal: Create Incentive Systems and payment schemes that maximize both at the same time, the employee's and the organization's profit

## Principal Agent Theory



## Agency Theory

- Rational (optimizing) behavior of economic actors (principal and agent)
- Agent: suffers from work - trade off between compensation and effort
- The principal anticipates the agent's behavior and designs a compensation system that maximises his own profit
- Participation constraint: taking the context into account

# Agency Model

$a$	Level of activity of the agent
$g(a)$	Profit function
$c(g)$	Compensation function
$u(c, a)$	Utility function of the agent

Optimization Problem:

Target function of the principal

$$\max g(a^*) - c(g(a^*))$$

Constraints:

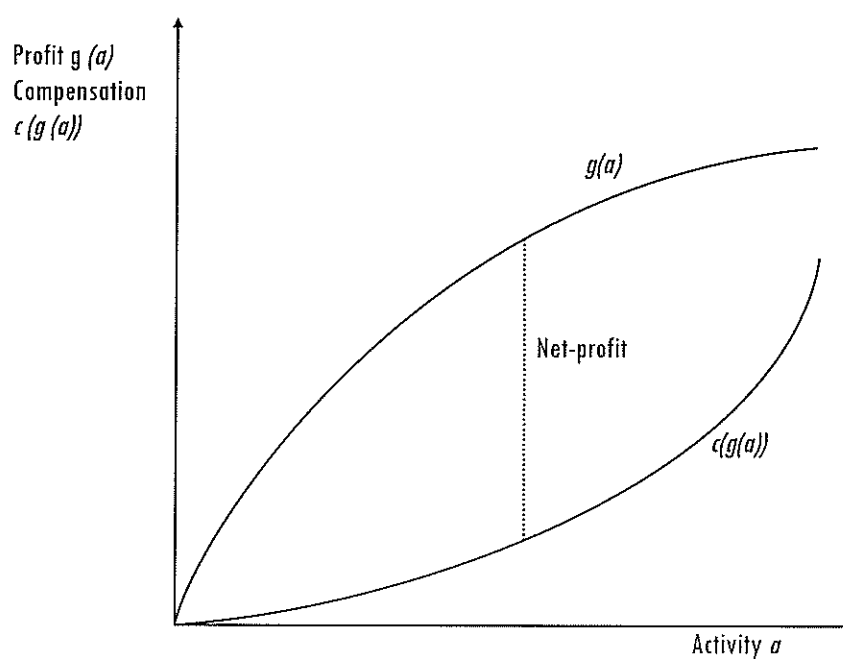
Agent maximizes her utility

$$u(a^*, c(g(a^*))) = \max u(a, c(g(a)))$$

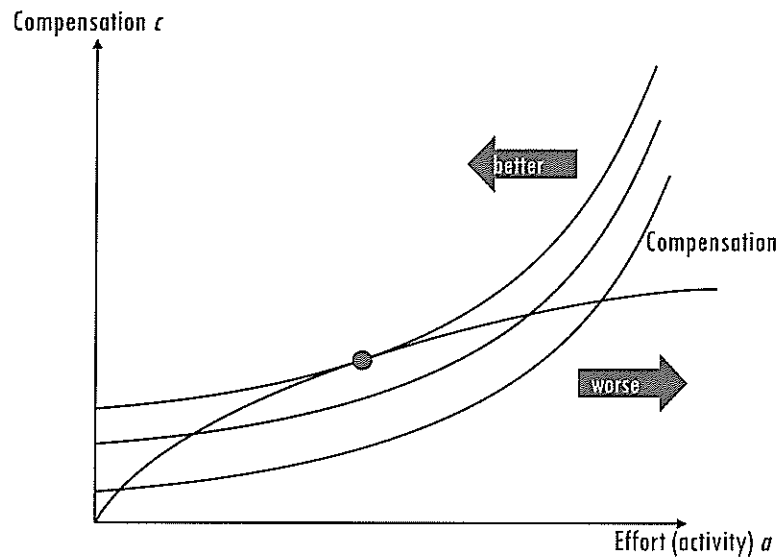
