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Chapter 1

Human resource management

Human resource management (HRM, or simply HR) is a function in organizations designed to maximize employee performance in service of their employer’s strategic objectives. HR is primarily concerned with how people are managed within organizations, focusing on policies and systems. HR departments and units in organizations are typically responsible for a number of activities, including employee recruitment, training and development, performance appraisal, and rewarding (e.g., managing pay and benefit systems). HR is also concerned with industrial relations, that is, the balancing of organizational practices with regulations arising from collective bargaining and governmental laws.

HR is a product of the human relations movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work, such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, HR now focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, and diversity and inclusion.

In startup companies, HR’s duties may be performed by trained professionals. In larger companies, an entire functional group is typically dedicated to the discipline, with staff specializing in various HR tasks and functional leadership engaging in strategic decision making across the business. To train practitioners for the profession, institutions of higher education, professional associations, and companies themselves have created programs of study dedicated explicitly to the duties of the function. Academic and practitioner organizations likewise seek to engage and further the field of HR, as evidenced by several field-specific publications. HR is also a field of research study that is popular within the fields of management and industrial/organizational psychology, with research articles appearing in a number of academic journals, including those mentioned later in this article.

In the current global work environment, most companies focus on lowering employee turnover and retaining the talent and knowledge held by their workforce. New hiring not only entails a high cost but also increases the risk of the newcomer not being able to replace the person who was working in that position before. HR departments also strive to offer benefits that will appeal to workers, thus reducing the risk of losing knowledge.

1.1 History

1.1.1 Antecedent theoretical developments

HR spawned in the early 20th century and was influenced by Frederick Taylor (1856-1915). Taylor explored what he termed “scientific management” (later referred to by others as “Taylorism”), striving to improve economic efficiency in manufacturing jobs. He eventually keyed in on one of the principal inputs into the manufacturing process—labor—sparking inquiry into workforce productivity.

The human relations movement grew from the research of Elton Mayo and others, whose Hawthorne studies (1924-1932) serendipitously documented how stimuli, unrelated to financial compensation and working conditions, yielded more productive workers. Contemporary work by Abraham Maslow, Kurt Lewin, Max Weber (1864-1920), Frederick Herzberg, and David McClelland (1917-1998) formed the basis for studies in industrial and organizational psychology, organizational behavior and organizational theory, giving room for an applied discipline.
1.1.2 Birth and evolution of the discipline

By the time enough theoretical evidence existed to make a business case for strategic workforce management, changes in the business landscape (à la Andrew Carnegie, John Rockefeller) and in public policy (à la Sidney and Beatrice Webb, Franklin D. Roosevelt and the New Deal) had transformed the employer-employee relationship, and the discipline was formalized as “industrial and labor relations”. In 1913, one of the oldest known professional HR associations—the Chartered Institute of Personnel and Development—was founded in England as the Welfare Workers’ Association; then changed its name a decade later to the Institute of Industrial Welfare Workers, and again the next decade to Institute of Labour Management before settling upon its current name. [7] Likewise in the United States, the world’s first institution of higher education dedicated to workplace studies—the School of Industrial and Labor Relations—was formed at Cornell University in 1945. [8]

During the latter half of the 20th century, union membership declined significantly, while workforce management continued to expand its influence within organizations. “Industrial and labor relations” began being used to refer specifically to issues concerning collective representation, and many companies began referring to the profession as “personnel administration”. In 1948, what would later become the largest professional HR association—the Society for Human Resource Management (SHRM)—was founded as the American Society for Personnel Administration (ASPA). [9]

Nearing the 21st century, advances in transportation and communications greatly facilitated workforce mobility and collaboration. Corporations began viewing employees as assets rather than as cogs in a machine. “Human resources management”, consequently, became the dominant term for the function—the ASPA even changing its name to SHRM in 1998. [9] “Human capital management” is sometimes used synonymously with HR, although human capital typically refers to a more narrow view of human resources: i.e., the knowledge the individuals embody and can contribute to an organization. Likewise, other terms sometimes used to describe the field include “organizational management”, “manpower management”, “talent management”, “personnel management”, and simply “people management”.

1.1.3 In popular media

HR has been depicted in several popular media. On the U.S. television series of The Office, HR representative Toby Flenderson is sometimes seen as a nag because he constantly reminds coworkers of company policies and government regulations. [10] Long-running American comic strip Dilbert also frequently portrays sadistic HR policies through character Catbert, the “evil director of human resources”. [11] Additionally, an HR manager is the title character in the 2010 Israeli film The Human Resources Manager, while an HR intern is the protagonist in 1999 French film Ressources humaines. Additionally, the BBC sitcom dinnerladies main character Philippa is an HR manager.

1.2 Practice

1.2.1 Business function

Dave Ulrich lists the functions of HR as: aligning HR and business strategy, re-engineering organization processes, listening and responding to employees, and managing transformation and change. [12]

At the macro-level, HR is in charge of overseeing organizational leadership and culture. HR also ensures compliance with employment and labor laws, which differ by geography, and often oversees health, safety, and security. In circumstances where employees desire and are legally authorized to hold a collective bargaining agreement, HR will typically also serve as the company’s primary liaison with the employee’s representatives (usually a labor union). Consequently, HR, usually through representatives, engages in lobbying efforts with governmental agencies (e.g., in the United States, the United States Department of Labor and the National Labor Relations Board) to further its priorities.

To look at Human Resource Management more specifically, it has four basic functions: staffing, training and development, motivation and maintenance. Staffing is the recruitment and selection of potential employees, done through interviewing, applications, networking, etc. Training and development is the next step in a continuous process of training and developing competent and adapted employees. Motivation is key to keeping employees highly productive. This function can include employee benefits, performance appraisals and rewards. The last function of maintenance involves keeping the employees’ commitment and loyalty to the organization.
The discipline may also engage in mobility management, especially pertaining to expatriates; and it is frequently involved in the merger and acquisition process. HR is generally viewed as a support function to the business, helping to minimize costs and reduce risk.\cite{13}

### 1.2.2 Careers

There are half a million HR practitioners in the United States and thousands more worldwide.\cite{14} The Chief HR Officer or HR Director is the highest ranking HR executive in most companies and typically reports directly to the Chief Executive Officer and works with the Board of Directors on CEO succession.\cite{15}\cite{16}

Within companies, HR positions generally fall into one of two categories: generalist and specialist. Generalists support employees directly with their questions, grievances, and work on a range of projects within the organization. They “may handle all aspects of human resources work, and thus require an extensive range of knowledge. The responsibilities of human resources generalists can vary widely, depending on their employer’s needs.”\cite{17} Specialists, conversely, work in a specific HR function. Some practitioners will spend an entire career as either a generalist or a specialist while others will obtain experiences from each and choose a path later. Being an HR manager consistently ranks as one of the best jobs, with a #4 ranking by CNN Money in 2006 and a #20 ranking by the same organization in 2009, due to its pay, personal satisfaction, job security, future growth, and benefit to society.\cite{18}\cite{19}

Human resource consulting is a related career path where individuals may work as advisers to companies and complete tasks outsourced from companies. In 2007, there were 950 HR consultancies globally, constituting a USD $18.4 billion market. The top five revenue generating firms were Mercer, Ernst & Young, Deloitte, Watson Wyatt (now part of Towers Watson), Aon (now merged with Hewitt), and PwC consulting.\cite{20} For 2010, HR consulting was ranked the #43 best job in America by CNN Money.\cite{21}

Some individuals with PhDs in HR and related fields, such as industrial and organizational psychology and management, are professors who teach HR principles at colleges and universities. They are most often found in Colleges of Business in departments of HR or Management. Many professors conduct research on topics that fall within the HR domain, such as financial compensation, recruitment, and training.

### 1.3 Education

Further information: List of human resource management graduate degree programs

Several universities offer programs of study pertaining to HR and related fields. The School of Industrial and Labor Relations at Cornell University was the world's first school for college-level study in HR.\cite{22} It continues to offer education at the undergraduate, graduate, and professional levels; and it operates a joint degree program with the Samuel Curtis Johnson Graduate School of Management. Other universities with entire colleges dedicated to the study of HR include Michigan State University, University of Minnesota, University of Illinois at Urbana-Champaign, and Renmin University of China. Many colleges and universities house departments and institutes related to the field, either within a business school or in another college. Most business schools offer courses in HR, often in their departments of management.

### 1.4 Professional associations

Main article: List of human resource management associations

There are a number of professional associations, some of which offer training and certification. The Society for Human Resource Management, which is based in the United States, is the largest professional association dedicated to HR,\cite{14} with over 250,000 members in 140 countries.\cite{23} It offers a suite of Professional in Human Resources (PHR) certifications through its HR Certification Institute. The Chartered Institute of Personnel and Development, based in England, is the oldest professional HR association, with its predecessor institution being founded in 1918. Several associations also serve niches within HR. The Institute of Recruiters (IOR) is a recruitment professional association, offering members education, support and training.\cite{24} WorldatWork focuses on “total rewards” (i.e., compensation, benefits, work life, performance, recognition, and career development), offering several certifications and training programs dealing with remuneration and work-life balance. Other niche associations include the
American Society for Training & Development and Recognition Professionals International. A largely academic organization that is relevant to HR is the Academy of Management that has an HR division. This division is concerned with finding ways to improve the effectiveness of HR. The Academy publishes several journals devoted in part to research on HR, including Academy of Management Journal and Academy of Management Review, and it hosts an annual meeting.

1.5 Publications

Academic and practitioner publications dealing exclusively with HR:

- *Cornell HR Review*
- *HR Magazine (SHRM)*
- *Human Resource Management*
- *Human Resource Management Review*
- *International Journal of Human Resource Management*
- *Perspectives on Work (LERA)*

Related publications:

- *Academy of Management Journal*
- *Academy of Management Review*
- *Administrative Science Quarterly*
- *International Journal of Selection and Assessment*
1.6. **SEE ALSO**

- *Journal of Applied Psychology*[^36]
- *Journal of Management*[^37]
- *Journal of Occupational and Organizational Psychology*[^38]
- *Journal of Personnel Psychology*[^39]
- *Organization Science*[^40]
- *Personnel Psychology*[^41]

1.6 **See also**

- Aspiration Management
- Domestic inquiry
- Organization development
- Organizational theory

1.7 **References**


1.8 External links
Chapter 2

Human resources

“Manpower” redirects here. For other uses, see Manpower (disambiguation). For the 1999 film, see Human Resources (film). For the “Doctor Who” episode, see Human Resources (audio drama).

Human resources is the set of individuals who make up the workforce of an organization, business sector, or economy. “Human capital” is sometimes used synonymously with human resources, although human capital typically refers to a more narrow view (i.e., the knowledge the individuals embody and can contribute to an organization). Likewise, other terms sometimes used include “manpower”, “talent”, “labour”, or simply “people”.

The professional discipline and business function that oversees an organization's human resources is called human resource management (HRM, or simply HR).

2.1 Overview

2.1.1 The term in practice

From the corporate objective, employees have been traditionally viewed as assets to the enterprise, whose value is enhanced by further learning and development, referred to as human resource development. [1] Organizations will engage in a broad range of human resource management practices to capitalize on those assets.

In governing human resources, three major trends are typically considered:

1. Demographics: the characteristics of a population/workforce, for example, age, gender or social class. This type of trend may have an effect in relation to pension offerings, insurance packages etc.

2. Diversity: the variation within the population/workplace. Changes in society now mean that a larger proportion of organizations are made up of "baby-boomers" or older employees in comparison to thirty years ago. Advocates of “workplace diversity” advocate an employee base that is a mirror reflection of the make-up of society insofar as race, gender, sexual orientation etc.

3. Skills and qualifications: as industries move from manual to more managerial professions so does the need for more highly skilled graduates. If the market is “tight” (i.e. not enough staff for the jobs), employers must compete for employees by offering financial rewards, community investment, etc.

In regard to how individuals respond to the changes in a labour market, the following must be understood:

- Geographical spread: how far is the job from the individual? The distance to travel to work should be in line with remuneration, and the transportation and infrastructure of the area also influence who applies for a position.

- Occupational structure: the norms and values of the different careers within an organization. Mahoney 1989 developed 3 different types of occupational structure, namely, craft (loyalty to the profession), organization career path (promotion through the firm) and unstructured (lower/unskilled workers who work when needed).
Generational difference: different age categories of employees have certain characteristics, for example, their behavior and their expectations of the organization.

2.1.2 Concerns about the terminology

One major concern about considering people as assets or resources is that they will be commoditized and abused. Some analysis suggests that human beings are not "commodities" or "resources", but are creative and social beings in a productive enterprise. The 2000 revision of ISO 9001, in contrast, requires identifying the processes, their sequence and interaction, and to define and communicate responsibilities and authorities. In general, heavily unionised nations such as France and Germany have adopted and encouraged such approaches. Also, in 2001, the International Labour Organization decided to revisit and revise its 1975 Recommendation 150 on Human Resources Development, resulting in its "Labour is not a commodity" principle. One view of these trends is that a strong social consensus on political economy and a good social welfare system facilitate labour mobility and tend to make the entire economy more productive, as labour can develop skills and experience in various ways, and move from one enterprise to another with little controversy or difficulty in adapting.

Another important controversy regards labour mobility and the broader philosophical issue with usage of the phrase "human resources". Governments of developing nations often regard developed nations that encourage immigration or "guest workers" as appropriating human capital that is more rightfully part of the developing nation and required to further its economic growth. Over time, the United Nations have come to more generally support the developing nations' point of view, and have requested significant offsetting "foreign aid" contributions so that a developing nation losing human capital does not lose the capacity to continue to train new people in trades, professions, and the arts. [3]

2.2 See also

- Human resource management
- Industrial and organizational psychology
- Chief human resources officer

2.3 References


[3] [a broad inter-sectoral approach to developing human resourcefulness see United Nations Expert Meeting on Human Resources Development. Changing Perspectives on Human Resources Development]
Chapter 3

ABC Consultants

ABC Consultants Private Limited is a premier Indian recruitment firm based in New Delhi, India.

3.1 Overview

ABC Consultants was founded in 1969 by Dr B P Agrawal[1] they now operate out of eight locations in India; Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi and Pune as well as an office in Dubai.[2] They employ over 570 recruitment consultants working across 16 industry verticals.[3] ABC Consultants is one of the oldest HR companies in India. It is considered to have pioneered organized placement services in the country and is one of the most prominent recruitment firms in India.[4]

3.2 Group businesses

ABC Consultants operate four group businesses specialising in different types of recruitment,^[5]

- ABC Consultants – Senior & middle management search & selection
- HeadCount – Volume hiring solution at junior management levels
- FlexAbility – Recruitment Process Outsourcing solution
- HeadHonchos – Online career portal exclusively for senior professionals & jobs

3.3 Drive into the big league

In 2011 ABC Consultants won the Drive Into the Big League competition to select an Indian SME that would have its company logo displayed on the Vodafone McLaren Mercedes cars at the 2011 Indian Grand Prix.[6] The contest was televised on ET NOW and received over 80,000 entries.[7] ABC Consultants’ CEO Shiv Agarwal won through a preliminary round, semi-final and final. The contest was judged by Rajeev Karwal, Founder & CEO, Milagrow; Satya Narayan R, Founder & Chairman, IWSB & CL Educate; Vani Kola, MD, IndoUS Venture Partners, as well as Raman Roy, CMD, Quattro BPO Solutions.[8]

3.4 ABC Consultants in the media

ABC Consultants are widely sought to provide commentary on issues related to recruitment and employment trends in India. Articles by ABC Consultants or quoting them are featured in dna,[9] Business Standard[10] and The Economic Times.[11]
3.5 References

[1] ABC Consultants Company Profile
[2] ABC Consultants Contacts
[5] ABC Consultants Group Businesses
[6] Drive Into the Big League The Winners Podium
[7] Business Standard Vodafone aims 1 mn SMEs for IT services
[8] Times of India Vodafone writes a fairy-tale SME branding story
[9] dnaindia Articles by Shiv Agrawal at dnaindia

3.6 External links

- Official website
Chapter 4

Action alert

An action alert is a message that an organization sends to mobilize people - often members of their group and supports of a specific point of view - calling on them to take action to influence public policy. ”[1]”[2] Typically, action alerts are in reference to a timely issue, where prompt action is needed in order to affect upcoming decisions.”[2] Action alerts are considered a cost-effective and efficient grassroots organizing tool and are employed widely by many advocacy organizations.”[1]”[2] A well-designed action alert can be a “powerful way to invite people to participate in the processes of a democracy.” ”[3]

Action alerts may, for instance, ask supporters to:

- Contact their member of Congress in support of proposed legislation; or
- Write a letter to the editor about a specific item in the news.

