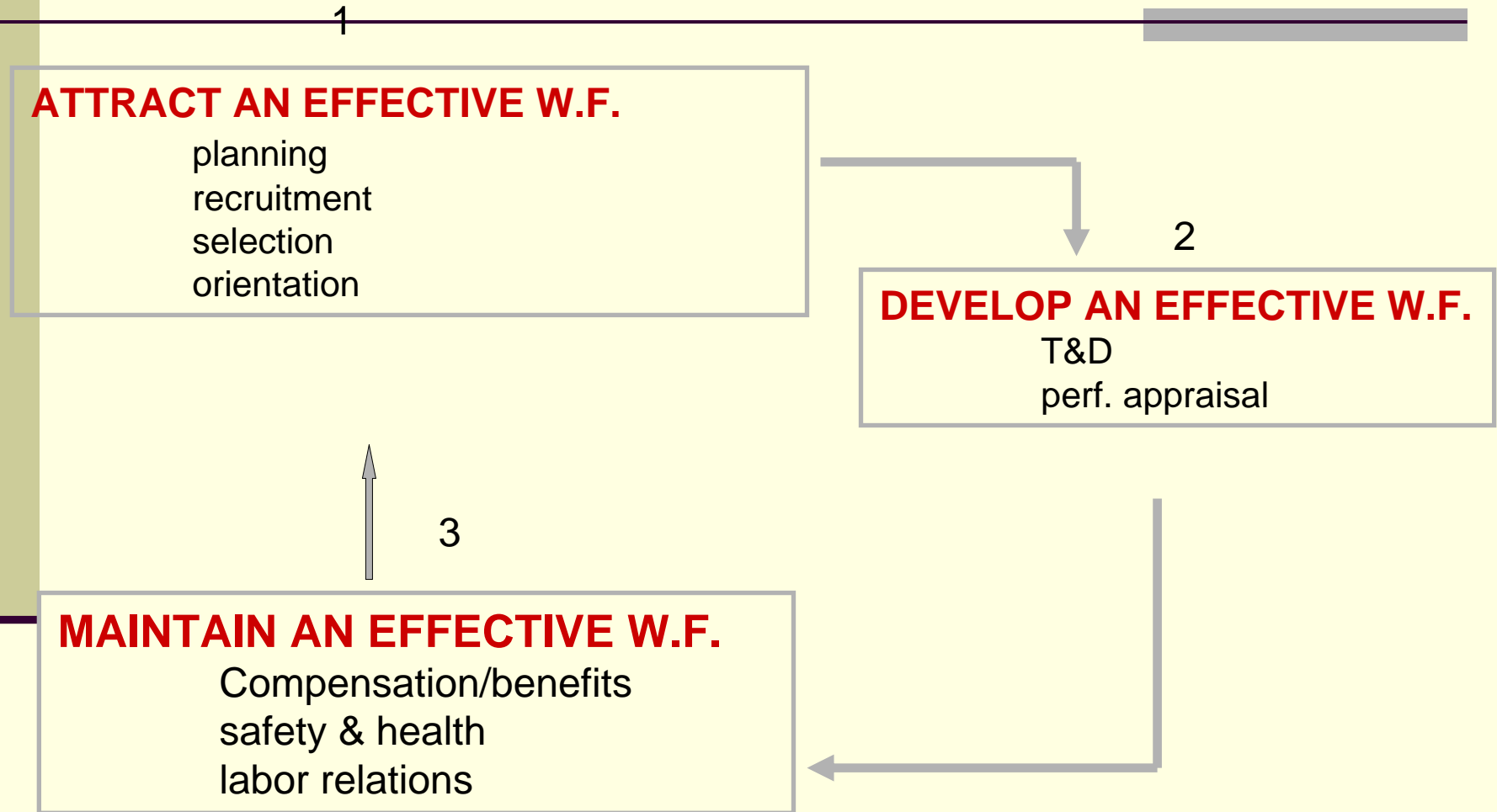


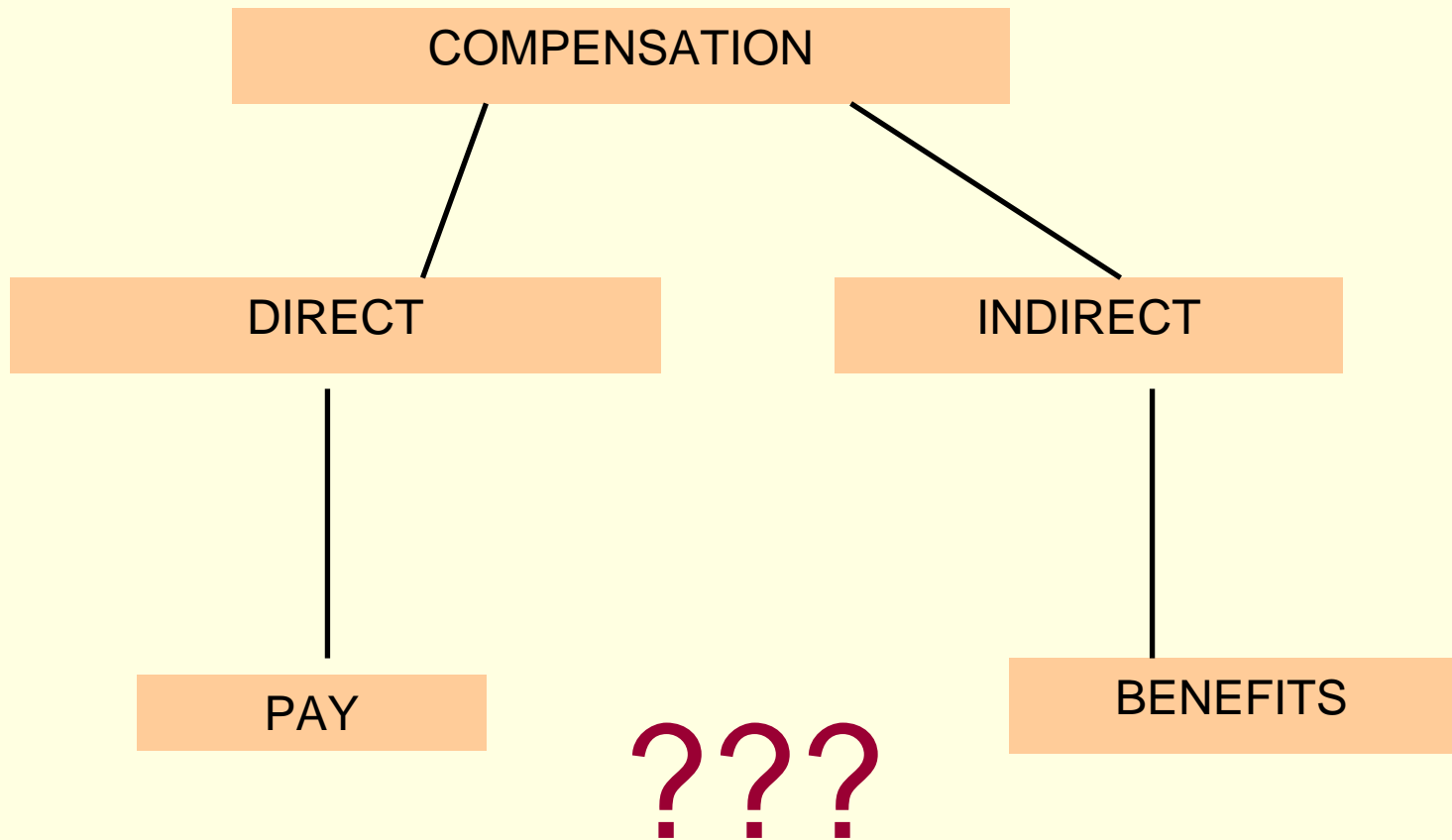
Human Resource Management

Maintaining Human Resources



3 MAIN GOALS OF HRM





Imagine you are a bartender in a local establishment

Certificate from
Bartenders School
5 years experience
Hard worker
Fatigue/stress
\$10.00 hr



New bartender
Slow, lots of mistakes
Chats w/ friends
Not a hard worker
Female
\$10.00 hr.