Participation constraint

$$u(a^*, c(g(a^*))) \geq u_{\min}$$

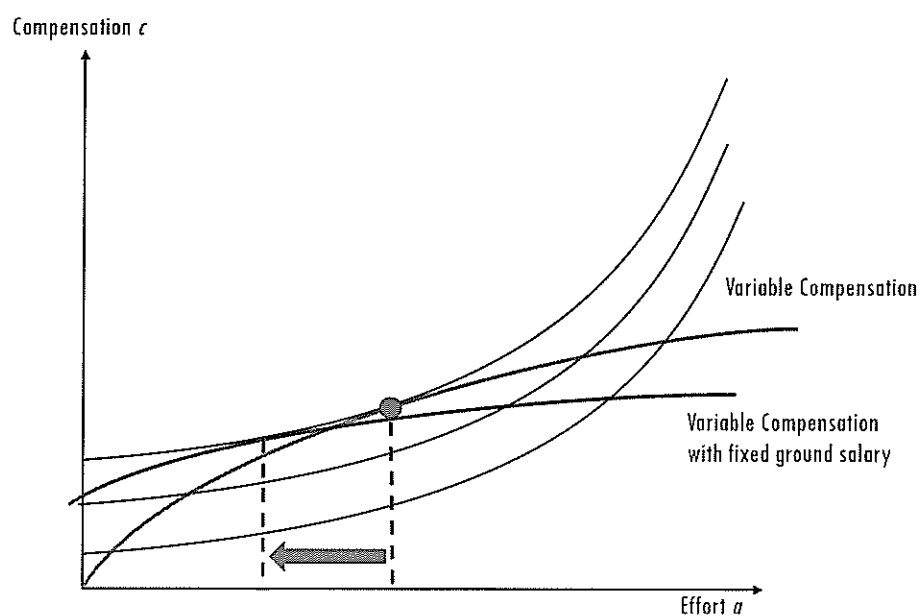
# Net Success for the Principal



# Indifference Curves and Optimization

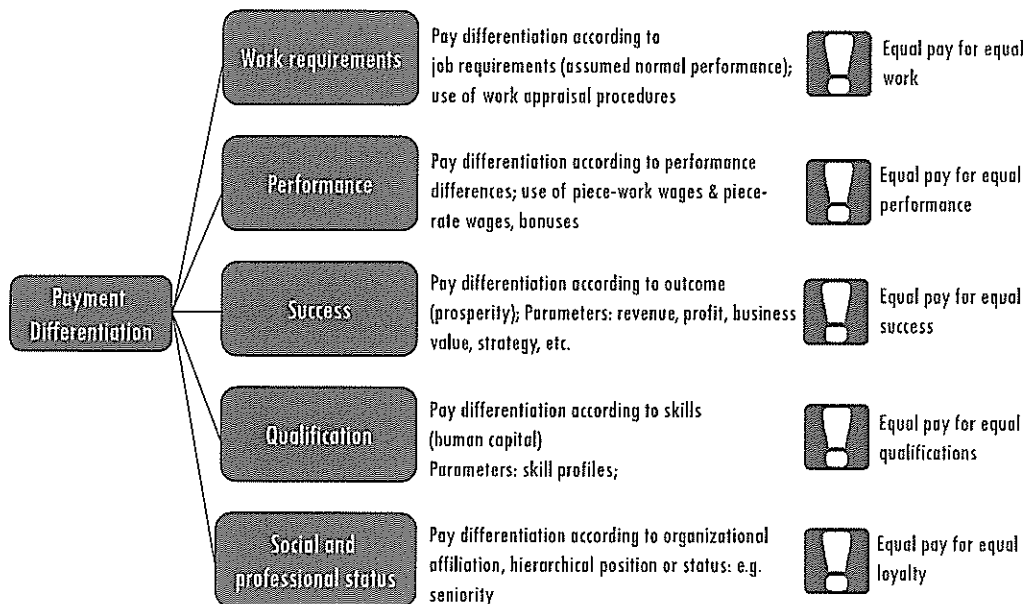


# Variable und fixed Compensation

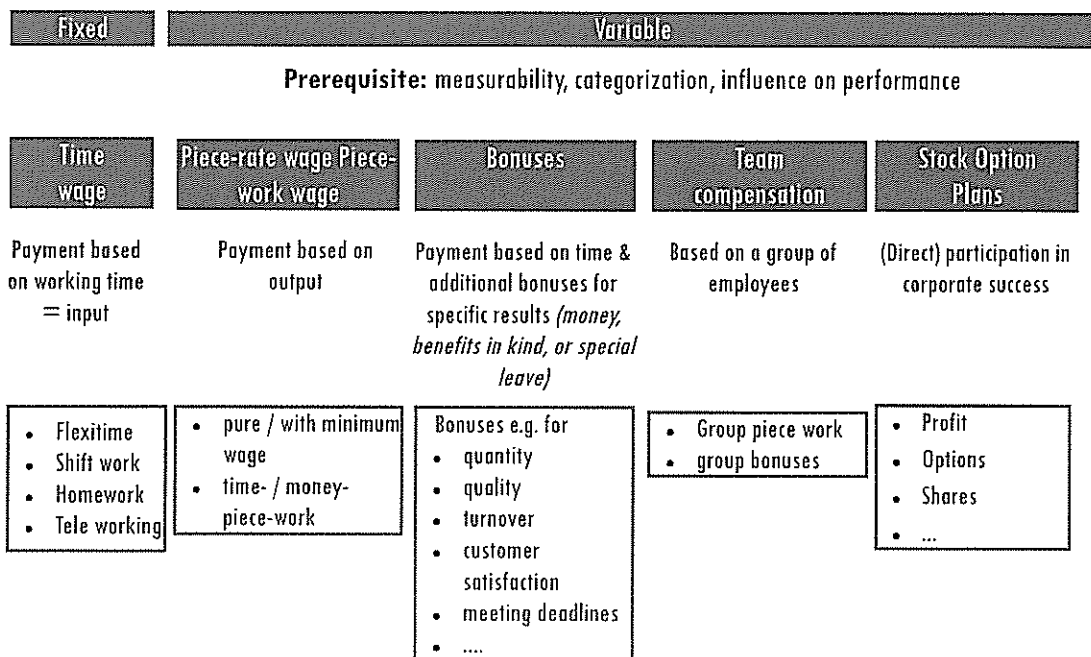




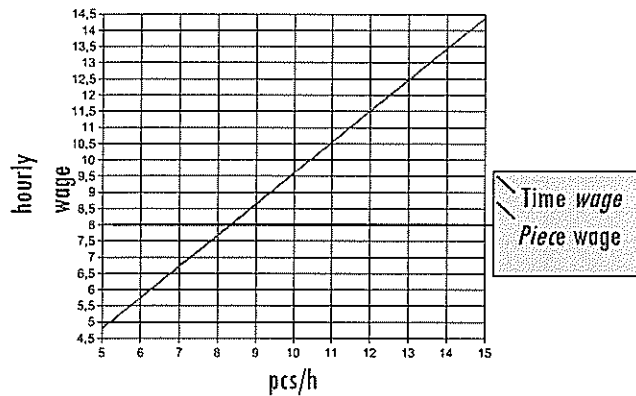
# Payment Schemes



# Wage forms



## Hourly Wage: Time Wage vs. Piece Wage



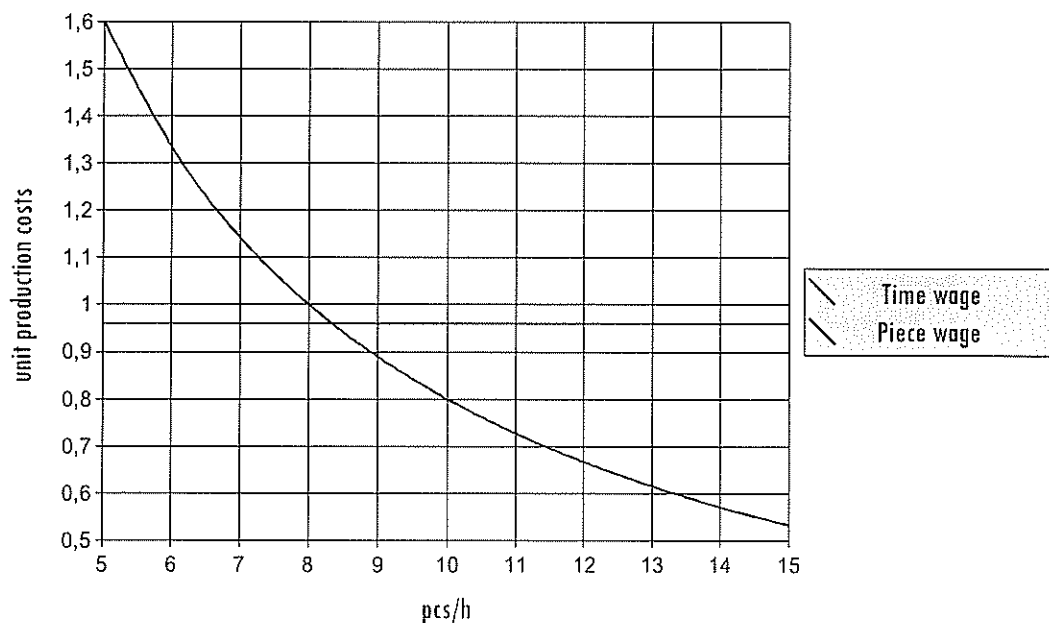
Payment based on output:

Assumes a relation between performance level and resulting quantity obtained per unit time

Time-piece-work = finishing below standard times leads to payment

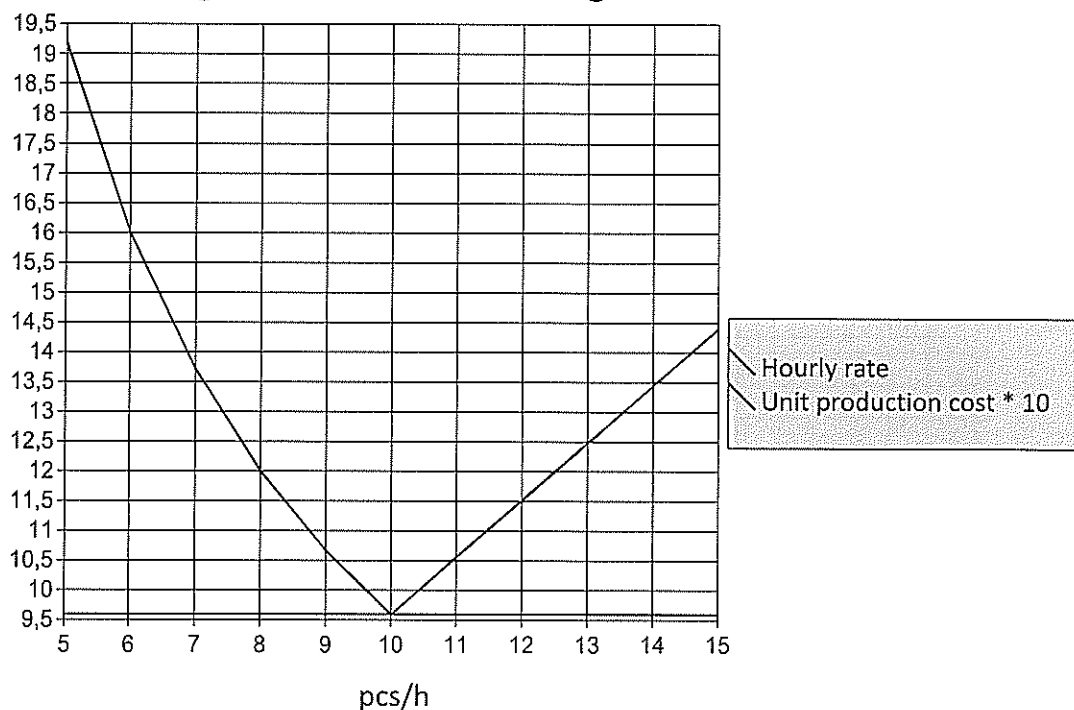
Money-piece-work = Fixed amount of money for certain piece of work multiplied by number (output)

## Unit Production Cost: Time- vs. Piece Wage



For piecework, the risk of fluctuations in performance is passed on to employees!