Action alerts commonly begin by explaining the public policy issue to the recipients, and then tell the reader how they can impact the decision. Action alerts go by many other names; Amnesty International, for instance, refers to them as “Urgent actions” ”[4]

4.1 Organisations that use action alerts

This list is incomplete; you can help by expanding it.

- Citizens Against Government Waste
- People for the Ethical Treatment of Animals
- Electronic Frontier Foundation
- Union of Concerned Scientists
- American Family Association
- Public Citizen
- National Right to Work Committee
- Tea Party Express
- Free Software Foundation
4.2 References


[4]
Chapter 5

Adaptive performance

An employee who is versatile is valued and important in the success of an organization. Employers seek employees with high adaptability, due to the positive outcomes that follow, such as excellent work performance, work attitude, and ability to handle stress. Employees, who display high adaptive performance in an organization, tend to have more advantages in career opportunities unlike employees who are not adaptable to change. In previous literature, Pulakos and colleagues established eight dimensions of adaptive performance.

5.1 Dimensions

Pulakos et al. proposed the following dimensions for adaptive performance:

- **Handling emergencies and crisis situations**: making quick decisions when faced with an emergency.
- **Handling stress in the workforce**: keeping composed and focused on task at hand when dealing with high demand tasks.
- **Creative problem solving**: thinking outside the boundary limits, and innovatively to solve a problem.
- **Dealing with uncertain and unpredictable work situations**: able to become productive despite the occurrence of unknown situations.
- **Learning and manipulating new technology, task, and procedures**: approach new methods and technological constructs in order to accomplish a work task.
- **Demonstrating interpersonal adaptability**: being considerate of other people’s points of view when working in a team to accomplish a certain goal.
- **Demonstrating cultural adaptability**: being respectful and considerate of different cultural backgrounds.
- **Demonstrating physically oriented adaptability**: physically adjusting one’s self to better fit the surrounding environment.

5.2 Measurement

Pulakos et al. developed a scale for adaptive performance based on their eight-dimension model. This scale, the Job Adaptability Inventory (JAI), contains 132 questions (15 – 18 questions per dimension). Another similar tool is the I-ADAPT measure (I-ADAPT-M) developed by Ployhart and Bliese, based on their I-ADAPT theory. They focused on adaptability as a personality-like trait which describes individual’s ability to adapt to organizational changes. Therefore there is a difference between I-ADAPT-M and the JAI which measures adaptive performance as behaviors. The I-ADAPT-M also has eight dimensions (crisis adaptability, stress adaptability, creative adaptability, uncertain adaptability, learning adaptability, interpersonal adaptability, cultural adaptability, and physical adaptability), with 5 items for every dimension.
5.3 Work stress and adaptive performance

Work stress has been considered as a major factor of many work outcomes, like performance, nonproductive behavior and turnover.[4][5] An employee being able to adapt to change within an organization is more focused, and able to deal with stressful situations.[1] An employee who is unable to absorb their strain is unable to focus on what is occurring in the organization, such as organizational change.[6] Not only can work stress predict adaptive performance to a considerable extent, there are also a lot of overlaps between adaptive performance and stress coping.

5.3.1 Stress appraisal

It has been long recognized that work stress generally has a negative effects on job performance.[7] but there is differential influence resulting from different perceptions of stressors. When faced with a new situation, individuals would spontaneously begin to evaluate their own abilities and skills as compared with the requirements of the situation, which is referred to as stress appraisals.[6] Such stress appraisal has two stages: primary appraisal and secondary appraisal. In the primary appraisal stage, individuals evaluate what potential threats there will be, concerning the demands from situation and the goals and values of themselves. In the secondary appraisal stage, individuals evaluate the resources they have to deal with those requirements. The results of appraisal, after two stages, are indicated to fall on a continuum between two extremes of being challenged and threatened.[8] Challenge appraisals mean that individuals feel their resources, like abilities and social support to be abundant sufficient to fulfill requirements of the situation. Threat appraisals, on the other hand, mean that individuals are not confident about their abilities or other resources to respond to the situation demands. Threat appraisals and challenge appraisals could influence job performance distinctively.[9] As for adaptive performance, the more challenging (i.e., the less threatening) one’s stress appraisals are, the more adaptive performance he/she would have.[10] This relationship is mediated by self-efficacy, which is a belief about one’s capacities for certain tasks. Challenging rather than threatening appraisals would lead to higher levels of self-efficacy, and thus benefit individuals’ adaptive performance.

5.3.2 Stress coping

Main article: Coping

Coping, as a form of response to stressors, describes how individuals handle stressful events. It is very close to one dimension of adaptive performance by definition (i.e., the Handling Work Stress dimension), and coping has been suggested to be another form of adaptation.[3] However, they are still different constructions. Stress coping could be divided into several styles and strategies based on several theories. One general idea is to divide coping as active coping and avoidant coping.[11] Active coping means to proactively address and resolve stressful events, like quitting a stressful job and changing into a less overwhelming one. Avoidant coping means to reduce stress by ignoring it, like involving in problematic drinking. Another set of coping strategy types includes problem-focused coping and emotion-focused coping.[12] Problem-focused coping involves using skills and knowledge to deal with the cause of their problems. Emotion-focused coping involves releasing negative emotions by ways like distracting or disclaiming. Adaptive performance involves a mixture of different coping strategies. Because adaptive performance concerns positive aspects of behaviors, it is more closely related to coping strategies that have positive effects, such as active coping and problem-focused coping.[13][14] Therefore, adaptive performance is more likely to contain such behaviors in stressful situations.

5.4 Team adaptive performance

5.4.1 Definition of team adaptive performance

In addition to individual adaptive performance, psychologists are also interested in adaptive performance at team level. Team adaptive performance is defined as an emergent phenomenon that compiles over time from the unfolding of a recursive cycle whereby one or more team members use their resources to functionally change current cognitive or behavioral goal-directed action or structures to meet expected or unexpected demands. It is a multilevel phenomenon that emanates as team members and teams recursively display behavioral processes and draw on and update emergent cognitive states to engage in change. Team adaptive performance is considered as the core and proximal temporal
5.5. LEADERSHIP AND ADAPTIVE PERFORMANCE

antecedents to team adaptation, which could be seen as a change in team performance in response to a salient cue or cue stream that leads to a functional outcome for the entire team."[15] Along with the definition of team adaptive performance, researchers came up with a four-stage model to describe the process of team adaptive performance. The four core constructs characterizing this adaptive cycle include: (1) situation assessment; (2) plan formulation; (3) plan execution, via adaptive interaction processes; and (4) team learning, as well as emergent cognitive states (i.e., shared mental models, team situational awareness, psychological safety), which serve as both proximal outcomes and inputs to this cycle."[15] Team adaptive performance differs from individual adaptive performance from several aspects. Team adaptive performance reflects the extent to which the team meets its objectives during a transfer performance episode, whereas individual adaptive performance reflects the extent to which each member effectively executes his or her role in the team during the transfer episode."[16] Team adaptive performance also has different antecedents compared with individual adaptive performance.

5.4.2 Predictors of team adaptive performance

People have identified several dispositional and contextual factors that would affect team adaptive performance. The most obvious and natural predictor of team adaptive performance is characteristics of team members, or team composition. Team composition with respect to members’ cognitive ability is positively associated with team adaptive performance, with a moderation effect of team goals. Teams with difficult goals and staffed with high-performance orientation members are especially unlikely to adapt. Teams with difficult goals and staffed with high-learning orientation members are especially likely to adapt."[17] Moreover, team members’ self-leadership, conscientiousness, and attitudes could also influence team adaptive performance."[18]"[19] Other factors are more related to interactions between team members and team environment, like team learning climate."[20] Among them coordination of team members has been proved to be a most influential factor. Teams’ ability to adapt their coordination activities to changing situational demands is crucial to team performance. A stronger increase in the teams’ adaptive coordination was found to be related to better performance."[21] Researchers have posited that the maintenance of coordinated effort and activities ("coordination maintenance") is necessary for high team adaptive performance. This is because even with well-adapted individual performance, workflow at the team level often becomes disrupted, "overflowing" in particular directions. Overflow may create excessive work demands for some team members, while encouraging social loafing among those who are in the ebb of the workflow (see social loafing)."[22] This suggests that, although team members may have their own task boundaries, and individual adaptive performance may depend on each member’s individual capabilities, however to the team, each employee’s adaptive performance may result in successful completion of the team task only if all activities are coordinated and synchronized in a holistic fashion. Team learning climate also displays a significant, positive relationship with team adaptive performance."[20]

5.5 Leadership and adaptive performance

Studies show that for an individual to show leadership, they must not only perform well but the individual would need to be an adaptive learner as well."[23] An individual who displays adaptive qualities and productivity in a team will most likely also display strong leadership characteristics."[24] Organizations value adaptive performance in the leadership characteristics an individual possess, as it has proven to help workers maintain productivity in a dynamic work environment."[25] For leaders to successfully perform their roles, they must be able to effectively address tasks and also be able to overcome social challenges."[26] Adaptive performance is a critical characteristic to have when being the leader of an organization because it aids in successfully handling any workplace situations that may arise and helping an organization progress."[27] Instead of resisting change in the workplace, a team leader with adaptive performance establishes a new behavior appropriate to the situation to shift a potential problem into a positive outcome."[28] The correct type of leadership makes a positive change in the characteristics of a team’s adaptability to assist in maintaining a healthy and positive workforce."[23] Employees who display adaptive performance in leadership set an example for their colleagues specifically in showcasing the best way to prepare and handle adaptation in occurring organizational changes."[29] Adaptive performance in leadership is valued by employers because an employee who displays those two characteristics tends to exemplify and motivate adaptive behavior within other individuals in the workforce."[27]
5.5.1 Transformational leadership and adaptive performance

In organizational situations where adaptability to the environment and difficult challenges occur often, an individual who possess transformational leadership is preferred. Transformational leadership is a leadership style that encourages team members to imagine new ideas of change and to take action on these ideas to help handle certain situations. This particular leadership style is commonly used in organizations, due to its positive outcomes such as higher work engagement, motivation, and creativity in employees. Parker and Mason’s 2010 study introduced a relationship between transformational leadership with work adaptation and work performance. The study stated that transformational leadership relates to adaptive performance by having team members become creative in the different strategies that can be used when approaching a certain situation which eventually leads to a higher performance. Being creative and handling stressful situations the team leader as well as the team exemplifies the dimensions of adaptive performance. This particular leadership style has also been shown as a motivator to increase the behavior of performance and adaptability in employees. An individual showcasing transformational leadership has the ability to encourage more adaptive and productive behavior within team members through presenting new ideas and possible outcomes in the workplace.

5.5.2 Leadership and adaptive decision making

An individual who displays leadership adaptability is one who is able to adjust their thoughts and behavior to attain appropriate responses to complex situations helping them make appropriate decisions. A leader must make decisions and be adaptable to any organizational changes in order for the team to collectively continue workplace productivity. An adaptive leader makes decisions to perform a specific action to better fit the organization and help it become productive. By a leader displaying adaptive performance when making a decision, the team leader shows their awareness of a situation leading to new actions and strategies to reestablish fit and effectiveness. Organizations value the characteristic of adaptive decision making in an individual as it displays an individual’s understanding and adjusting capabilities to a difficult situation further aiding in the decision making process.

5.6 See also

- Job performance
- Turnover (employment)
- Stress (psychological)
- Self-efficacy
- Coping (psychology)
- Psychological safety
- Team composition
- Goal orientation
- Organisation climate
- Social loafing
- Team performance management
- Workplace
- Antecedent
- Situation Awareness
- Workflow
- Leadership
- Transformational leadership
5.7 References


Chapter 6

Addison Group

Addison Group is an American human resource consulting firm headquartered in Chicago, Illinois, USA. Founded in 1999, the firm specializes in professional staffing and search services for positions relating to business administration, engineering, finance, healthcare, and information technology."[1] Since 2007, Addison Group has been included yearly on the Inc. 5000 list of the fastest-growing private companies in the United States. [2]

6.1 History

Addison Group was founded in 1999 as Addison Search Ventures, LLC. "[3] The Chicago-based company established a national presence, adding offices in Boston and Houston before being acquired by the private equity management firm Lake Capital in 2006. Between 2006 and 2013, Addison Search grew from $21 million to $165 million in annual revenue, about 30 percent of which was the result of outside acquisitions."[4] In 2012, the company was officially rebranded as Addison Group following the purchase of an unrelated entity of the same name."

In September 2013, New York-based Trilantic Capital Partners announced a strategic investment partnership with Addison Group, buying a controlling stake from Lake Capital for an undisclosed amount. Trilantic expressed plans to leverage Addison as a platform for making additional acquisitions in the staffing industry."[6] The first of such additions was the acquisition of Reston, Virginia-based HireStrategy, which expanded the presence of Addison Group into the Washington, DC metropolitan area for the first time."[7]

6.2 See also

- Professional employer organization
- Employment agency
- Recruiter
- Recruitment
- Temporary work

6.3 References

6.4 External links

- Official website


Chapter 7

Adecco

Adecco S.A. is a Swiss multinational human resource consulting company based in Glattbrugg, Switzerland. Adecco Group is the world's largest provider of HR solutions. With more than 33,000 FTE employees and a network of over 5,500 branches, in over 60 countries and territories around the world, it offers a wide variety of services, connecting over 700,000 associates with well over 100,000 clients every day. The company was formed in 1996 as a result of the merger of the French company Ecco and the Swiss company Adia Interim.

7.1 History

- 1996: Personnel services firms Ecco and Adia Interim merge to form a global company with annualised revenues of €5.4 billion. Operations are combined to form a network of 2,500 branches. The core staffing business consists of 250,000 staff situated with various companies.

- 2000: Adecco acquires Olsten Staffing, becoming the largest recruitment company in the U.S. The merged company generates combined revenues of €17 billion.

- 2002: Adecco consolidates its businesses under three names and creates three divisions to manage its business.

- 2005: Adecco expands across six professional business lines defined by occupational fields. Adecco now provides all services under one name.

- 2006: Following the acquisition of DIS AG, Germany, Dieter Scheiff assumes the position of Chief Executive Officer, Adecco Group. Dominik de Daniel becomes Chief Financial Officer.

- 2007: The annual shareholders' meeting approves the nomination of Jürgen Dormann, former Vice Chairman, as Chairman of the Board. Rolf Dörig becomes Vice-Chairman. Klaus J. Jacobs, the co-founder of Adecco, hands back his mandate, having reached the statutory retirement age.

- 2009: Rolf Dörig replaces Dormann as Chairman.


- 2010: Adecco acquires MPS Group for US$1.3 billion, but does not change the company names.

- 2011: Adecco set up a joint venture in Shanghai with Chinese HR services company Fesco. FESCO Adecco began operations on January 1, 2011.

- 2011: Adecco created Jobs for the Games—the only official job board endorsed by LOCOG; creating a central hub for London 2012 jobs.

- 2012: The Olympic job website Jobs for the Games becomes myfuturerole.com, which brings together thousands of jobs from across the Adecco Group.
7.2 Controversy

On June 20, 2013, blogger Turner Barr went public on his blog, Around the World in 80 Jobs, with a dispute he was having with Adecco. Adecco had claimed a trademark on the term “Around the World in 80 Jobs,” which they had used for a marketing campaign. Barr contended that his brand and likeness had been stolen. The story quickly went
viral, particularly in the travel blogging community. On June 26, 2013, Adecco agreed to Turner’s terms, issued a public apology, and changed the name of its contest to the “Work Experience Contest.”[6][7][8]

7.3 Litigation

7.3.1 Adecco UK Ltd v. Adecco UK Recruitment Ltd

On 10 December 2008, Adecco UK Ltd applied to the Company Names Tribunal under s.69(1)(b) Companies Act 2006 for a change of name of Adecco UK Recruitment Ltd, which had been registered at Companies House since 14 October 2008.

The application went un-defended by the respondent and the adjudicator ordered on 3 March 2009 that Adecco UK Recruitment Ltd must change their name within one month. Additionally the respondent was ordered not to cause or permit any steps to be taken to register another company with an offending name which could interfere, due to its similarity, with the goodwill of the applicant.

Adecco UK Recruitment Ltd was also ordered to pay a contribution towards Adecco UK Ltd’s costs.[9]

7.4 See also

- Professional employer organization
- Employment agency
- Recruiter
- Recruitment
- Temporary work
- UK agency worker law
- Intellectual property
- Trademark

7.5 References

7.6 External links

- Official website
- Adecco USA website
- Adecco UK website
Chapter 8

Adecco Group North America

“Modis” redirects here. For the Nasa instrument known as MODIS, see Moderate-Resolution Imaging Spectroradiometer.