Equity Theory

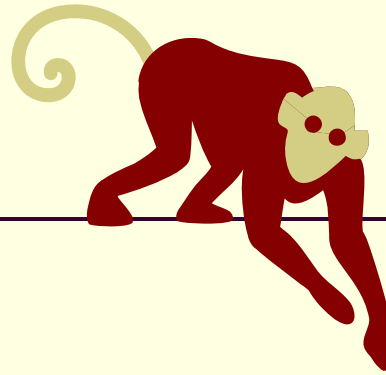
- We compare ourselves to others.
- If we believe inequity exists then we try to restore equity.
- As managers, we are unable to predict *exactly* what they will do, but we know they will do something.

**Treated unfairly,
monkeys
go on strike**

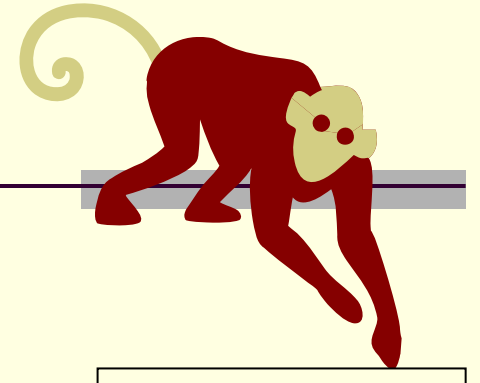
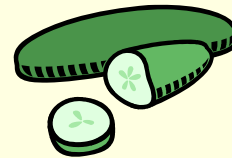
Unequal rewards
immediately noticed,
researcher finds

*San Francisco Chronicle,
Sept, 2003*





Perceived Equity: 96% compliance rate



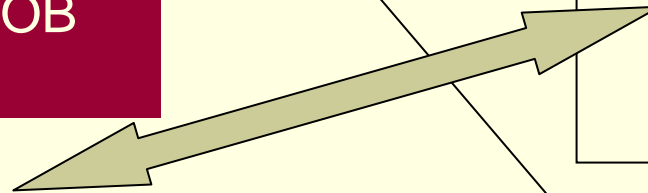
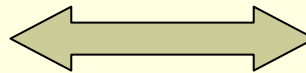
Perceived moderate inequity: 60% compliance rate