## Piece Wage With Minimum Wage



## Example: Safelite Glass Corporation

**Safelite** = largest car windows installer in the US

- Up to 1994: salary based on hourly rate
- From 1994 onwards: salary linked to output (number of windows installed)
- Performance Pay Plan: compensation based on output with minimum guarantee of \$ 11 (→ more able individuals can work harder without penalizing less able individuals)
- Sophisticated accountancy system

### Results:

- Increase of productivity (from 2.7 units per day to 3.24 units per day)
- Less fluctuation (before 50% of productive individuals left)
- Increase of actual pay
- → incentive effect: effort increases
- → sorting effect: average quality of workforce increases (attraction of productive individuals)

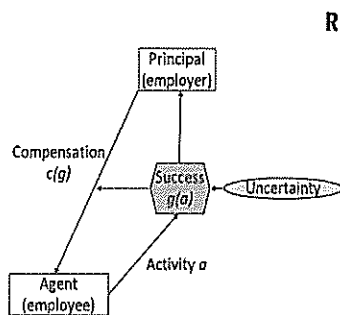
### Possible problems:

- Increase in wage is higher than productivity
- Measurement of in- & output is expensive
- Quality problems (more reparation)

# Performance-Based Pay Differentiation

## Empirical findings

- show little effect of performance-based pay differentiation on market success (Winter, 2000; Murphy, 1999)



### Reasons

- Overdetermination (complexity of influencing factors on success)
- Crowding out phenomenon (Frey / Osterloh, 2000)
- High incentives also in uncertain environments (contradicts Principal Agent Theory, see Prendergast 2000/2004)

# Reasons for Fixed Wages

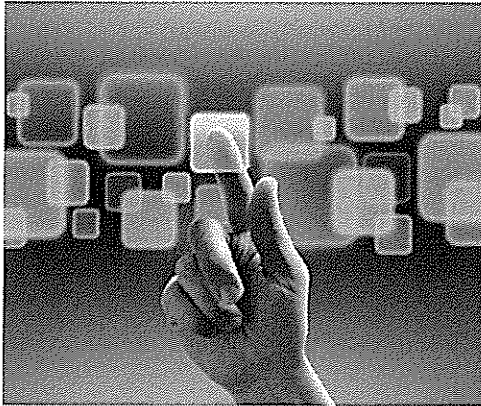
- Legal restrictions or according to collective agreements
- Risk distribution
- Measurement problems and costs
- Efficiency wages
- Career options (associated with wages based on seniority)

## Problems in determining the level of remuneration

- **Pay gap** between executive pay and employee remuneration: lack of a functioning market mechanism
- **National economic wage rate:** distribution of value added between employees and employers

## Non-Monetary Incentives & Cafeteria System

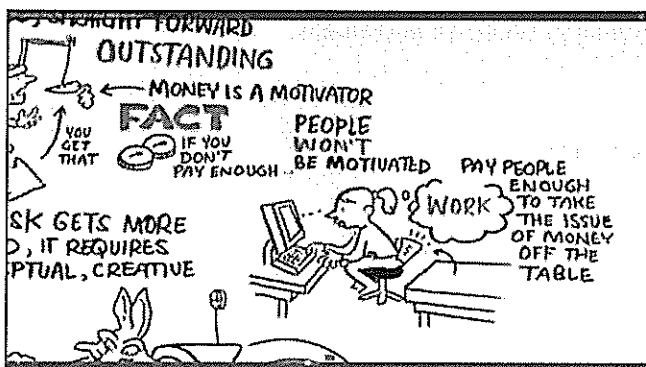
- Benefits in kind, consumption benefits
- Use of grants
- Consulting, banking and insurance services
- Additional services



### Individualization of compensation

Every employee has the possibility to select from different compensation components within a given budget

## Motivation



Source: <http://www.youtube.com/RSA>  
<https://www.youtube.com/watch?v=u6XAPnuFjJc>

The surprising truth about what motivates us:

- Autonomy
- Mastery
- Purpose

Monetary rewards only work for simple tasks but not for complex tasks

## Purpose at Buurtzorg



*"In my perspective, the whole notion of competition is idiotic. It really makes no sense. You try to figure out how you can best organize things to provide best care. If you then share the knowledge and the information, things will change more quickly."*

*cf. Laloux 2014, p.195*

- ➔ Purpose of care is not to inject medications or change a bandage, but it is to help people have **rich, meaningful, and autonomous lives**, to whatever degree is possible (cf. Laloux, p.200)
- ➔ There is **no written** purpose in the form of a mission statement, but Jos de Blok and others talk about purpose all the time, they find that keeping it oral keeps it alive, and prevents it from becoming constraining → it allows the **purpose** to be **evolutionary**, to keep evolving (Laloux, p. 200f.)
- ➔ Jos de Blok has documented and published Buurtzorg's revolutionary ways of operating in great detail, to **invite competition to imitate** him. What matters is patients living a healthy, autonomous and meaningful life.

## Summary

Basic requirements on payment systems:

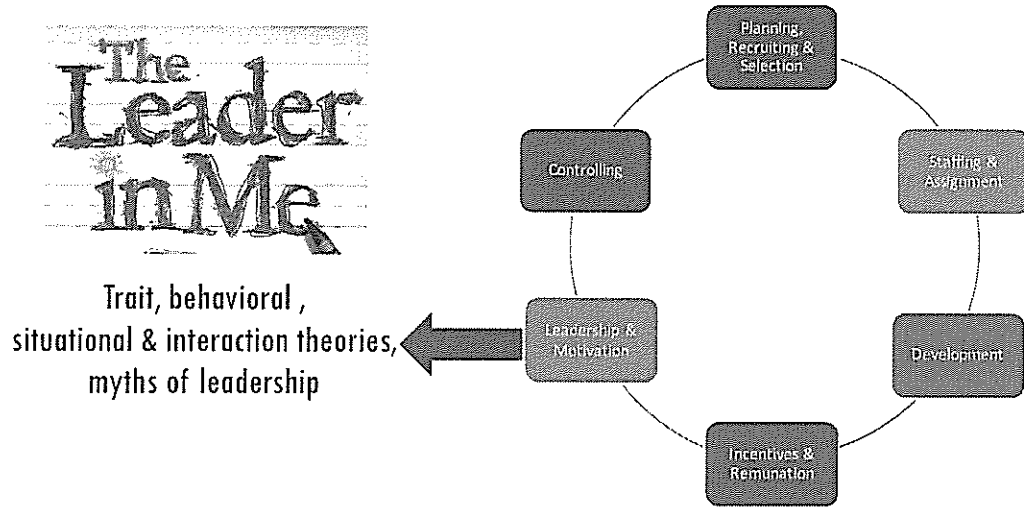
### Reasonable & transparent

The **performance indicators** defining compensation elements must be **observable** and **assigned** to certain individuals or teams.

The definition of performance indicators has to be **rule-based** and **reasonable**.

Wolff & Lazear, 2001

# Leadership & Motivation



## Challenge



"I attended the leadership conference.  
Now I'm following everything they recommended."

### Group A:

- What are the characteristics of the BEST leaders / managers you know / you have worked with?

### Group B:

- What are the characteristics of the WORST leaders / managers you know / you have worked with?