8.1 History

Adecco Group North America was founded in 1992 as Accustaff Incorporated in Jacksonville and changed its name to J, Inc. in 2002. With revenues of US$2.2 billion in 2008, the company has clients in over 200 office locations worldwide. The company sells its services (like Cosmos) to virtually all industries and governmental agencies through the following primary brands:

Adecco Group North America operates in two divisions: Professional Services and Information Technology (IT) Services. The Professional Services division provides staffing and recruitment services in the disciplines of accounting and finance, law, engineering, property and health care. This division also offers technical and engineering workforce solutions; places temporary and full-time employees in attorney, paralegal, legal administrative, and legal secretarial positions, as well as in accounting and finance positions.

The IT Services division provides placement of IT contract consultants for IT project support and staffing, recruitment of full-time positions, project-based solutions, supplier management solutions, and onsite recruiting support for application development, systems integration and enterprise application integration.

8.2 Adecco Group North America Championships

MPS Group sponsored the MPS Group Championships, a Women’s Tennis Association event held in Ponte Vedra Beach, Florida in 2009 and 2010. The tournament was discontinued in 2011 due to scheduling changes for WTA Tour spring events.

8.3 Company acquired

On October 20, 2009, the company announced that it was being acquired by Swiss company Adecco Group for US$1.3 billion in cash. Adecco is the largest human resources company in the world. Adecco indicated that it would not change the MPS brand name. Jacksonville will become Adecco’s center for professional staffing in North America. The merger was completed in the first quarter of 2010.^[4]
8.4 References

[2] Yahoo Finance, MPS Group

8.5 External links

- Official website
Chapter 9

Administrative services organization

An administrative services organization (ASO) is an organization that provides outsourced solutions to meet the administrative and HR needs of the client, with the client retaining all employment-related risks and liabilities. [1] The term ASO was established by the PEO industry in the late 1990s in order to distinguish between selective administrative support and full-scale PEO services. [2] The principal difference between the two types of service is that, in an ASO arrangement, the employer remains the employer of record for tax purposes. [3] Ultimately, with this structure, tax and insurance filings are done through the administrative firm, but under the client company’s employer identification number. All W-2 and workers’ compensation policies remain the responsibility of the employer and not the administrative firm. [4]

Some of the more common administrative services offered are payroll processing, payroll administration, benefits administration, and corporate benefits.

**Payroll services** include: W-2 processing, tax filing services, direct deposit, wage garnishment, new hire reporting, standard & custom reports, HRIS, expense reporting, employee time & attendance, paycards, pay as you go workers comp, 401(k) administration, & unemployment Cost Control.

**Benefits administration** includes: managing COBRA, HRA/ HSAs, FSAs and transit pre-tax plans, bill payment/ premium reconciliation, & benefits enrollment.

**Corporate benefits** include: organizing/ negotiating health insurance, group dental, STD, LTD, life, etc.

### 9.1 Benefits

The benefits of an ASO are not easily quantifiable. Administrative firms performing ASO duties conceptually save business owners time and money through economies of scale. Some businesses, especially small businesses or start-up companies, are not prepared for the administrative duties involved with running a business. The knowledge and capabilities of small and mid-sized businesses are usually limited to occupational expertise, not legal or administrative expertise.

One of the most significant advantages of using an ASO is the benefits from cost saving techniques and bargaining abilities that the ASO can provide due to their large number of workforce employees.

ASOs are built for larger companies that need the actual functions of payroll, workers’ compensation, health and wellness benefits and HR support and Services done for them. Typically companies over 100 employees find value in an ASO model. Although the ASO and PEO business models are somewhat similar, an ASO does not include co-employment. [5]

### 9.2 References

[1] [http://www.shrm.org/hrdisciplines/Pages/CMS_011128.aspx](http://www.shrm.org/hrdisciplines/Pages/CMS_011128.aspx)


Chapter 10

Agreements on objectives

The agreement on objectives is an agreement concerning the goals to be achieved by the employee. It is a motivational technique and standardly used in field service and in project work, but also in other areas. Besides trade and industry, it is also increasingly used in public administration. [1]

10.1 Origins of the instrument

An Agreement on objectives is an instrument of leadership, that goes back to the teaching of Management by objectives. [2] Management by objectives in this context means the keeping of employees by objectives. The company's philosophy gives the impetus for the formulation of strategic objectives, which in turn are translating the employee goals into operational goals. The objectives of the top level of the hierarchy are the longer-term orientation and aligning goals of a company. The lower the targets are located in the hierarchy, the more short-term and specific they are. To note here is that each target species based on the overriding objective must be to ensure the company acts as a purposeful whole.

10.2 Inclusion in the compensation system

Target agreements are an instrument of modern personnel management, in the form of a performance-based, variable compensation classified as an ongoing fee. [3]

10.3 Legal definition

An agreement between employers and employee, where periodic objectives, related to the individual employee, are agreed with the compensation depending on the degree of goal attainment. [4]

10.4 Business definition

Economically, the arrangements are agreed on a target, up to a certain point in time, to be performed, which in practice are usually taken in the context of appraisal interviews. [5]

10.5 Boundaries

10.5.1 Targets

Target agreements are agreed between two parties, however, targets are determined unilaterally by the employer as part of its management rights. [6]
10.5.2 Commission

Both, commission and agreement on objectives contain a variable performance pay, which will be paid in addition to a fixed salary. As an individual performance-related compensation from the commission ruled, however, for employees who do not or are not used primarily in sales, or in which any case is not primarily a revenue-or profit-related performance, are provided. If the employer takes a target, from whose achievement is only the commission paid, it's a question of an agreement on objectives.

10.5.3 Bonus

With the agreement of a bonus, employees are involved with a certain percentage share of the economic success of the company. It is a success fee, which is independent of the contribution of the employee's to the company's success. In contrast, target agreements must set the goals to be reached and influenced by the employee for his assistance. Still occurs at the end of the fiscal year to assess the performance of the employee will be decided by which, whether the objectives have been met or not. If it is solely on the sales performance of the Company, which is not much influenced by the employee, it is a bonus. [7]

10.6 Aims of the agreement by objectives system

Basically, to be brought into line with agreed targets, the individual goals of employees with corporate goals, thereby increasing efficiency of the company takes place. Agreements on objectives can orient themselves to the performance of the individual employee or a group (individual objective) and the success of the company (corporate goals). The employer can observe the implementation of continuous feedback in the target agreement process, continuing to the performance level of the individual worker and influence through ongoing training. It is therefore the appraisal of an employee, which is also of enormous importance in the area of staff development. Agreements on objectives allow the company to continue flexible working and provide an additional incentive compensation for the extra performance of the employee. The employee is given the opportunity, however, to earn an additional payment, for example in the form of an annual premium. [8]

10.7 The goal setting process

The goal setting process is usually very complex and vary from company to company in practice. This can be derived the following key points:

10.7.1 Vertex 1

Agreements on objectives are arranged once a year, usually taken at the beginning of the business year. Clearly defined goals have to be formulated and agreed. The whole goal setting process requires that the employees understand the objectives and accept them. In general, for reasons of clarity and feasibility, no more than six goals are agreed. Often three to five business-related field goals are connected to a personal development goal (soft aim). [9] **S.M.A.R.T.**

**Specific** = Detailed description of the desired state (and easily understandable)

**Measurable** = Specification of criteria by which success can be verified (qualitative, quantitative)

**Attractive** = Active influenced and accessible. The goals take place in the area of responsibility of the employee and are not in elementary dependence on external, non-configurable criteria

**Relevant** = Realistic in terms of corporate goals

**Terminated** = Specifying the target date of achieving completes the objective conditions.
10.7.2 Vertex 2

During the second or third quarter, often a milestone meeting is held, at which a short feedback is given about the current level of achievement.

10.7.3 Vertex 3

At the end of the agreed period the target outcome conversation occurs, in which the achievement of goals, set by an actual-theoretical comparison, is found.

10.7.4 Vertex 4

The final goal statement takes place in the first quarter after the expiration of the agreed target period.

10.7.5 Vertex 5

For the target assessment, various methods may be used. An effective tool is the balanced scorecard. Important in achieving objectives control is that it is transparent to the employee and is perceived as fair.\[10\]

10.8 Opportunities and risks of agreed targets for the company

For the company, setting agreements on objectives result in time savings are in the business process. Agreeing on overall and partial objectives avoid duplication and help to coordinate the processes and tasks. Also the tuning in daily business processes can be shortened by clear rules and priorities of the latitude of the employees.

The conversations respective agreements on objectives cause an agreement that inform the employee about the reasons and backgrounds, as well as the conditions of the work task and thus counteract problems independently and purposefully. The control times of the executives are shortened. Furthermore, employees are encouraged to feel more accountable for the results of their activities. Agreements on objectives are increasing the employee's identification with the work content and the company, which also leads to improved performance of the employee and thereby increase the efficiency of the company.

The employee evaluation is simplified by the well-defined goals, which also helps the employer in the dismissal process to property, because the average performance is defined or agreed upon with the employee. The termination scale can therefore be exacerbated to the detriment of the employee. Furthermore, the personnel control is relieved by agreeing on precisely defined targets.

Risks posed by the possible development of an enhanced range: Selfishness. The personal interest is often put before the general interest, so that individual employees, able to assist the group, agree to meet targets.

The increased potential for conflict in the evaluation of target achievement, in particular where the goals are unclear and complicated billing comes through the complex design of the target agreement system is reflected in the contraside for the company.

10.9 Opportunities and risks for employees

For the employees agreements on objectives result in a clear orientation on corporate goals and their own work area and a clear orientation what kind of contribution or achievement is expected from the company. Thereby the staff is actively involved with the company's goal setting. Also, the scope for creativity and autonomy is extended to the employee.

The assessment criteria for goal achievement is more transparent and personal development goals for the employee are taken seriously within the company. The feedback from the supervisor informs the employee about his strengths and weaknesses of a reasonable basis. As part of goal setting discussions, employees can express concerns and desires and provide feedback to the supervisor. The employees get a sense of their objectives, by agreement of partnership,
which in turn affects the work environment positively. Furthermore, the employee has the chance of an above-average earning.

A disadvantage for the employee is the risk of losing the bonus of the agreement by objectives, if he fails to reach the goal. *[11]*

The introduction and sustained implementation of a target agreement system is connected with high expenses. Framework aims have to be defined, a comprehensive company-specific approach has to be developed. Employees must be informed and involved. Even managers and the council may need to be informed and involved in the process. Moreover, the managers have to be trained in terms of their new responsibilities. It therefore requires not only a lot of capital, but also enormous time resources to establish a target agreement system and sustainable.

The introduction of a system like agreements on objectives might only be worthwhile if the expense is offset by the significant increase in performance of employees.

### 10.10 References


Chapter 11

Anaplan

Anaplan is a cloud-based business modeling and planning platform for sales, operations and finance. The company is a recent entrant to the business planning market, which for decades has been dominated by the “big four” legacy vendors: IBM, Oracle, SAP, and Microsoft.[1] Anaplan CTO Michael Gould developed Anaplan as a response to these legacy systems. At the core of his technology is a single hub where the business user, and not IT, can build, deploy, maintain, and share models.


11.1 History

Anaplan was founded in 2006 by Guy Haddleton and Michael Gould. Gould noted, “Outdated technologies and disconnected legacy applications have made dynamic interaction across teams nearly impossible, forcing users into static models that can’t keep pace with daily change” – and set about to change that.[6] He spent two years developing a platform that could utilize new computing abilities, such as in-memory computing, 64-bit multi core processing, database innovation, and SaaS delivery. After four years of platform development, Anaplan was officially launched to the public in October 2010.[7]

By year’s end, Anaplan had gained so much market traction that it was being hailed as a creator of the “new market” in performance management.[8] Anaplan brought on Frederic Laluyaux as CEO in 2012.[9] Under his leadership, the company has attracted new funding, doubled its headcount, opened new offices worldwide, and added some notable household names as customers.[10]


Anaplan closed its C-Round funding in March 2013 with a $33M investment from Meritech, Shasta Ventures, Granite Ventures, Salesforce.com, and additional private investors.[16]

Anaplan announced May 13, 2014 at its Hub 2014 conference in San Francisco that it has completed a Series D round of $100 million in financing, bringing total investment in the company to $150 million.[17]

11.2 Technology

Using cloud computing, multi-tenant data architecture and an in-memory calculation engine (Hyperblock), Anaplan has created a powerful and flexible platform delivered to end-users as a SaaS product.

Anaplan’s HyperBlock architecture unites a hybrid of relational, vertical, and OLAP databases with memory data store and calculation.[18] In spreadsheet planning, every cell has a unique formula that is interdependent on other cells. Instead, the HyperBlock automatically records updates at a granular level by amending only the affected cells. As volumes scale, users can instantaneously update or change models of any size.[19]

The “Living Blueprint” is the brain behind Anaplan’s in-memory platform. This master repository of business
rules is where all the intelligence behind a model is generated and maintained. This allows adjustments to the model to be made in seconds, thus allowing the model to grow and adapt with a constantly changing business."[20]

Anaplan is a Software-as-a-Service ("SaaS") and is completely cloud-based. This eliminates the need for dedicated hardware or maintenance teams to make the platform work. It also enables "Zero Deployment" – users can log onto the platform on almost any device, from anywhere."[21]

11.3 User Conference

Anaplan has a biannual customer-facing event: Anaplan Hub. It is a place for customers to speak and share stories, as well as a platform for the executives to announce product releases, updates, and new strategies.

In May 2013, the inaugural Hub took place in San Francisco."[22] Customer speakers included Diageo, Pandora, McAfee, HealthTrust, Serena Software, Wind River, 2degrees, and AirAsia Expedia.


11.4 Awards & Honors

- 15 Companies to Watch – FSN, 2011*[24]
- Gartner Cool Vendor in Finance and Procurement – Gartner, 2012*[25]
- Operational Innovation Award for Sales Excellence – Ventana Research, 2012*[26]
- OnDemand Top 100 in Business Management Application Software – AlwaysOn, 2013*[27]

11.5 References

[8] http://www.fsn.co.uk/channel_financial_reporting/review_of_2011_a_year_of_surprising_innovation#.UldHBmTzbhA
[10] http://www.fsn.co.uk/channel_bi_hpm_cpm/fsn_interviews_frederic_laluyaux_ceo_anaplan#.Umrh1TzZra
11.6 External links

- Official Site
- Expedia AirAsia
- Worldwide Clinical Trials
- Taylor Wimpey builds cloud forecasting process with Anaplan
- Anaplan Expands Executive Leadership Team
- FSN Interviews Frederic Laluyaux, CEO Anaplan

[23] http://www.reuters.com/article/2013/10/01/anaplan-idUSnBw016841a+100+BSW20131001
Chapter 12

Applicant tracking system

An applicant tracking system (ATS) is a software application that enables the electronic handling of recruitment needs. An ATS can be implemented or accessed online on an enterprise or small business level, depending on the needs of the company. An ATS is very similar to customer relationship management systems,[1] but are designed for recruitment tracking purposes. In many cases they filter applications automatically based on given criteria such as keywords, skills, former employers, years of experience and schools attended.[2] This has caused many to adapt resume optimization techniques similar to those used in search engine optimization when creating and formatting their résumé. [3]

12.1 Principle

Almost all recruitment agencies and most major corporations with an in-house recruitment function use some form of applicant tracking system to handle job postings, applicants, resumes, interviews.[4] A dedicated ATS is not uncommon for recruitment specific needs. On the enterprise level it may be offered as a module or functional addition to a human resources suite or Human Resource Information System (HRIS). The ATS is expanding into small and medium enterprises through open source or software as a service offerings (SaaS).

The principal function of an ATS is to provide a central location and database for a company's recruitment efforts. ATSs are built to better assist management of resumes and applicant information. Data is either collected from internal applications via the ATS front-end, located on the company website or is extracted from applicants on job boards. The majority of job and resume boards (Monster.com, Hotjobs, CareerBuilder, Indeed.com) have partnerships with ATS software providers to provide parsing support and ease of data migration from one system to another.[5]

Recent enhancements include use of artificial intelligence (AI) tools and natural language processing (NLP) to facilitate intelligent guided semantic search capabilities offered through cloud based platforms that allow companies to score and sort resumes with better alignment to the job requirements and descriptions. Modern ATSs allow applicants to be sourced from the company's own database of past job applicants.

With the advent of ATS, resume optimization techniques and online tools are now used by applicants to increase their chances of landing an interview call.

12.2 Benefits

Functionality of an ATS is not limited to data mining and collection; ATS applications in the recruitment industry include the ability to automate the recruitment process via a defined workflow.