Perceived high inequity: 20% compliance rate



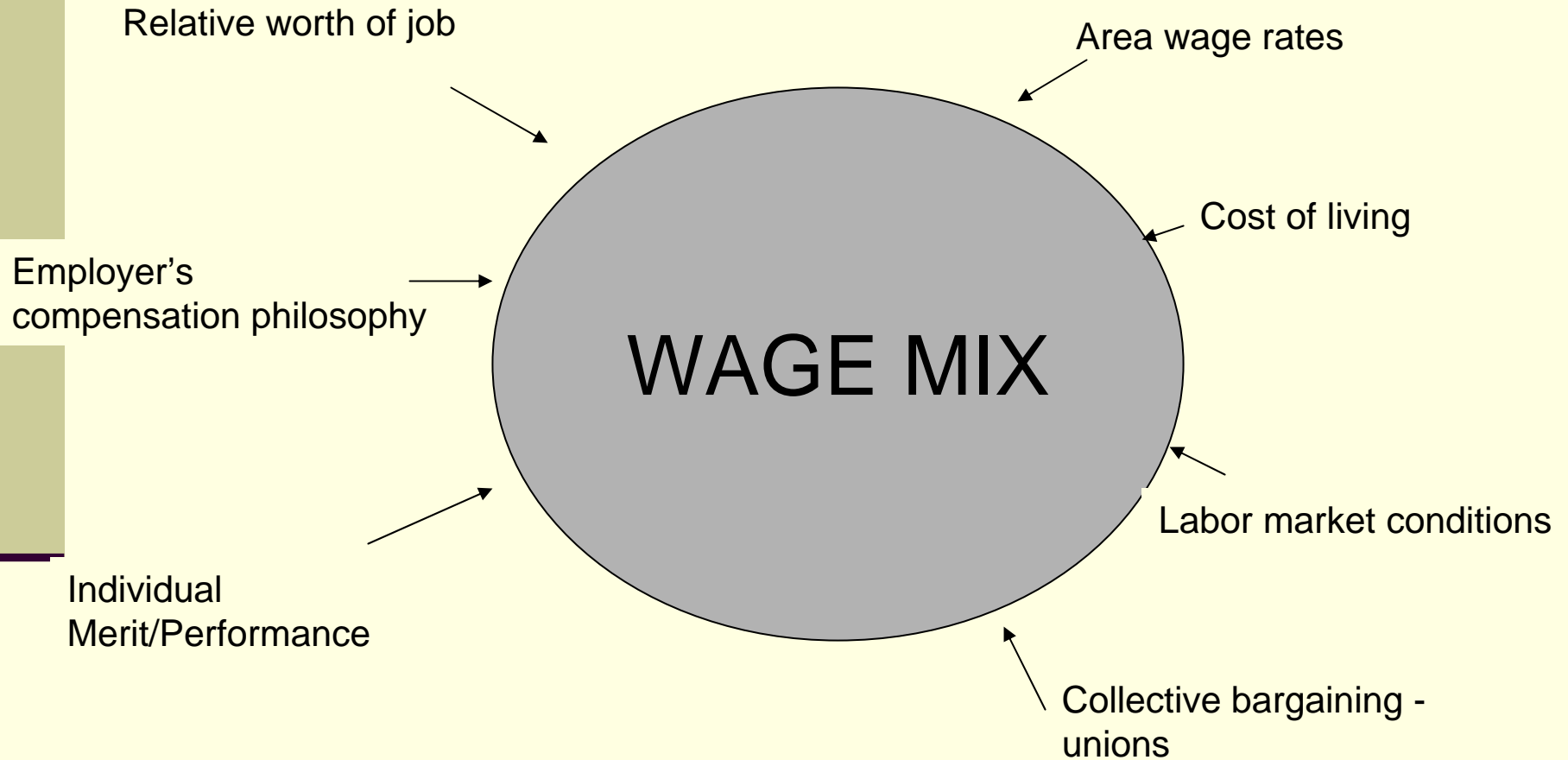
MARKET SURVEY

“WORTH/VALUE” OF JOB
- JOB ANALYSIS



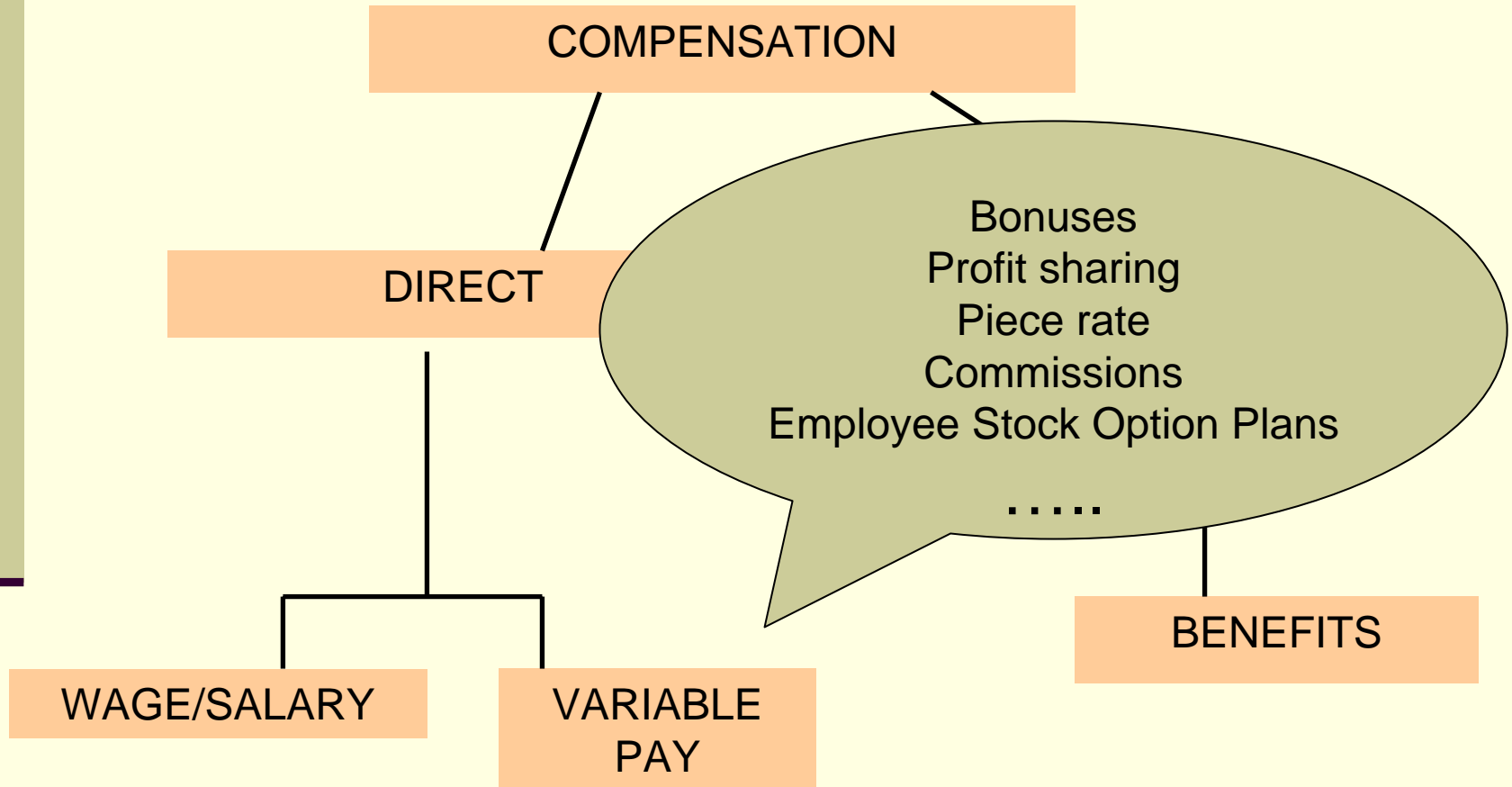
INTERNAL FACTORS

EXTERNAL FACTORS



Variable Pay:

- 1) to link individual performance to business goals
- 2) to reward superior performance



Compensation as Incentives

“We get what we reward”

Incentives can be based on:

Seniority/tenure

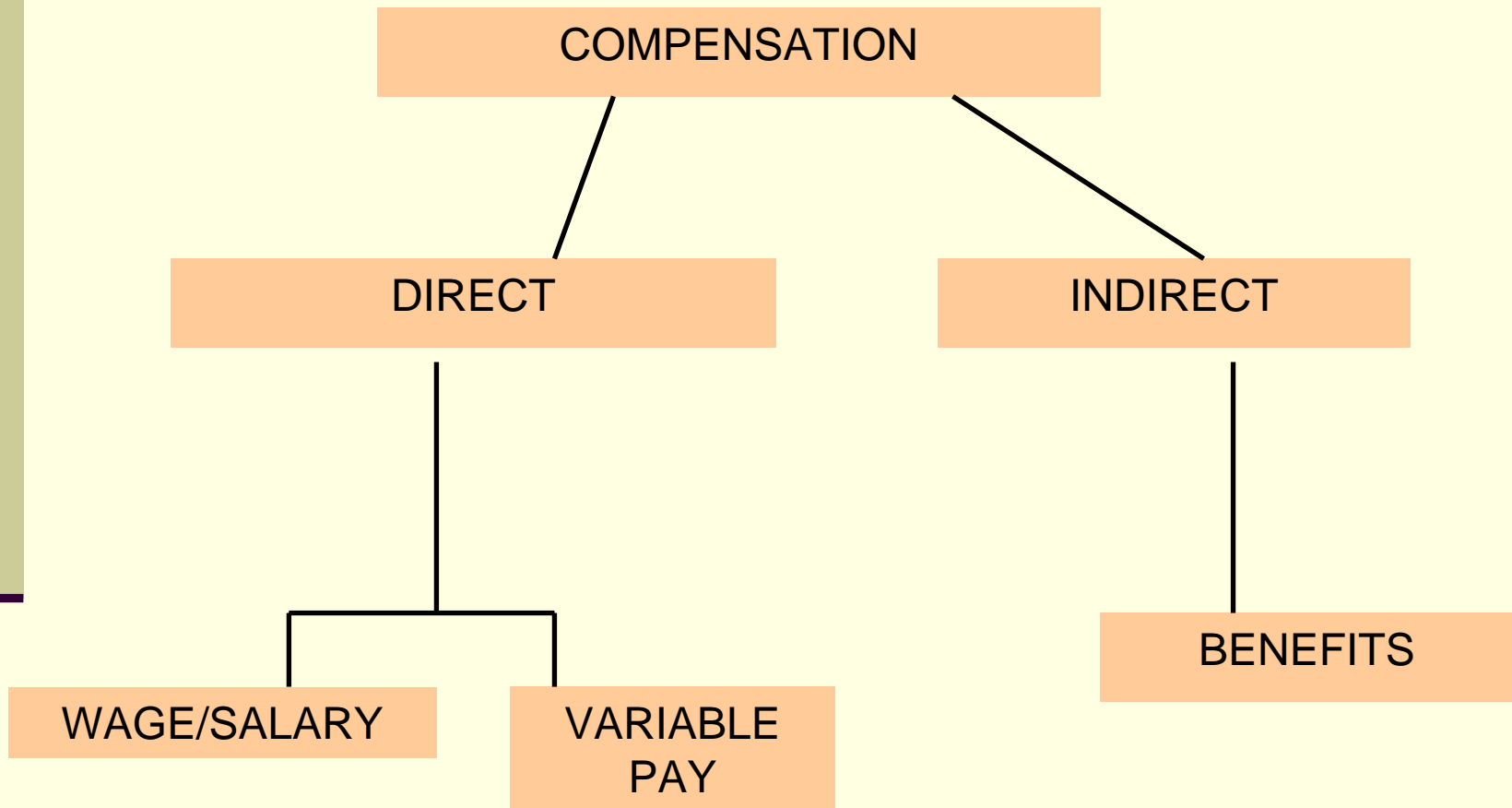
Skills acquired

Merit/Performance

Pay-for-Performance
Programs

A Motivation Topic





Brief History of Benefits

- Unions gained strength in 20s & 30s
- Social Security Act (1935)
- WWII - wage freeze resulted in substitution w/ benefits



Acceleration in “fringe benefits”

- averages 40% of payroll (2000)
(1945 - benefits averaged 5% of payroll)
- approx. \$20,000 total benefits/per employee

firms generally do a poor job
of communicating to employees
about the value of
their benefits packages



Legally Required Benefits

- Federal Insurance Contribution Act (FICA)
SOCIAL SECURITY



Legally Required Benefits

■ SOCIAL SECURITY

- RETIREMENT INCOME
- SURVIVOR BENEFITS
- DISABILITY PAYMENTS

WHO PAYS?

BOTH EMPLOYER & EMPLOYEE PAY INTO THE SYSTEM
(7.65% ---- 6.2 % into Social Security; 1.5% into Medicare)



Legally Required Benefits

- WORKERS' COMPENSATION
 - an employee insurance program against injury/disability incurred on the job.
 - Premiums paid for by employer on sliding-scale.

- UNEMPLOYMENT COMPENSATION (1935)
 - 50 – 80% of normal pay to qualified unemployed workers, typically for up to 26 weeks coverage

- FAMILY AND MEDICAL LEAVE ACT (1993)
 - Firms sized 50+; eligible employees can take up to 12 wks. unpaid leave w/ guarantee of same or comparable job upon return



Discretionary Benefits

– SHRM survey 2000

| Benefit | % of companies offering |
|--|--------------------------------|
| Health Care | 84% |
| Dental Care | 96% |
| Retiree Health Benefits | 33% |
| Life Insurance | 93% |
| Relocation Benefits | 62% |
| Spousal Relocation Benefits | 19% |
| Educational Assistance | 73% |
| Financial and Retirement Planning Assistance | 40% |
| Employee Assistance Programs | 67% |
| Smoking Cessation Programs | 28% |
| Wellness Programs | 52% |
| Weight Loss Programs | 17% |
| Flextime | 58% |
| Telecommuting | 37% |
| On Site Child Care | 5% |



CURRENT APPROACH TO BENEFITS MANAGEMENT

FLEXIBLE BENEFITS PLANS (CAFETERIA BENEFIT PLANS)

- employees given a core plan (which includes their legal benefits)
 - employees given benefit “credits” which they can “spend” on additional benefits of their choice



Two controversial HRM topics

- CEO compensation
- Social Security reform