## Terms Associated with Leadership



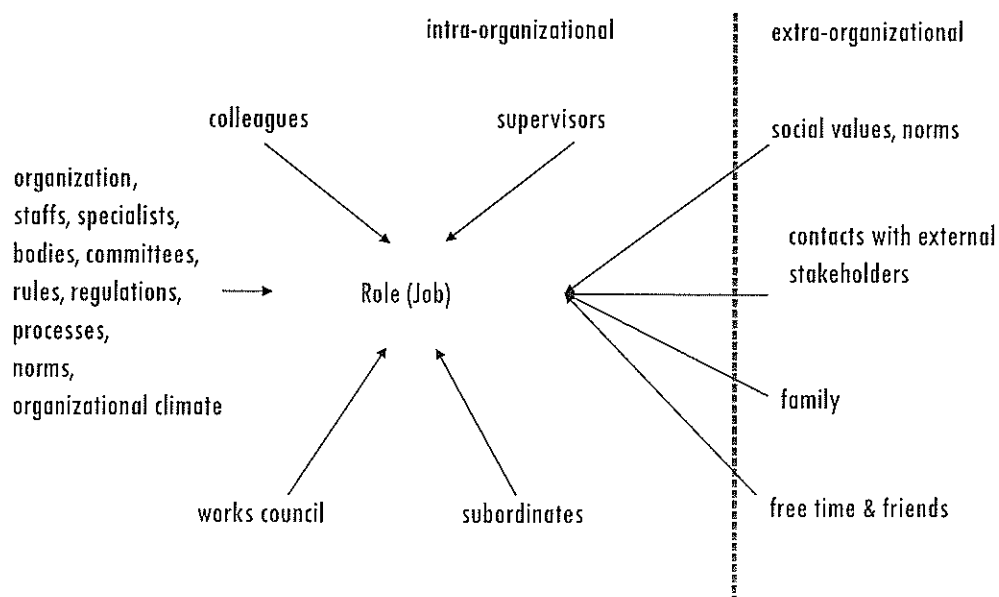


## Leaders who fail are . . .

- Insensitive towards others, intimidating and tyrannizing
- Cold, distanced and arrogant
- Inclined to abuse the trust of others
- Overambitious
- Characterized by specific performance problems
- Unable to delegate and work in teams
- Unable to hire effective staff
- Unable to think strategically
- Unable to adjust to a supervisor with different leadership style
- Strongly depend on a sponsor or mentor

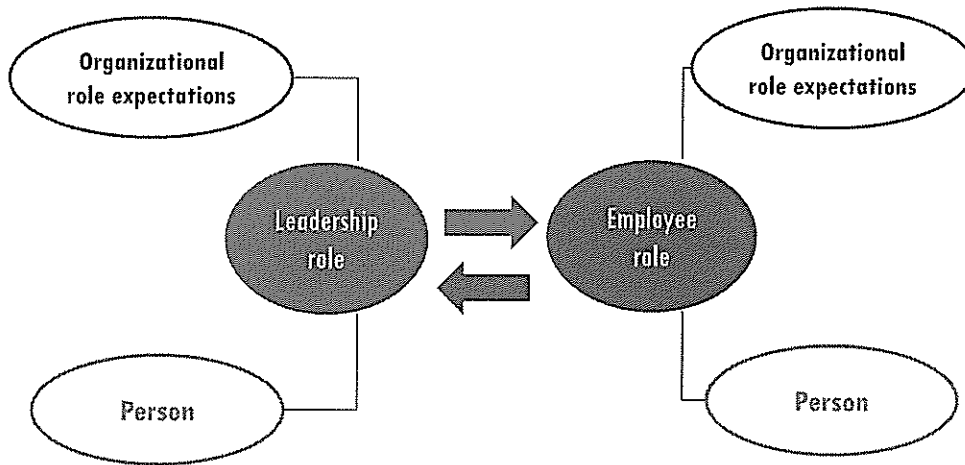
These negative characteristics are also shown by successful leaders,  
but are not perceived as relevant.  
Only when the situation changes, the characteristic is interpreted differently.

## Role Expectations and Conflicts

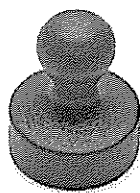


Adapted from Neuberger 2002, p 320

# Manager-Employee Relationship



# Basic assumptions about human nature



rational dimension

social dimension

human dimension

cultural dimension

political dimension

1. The patronized employee

until about 1900

2. Economic man (rational man)

about 1900-1930

3. Social Man

about 1930-1950

4. Self-actualizing/Complex Man

from about 1950

5. Sense-making Man

from about 1980

6. Generation Y/Millennials

from about 1990

# Leadership Theories

## Trait theories

**Leadership is grounded in the person of the leader:** most traditional explanation;

Basic ideas of human nature: the patronized man

## Behavioral theories

**Idealistic behavior of successful leaders**  
(e.g. Weber's ideal/typical leadership styles;  
Managerial Grid: task vs. relationship orientation)  
Basic idea of human nature: rational man

## Contingency theories

**Effectiveness of leadership style depends on the situation**  
(e.g. Fiedler model, LPC)

Basic ideas of human nature: social/complex man

## Interactive theories

**Reciprocal interpersonal relations between managers and employees**  
(e.g. leader-member exchange)  
Basic ideas of human nature: social/complex man

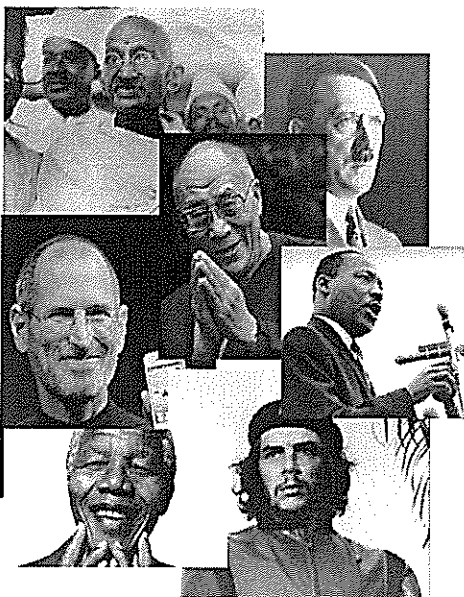
## Symbolic leadership

**Supervisors are surrounded by symbolized leadership** (artifacts, language, gestures and actions) **while they are symbolizing** (meaning)  
Basic idea of human nature: sense-making man

## Postmodern perspective

**Questions leadership fundamentally**  
Discusses issues of dominance, power and control;  
Uncovers myths of leadership  
Basic idea of human nature: political man

# Trait Approach



- ✓ Charismatic Leadership
- ✓ Great Man - Theories
- ✓ Traits (hereditary, physical, mental, personality) of the leader are essential for managerial success
- ✓ Newer approaches to transformational leadership (as opposed to transactional leadership)
- ✓ Gains importance particularly in crisis situations

Selection of google pictures search: „charismatic leaders“

## Criticism on Great Man Theory

- Gender biased
- Empirically a **great variety of traits** – sometimes contradictory results.
- Designed statically, excludes the **behavior** of the leader.
- Neglects the **interaction** between leader and employees.
- Leadership **situation** is not considered.



Sheikh Hasina Wajed (Prime Minister Bangladesh)



Herta and Paul Amirson  
(First Science Minister in Austria)



Aung San Suu Kyi (Burmese opposition politician,  
National League for Democracy)

## Behavioral Theories

### Focus on Behavior

#### Leadership has two Dimensions:

- ✓ Concern for People
- ✓ Concern for Task

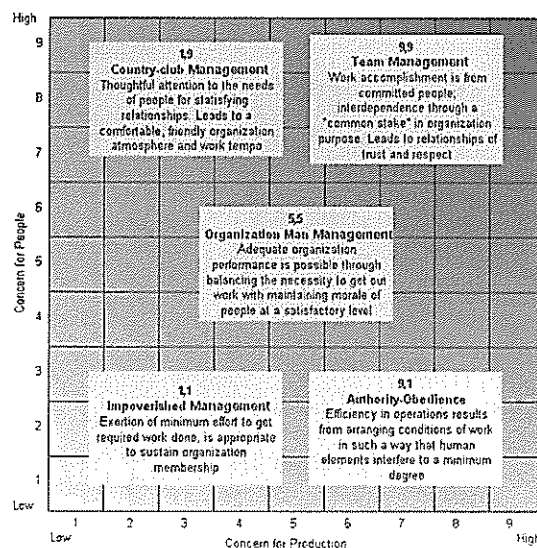
High result in both dimensions is considered as ideal leadership style

#### Criticism:



- ➔ One-best-way leadership style?
- ➔ In every situation?