Another benefit of an applicant tracking system is analyzing and coordinating recruitment efforts - managing the conceptual structure known as human capital. A corporate career site or company specific job board module may be offered, allowing companies to provide opportunities to internal candidates prior to external recruitment efforts. Candidates may be identified via pre-existing data or through information garnered through other means. This data is typically stored for search and retrieval processes. Some systems have expanded offerings that include off-site encrypted resume and data storage, which are often legally required by equal opportunity employment laws. Very
few applicant tracking systems have any major job distribution function instead relying on suppliers such as Logic Melon and eQuest.

Applicant tracking systems may also be referred to as talent management systems (TMS) and are often provided via an application service provider or software as a service (SaaS) model.⁶ The level of service and cost can vary greatly across providers. In the UK and Ireland, Applicant Tracking Systems which are specifically for Agency Recruiters are often referred to as Recruitment Software and this is a term used mainly in the recruitment agency industry (representative bodies include the REC in the UK and the NRF in Ireland). Although proprietary systems dominate the ATS space, there are open-source alternatives.

This table: free and open-source ATS lists the available free and open-source ATS. Apart from Free open-source ATS there are also paid ATS providers on the market such as Taleo and Logic Melon. Advanced “context” based talent acquisition products like Spire TalentSHIP are also in the market which are said to be better than the conventional ATS.⁷

As the data held within recruitment software is predominantly personal data, it is often tightly controlled by data protection legislation, preventing the data from being held offshore, which frequently places a legal restriction on the use of SaaS offerings.

### 12.3 References

[1] “Do you know your ATS from your CRM”.


Chapter 13

Appreciative inquiry

Appreciative inquiry (AI) is a model for analysis, decision-making and the creation of strategic change, particularly within companies and other organizations. It was developed at Case Western Reserve University’s department of organizational behavior, starting with a 1987 article by David Cooperrider and Suresh Srivastva. They felt that the overuse of “problem solving” as a model often held back analysis and understanding, focusing on problems and limiting discussion of new organizational models. [1]

13.1 History

Cooperrider and Srivastva took a social constructionist approach, arguing that organizations are created, maintained and changed by conversations, and claiming that methods of organizing were only limited by people’s imaginations and the agreements among them. [2]

In 1990, Cooperrider and Diana Whitney published an article outlining the four principles of AI. [3] This model was used at GTE in the mid 90s. Positive publicity around that work led to calls for a “how to” manual for implementing the model at other companies. Cooperrider resisted this for many years, wanting people to focus on the theory and to innovate with methods. As a result, different approaches to AI have flourished around the world.


13.2 Basis and principles

According to Bushe, AI “advocates collective inquiry into the best of what is, in order to imagine what could be, followed by collective design of a desired future state that is compelling and thus, does not require the use of incentives, coercion or persuasion for planned change to occur.” [6]

The model is based on the assumption that the questions we ask will tend to focus our attention in a particular direction. Some other methods of assessing and evaluating a situation and then proposing solutions are based on a deficiency model. Some other methods ask questions such as “What are the problems?”, “What’s wrong?” or “What needs to be fixed?”. Instead of asking “What’s the problem?”, some methods couch the question in terms of challenges, which still focuses on deficiency, on what needs to be fixed or solved. [7]

The five principles of AI are: [6]

1) The constructionist principle proposes that what we believe to be true determines what we do, and thought and action emerge from relationships. Through the language and discourse of day to day interactions, people co-construct the organizations they inhabit. The purpose of inquiry is to stimulate new ideas, stories and images that generate new possibilities for action.

2) The principle of simultaneity proposes that as we inquire into human systems we change them and the seeds of change, the things people think and talk about, what they discover and learn, are implicit in the very first questions asked. Questions are never neutral, they are fateful, and social systems move in the direction of the questions they most persistently and passionately discuss.
3) The **poetic principle** proposes that organizational life is expressed in the stories people tell each other every day, and the story of the organization is constantly being co-authored. The words and topics chosen for inquiry have an impact far beyond just the words themselves. They invoke sentiments, understandings, and worlds of meaning. In all phases of the inquiry effort is put into using words that point to, enliven and inspire the best in people.

4) The **anticipatory principle** posits that what we do today is guided by our image of the future. Human systems are forever projecting ahead of themselves a horizon of expectation that brings the future powerfully into the present as a mobilizing agent. Appreciative inquiry uses artful creation of positive imagery on a collective basis to refashion anticipatory reality.

5) The **positive principle** proposes that momentum and sustainable change requires positive affect and social bonding. Sentiments like hope, excitement, inspiration, camaraderie and joy increase creativity, openness to new ideas and people, and cognitive flexibility. They also promote the strong connections and relationships between people, particularly between groups in conflict, required for collective inquiry and change.

Some researchers believe that excessive focus on dysfunctions can actually cause them to become worse or fail to become better. By contrast, AI argues, when all members of an organization are motivated to understand and value the most favourable features of its culture, it can make rapid improvements.

Strength-based methods are used in the creation of organizational development strategy and implementation of organizational effectiveness tactics. The **appreciative** mode of inquiry often relies on interviews to qualitatively understand the organization's potential strengths by looking at an organization's experience and its potential; the objective is to elucidate the assets and personal motivations that are its strengths.

Bushe has argued that mainstream proponents of AI focus too much attention on “the positive” and not enough on the transformation that AI can bring about. In a 2010 comparative study in a school district he found that even in cases where no change occurred participants were highly positive during the AI process. What distinguished those sites that experienced transformational changes was the creation of new ideas that gave people new ways to address old problems. He argues that for transformational change to occur, AI must address problems that concern people enough to want to change. However, AI addresses them not through problem-solving, but through generative images.

### 13.3 Distinguishing features

The following table comes from the Cooperrider and Srivastva (1987) article and is used to describe some of the distinctions between AI and approaches to organizational development not based on what they call positive potential:

Appreciative inquiry attempts to use ways of asking questions and envisioning the future in order to foster positive relationships and build on the present potential of a given person, organization or situation. The most common model utilizes a cycle of four processes, which focus on what it calls:

1. **DISCOVER**: The identification of organizational processes that work well.
2. **DREAM**: The envisioning of processes that would work well in the future.
3. **DESIGN**: Planning and prioritizing processes that would work well.
4. **DESTINY** (or **DEPLOY**): The implementation (execution) of the proposed design.

The aim is to build – or rebuild – organizations around what works, rather than trying to fix what doesn't. AI practitioners try to convey this approach as the opposite of problem solving.

### 13.4 Implementing AI

There are a variety of approaches to implementing appreciative inquiry, including mass-mobilised interviews and a large, diverse gathering called an Appreciative Inquiry Summit. These approaches involve bringing large, diverse groups of people together to study and build upon the best in an organization or community.

Current resources on AI include (in alphabetical order):


13.5 AI's uses

AI is used in organizational development and as a consultancy tool in an attempt to bring about strategic change. It has been applied in businesses, health care bodies, social non-profit organizations, educational institutions, and government operations. * [19] Although originating in the US, it is also used in the UK – for example in the National Support Teams and around the world. Since 2000 the AI Practitioner, a quarterly publication, has described applications in a variety of settings around the world.

In Vancouver, AI is being used by the Dalai Lama Center for Peace and Education. The Center, which was founded by the Dalai Lama and Victor Chan, is using AI to facilitate compassionate communities. * [20]

13.6 See also

• Geoffrey Vickers introduced concept of 'Appreciative Systems'(1968)

• Kenneth J. Gergen instrumental in social constructionism and the concept of generativity

• David Cooperrider originated the theory of appreciative inquiry in his 1986 doctoral dissertation.

13.7 References


[7] Case Western Reserve University’s Weatherhead School of Management http://appreciativeinquiry.case.edu/


[9] *Background* http://www.new-paradigm.co.uk/Appreciative.htm
13.8 External links

- Appreciative Inquiry Commons at Case Western Reserve University
- Appreciative inquiry at Harvard Business School
- Inquérito Apreciativo (Portuguese)
- Appreciative Inquiry France The reference site in French on AI
- Appreciative Inquiry Conference 2007, The Power of Positive Change
- Begeistring Organisations-The European Network around AI and Strength Based Change
- Appreciative Inquiry: An Overview, scribd.
- Bushe’s initial paper on AI
Chapter 14

Aspiring Minds

Aspiring Minds Assessment Private Limited is an Indian “employability evaluation and certification company” , headquartered in Gurgaon with an office in Bangalore and a pan-Indian operational presence. [1]

14.1 Description and history


14.2 Products

Aspiring Minds developed the employability test – Aspiring Minds Computer Adaptive Test or AMCAT. [11] Graduates and students can take this test to present a picture of their skills and abilities to the companies. Companies can hire the candidates directly from the database or from Aspiring Minds’ Assessment service. [12]

14.3 References

[1] Aspiring Minds
[2] Himanshu's and Varun's Aspiring Minds
[3] Omidyar Network Leads Series a Funding in Aspiring Minds
[4] Aspiring Minds Raises Series a Funding to Foster Labor Inclusion in India
[5] Himanshu's and Varun's Aspiring Minds
[8] 47% Indian Graduates are Unemployable
[9] Aspiring Minds, edX tie up
[10] Around 47% Indian Graduates are Unemployable
[11] Aspiring Minds' AMCAT is India's Largest Employability Test
[12] Aspiring Minds - Reinventing Corporate Recruitments
14.4 External links

- Official website
Chapter 15

Assessment center

An assessment center (AC) is a technique used in the selection of candidates for a job in an organization. It is most often used to help determine which employees have the potential to be promoted into management positions. It employs a variety of techniques and multiple observers in a closed setting. Assessment centers often combine traditional assessments, such as interviews and psychological tests with simulation exercises, including in-basket (provide candidates with series of items that might be found in an inbox and ask them to indicate actions that would be taken) or leaderless group (put several candidates in a group setting with a task to complete). Trained raters would review each candidate’s performance in each exercise and provide scores. Based on an analysis of the skills and competencies for the job in question exercises for the candidates are selected in order to reveal information regarding the required qualities and attributes.

Assessment Centers have been shown to be useful for hiring employees because they are valid predictors of employee job performance, that is, scores in the assessment centers are related to performance on the job.

15.1 References


15.2 External links

- The International Congress on Assessment Center Methods

- Simple self-assessment questionnaire - anonymous and free
Chapter 16

At-will employment

At-will employment is a term used in U.S. labor law for contractual relationships in which an employee can be dismissed by an employer for any reason (that is, without having to establish "just cause" for termination), and without warning. [1] When an employee is acknowledged as being hired "at will", courts deny the employee any claim for loss resulting from the dismissal. The rule is justified by its proponents on the basis that an employee may be similarly entitled to leave his or her job without reason or warning. [2] In contrast, the practice is seen as unjust by those who view the employment relationship as characterized by inequality of bargaining power. [3]

At-will employment gradually became the default rule under the common law of the employment contract in most states during the late 19th century, and was endorsed by the U.S. Supreme Court during the Lochner era, when members of the U.S. judiciary consciously sought to prevent government regulation of labor markets. [4] Over the 20th century, many states modified the rule by adding an increasing number of exceptions, or by changing the default expectations in the employment contract altogether. In workplaces with a trade union recognized for purposes of collective bargaining, and in many public sector jobs, the normal standard for dismissal is that the employer must have a “just cause”. Otherwise, subject to statutory rights (particularly the discrimination prohibitions under the Civil Rights Act), most states adhere to the general principle that employer and employee may contract for the dismissal protection they choose. At-will employment remains controversial, and remains a central topic of debate in the study of law and economics, especially with regard to the macroeconomic efficiency of allowing employers to summarily and arbitrarily terminate employees.

16.1 Definition

At will employment is generally described as follows: “any hiring is presumed to be ‘at will’; that is, the employer is free to discharge individuals ‘for good cause, or bad cause, or no cause at all,’ and the employee is equally free to quit, strike, or otherwise cease work.” [5] In an October 2000 decision largely reaffirming employers’ rights under the at-will doctrine, the Supreme Court of California explained:

At-will employment disclaimers are a staple of employee handbooks in the United States. It is common for employers to define what at-will employment means, explain that an employee’s at-will status cannot be changed except in a writing signed by the company president (or chief executive), and require that an employee sign an acknowledgment of his or her at-will status. [7] However, the National Labor Relations Board has opposed as unlawful the practice of including in such disclaimers language declaring that the at-will nature of the employment cannot be changed without the written consent of senior management. [note 1][8]

16.2 History

The original common law rule for dismissal of employees according to William Blackstone envisaged that, unless another practice was agreed, employees would be deemed to be hired for a fixed term of one year. [9] Over the 19th century, most states in the North adhered to the rule that the period by which an employee was paid (a week, a month or a year) determined the period of notice that should be given before a dismissal was effective. For instance, in 1870 in Massachusetts, Tatterson v. Suffolk Mfg Co [10] held that an employee’s term of hiring dictated the default period
of notice.”[11] By contrast, in Tennessee, a court stated in 1884 that an employer should be allowed to dismiss any worker, or any number of workers, for any reason at all.[12] An individual, or a collective agreement, according to the general doctrine of freedom of contract could always stipulate that an employee should only be dismissed for a good reason, or a “just cause”, or that elected employee representatives would have a say on whether a dismissal should take effect. However, the position of the typical 19th-century worker meant that this was rare.

The at-will practice is typically traced to a treatise published by Horace Gray Wood in 1877, called Master and Servant.'[13] Wood cited four U.S. cases as authority for his rule that when a hiring was indefinite, the burden of proof was on the servant to prove that an indefinite employment term was for one year.’[14] In Toussaint v. Blue Cross & Blue Shield of Michigan, the Court noted that “Wood’s rule was quickly cited as authority for another proposition.” ’[15] Wood, however, misinterpreted two of the cases which in fact showed that in Massachusetts and Michigan, at least, the rule was that employees should have notice before dismissal according to the periods of their contract.’[16]

In New York, the first case to adopt Wood's rule was Martin v New York Life Ins Co’[17] in 1895. Bartlett J asserted that New York law now followed Wood's treatise, which meant that an employee who received $10,000, paid in a salary over a year, could be dismissed immediately. The case did not make reference to the previous authority. Four years earlier, in 1891, Adams v Fitzpatrick’[18] had held that New York law followed the general practice of requiring notice similar to pay periods. However, subsequent New York cases continued to follow the at-will rule into the early 20th century.’[19]

Some courts saw the rule as requiring the employee to prove an express contract for a definite term in order to maintain an action based on termination of the employment.’[20] Thus was born the U.S. at-will employment rule, which allowed discharge for no reason. This rule was adopted by all U.S. states. In 1959, the first judicial exception to the at-will rule was created by one of the California Courts of Appeal.’[21] Later, in a 1980 landmark case involving ARCO, the Supreme Court of California endorsed the rule first articulated by the Court of Appeal.’[22] The resulting civil actions by employees are now known in California as Tameny actions for wrongful termination in violation of public policy.’[23]

Since 1959, several common law and statutory exceptions to at-will employment have been created.

Common law protects an employee from retaliation if the employee disobeys an employer on the grounds that the employer ordered him or her to do something illegal or immoral. However, in the majority of cases, the burden of proof remains upon the discharged employee. No U.S. state but Montana has chosen to statutorily modify the employment at-will rule.’[24] In 1987, the Montana legislature passed the Wrongful Discharge from Employment Act (WDEA). The WDEA Act is unique in that, although it purports to preserve the at-will concept in employment law, it also expressly enumerates the legal bases for a wrongful discharge action.’[15] Under the WDEA, a discharge is wrongful only if: “it was in retaliation for the employee’s refusal to violate public policy or for reporting a violation of public policy; the discharge was not for good cause and the employee had completed the employer’s probationary period of employment; or the employer violated the express provisions of its own written personnel policy.” ’[25]

It is important to understand that the at-will doctrine is merely a default rule that can be overridden by an express contract or civil service statutes (in the case of government employees). As many as 34% of all U.S. employees apparently enjoy the protection of some kind of “just cause” or objectively reasonable requirement for termination that takes them out of the pure “at-will” category, including the 7.5% of unionized private-sector workers, the 0.8% of nonunion private-sector workers protected by union contracts, the 15% of nonunion private-sector workers with individual express contracts that override the at-will doctrine, and the 16% of the total workforce who enjoy civil service protections as public-sector employees.’[26]

16.3 Public policy exceptions

Under the public policy exception, an employer may not fire an employee if it would violate the state’s public policy doctrine or a state or federal statute.

This includes retaliating against an employee for performing an action that complies with public policy (such as repeatedly warning that the employer is shipping defective airplane parts in violation of safety regulations promulgated pursuant to the Federal Aviation Act of 1958’[27]), as well as refusing to perform an action that would violate public policy. In this diagram, the pink states have the ‘exception’, which protects the employee.