### Managerial Grid

from Blake and Mouton, 1964



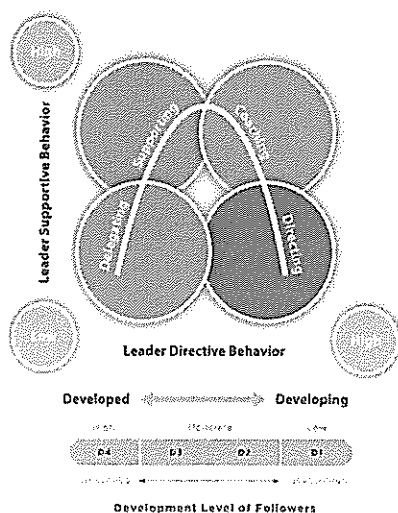
# Mc Gregors Theory

<p><b>Theory X</b> assumes that Employees ...</p>  <ul style="list-style-type: none"> <li>• Dislike working</li> <li>• Avoid responsibility and need to be directed</li> <li>• Have to be controlled, forced, and threatened to deliver what's needed.</li> <li>• Need to be supervised at every step, with controls put in place</li> <li>• Need to be enticed to produce results; otherwise they have no ambition or incentive to work</li> </ul>	<p><b>Theory Y</b> assumes that Employees ...</p>  <ul style="list-style-type: none"> <li>• Take responsibility and are motivated to fulfill the goals they are given</li> <li>• Seek and accept responsibility and do not need much direction</li> <li>• Consider work as a natural part of life and solve work problems imaginatively</li> <li>• Want to contribute to the organization' success</li> </ul>
--	--

Managers' perceptions influence how subordinates behave! Self fulfilling prophecy!

# Contingency Theories

## Situational Leadership Theory (Hersey & Blanchard)



Effectiveness of a leadership style depends on the maturity (readiness) of the employees (= follower development level)

"Maturity" on two dimensions:

- ✓ job maturity (ability to cope with the job)
- ✓ psychological maturity (motivation & self-confidence)

4 styles

- authoritarian leadership style (directing),
- Integrating management style (coaching),
- participative management style (supporting),
- the delegation style (delegating)

Criticism:

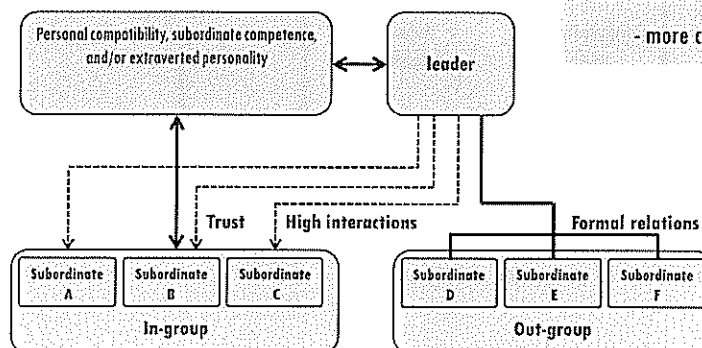
- ➔ Can managers arbitrarily adapt the style of leadership?
- ➔ Regardless of other conditions, like mission, values system, group structure etc.?

(Rodler, Kirchler, 2002)

# Interactive Theories

## Leader-member exchange theory (LMX Theory)

- The followers' characteristics (e.g. gender) are driving the leaders' choices about in- vs. out-group status!
- Self-fulfilling prophecy (Mc. Gregor's Theory X and Y!)



- ✓ Leaders prefer some employees over others and create in-groups and out-groups
- ✓ Subordinates with in-group status have
  - higher performance ratings,
  - less turnover & greater satisfaction
  - more citizenship behaviors

## Symbolic leaders use story telling ...

Anthropologists contend that 70 percent of everything we learn is through stories!!

Michael Margolis 2009

Those who do not have the power over the story that dominates their lives — the power to retell it, rethink it, deconstruct it, joke about it, and change it as time changes — truly are powerless, because they cannot think new thoughts.

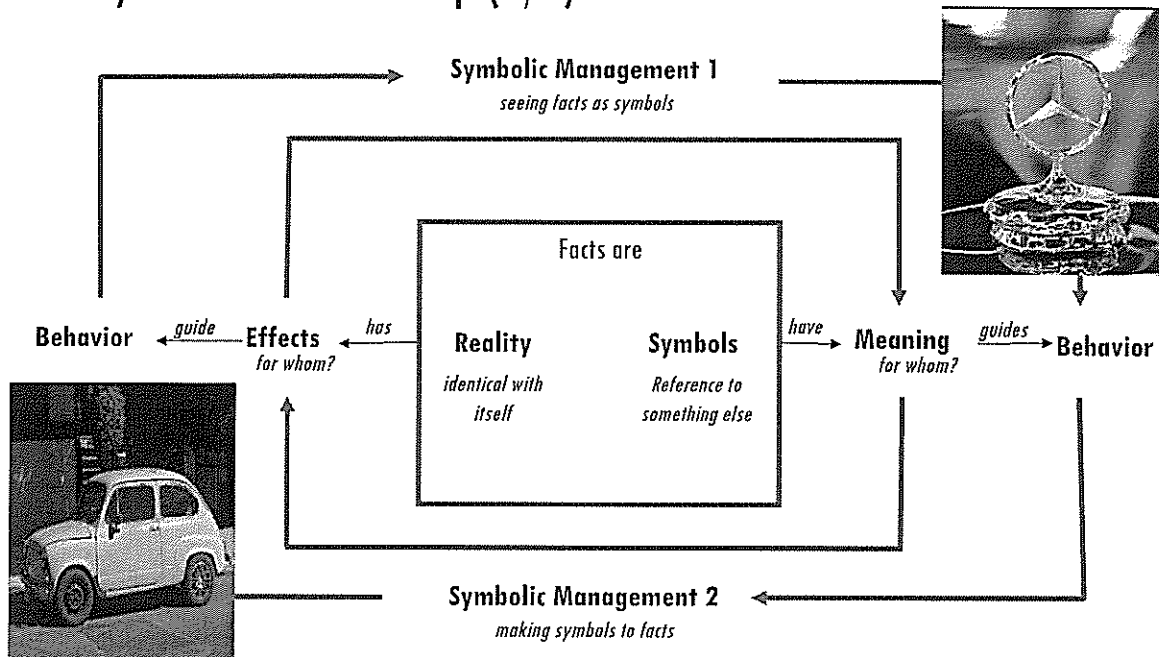
Salman Rushdie

If you want to learn about a culture, listen to stories.

AND:

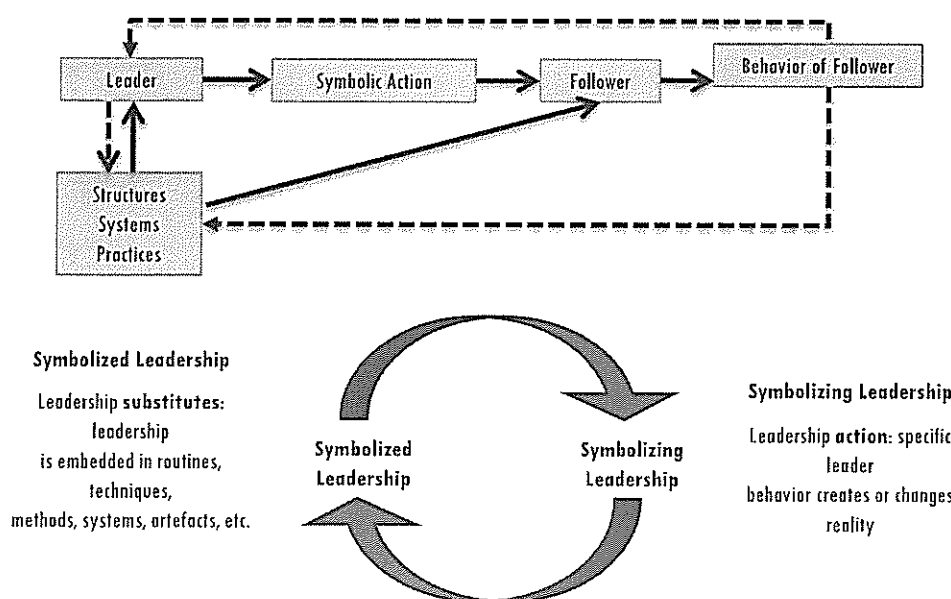
If you want to change a culture, change the stories.