As of October 2000,’[28] forty-two U.S. states and the District of Columbia recognize public policy as an exception to the at-will rule.’[29]
16.4. IMPLIED CONTRACT EXCEPTIONS

See also: Implied in fact contract

Thirty-six U.S. states (and the District of Columbia) also recognize an implied contract as an exception to at-will employment. Under the implied contract exception, an employer may not fire an employee “when an implied contract is formed between an employer and employee, even though no express, written instrument regarding the employment relationship exists.” Proving the terms of an implied contract is often difficult, and the burden of proof is on the fired employee. Implied employment contracts are most often found when an employer’s personnel policies or handbooks indicate that an employee will not be fired except for good cause or specify a process for firing. If the employer fires the employee in violation of an implied employment contract, the employer may be found liable for breach of contract.

Thirty-six U.S. states have an implied-contract exception. The fourteen states having no such exception are:

- Alabama
- Georgia
- Louisiana
- Maine
- Nebraska
- New York
- Rhode Island
- Florida – three limited conditions can override an at-will agreement

16.4 Implied contract exceptions

The 7 states which do not have the exception are:

- Arizona

U.S. states (Blue) without a public policy exception
CHAPTER 16. AT-WILL EMPLOYMENT

The implied-contract theory to circumvent at will employment must be treated with caution. In 2006, the Texas Court of Civil Appeals in *Matagorda County Hospital District v. Burwell* [32] held that a provision in an employee handbook stating that dismissal may be for cause, and requiring employee records to specify the reason for termination, did not modify an employee’s at-will employment. The New York Court of Appeals, that state’s highest court, also rejected the implied-contract theory to circumvent employment at will. In *Anthony Lobosco, Appellant v. New York Telephone Company/NYNEX, Respondent,* [33] the court restated the prevailing rule that an employee could not maintain an action for wrongful discharge where state law recognized neither the tort of wrongful discharge, nor exceptions for firings that violate public policy, and an employee’s explicit employee handbook disclaimer preserved the at-will employment relationship. And in the same 2000 decision mentioned above, the Supreme Court of California held that the length of an employee’s long and successful service, standing alone, is not evidence in and of itself of an implied-in-fact contract not to terminate except for cause.” [6]
16.5 Covenant of good faith and fair dealing exceptions (aka. “Implied-in-law” Contracts)

See also: Quasi-contract

Eleven U.S. states have recognized a breach of an implied covenant of good faith and fair dealing as an exception to at-will employment.¹ [28] [34] These 11 states are:

- Alabama
- Alaska
- Arizona
- California
- Delaware
- Idaho
- Massachusetts
- Montana
- Nevada
- Utah
- Wyoming

Court interpretations of this have varied from requiring “just cause” to denial of terminations made for malicious reasons, such as terminating a long-tenured employee solely to avoid the obligation of paying the employee’s accrued retirement benefits. Other court rulings have denied the exception, holding that it is too burdensome upon the court for it to have to determine an employer’s true motivation for terminating an employee.” [28]
16.6 Statutory exceptions

Although all U.S. states have a number of statutory protections for employees, most wrongful termination suits brought under statutory causes of action use the federal anti-discrimination statutes which prohibit firing or refusing to hire an employee because of race, color, religion, sex, national origin, age, or handicap status. Other reasons an employer may not use to fire an at-will employee are:

- for refusing to commit illegal acts – An employer is not permitted to fire an employee because the employee refuses to commit an act that is illegal.
- family or medical leave – federal law permits most employees to take a leave of absence for specific family or medical problems. An employer is not permitted to fire an employee who takes family or medical leave for a reason outlined in the Family and Medical Leave Act of 1993.
- in retaliation against the employee for a protected action taken by the employee – "protected actions" include suing for wrongful termination, testifying as a witness in a wrongful termination case, or even opposing what they believe, whether they can prove it or not, to be wrongful discrimination. In the recent federal case of Ross v. Vanguard, Raymond Ross successfully sued his employer for firing him due to his allegations of racial discrimination.*[35] In the recent federal case of Ross v. Vanguard, Raymond Ross successfully sued his employer for firing him due to his allegations of racial discrimination.*[36]

Examples of federal statutes include:

- Equal Pay Act of 1963 (relating to discrimination on the basis of sex in payment of wages);
- Title VII of the Civil Rights Act of 1964 (relating to discrimination on the basis of race, color, religion, sex, or national origin);
- Age Discrimination in Employment Act of 1967 (relating to certain discrimination on the basis of age with respect to persons of at least 40 years of age);
- Rehabilitation Act of 1973 (related to certain discrimination on the basis of handicap status);
- Americans with Disabilities Act of 1990 (relating to certain discrimination on the basis of handicap status).
- The National Labor Relations Act provides protection to employees who wish to join or form a union and those who engage in union activity. The act also protects employees who engage in a “concerted activity”. In 2012, the National Labor Relations Board, the federal administrative agency responsible for enforcing the National Labor Relations Act (NLRA), instituted two cases attacking at-will employment disclaimers in employee handbooks. The NLRB challenged broadly worded disclaimers, alleging that the statements improperly suggested that employees could not act concertedly to attempt to change the at-will nature of their employment, and thereby interfered with employees’ protected rights under the NLRA.*[38]

16.7 Controversy

On the one hand, the doctrine of at-will employment has been heavily criticized for its severe harshness upon employees.*[39] It has also been criticized as predicated upon flawed assumptions about the inherent distribution of power and information in the employee-employer relationship.*[40] On the other hand, conservative scholars in the field of law and economics such as Professors Richard A. Epstein*[41] and Richard Posner* [42] credit employment at will as a major factor underlying the strength of the U.S. economy.

At-will employment has also been identified as a reason for the success of Silicon Valley as an entrepreneur-friendly environment.*[43]

In a 2009 article surveying the academic literature from both U.S. and international sources, University of Virginia law professor J.H. Verkerke explained that “although everyone agrees that raising firing costs must necessarily deter both discharges and new hiring, predictions for all other variables depend heavily on the structure of the model and assumptions about crucial parameters.”* [26] The effect of raising firing costs is generally accepted in mainstream...
economics (particularly neoclassical economics); for example, professors Tyler Cowen and Alex Tabarrok explain in their macroeconomics textbook that employers become more reluctant to hire employees if they are uncertain about their ability to immediately fire them."[44]

The first major empirical study on the impact of exceptions to at-will employment was published in 1992 by James N. Dertouzos and Lynn A. Karoly of the RAND Corporation,"[45] which found that recognizing tort exceptions to at-will could cause up to a 2.9% decline in aggregate employment and recognizing contract exceptions could cause an additional decline of 1.8%. According to Verkerke, the RAND paper received "considerable attention and publicity.""[26] Indeed, it was favorably cited in a 2010 book published by the libertarian Cato Institute."[46]

However, a 2000 paper by Thomas Miles found no effect upon aggregate employment but found that adopting the implied contract exception causes use of temporary employment to rise as much as 15%.[26] Later work by David Autor in the mid-2000s identified multiple flaws in Miles' methodology, found that the implied contract exception decreased aggregate employment 0.8 to 1.6%, and confirmed the outsourcing phenomenon identified by Miles, but also found that the tort exceptions to at-will had no statistically significant influence. Autor and colleagues later found in 2007 that the good faith exception does reduce job flows, and seems to cause labor productivity to rise but total factor productivity to drop.[26] In other words, employers forced to find a "good faith" reason to fire an employee tend to automate operations to avoid hiring new employees, but also suffer an impact on total productivity because of the increased difficulty in discharging unproductive employees. Other researchers have found that at-will exceptions have a negative effect on reemployment of unemployed (but not already employed) workers, and that hedonic regressions on at-will exceptions show large negative effects on individual welfare with regard to home values, rents, and wages."[26] Verkerke also explains that several international comparative studies have found that "job security has a large negative effect on employment rates." "[26]

16.8 See also

- Employment Rights Act 1996, for the UK approach to employment protection. See also, Contracts of Employment Act 1963, for the first modern UK law on the requirement to give reasonable notice before any dismissal.
- Green v Wright (1875–76) LR 1 CPD 591 and Hill v C Parsons & Co [1972] 1 Ch 305
- Employment agency
- European Social Charter
- UK agency worker law
- Worker Adjustment and Retraining Notification Act (WARN Act)
- Bammert v. Don's Super Valu, Inc., 646 N.W.2d 365 (Wis. 2002)

16.9 Notes

[1] The NLRB's concern is that such language may cause an employee to believe erroneously that activities such as collective bargaining through unionization would have no ability to change the at-will nature of the employment.

16.10 References

CHAPTER 16. AT-WILL EMPLOYMENT


[11] See also, Franklin Mining Co. v Harris, 24 Mich. 116 (1871) and Beach v. Mullin, 34 N.J. L. 343.

[12] Payne v. Western & Atlantic Railway, 81 Tenn. 507, 518 (1884) ("May I not refuse to trade with any one? May I not dismiss my domestic servant for dealing, or even visiting, where I forbid? And if my domestic, why not my farm-hand, or my mechanic, or teamster? And, if one of them, then why not all four? And, if all four, why not a hundred or a thousand of them?").


[15] Id.


[17] 42 NE 416 (1895)

[18] 125 NY 124, 26 NE 143 (1891)


[20] Id. at 603, 292 N.W.2d at 887.


[29] In Adams v. George W. Cochran & Co., 597 A.2d 28 (D.C. App. 1991), the District of Columbia Court of Appeals carved out a narrow public policy exception to the at-will employment doctrine. The appellate court held that the exception is “when the sole reason for the discharge is the employee's refusal to violate the law, as expressed in a statute or municipal regulation.” 597 A.2d 28, 32. In 1997, this exception was expanded in Carl v. Children's Hospital, 702 A.2d 159 (D.C. App. 1997). The court held that, in addition to the exception articulated in Adams, wrongful discharge would also include a violation of public policy if the public policy is “solidly based on a statute or regulation that reflects the particular public policy to be applied, or (if appropriate) on a constitutional provision concretely applicable to the defendant's conduct.” 702 A.2d 159, 163.

[30] Section 448.102, Florida State Statutes 2010

[31] A.R.S. § 23-1501(2)
16.11. EXTERNAL REFERENCES

[32] 49 Tex Sup J 370, 2006 Tex LEXIS 137

[33] 751 N.E.2d 462 (2001)

[34] It is unclear whether courts in the District of Columbia recognize a good-faith covenant exception. In Kerrigan v. Britches of Georgetowne, Inc., 705 A.2d 624 (D.C. App. 1997), the District of Columbia Court of Appeals ruled against the plaintiff, who alleged that his employer had violated a "covenant of good faith and fair dealing" in conducting sexual harassment investigation against him. It is unclear if the Court of Appeals recognized the good-faith covenant but that the plaintiff did not prove a violation of the covenant, or whether the court did not recognized the good-faith covenant exception at all.


[39] Clyde W. Summers, Employment At Will in the United States: The Divine Right of Employers, 3 U. Pa. J. Lab. & Emp. L. 65 (2000). In this article, Professor Summers reviews examples of how courts have upheld the at-will doctrine by making it very difficult for employees to sue employers on theories like intentional infliction of emotional distress and invasion of privacy, thereby giving employers significant leeway to terrorize their employees (the "divine right" referred to in the article title).


16.11 External references

This article incorporates public domain material from the United States Government document "The employment-at-will doctrine: three major exceptions" by Charles J. Muhl, U.S. Bureau of Labor Statistics (retrieved on February 6, 2010).

• Highstone v. Westin Engineering, Inc., No. 98-1548 (8/9/99) – at-will relationship must be clear to the employees
Chapter 17

Autonomous work group

In business management, an autonomous work group is a group encouraged to manage its own work and working practices. The concept of an autonomous work group was developed by Eric Trist at the Tavistock Institute in London, England after the end of World War II.[1] Involving the working team to decide for itself how the work should be carried out, and distributed among members.

17.1 See also

- Incrementalism

17.2 References


17.3 Further reading


Chapter 18

Behavioral Competencies

A Competency is an attribute, knowledge, skill, ability or other characteristic that contributes to successful job performance. Behavior competencies are observable and measurable behaviors, knowledge, skills, abilities, and other characteristics that contribute to individual success in the organization (e.g., teamwork and cooperation, communication). Behavioral Competencies can apply to all (or most) jobs in an organization or be specific to a job family, position, or career level. Behavioral competencies describe what is required to be successful in an Organization outside of a specific job. As such, behavioral competencies are specific to a person rather than to a job. Behavioral competencies describe how we do something, such as manage our jobs, our homes or our lives generally, and the behaviors we use, for example decision making, information gathering and wider thinking. Behavioral competencies clearly set out for staff and managers the behaviors that are required in each area of the organization in order to be successful. This helps people understand what is expected of them and gives them greater clarity about their team, and individual roles within it. Understanding the behavior that other areas of the organization see as essential to effective performance also helps us to improve how we work together. The behavioral competency is designed to be used by multiple Human Resource functions including Performance Management, Workforce Planning, Succession planning, Training and development, and Recruitment. The competencies and their “behavioral indicators” define what each employee needs to do to be successful and to contribute to the organization vision, mission, goals, objectives and strategies. The word behavioral competency is widely used in business and personnel psychology and refers to the behaviors that are necessary to achieve the objective of an Organization. Behavioral competency is also something you can measure and lists of competencies form a common language for describing how people perform in different situations. Every job or positions can be described in terms of key behavioral competencies. This means that they can be used for all terms of Assessment, Including performance appraisals, training needs analysis and of course selection. Researchers measured the effect of organization advisors emotional, cognitive and other behavioral competencies on their clients’ portfolio performances.

18.1 Classification

Types of Behavioral Competencies can be classified as follows:

1. Individual competencies – your personal attributes: Flexibility (personality), decisiveness, tenacity, independence, risk taking, personal integrity.


3. Analytical Competencies – The elements of the decision making, Innovation, Analytical skills, numerical problem solving, practical learning, detail consciousness.

4. Interpersonal Competencies – Dealing with other people, communication, impact persuasiveness, personnel awareness, teamwork and openness.

5. Motivational Competencies – The things that drive you. Resilience (organizational), energy, motivation, achievement orientation, initiative, Quality Focus.

There are five competency groups given below and each group contain different behavioral competencies:
18.2. **KEY BEHAVIOURAL COMPETENCIES**

1. Achieving and delivery - Drive for results, Serving the customer, Quality focus and Integrity.
2. Personal effectiveness - Planning, organising and flexibility, Confidence and self-control, Problem solving and initiative and Critical information seeking.
3. Working together - Communicating with clarity, Embracing change, Collaborating with others and Influencing and relationship building.
4. Thinking and innovation - Innovation and creativity and Conceptual and strategic thinking.
5. Managing, leading and developing others - Managing and leading the team.

Behaviour competencies are basically categorized in different aspects:

### 18.2 Key Behavioural Competencies

- **People Focus** [21] – Developing people, involving people, Managing relationships, Influencing others and Communication.
- **Business Focus** – Meeting Customer needs, Business awareness, Personal results, Business development and team results.
- **Personal Focus** – Self-control, personal organization, self-confidence, self-development, determination.
- **Change Focus** – Adaptability, Strategic approach and Innovation.
- **Analytical Focus** – Information gathering, Forward planning, Analysis and Judgement, Decision Making, Wider thinking.
- **Quality Focus** – Thoroughness, Quality conscious, Initiative and Integrity.

### 18.3 Framework

Human resource department of Dubai municipality has given the following Framework [22] of behavioral competency.

### 18.4 References

[1] Competency Competence (human resources)
[3] Behavioral Competencies
[4] organization Organization
[6] workforce planning Workforce Planning
[7] succession planning Succession planning
[8] Training and development Training and development
[9] recruitment Recruitment
[10] “behavioral indicators”
[11] Flexibility (personality) Flexibility (personality)
[12] Leadership Leadership
[13] Empowerment Empowerment
[14] strategic planning Strategic planning
[15] project management  Project Management
[16] management control  Management control
[17] innovation  Innovation
[18] analytical skills  Analytical skills
[19] Resilience (organizational)  Resilience (organizational)
[20] competency groups
[21] People Focus
[22] framework

- [link](http://www.london.gov.uk/sites/default/files/Competency-framework-guidelines.pdf)
- [link](http://www.dm.gov.ae/wps/wcm/connect/b450a5004b5d322aa8f7fa79132e522f/HR-BahavioralCompetencyFramework-e.pdf?MOD=AJPERES)
Chapter 19

Bonus payment

A bonus payment is usually made to employees in addition to their base salary as part of their wages or Salary. While the base salary usually is a fixed amount per month, bonus payments more often than not vary depending on known criteria, such as the annual turnover, or the net number of additional customers acquired, or the current value of the stock of a public company. Thus bonus payments can act as incentives for managers attracting their attention and their personal interest towards what is seen as gainful for their companies' economic success. There are widely-used elements of pay for performance and working well in many instances, including when a fair share of an employees participation in the success of a company is desired. There are, however, problematic instances, most notably when bonus payment are high. When they are tied to possibly short lived figures such as an increase in monthly turnover, or cash flow generated from an isolated marketing action, such figures often do not reflect a solid reliable win for a company, and they certainly do not reflect a managers lasting efforts to the companies best. On the contrary, such figures are prone to being adjusted or even manipulated to the benefit of those employees who are responsible for reporting them, while they are already planning their leave with a golden handshake. Setting up good employment contracts may be a means to avoid that at least to some extent, but is astonishingly rare in reality.

The inverse of a bonus payment, that is when base salaries shrink on poor performance, this is called a malus.
CHAPTER 19. BONUS PAYMENT

Bonus Payments 2013

The financial year
April 2012 to March 2013

£37 billion
was paid to employees in bonuses

£13bn
was paid to employees working in the financial and insurance sector

0% growth on the year

£24bn
was paid to employees working in the rest of the economy

1% growth on the year

The growth in bonuses over the financial year was low...

The year including April 2013
May 2012 - April 2013

£39 billion
was paid to employees in bonuses

£14bn
was paid to employees working in the financial and insurance sector

4% growth on the year

£25bn
was paid to employees working in the rest of the economy

4% growth on the year

... but this can be explained by a number of companies choosing to defer bonus payments until April 2013

Moving on to focus on bonuses by industry...

Change in bonuses across different industries

The amount bonuses changed by over the 2012/13 financial year and over the year May 2012 to April 2013 for selected industries

The 3 industries with biggest increases
Chapter 20

Bradford Factor

The Bradford Factor or Bradford Formula is used in human resource management as a means of measuring worker absenteeism. The theory is that short, frequent, and unplanned absences are more disruptive than longer absences. According to the Chartered Institute of Personnel and Development the term was first coined due to its supposed connection with research undertaken by the Bradford University School of Management in the 1980s. It was developed as a way of highlighting the disproportionate level of disruption on an organisation's performance that can be caused by short-term absence compared to single instances of prolonged absence. It was originally designed for use as part of the overall investigation and management of absenteeism. In contrast, if used as part of a very limited approach to address absence or by setting unrealistically low trigger scores it was considered short-sighted, unlikely to be successful and could lead to staff disaffection and grievances. The use of the Bradford Factor often provokes heated debate.¹

20.1 Calculation

The Bradford Factor is calculated as follows:

\[ B = S^2 \times D \]

where:

- \( B \) is the Bradford Factor score
- \( S \) is the total number of spells (instances) of absence of an individual over a set period
- \( D \) is the total number of days of absence of that individual over the same set period²

The 'set period' is typically set as a rolling 52 week period.

For example:

- 01 instance of absence with a duration of ten days (1 x 1 x 10) = 10 points
- 03 instances of absence; one of one and two of two days (3 x 3 x 5) = 45 points
- 03 instances of absence; one of one, one of three and one of six days (3 x 3 x 10) = 90 points
- 05 instances of absence; each of two days (5 x 5 x 10) = 250 points
- 10 instances of absence; each of one day (10 x 10 x 10) = 1000 points

In May 2001, HM Prison Service began using the Bradford Formula to identify staff with high absenteeism due to illness.³ The Bradford Formula is used to calculate an “attendance score” .⁴
20.2 Disability rights legislation

The British Disability Discrimination Act 1995 and 2005 (DDA), (replaced by the Equality Act 2010) creates a duty on employers to tailor their actions to the individual circumstances of disabled employees. As certain disabilities may lead to a greater likelihood of short-duration absences or to a higher total of days of absence, caution is needed in taking action as a consequence of the data generated from the application of the Bradford Factor. The DDA allows disabled employees to request 'reasonable adjustments' in situations where they are disadvantaged by generic processes, failure to provide these reasonable adjustments, or to adequately justify why they cannot be provided, may leave the employer open to civil action for breach of the DDA in an Employment Tribunal. Reasonable adjustments in the case of the Bradford Factor might include recording Disability-Related Absence separately from Sickness Absence, or individually tailoring targets. Reasonable adjustments may also be requested by disabled employees for relief from any negative consequences of application of the Bradford Factor, such as disciplinary action or reduced salary awards.

20.3 References


Chapter 21

Broadbanding

Broadbanding is used by Payroll Departments in Human resource management.

21.1 Broadbanding defined

Broadbanding is a job grading structure that falls between using spot salaries vs. many job grades to determine what to pay particular positions and incumbents within those positions. While broadbanding gives the organization using it some broad job classifications, it does not have as many distinct job grades as traditional salary structures do.\[1\] Thus, broadbanding reduces the emphasis on ‘status’ or hierarchy and places more of an emphasis on lateral job movement within the company. In a broadbanding structure an employee can be more easily rewarded for lateral movement or skills development, whereas in traditional multiple grade salary structures pay progression happens primarily via job promotion. In this way, broadbanding is a more flexible pay system. This flexibility, however, can lead to internal pay relativity problems as there isn’t as much control over salary progression as there would be within a traditional multi-level grading structure.

21.2 Selection of broadbanding

Broadbanding works better for some organizations than others.\[2\] Hierarchical and/or risk averse companies with a preference for well defined policies and procedures would be better served by a traditional multi-grade structure. Flat organizations that are flexible, have a higher tolerance for ambiguity, and encourage lateral or cross functional movement would be good candidates for broadbanding. Also, implementing broadbands in some countries may be easier than in others. In countries where promotions and titles are very important socially, companies may need to consider letting employees use an external business title based on employee age or years of service, that is different than the job title used for position grading internally. Also, some employees may feel lost, or not know how to build their careers without a vertical corporate ladder to climb. In this case, the company will need to be able to give examples to the employees of how lateral movement can enhance their career opportunities.

For a suitable organization in the right cultural setting, broadbanding can do the following:

- **Reward performance more efficiently** – as the pay ranges are wide, the company has the flexibility to reward a star performer, even when they aren’t getting promoted.

- **Take the emphasis off of job evaluation** – because the number of levels have been reduced, job evaluation can be streamlined as there aren’t as many distinct grades that need to be considered when slotting a job into the structure.

- **Manage a flexible/mobile workforce** – for companies that have staffing needs that change frequently or are difficult to predict, or work within a business environment that is in flux, broadbanding offers a program that is easier to maintain than a traditional system with many distinct levels.

One concern noted by companies that have implemented broadbanding is that compensation costs may go up. This is due to the wider than normal band taking away that more gradated top end control on salary levels. This can be
effectively managed through the use of market data, in order to help managers to validate their pay decisions for a particular employee to the external market before proceeding to give higher than normal pay increases.

Broadbanding, like other grading systems, relies on the buy-in of all key stakeholders including the business managers, HR managers, and employees. Tailored communication to each of these groups will go a long way towards ensuring the successful implementation of a broadbanding program.

21.3 References


21.4 External links

- industry definition of Broadbanding
Chapter 22

Career development

Career Development is the lifelong process of managing learning, work, leisure, and transitions in order to move toward a personally determined and evolving preferred future.

In educational development, career development provides a person, often a student, focus for selecting a carrier or subject(s) to undertake in the future. Often educational institutions provide career counselors to assist students with their educational development.

In organizational development (or OD), the study of career development looks at:

- how individuals manage their careers within and between organizations and,
- how organizations structure the career progress of their members, it can also be tied into succession planning within most of the organizations.

In personal development, career development is:

- "... the total constellation of psychological, sociological, educational, physical, economic, and chance factors that combine to influence the nature and significance of work in the total lifespan of any given individual." *[1]

- The evolution or development of a career - informed by (1) Experience within a specific field of interest (with career, job, or task specific skills as by-product) (2) Success at each stage of development, (3) educational attainment commensurate with each incremental stage, (4) Communications (the capacity to analytically reflect your suitability for a given job via cover letter, resume, and/or the interview process), and (5) understanding of career development as a navigable process. (Angelo J. Rivera)

- "... the lifelong psychological and behavioral processes as well as contextual influences shaping one’s career over the life span. As such, career development involves the person’s creation of a career pattern, decision-making style, integration of life roles, values expression, and life-role self concepts.” *[2]

Figures in career development

- Jesse B. Davis*[3]
- John L. Holland
- Frank Parsons
- Edgar Schein

22.1 See also

- Employment counsellor
22.2 References


22.3 External links

- National Career Development Association
- Career Industry Council of Australia
- Occupational Outlook Handbook
- Tanzania Health, Education & Socio-economic Organization
- Training Advisor - Career & Education Advisory
Chapter 23

CEO succession

CEO succession refers to the process by which boards of directors ensure that their organization has the ability to sustain excellence in CEO leadership over time, with transitions from one leader to the next. Changing the head of an enterprise impacts company culture, board/CEO relations, and perceptions from multiple constituencies inside and outside the business. The disruption that occurs can impact performance in a positive, neutral or negative manner. Successful companies manage this process well in advance with a concerted set of processes and milestones. Effective CEO succession requires a well-defined program that ensures a supply of highly capable candidates ready to assume the CEO position whether through an unexpected event or a planned transition. Success or failure of a CEO transition is influenced by a host of obvious and non-obvious factors, many of them of a social/psychological nature. How these factors are managed can have an enormous impact on the performance and status of the organization.

There are six key outcomes of an effective CEO succession:

1. A board that is aligned on the strategy of the company and expectations of the new CEO
2. An effective CEO in place with sufficient candidates in the pipeline (both internal and external)
3. Well-managed and minimized risks associated with CEO transition
4. Stakeholder consensus that the succession process is fair, well executed, and results in a good succession decision
5. Highly talented people are retained - even those who were unsuccessful candidates
6. Plans for a succession emergency are in place

In an October 2009 release, the United States Securities and Exchange Commission effectively removed the ordinary business exclusion defense used by companies reluctant to disclose their CEO succession process to shareholders. The policy change allows for a new wave of corporate governance scrutiny, as regulators and shareholders increasingly focus on CEO succession practices. Staff Bulletin (SLB 14E) announced that, in principle, the commission no longer allows companies to exclude shareholder proposals based on an argument that CEO succession planning is an ordinary business operations matter. In reversing its position, the SEC acknowledged that poor CEO succession planning constitutes a significant business risk and raises a policy issue on the governance of the corporation that transcends the day-to-day business of managing the workforce. The change indicates that regulators have reframed CEO succession as a risk management issue and placed its responsibility firmly in the boardroom. Succession planning responsibilities are redefined as “a key board function” and “a significant policy (and governance) issue so that a company is not adversely affected by a vacancy in leadership.”

23.1 References

Books on the subject:


Articles on the subject:
The Conference Board (2010). Examining the impact of SEC guidance changes on CEO succession planning
Chapter 24

Chartered Institute of Personnel and Development

The Chartered Institute of Personnel and Development (CIPD) is a professional association for human resource management professionals. It is headquartered in Wimbledon, London, England. The organisation was founded in 1913 and has over 130,000 members internationally working across private, public and voluntary sectors.

Peter Cheese was announced in June 2012 as CIPD’s new CEO and commenced work on championing better work & working lives on 2 July 2012. [1] [2]

24.1 Previous names and history

- 1913 to 1917: Welfare Workers’ Association (WWA)
- 1917 to 1924: Central Association of Welfare Workers (CAWW), Central Association of Welfare Workers (Industrial), Welfare Workers’ Institute (WWI)
- 1924 to 1931: Institute of Industrial Welfare Workers (IIWW)
- 1931 to 1946: Institute of Labour Management (ILM)
- 1946 to 1994: Institute of Personnel Management (IPM)
- 1994 to 2000: Institute of Personnel and Development (IPD)- an amalgamation of the IPM and Institute of Training and Development (ITD) - (formerly Institute of Training Officers)
- 2000 to present: Chartered Institute of Personnel and Development (CIPD)

Chartered status was achieved in 2000 and the IPD was incorporated under Royal Charter to the CIPD from 1 July of that year [3]

24.2 CIPD membership

24.2.1 Levels of CIPD membership

Non Chartered Grades (until June 2010)

- **Affiliate**: a basic level of membership, not assessed against professional standards.
- **Associate**: awarded on completion of a support level certificate or relevant NVQ Level 3 and 4.
- **Licentiate**: awarded on completion of at least one of the first three fields of the Practitioner-level professional standards, and also on completion of relevant MBAs and NVQs (Level 5).
CHAPTER 24. CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT

- **Graduate**: awarded on completion of all fields of the Practitioner-level professional standards, but where no significant HR experience is held.

**Non Chartered Grades (after June 2010)**

- **Affiliate**: a basic level of membership, not assessed against professional standards.

- **Graduate**: awarded on completion of all fields of the Practitioner-level professional standards, but where no significant HR experience is held. Available until 2014 when it will be phased out.

- **Associate (Assoc CIPD)** This is a new Associate grade which should not be confused with the previous Associate grade. Able to use post nominal letters.[4][5][6][7][8]

**24.2.2 Chartered grades of membership**

- **Chartered Member (Chartered MCIPD)**

  Awarded on request to graduate members who have three years' relevant managerial experience. Or a non-graduate member assessed against the professional standards after five years' relevant experience.

- **Chartered Fellow (Chartered FCIPD)**

  An upgrade from Chartered MCIPD, applicants must have at least 10 years relevant experience.

- **Chartered Companion (Chartered CCIPD)**

  By invitation only, awarded in recognition of contributions to the profession or the Institute.

**24.3 Professional qualifications**

The CIPD's Professional Standards govern entry to CIPD membership and form the basis of all their qualifications. Most CIPD qualifications lead to a professional grade of membership. A network of education centres offers a range of full-time, part-time and flexible learning courses. The CIPD Professional Development Scheme (PDS) is seen as the leading qualification in the field of Human Resource Management[9][10][11] in the UK and is held by many UK and international HR directors.[12][13]

**24.3.1 Level 3 Foundation qualifications**

This level is comparable to the Qualifications and Credit Framework (QCF) level 3 in England and comparable to the European Qualifications Framework (EQF) level 4. Level 3 Foundation qualifications replace and are equivalent to the previous Certificate in Personnel Practice (CPP) and Certificate in Training Practice (CPP).

- **Awards in HR and Learning and Development Essentials**

- **Certificate in Human Resource Practice** is a qualification that's based on the CIPD's support-level Professional Standards.

- **Certificate in Learning and Development Practice** is a recognised Level three trainers qualification.

- **Diploma in Human Resource Practice**

- **Diploma in Learning and Development Practice** is a recognised Level three trainers qualification.
24.3.2 Level 5 Intermediate level qualifications

- Award in Human Resources
- Certificate in Human Resource Management
- Certificate in Human Resource Development
- Diploma in Human Resource Management
- Diploma in Human Resource Development

24.3.3 Level 7 Advanced qualifications

These replace and are equivalent to the previous CIPD Professional Development Scheme (PDS)

- Award in HR (Advanced level award in HR)
- Certificate (Advanced level certificate in HR)
- Diploma (Advanced level diploma in HR Management or HR Development)

24.3.4 Professional Development Scheme

The Professional Development Scheme is currently in a period of transition and is no longer available to new students. A Practitioner level course at a Level 7 or Postgraduate qualification that cover particular fields of study has been introduced. Each field with the exception of Applied Personnel and Development Standards requires completion of assignments and exams in four fields to be successfully awarded the Diploma in Personnel and Development and the award of Graduate membership. Successful completion of any one field leads to Licentiate membership and award of a Postgraduate Certificate.

A typical Generalist stream offered by education providers would be the following modules People Resourcing, Learning & Development, Employee Relations and Employee Reward. The Learning and Development stream would be any four out of the five L&D elective modules whilst Employee Reward and Employee Relations need the addition of People Resourcing.

24.4 Research

The CIPD’s research covers all aspects of working life, from recruitment to employment law, and work-life balance to productivity. The CIPD’s current research projects include: coaching, cross-boundary working, employer branding, helping people learn, improving health through HRM, information and consultation, the relationship between HR and recruitment agencies, reward and smart working.

24.5 Public policy

The CIPD, in partnership with its members, has a duty to represent the public policy interests of the HR community. The CIPD uses its research and the professional experience of its members to develop pragmatic, rather than political responses to public policy. Some of the CIPD’s policy advisors are well respected and frequently cited in the media, notably John Philpott, the CIPD’s chief economist.

The CIPD releases a quarterly Labour Market Outlook survey with KPMG, containing the latest unemployment figures and trends.
24.6 **Branches**

CIPD branches are run by volunteers who work to provide learning and networking opportunities, events, information services, and membership and upgrading help for their members. There are 48 geographical branches in the UK and Ireland.