## Symbolic Leadership (1/2)



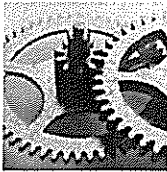
Adapted from Neuberger, 2002, p. 651

## Symbolic Leadership (2/2)



Adapted from Neuberger, 2002, 1995 /  
Ingo Winkler Symbolic Leadership 2009

## Leadership Myths — Postmodern Approach

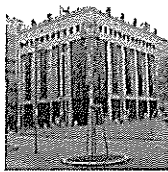


### Rationality myth: "We are rational"

suggests, that managers are rational decision makers and decide with their best knowledge; obscures that decision processes are often irrational or based on emotional or political reasons.

Myths = imagery and ambiguous statements with need for interpretation and with a claim to be true; reflects reality not comprehensively but rather one-sided or selective.

**Meritocracy myth: "The best will win"**  
Suggests meritocratic principles; obscures the fact that in many cases careers are dependent on opportunistic tactics, homophile networks or chance.



**Family myth "We are all in the same boat"**  
suggests the concern about the well-being of all instead egoistic motives of management and owners; silences imbalance of power and self-interest

... more myths:

- "The manager has everything under control"
- "Everything is possible"
- "The focus is on people"

Neuberger, 2001, p. 100ff

## Leadership at Buurtzorg



There is no hierarchy at Buurtzorg, and there are no leaders or managers!

- Regional coaches support regional teams but do not make any decisions for the teams.
- Any person in the organization can make any decision by using the ADVICE PROCESS: Before a decision is made, that person must seek advice from all affected parties and people with expertise on the matter. The person is no obligation to integrate every piece of advice but it needs to be taken into serious consideration.
- Decisions that affect more teams are discussed using internal ICT (blog etc.)
- Jos de Blok, the founder, is also adhering to the advice process!

Will leadership be obsolete in the future?



# Challenges in HRM

Work place bullying, gender equality & management of diversity, work-life-integration, new ways of working, etc.



## Work Place Bullying: The Case of Leif

Leif worked in a large factory in Norway. His job, as a repairman, was to keep the machine park up and running. He was a skilled worker on high wages. He came originally from Denmark and his workmates often made fun of him as he spoke Norwegian with a Danish accent.

This happened so often that his personal relations became seriously disturbed — he became isolated. On one occasion he became so irritated that he thumped the table with his fist and demanded an end to all further jokes about his accent. From that point, things became worse. His workmates intensified and widened the range of their "jokes." One of these was to send him to machines which didn't need repairing. In this way Leif gradually gained the reputation of being "The Mad Dane." At the beginning, many workers and foremen did not know that his sudden appearances were the results of "Jokes." His social contact network broke down, and more and more workmates joined in the hunt. Wherever he appeared, jokes and taunts flew around.

His feeling of aggression grew and this drew the attention of management. They got the impression that it was Leif's fault and that he was a low-performance worker (which he gradually became). He was admonished. His anxiety increased and he developed psychosomatic problems and had to take sick leave. His employers reassigned him to less skilled work without even discussing his problems; this Leif experienced as unjust. He considered himself to be blameless.

The situation gradually developed into one of serious psychosomatic disorders and longer periods of sick leave. Leif could not keep his job, nor could he get another one, as his medical history could be only too clearly seen in his job applications. There was nowhere in society where he could turn for help. He became totally unemployable — an outcast. One of the ironies of this case is that Leif had previously been employed by a number of companies where he had performed well, had been a good workmate and had been given good references by his employers.

# Workplace Bullying (Mobbing)

## Features

- Exposure to **aggressive and hostile**, (often mostly psychological acts)
- **Repeated and long-term** exposure
- **One or more opponents**
- Target feels **powerless to defend**; **power imbalance** between parties
- $\neq$  conflict; but could be the consequence of an **escalated conflict**

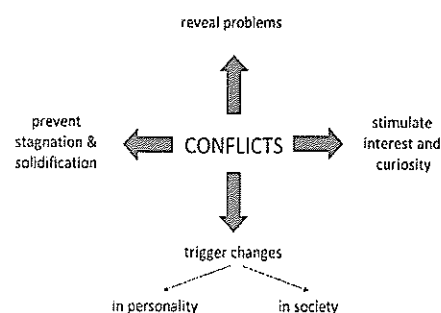
Cf. Leymann 1990, Salin 2003, Einarsen et al. 2011

E.g. subtle social exclusion, withholding of information, gossiping, denigration, joking, physical assaults, etc:



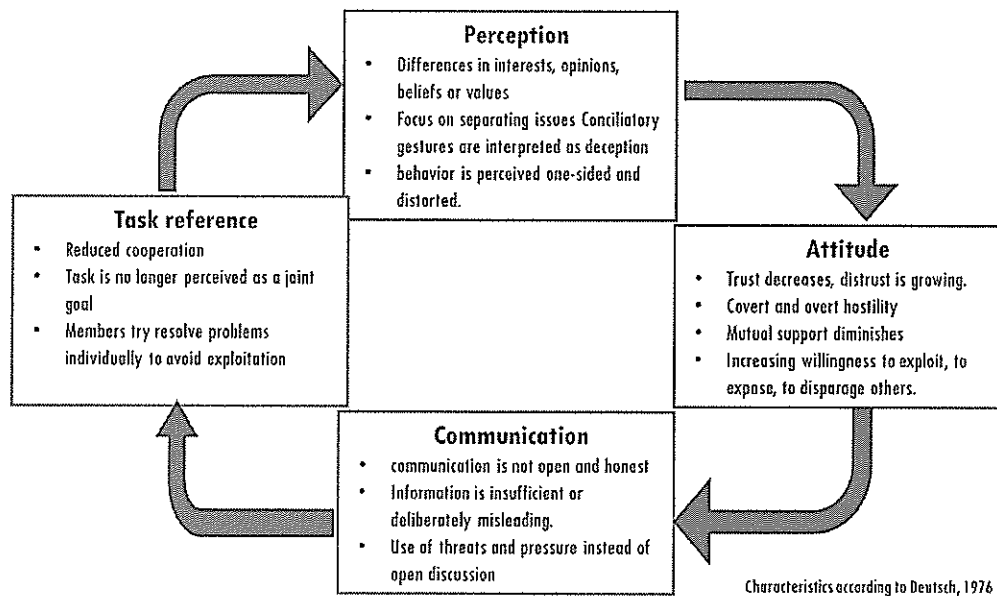
# Types of Conflict

- **Task conflict**  
relates to the content and goals of the work
- **Process conflict**  
relates to how the work gets done
- **Relationship conflict**  
focuses on interpersonal relationships (most dysfunctional)