24.7 **International Activities**

The CIPD runs a training programme for international HR practitioners and has links with European and World Federations of HR. The CIPD hosted the 2008 WFPMA World HR Congress.

Based in Dublin, CIPD Ireland has over 6,000 members spread across 7 regional branches.

24.8 **Digital services**

The CIPD website provides podcasts, an RSS news feed, blogs and a professional discussion forum.

24.9 **Commercial services**

CIPD Enterprises Limited is the wholly owned subsidiary of the CIPD. Commercial services supplied by CIPD Enterprises include:

- CIPD Publishing
- CIPD Training
- CIPD Events.

24.10 **Publications and events**

- Haymarket Publications publishes the HR journal *People Management*, on behalf of the Chartered Institute of Personnel and Development.

- **Annual Conference and Exhibition** The CIPD now holds its Annual Conference and Exhibition in Manchester during November[^21] [^22]

- **HRD Conference and Exhibition** This is held at Olympia, London in April.[^23]

24.11 **External links**

- CIPD website
- People Management
- Catalogue of the CIPD archives, held at the Modern Records Centre, University of Warwick

24.12 **See also**

- List of human resource management associations
24.13 References

[8] Personnel Today - Extra effort required if you want full CIPD membership Accessed 26.04.10
[10] Times Online “How do I become a HR Manager?”
[12] "Anglia Ruskin University"
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Chapter 25

Chief human resources officer

A chief human resources officer (CHRO) is a corporate officer who oversees all human resource management and industrial relations operations for an organization. Similar job titles include: Chief People Officer, Chief Personnel Officer, Executive Vice President of Human Resources and Senior Vice President of Human Resources."[1]"[2] Roles and responsibilities of a typical CHRO can be categorized as follows: (1) workforce strategist, (2) organizational and performance conductor, (3) HR service delivery owner, and (4) compliance and governance regulator. CHROs may also be involved in board member selection and orientation, executive compensation, and succession planning."[3]"[4] In addition, functions such as communications, facilities, public relations and related areas may fall within the scope of the CHRO role. Increasingly, the CHRO reports directly to the Chief Executive Officer and is a member of the most senior-level committees of the company (e.g., executive committee or office of the CEO)."[5]

25.1 Evolution of the profession

The role of the Chief Human Resource Officer has evolved rapidly to meet the human capital needs of organizations operating across multiple regulatory and labor environments. Whereas CHROs once managed labor operations in just one or two countries, today many oversee complex networks of employees on more than one continent and implement workforce development strategies on a global scale. CHROs are especially important now in helping companies navigate the workforce issues associated with expanding into emerging markets, and in developing labor policies to suit different regions of the world while preserving a company’s core culture.

The strategic role of the CHRO has also expanded as workforces are increasingly composed of knowledge workers, and companies have required better systems to compete for scarce high-skilled workers. Rather than focusing exclusively on personnel issues and service delivery, CHROs today must concentrate on creating strong talent pipelines to both enhance organizational decision-making and secure future growth."[6] These changes in the business landscape have required the CHRO to heighten the focus on talent, capabilities and company culture.

25.2 Responsibilities

According to an annual survey conducted over the past six years by the largest industry group for Chief Human Resource Officers, the HR Policy Association in the United States, top CHRO concerns over the years fall roughly into three broad categories: talent, capabilities, and culture."[7]

25.2.1 Talent

Talent management includes building the quality and depth of talent, including a focus on succession and leadership/employee development. In a separate survey of over 200 U.S. and European CHROs, University of South Carolina Professor Patrick Wright found that nearly all participants cited ‘talent’ as the top priority on their CEO’s agenda for HR."[8]

Based upon a company’s business strategy, goals and objectives, the human resources function will help to ensure there is a pipeline of talent to meet its performance and growth objectives. This requires that turnover is managed
effectively, that there is a broad and robust pool of potential external candidates to fill position openings, and that programs are established to develop the internal bench of talent to fill successively broader and more responsible positions. Additionally, the human resources function must help ensure the company retains high performing and high potential talent through the proper management of training and development opportunities, mentoring, coaching and the allocation of rewards.

The focus on talent includes recruiting, hiring, staffing, training, developing talent and building capabilities, together with integrating, assessing, motivating and retaining skilled talent across the corporation. It also includes employee management and executive development as well as succession planning. The CHRO is the key resource in working with the board on CEO and senior management succession. [9] Successful companies are highly selective in hiring, source candidates from a broad pool of applicants, invest in developing all employees, and disproportionately invest in high performing, high potential employees in high impact positions. [10]

25.2.2 Capabilities

Managing corporate capabilities includes dealing with rapid changes in technology, globalization, and the increasingly complex external context of government regulations and public policy (impacting union and employee relations, executive compensation, health care, retirement programs, health and safety, etc.).

The key capabilities required will vary by company based on business strategy and the competitive global environment. Adapting to new technologies and sources of information and communications are essential to success for all companies. Other capabilities the HR function must help the company develop include: managing the external context, managing a multi-generational workforce, adapting to change, and operating effectively in different cultures and business structures.

25.2.3 Culture

Cultural issues include organizational change, agility, social networking, ethics and values, innovation, customer focus, employee engagement, diversity and inclusiveness, and multiculturalism. [11]

The human resources function has a leadership role in helping shape the culture of the company. Ensuring that the values of the company are communicated and understood at all levels, providing clarity as to the expected behavior of all employees and the development of a high performance culture are important aspects of the CHRO role. When an employee’s behavior is inconsistent with the values of the company, the human resources function is responsible for ensuring that such situations are dealt with fairly. The HR function also helps the organization establish and maintain high levels of employee engagement and commitment.

Increasingly, companies are relying on external partners, joint-ventures, as well as merged and acquired companies as sources of innovation, capabilities and growth. Establishing a culture that is supportive of such external partnerships is an area where the HR function plays an important role. [12]

Summarizing the findings of a recent study of HR leaders, Randy MacDonald, IBM’s CHRO, indicated that three key workforce gaps CHROs cite as the biggest opportunities for HR include:

- Cultivating creative leaders - who can more nimbly lead in complex, global environments
- Mobilizing for greater speed and flexibility - producing significantly greater capability to adjust underlying costs and faster ways to allocate talent
- Capitalizing on collective intelligence - through much more effective collaboration across increasingly global teams. [13]

25.3 Path to becoming a CHRO

The CHRO is the top HR position, but few people who attain this role arrive there by working exclusively in the HR function. In a 2011 survey of top HR leaders, roughly two-thirds of CHROs indicated they worked outside HR at some time in their career. There is also significant movement between companies with only 36% of US CHROs gaining their position through internal promotion. [14] In terms of HR experience, one survey indicated that the most common area of functional experience for CHROs is talent management; the next most common experience is compensation
and benefits, followed by organizational culture. Current CHROs have had broader functional experience in HR than their predecessors and are less likely to have had experience in labor relations than past CHROs."[15]

25.4 How CHROs describe their job

Two recently published books about the CHRO profession, *The Talent Masters: Why Smart Leaders Put People Before Numbers* by Bill Conaty and Ram Charan;[16] and *The Chief Human Resource Officer, Defining the Role of Human Resource Leaders* by Pat Wright, offer unique insights into the profession from its leading practitioners.[17]

The perennial top priority for CHROs is talent management. In *The Chief Human Resource Officer, Defining the Role of Human Resource Leaders*, Eva Sage-Gavin, CHRO for the Gap emphasizes this point saying, "... at the end of the day, you and your team are the experts at talent management and must be able to understand and identify good versus great talent..." Identifying critical positions, the great attributes needed to fill them, and prioritizing recruiting strategies accordingly was the key to success, whether I was working with engineers, apparel designers, or international operations management." [18] Kevin Cox, CHRO for American Express, argues that “Great CHROs (and great CEOs) understand that talent needs to be developed in thoughtful, but not incremental, ways. Getting the balance right between ‘stretch’ and ‘in over her head’ isn’t easy, but it is vital to the success of a world-class talent strategy.”[19]

The CHRO helps the company build sustainable competitive advantage through the selection and development of top talent that possess capabilities that help differentiate the company from its competitors. Conaty and Charan emphasize this point in *Talent Masters* by noting that “Only one competency lasts. It is the ability to create a steady, self-renewing stream of leaders. Money is just a commodity. Talent supplies the edge. We can’t put it any better than Ron Nersesian, the head of Agilent Technologies’ Electronic Measurement Group: ‘Developing people’s talent is the whole of the company at the end of the day. Our products all are time-perishable. The only thing that stays is the institutional learning and the development of the skills and the capabilities that we have in our people.’" [20]

Other leading CHROs emphasize additional aspects of HR leadership, such as delivering results with a global team – a major challenge identified by Hugh Mitchell, CHRO for Royal Dutch Shell[21] – and developing and communicating an employee value proposition that will differentiate the company in its efforts to attract and retain the caliber of talent needed to achieve its business objectives, as emphasized by Michael Davis, CHRO for General Mills."[22]

25.5 See also

- Vice president in charge of hiring

25.6 References


Chapter 26

Co-determination

Co-determination is a practice whereby the employees have a role in management of a company. The word is a literal translation from the German word *Mitbestimmung*. Co-determination rights are different in different legal environments. In some countries, like the USA, the workers have virtually no role in management of companies, and in some, like Germany, their role is more important. The first serious co-determination laws began in West Germany. At first there was only worker participation in management in the coal and steel industries. But in 1976, a general law was passed mandating that worker representatives hold seats on the boards of all companies employing over 500 people.

26.1 Overview

In systems with co-determination workers in large companies usually form special bodies - works councils and in smaller companies elect worker representatives. These act as intermediaries in exercising the workers rights of being informed or consulted with on decisions concerning employee status and rights. They also elect or select worker representatives in managerial and supervisory organs of companies.

In systems with co-determination the employees are given seats in a board of directors in one-tier management systems or seats in a supervisory board and sometimes management board in two-tier management systems.

In two-tier systems the seats in supervisory boards are usually limited to 1/3 of all members. In some systems the employees can select 1/2 of all members of supervisory boards, but a representative of shareholders is always the president and has the deciding vote. The employee representatives in management boards are not present in all systems. They are always limited to a workers director, who votes only on matters concerning employees.

In one-tier systems with co-determination the employees usually have only one or two representatives in a board of directors. Sometimes they are also given seats in certain committees (e.g. the audit committee). They never have representatives among the executive directors.

The typical two-tier system with co-determination is the German system. The typical one-tier system with co-determination is the Swedish system.

There are three main views as to why co-determination primarily exists: to reduce management-labour conflict by means of improving and systematizing communication channels;[^1] to increase bargaining power of workers at the expense of owners by means of legislation;[^2] and to correct market failures by means of public policy.[^3] The evidence on “efficiency” is mixed, with co-determination having either no effect or a positive but generally small effect on enterprise performance.[^4]

26.2 German *Mitbestimmung*

Main articles: Codetermination in Germany and Mitbestimmungsgesetz

The German model of co-determination is unique. Formulated at the end of World War II, it was applied first in the coal and steel industries of West Germany following the war and gradually expanded to other sectors. Co-
determination in Germany is regulated by the Co-operative Management Law (1951), amended in 1976, and the Workers Committee Law (1952), amended in 1972. Within the framework of the 1976 reform, the government broadened the laws' applicability to all firms throughout the German economy employing more than 2,000 workers. The German co-determination law (Mitbestimmungsgesetz) forms part of the bedrock of German industrial and company policy. It requires that just under half of companies' supervisory boards' members be representatives of workers. German company law is curious to an English speaker's eye, because it has not one but two boards of directors. Shareholders and trade unions elect members of a supervisory board (Aufsichtsrat). The chairman of the supervisory board, with a casting vote, is always a shareholder representative under German law. The supervisory board is meant to set the company's general agenda. The supervisory board then elects a management board (Vorstand), which is actually charged with the day-to-day running of the company. The management board is required to have one worker representative (Arbeitsdirektor). In effect, shareholder voices still govern the company for a number of reasons, but not least because the supervisory board's vote for the management will always be a majority of shareholders. Co-determination in Germany operates on three organisational levels:

1. **Board of directors:** Prior to 1976, German coal and steel producers employing more than 1,000 workers commonly maintained a board of directors composed of 11 members: five directors came from management, five were workers' representatives, with the eleventh member being neutral. (Note: Boards could be larger as long as the proportion of representation was maintained.) In 1976, the law's scope was expanded to cover firms employing more than 2,000 workers; there were also revisions to the board structure, which now had an equal number of management and worker representatives, with no neutral members. The new board's head would represent the firm's owners and had the right to cast the deciding vote in instances of stalemate.

2. **Management:** A worker representative sits with management in the capacity of Director for Human Resources. Elected by a majority of the Board of Directors, the workers' representative sits on the Board and enjoys the full rights accorded to that position.

3. **Workers committees:** The workers committee has two main functions: it elects representatives to the Board of Directors and serves as an advisory body to the trade union regarding plant-level working conditions, insurance, economic assistance and related issues. The committee is elected by all the workers employed in a plant.

Thanks to the years during which a co-operative culture has been in place, management requests from workers for proposals to improve operations or increase productivity, for example, are no longer considered mere legal formalities; they represent recognition of the fact that workers play an important part in plant success. In tandem, a practical approach has evolved among both parties, with each aiming to reach decisions based on consensus. In addition, worker representatives no longer automatically reject every proposal for structural reform, increased efficiency of even layoffs; instead, they examine each suggestion from an inclusive, long-term perspective. At the core of this approach is transparency of information, such as economic data. Co-determination is thus practised at every level, from the local plant to firm headquarters.

Co-determination enjoys intractable support among Germans in principle. In practice, there are many calls for amendments to the laws in various ways. One of the main achievements seems to be that workers are more involved and have more of a voice in their workplaces, which sees a return in high productivity. Furthermore, industrial relations are more harmonious with low levels of strike actions, while better pay and conditions are secured for employees.

### 26.3 The UK Bullock Report

Main article: Bullock Report (Industrial democracy)

In Britain, the proposals for co-determination were drawn up, and a command paper produced named the Bullock Report. This was done in 1977 by the Harold Wilson Labour Party (UK) government. It involved a similar split on the board, but its effect would have been even more radical. Because UK company law requires no split in the boards of directors, unions would have directly elected the management of the company. Furthermore, rather than giving shareholders the slight upper hand as happened in Germany, a debated 'independent' element would be added to the board, reaching the formula 2x + y. However no action was ever taken as the UK slid into the winter of discontent and, as Labour lost the next election, two decades of 'Thatcherism'. This tied into the European Commission's proposals for worker participation in the 'fifth company law directive', which was never implemented.
26.4 EU Fifth Directive

Main article: Draft Fifth Company Law Directive

Also in the 1970s, the European Community (now the European Union) drafted the 5th Directive on company law, proposing a two-tier board and worker representation on supervisory boards. This was similar to the German model. The directive has not yet won widespread support to be brought into force.

26.5 See also

- Labour law
- Labor union
- Works council
- Workers’ council
- Codetermination in Germany
- Parititarian Institutions
- Social Partnership

26.6 Notes

[1] Prominent views of co-determination have thus been “social” in nature, concerned with expanding democratic participation in new spheres as a good in itself, reducing “alienation,” and smoothing management-labour relations to prevent strong conflicts. A collection of views of this nature are found in Magazin Mitbestimmung: http://www.boeckler.de/92462_16613.html


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- 1991 Amendment
Chapter 27

Compensation and benefits

This article is about the professional discipline that oversees compensation and benefits in an organization, and the policies involved. For types and levels of compensation, see Remuneration.

Compensation and benefits (abbreviated “C&B”) is a sub-discipline of human resources, focused on employee compensation and benefits policy-making.

It is also known in the UK as “total reward” and as “remuneration” in Australia and New Zealand.

27.1 The basic components of employee compensation and benefits

Employee compensation and benefits are divided into four basic categories:

1. Guaranteed pay – a fixed monetary (cash) reward paid by an employer to an employee. The most common form of guaranteed pay is base salary.

2. Variable pay – a non-fixed monetary (cash) reward paid by an employer to an employee that is contingent on discretion, performance, or results achieved. The most common forms of variable pay are bonuses and incentives.

3. Benefits – programs an employer uses to supplement employees’ compensation, such as paid time off, medical insurance, company car, and more.

4. Equity-based compensation – stock or pseudo stock programs an employer uses to provide actual or perceived ownership in the company which ties an employee’s compensation to the long-term success of the company. The most common examples are stock options.

27.2 Guaranteed pay

Guaranteed pay is a fixed monetary (cash) reward.