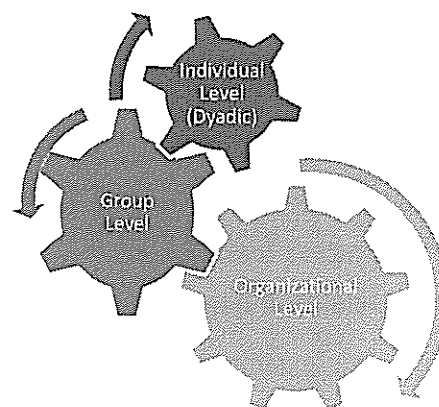
Robbins, Judge & Campell, 2010, p. 401

## Conflicts in Groups



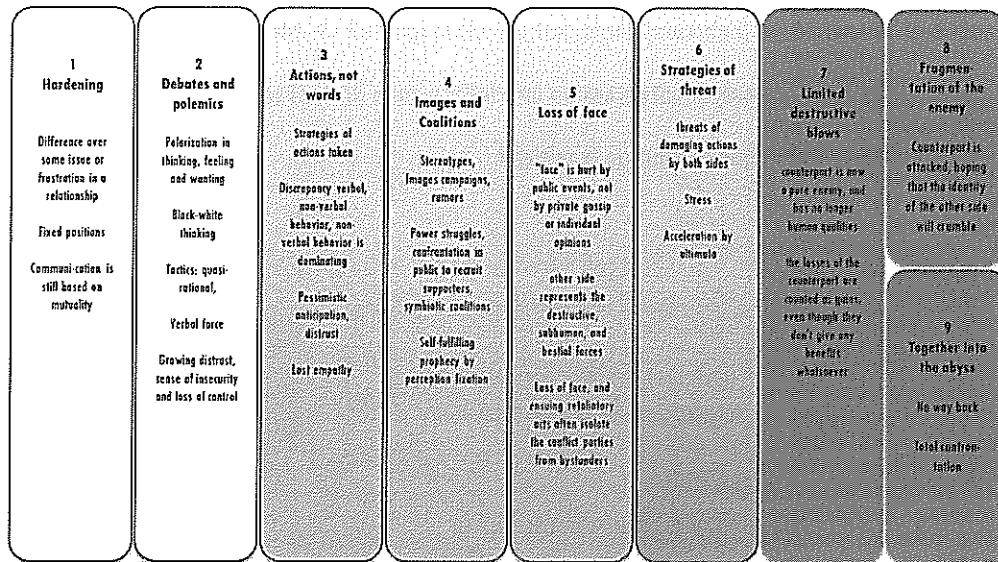
## Escalation of Conflicts

- Glasl's Escalation Model: WP Bullying set in end of phase 2
- Escalation into a „wider social arena“ (group level, management etc.) leads to increased perceived power imbalance
- denial, stigmatization and victim-blaming of the target (see case of Leif)
- Fear of ostracism, ignorance and revenge: rarely (official) complaints
- end: often voluntary exit/expulsion of target (and witnesses!)



Einarsen et al. 2011, Glasl 2010, Rayner 2005

## Glasl's Model of Conflict Escalation



<http://www.mediata.com/articles/jordan.cfm>

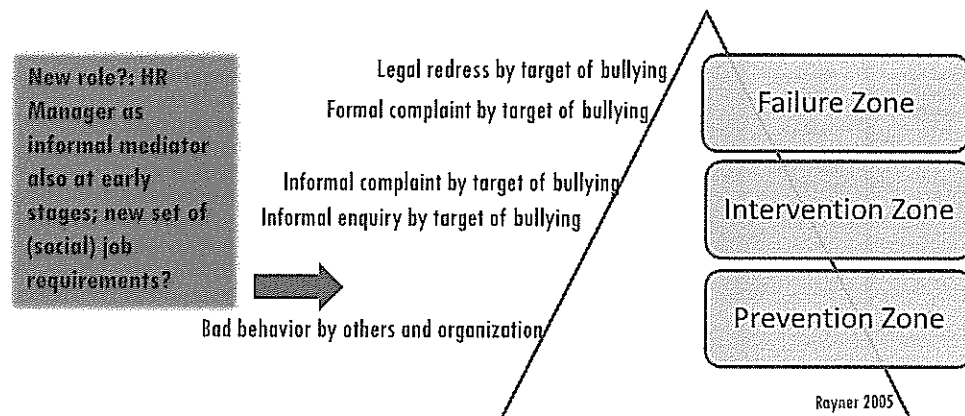
## Risk Factors for Workplace Bullying

- Multi-causal phenomenon (personality and environment characteristics)
- Tendency to „privatize“ problem and neglect possible organizations sources/mediators of (highly escalated) conflicts!
- Bullying needs to find an organizational culture where it can be acted out
- Possible structural and cultural risk factors:
  - ✓ Work organization (role ambiguities, role conflicts, role overloads)
  - ✓ Leadership style (too authoritarian or too laissez faire)
  - ✓ Job stressors (level of autonomy, control over results, high workloads etc.), task interdependencies
  - ✓ Lack of job descriptions and intransparent reward and promotion systems
  - ✓ Organizational change

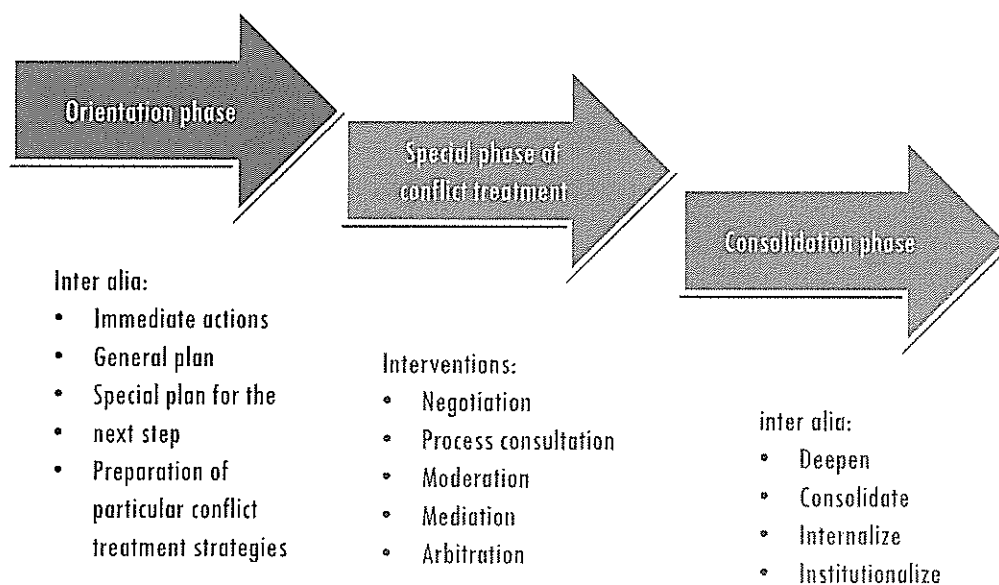
Agervold 2004, 2007; Hotelaers et al. 2011, Hauge et al. 2011

## HR Intervention – The Event Hierarchy

- ➔ Most targets voice their complaints, but are often ignored -> further escalation
- ➔ Often HR involved only in intervention and failure zone (formal complaints)
- ➔ Early intervention and resolution is critical!

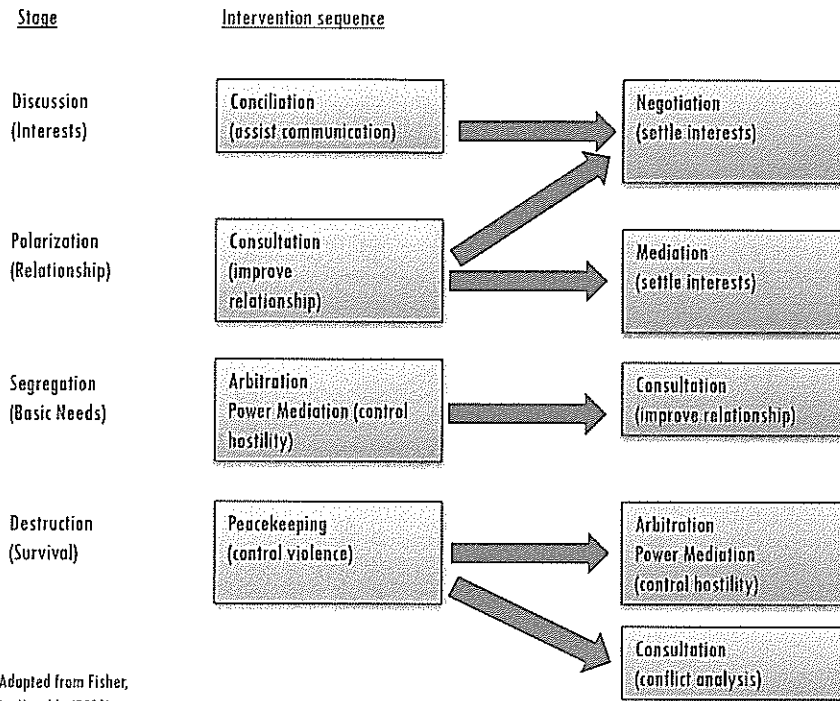


## Coping with Conflict



adapted from Glasl, 2002, p. 449

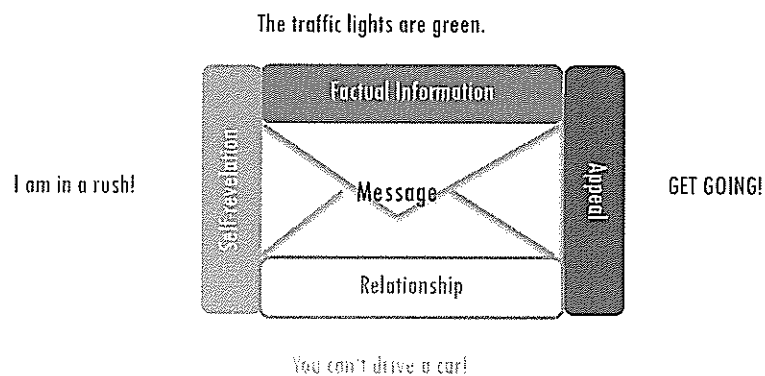
# Third Party Intervention



Adapted from Fisher,  
in: Keashly (2011)

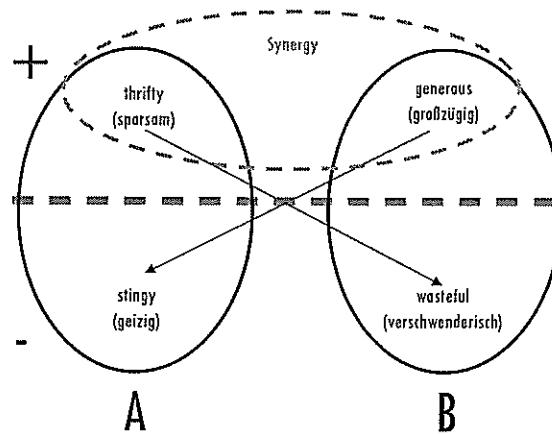
# Communication

„The traffic lights are green!“



## Values Conflict Balance

Conflict about christmas present for kids: € 350 for wooden toy blocks



## Gender Equality



Source: <http://ihapsodynbooks.files.wordpress.com/2009/01/equalpay-lincol.jpg>



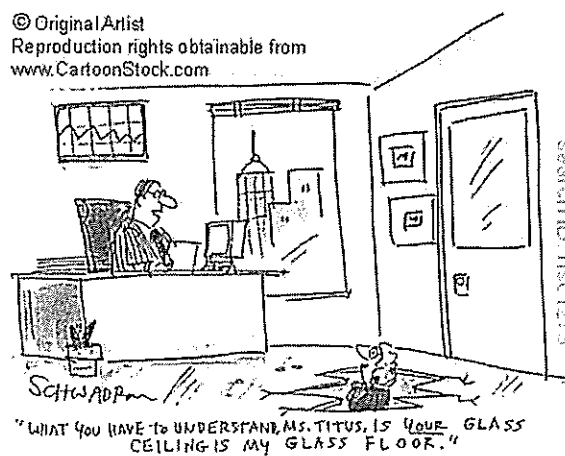
That morning, the boss had brought in a device capable of doing the work of 10 men - a woman.

## Equal Treatment Act

- **In the public sector (Federal Constitution Article 7 (2))**
  - government, states and municipalities are committed to genuine equality between men and women. Measures to promote factual equality between women and men - in particular by removing existing inequalities - are actually allowed.
  - **relative quota system:** usually formulated in such a way that with equal qualifications the female candidate is to be preferred to the male candidate until a women quota of x per cent is reached in the respective body.
- **Private sector (in compliance with EU directives)**
  - Job postings are strictly required to be non-discriminatory
  - **direct discrimination:**  
Example: In an organization, different tasks are regularly assigned to men than to women because women handle these apparently better (stereotyping).
  - **indirect discrimination:**  
Example: In an organization, part-time workers are excluded from leadership positions. Since in this company particularly women work as part-time workers, mostly women are thereby disadvantaged in terms of career opportunities than men, who are intended as full-time employees for leadership positions.

## Glass Ceiling

Barrier that keeps minorities and women from rising to the upper positions of the corporate ladder





## Glass Ceiling

- **Opportunity:**
  - expectations about the future affect commitment and dedication
  - men have more opportunities to demonstrate skills and competencies and have more opportunities for promotion, get more training, are on career paths that lead directly to the top
- **Power:**
  - opportunity to get resources and to build up reputation
  - by tasks / positions that are visible and strategic as well as by influential mentors
- **Majority / minority (tokenism):**
  - "Homo-social reproduction": the majority of people with similar characteristics dominates and influences the business culture. They feel comfortable with each other and tend to give only likely-minded people a chance
  - the majority stereotypes the minority and does not address its needs

## Glass Cliff

Women are Over-Represented in Precarious Leadership Positions

There has been much research concerning the barriers women face in trying to climb the corporate ladder, with evidence suggesting that they typically confront a "glass ceiling" while men are more likely to benefit from a "glass escalator".

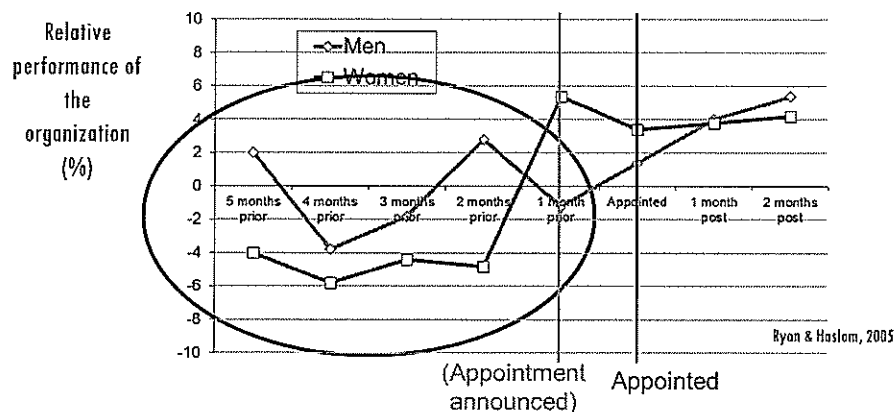
**But what happens when women do achieve leadership roles? And what sorts of positions are they given? While women are now achieving more high profile positions, they are more likely than men to find themselves on a "glass cliff", such that their positions are risky or precarious. In an archival study the performance of FTSE 100 companies were examined before and after the appointment of a male or female board member. The study revealed that during a period of overall stock-market decline those companies who appointed women to their boards were more likely to have experienced consistently bad performance in the preceding five months than those who appointed men. These results expose an additional, largely invisible, hurdle that women need to overcome in the workplace...**

Ryan & Haslam, 2005



## Glass Cliff

**Archival study** investigated the share price performance of **FTSE 100 companies** on the London Stock Exchange both immediately **before and after the appointment** of a male or female board member



## Effects of Tokenism (1/2)

- **Increased attention:**
  - Increased work pressure on women
  - *Assessment on two levels:* how do women perform management tasks and despite of their tasks how do female managers live their feminine side
  - *Response strategies:* over-fulfillment of expectations or trying to make themselves socially invisible
- **Contrast (polarization and exaggeration):**
  - Exaggeration of the prevailing culture, pressure, and constant demonstration of the diversity often leads to isolation of women
  - *Response strategies:* accepting isolation or trying to become insider and proving loyalty (and possibly even take up a position against other women).

## Effects of Tokenism (2/2)

- **Stereotyping (assimilation)**
  - **Imprisonment in the role stereotypes:**
    - Iron Lady (the tough career woman)
    - Mother (nourishes & supports, but is not critical),
    - Little sister (mascot & cheerleader)
    - Seductress (still maiden-like, must be protected by men with higher status)
- **Response strategies:** withdrawal from social relationships or resignation from fighting against the stereotypes

Kanter, 1993

## Measures Against Discrimination

- **Cultural level**
  - Commitment of top management to equal treatment
  - Mandatory workshops for all employees with the goal to create awareness for "gender dynamics" (prejudices and different perception)
- **Structural level**
  - The managers are held responsible for implementing the measures of this initiative
  - Regular reports and evaluation of the offices concerning success, benchmarking and remuneration based on achieving the targets
  - Screening and evaluation of the assignment process (allocation to projects) for prejudices and gender-specific segmentation
  - Flexible work arrangements for all employees
  - Company policy without gender discrimination ("No-Nepotism Rule")