The basic element of guaranteed pay is base salary which is paid on an hourly, daily, weekly, bi-weekly or monthly rate. Base salary is typically used by employees for ongoing consumption. Many countries dictate the minimum base salary defining a minimum wage. Employees’ individual skills and level of experience leave room for differentiating income levels within a job-based pay structure.

In addition to base salary, there are other pay elements which are paid based solely on employee/employer relations, such as salary and seniority allowance.

27.3 Variable pay

Variable pay is a non-fixed monetary (cash) reward that is contingent on discretion, performance, or results achieved. There are different types of variable pay plans, such as bonus schemes, sales incentives (commission), overtime pay,
and more.

An example where this type of plan is prevalent is how the real estate industry compensates real estate agents. A common variable pay plan might be the sales person receives 50% of every dollar they bring in up to a level of revenue at which they then bump up to 85% for every dollar they bring in going forward. Typically, this type of plan is based on an annual period of time requiring a “resetting” each year back to the starting point of 50%. Sometimes this type of plan is administered so the sales person never resets or falls down to a lower level. It also includes Performance Linked Incentive which is variable and may range from 130% to 0% as per performance of the individual as per his KRA.

27.4 Benefits

There is a wide variety of benefits offered to employees such as Paid Time-Off (PTO), various types of insurance (such as life, medical, dental, and disability), participation in a retirement plan (such as pension or 401(k)), or access to a company car, among others. Some benefits are mandatory which are regulated by the government while others are voluntarily offered to fulfill the need of a specific employee population. Benefit plans are typically not provided in cash but form the basis of an employees' pay package along with base salary and bonus.

In the United States, “qualified” employee benefit plans must be offered to all employees, while “non-qualified” benefit plans may be offered to a select group such as executives or other highly-paid employees. When implementing a benefit plan, HR Departments must ensure compliance with federal and state regulations. Many states and countries dictate different minimum benefits such as minimum paid time-off, employer’s pension contribution, sick pay, among others.

27.5 Equity-based compensation

Equity based compensation is an employer compensation plan using the employer’s shares as employee compensation. The most common form is stock options, yet employers use additional vehicles such as restricted stock, restricted stock units (RSU), employee stock purchase plan (ESPP), and stock appreciation rights (SAR).

27.5.1 External equity

External equity refers to the similarity of the practices of other organization of the same sector. If perceived like this, it can be said that the program is considered competitive or externally equitable. Usually, these comparisons are done in external labor markets where the wages vary. There are various factors that contribute to create these differences, for example, geographical location, education and work experience.

27.5.2 Internal equity

Internal equity is employees’ perception of their duties, compensation, and work conditions as compared with those of other employees in similar positions in the same organization. As this comparison is always made within the company, problems with internal equity can result in conflict among employees, mistrust, low morale, anger and even the adoption of legal actions. Workers can make the evaluation of internal equity regarding two main points. On the one hand, procedural justice is the person’s perceived fairness of the process (assigned tasks) and procedures used to make decisions about him/her. On the other hand, distributive justice refers to the perceived fairness in the distribution of outcomes (salaries). The classic objectives of equity based compensation plans are retention, attraction of new hires and aligning employees’ and shareholders’ interests with the long-term success of the company.

27.6 Organizational place

In most companies, compensation & benefits (C&B) design and administration falls under the umbrella of human-resources.
HR organizations in large companies are typically divided into three sub-divisions: HR business partners (HRBPs), HR centers of excellence, and HR shared services. C&B is an HR center of excellence, like staffing and organizational development (OD).

27.7 Main influencers

Employee compensation and benefits main influencers can be divided into two: internal (company) and external influencers.

The most important internal influencers are the business objectives, labor unions, internal equity (the idea of compensating employees in similar jobs and similar performance in a similar way), organizational culture and organizational structure.

The most important external influencers are the state of the economy, inflation, unemployment rate, the relevant labor market, labor law, tax law, and the relevant industry habits and trends.

27.8 Bonus plans

Bonus plans are variable pay plans. They have three classic objectives:

1. Adjust labor cost to financial results – the basic idea is to create a bonus plan where the company is paying more bonuses in ‘good times’ and less (or no) bonuses in ‘bad times’. By having bonus plan budget adjusted according to financial results, the company’s labor cost is automatically reduced when the company isn’t doing so well, while good company performance drives higher bonuses to employees.

2. Drive employee performance – the basic idea is that if an employee knows that his/her bonus depend on the occurrence of a specific event (or paid according to performance, or if a certain goal is achieved), then the employee will do whatever he/she can to secure this event (or improve their performance, or achieve the desired goal). In other words, the bonus is creating an incentive to improve business performance (as defined through the bonus plan).

3. Employee retention – retention is not a primary objective of bonus plans, yet bonuses are thought to bring value with employee retention as well, for three reasons: a) a well designed bonus plan is paying more money to better performers; a competitor offering a competing job-offer to these top performers is likely to face a higher hurdle, given that these employees are already paid higher due to the bonus plan. b) if the bonus is paid annually, employee is less inclined to leave the company before bonus payout; often the reason for leaving (e.g. dispute with the manager, competing job offer) ‘goes away’ by the time the bonus is paid. the bonus plan ‘buy’ more time for the company to retain the employee. c) employees paid more are more satisfied with their job (all other things being equal) thus less inclined to leave their employer.

The concept saying bonus plans can improve employee performance is based on the work of Frederic Skinner, perhaps the most influential psychologist of the 20th century. Using the concept of Operant Conditioning, Skinner claimed that an organism (animal, human being) is shaping his/her voluntary behavior based on its extrinsic environmental consequences – i.e. reinforcement or punishment.

This concept captured the heart of many, and indeed most bonus plans nowadays are designed according to it, yet since the late 1940s a growing body of empirical evidence suggested that these if-then rewards do not work in a variety of settings common to the modern workplace. Research even suggested that these type of bonus plans have the potential of damaging employee performance.

27.9 See also

- Reward management

27.10 By country

27.11 References
Chapter 28

Competence (human resources)

**Competence** is the ability of an individual to do a job properly. A competency is a set of defined behaviors that provide a structured guide enabling the identification, evaluation and development of the behaviors in individual employees. The term “competence” first appeared in an article authored by R.W. White in 1959 as a concept for performance motivation. Later, in 1970, Craig C. Lundberg defined the concept in “Planning the Executive Development Program”. The term gained traction when in 1973, David McClelland, Ph.D. wrote a seminal paper entitled, “Testing for Competence Rather Than for Intelligence”. It has since been popularized by one-time fellow McBer & Company (Currently the "Hay Group") colleague Richard Boyatzis and many others, such as T.F. Gilbert (1978) who used the concept in relationship to performance improvement. Its use varies widely, which leads to considerable misunderstanding.

Some scholars see “competence” as a combination of practical and theoretical knowledge, cognitive skills, behavior and values used to improve performance; or as the state or quality of being adequately or well qualified, having the ability to perform a specific role. For instance, life, management competency might include systems thinking and emotional intelligence, and skills in influence and negotiation.

Competency is also used as a more general description of the requirements of human beings in organizations and communities.

Competency is sometimes thought of as being shown in action in a situation and context that might be different the next time a person has to act. In emergencies, competent people may react to a situation following behaviors they have previously found to succeed. To be competent a person would need to be able to interpret the situation in the context and to have a repertoire of possible actions to take and have trained in the possible actions in the repertoire, if this is relevant. Regardless of training, competency would grow through experience and the extent of an individual to learn and adapt.

Competency has different meanings, and continues to remain one of the most diffuse terms in the management development sector, and the organizational and occupational literature. Competencies are also what people need to be successful in their jobs. Job competencies are not the same as job task. Competencies include all the related knowledge, skills, abilities, and attributes that form a person’s job. This set of context-specific qualities is correlated with superior job performance and can be used as a standard against which to measure job performance as well as to develop, recruit, and hire employees.

Competencies and competency models may be applicable to all employees in an organization or they may be position specific. Identifying employee competencies can contribute to improved organizational performance. They are most effective if they meet several critical standards, including linkage to, and leverage within an organization’s human resource system.

Core competencies differentiate an organization from its competition and create a company’s competitive advantage in the marketplace. An organizational core competency is its strategic strength.

Competencies provide organizations with a way to define in behavioral terms what it is that people need to do to produce the results that the organization desires, in a way that is in keep with its culture. By having competencies defined in the organization, it allows employees to know what they need to be productive. When properly defined, competencies, allows organizations to evaluate the extent to which behaviors employees are demonstrating and where they may be lacking. For competencies where employees are lacking, they can learn. This will allow organizations to know potentially what resources they may need to help the employee develop and learn those competencies. Com-
petencies can distinguish and differentiate your organization from your competitors. While two organizations may be alike in financial results, the way in which the results were achieve could be different based on the competencies that fit their particular strategy and organizational culture. Lastly, competencies can provide a structured model that can be used to integrate management practices throughout the organization. Competencies that align their recruiting, performance management, training and development and reward practices to reinforce key behaviors that the organization values.

28.1 Dreyfus and Dreyfus on competency development

Dreyfus and Dreyfus\[2\] introduced nomenclature for the levels of competence in competency development. The causative reasoning of such a language of levels of competency may be seen in their paper on Calculative Rationality titled, "From Socrates to Expert Systems: The Limits and Dangers of Calculative Rationality". The five levels proposed by Dreyfus and Dreyfus were:

1. Novice: Rule-based behaviour, strongly limited and inflexible
2. Experienced Beginner: Incorporates aspects of the situation
3. Practitioner: Acting consciously from long-term goals and plans
4. Knowledgeable practitioner: Sees the situation as a whole and acts from personal conviction
5. Expert: Has an intuitive understanding of the situation and zooms in on the central aspects

The process of competency development is a lifelong series of doing and reflecting. As competencies apply to careers as well as jobs, lifelong competency development is linked with personal development as a management concept. And it requires a special environment, where the rules are necessary in order to introduce novices, but people at a more advanced level of competency will systematically break the rules if the situations requires it. This environment is synonymously described using terms such as learning organization, knowledge creation, self-organizing and empowerment.

Within a specific organization or professional community, professional competency, is frequently valued. They are usually the same competencies that must be demonstrated in a job interview. But today there is another way of looking at it: that there are general areas of occupational competency required to retain a post, or earn a promotion. For all organizations and communities there is a set of primary tasks that competent people have to contribute to all the time. For a university student, for example, the primary tasks could be:

- Handling theory
- Handling methods
- Handling the information of the assignment

The four general areas of competency are:

1. Meaning Competency: The person assessed must be able to identify with the purpose of the organization or community and act from the preferred future in accordance with the values of the organization or community.
2. Relation Competency: The ability to create and nurture connections to the stakeholders of the primary tasks must be shown.
3. Learning Competency: The person assessed must be able to create and look for situations that make it possible to experiment with the set of solutions that make it possible to complete the primary tasks and reflect on the experience.
4. Change Competency: The person assessed must be able to act in new ways when it will promote the purpose of the organization or community and make the preferred future come to life.
28.2 McClelland and Occupational Competency

The Occupational Competency movement was initiated by David McClelland in the 1960s with a view to moving away from traditional attempts to describe competency in terms of knowledge, skills and attitudes and to focus instead on the specific self-image, values, traits, and motive dispositions (i.e. relatively enduring characteristics of people) that are found to consistently distinguish outstanding from typical performance in a given job or role. It should be noted that different competencies predict outstanding performance in different roles, and that there is a limited number of competencies that predict outstanding performance in any given job or role. Thus, a trait that is a “competency” for one job might not predict outstanding performance in a different role.

Nevertheless, as can be seen from Raven and Stephenson, there have been important developments in research relating to the nature, development, and assessment of high-level competencies in homes, schools, and workplaces.

~~Benefits of Competencies~~

Competency models can help organizations align their initiatives to their overall business strategy. By aligning competencies to business strategies, organizations can better recruit and select employees for their organizations. Competencies have become a precise way for employers to distinguish superior from average or below average performance. The reason for this is because competencies extend beyond measuring baseline characteristics and or skills used to define and assess job performance. In addition to recruitment and selection, a well sound Competency Model will help with performance management, succession planning and career development.

**Selection:** The use of behavioral interviewing and testing where appropriate, to screen job candidates based on whether they possess the key necessary job competency profile:

- Provides a complete picture of the job requirements
- Increases the likelihood of selecting and interviewing only individuals who are likely to succeed on the job
- Minimizes the investment (both time and money) in people who may not meet the company’s expectations
- Enables a more systematic and valid interview and selection process
- Helps distinguish between competencies that are trainable after hiring and those are more difficult to develop

**Training & Development:** Development of individual learning plans for individual or groups of employees based on the measurable “gaps” between job competencies or competency proficiency levels required for their jobs and the competency portfolio processed by the incumbent.

- Focuses training and development plans to address missing competencies or raise level of proficiency
- Enables people to focus on the skills, knowledge and characteristics that have the most impact on job effectiveness
- Ensures that training and development opportunities are aligned with organizational needs
- Makes the most effective use of training and development time and dollars
- Provides a competency framework for ongoing coaching and feedback, both development and remedial

**Performance Management:** Provides regular measurement of targeted behaviors and performance outcomes linked to job competency profile critical factors.

- Provides a shared understanding of what will be monitored, measured, and rewarded
- Focuses and facilitates the performance appraisal discussion appropriately on performance and development
- Provides focus for gaining information about a person’s behavior on the job
- Facilitates effectiveness goal-setting around required development efforts and performance outcomes

**Career Paths:** Development of stepping stones necessary for promotion and long term career-growth
• Clarifies the skills, knowledge, and characteristics required for the job or role in question and for the follow-on jobs
• Identifies necessary levels of proficiency for follow-on jobs
• Allows for the identification of clear, valid, legally defensible and achievable benchmarks for employees to progress upward
• Takes the guesswork out of career progression discussions

**Succession Planning:** Careful, methodical preparation focused on retaining and growing the competency portfolios critical for the organization to survive and prosper

• Provides a method to assess candidates’ readiness for the role
• Focuses training and development plans to address missing competencies or gaps in competency proficiency levels
• Allows an organization to measure its “bench strength”—the number of high-potential performers and what they need to acquire to step up to the next level
• Provides a competency framework for the transfer of critical knowledge, skills, and experience prior to succession—and for preparing candidates for this transfer via training, coaching and mentoring
• Informs curriculum development for leadership development programs, a necessary component for management succession planning

### 28.3 Types of Competencies

Organizational competencies: The mission, vision, values, culture and core competencies of the organization that sets the tone and/or context in which the work of the organization is carried out (e.g. customer-driven, risk taking and cutting edge).

Core competencies: Capabilities and/or technical expertise unique to an organization, i.e. core competencies differentiate an organization from its competition (e.g. the technologies, methodologies, strategies or processes of the organization that create competitive advantage in the marketplace). An organizational core competency is an organization’s strategic strength. Technical competencies: Depending on the position, both technical and performance capabilities should be weighed carefully as employment decisions are made. For example, organizations that tend to hire or promote solely on the basis of technical skills, i.e. to the exclusion of other competencies, may experience an increase in performance-related issues (e.g. systems software designs versus relationship management skills)

Behavioral competencies: Individual performance competencies are more specific than organizational competencies and capabilities. As such, it is important that they be defined in a measurable behavioral context in order to validate applicability and the degree of expertise (e.g. development of talent)

Management competencies: Management competencies identify the specific attributes and capabilities that illustrate an individual’s management potential. Unlike leadership characteristics, management characteristics can be learned and developed with the proper training and resources. Competencies in this category should demonstrate pertinent behaviors for effective management to be effective.

**Initiative and Creativity**

Plans work and carries out tasks without detailed instructions; makes constructive suggestions; prepares for problems or opportunities in advance; undertakes additional responsibilities; responds to situations as they arise with minimal supervision; creates novel solutions to problems; evaluates new technology as potential solutions to existing problems.

**Judgement**

Makes sound decisions; bases decisions on fact rather than emotion; analyzes problems skillfully; uses logic to reach solutions.

**Cooperation/Teamwork**

Works harmoniously with others to get a job done; responds positively to instructions and procedures; able to work well with staff, co-workers, peers and managers; shares critical information with everyone involved in a project; works
28.3. TYPES OF COMPETENCIES

effectively on projects that cross functional lines; helps to set a tone of cooperation within the work group and across groups; coordinates own work with others; seeks opinions; values working relationships; when appropriate facilitates discussion before decision-making process is complete.

Quality of Work
Maintains high standards despite pressing deadlines; does work right the first time; corrects own errors; regularly produces accurate, thorough, professional work.

Reliability
Personally responsible; completes work in a timely, consistent manner; works hours necessary to complete assigned work; is regularly present and punctual; arrives prepared for work; is committed to doing the best job possible; keeps commitments.

Commitment to Safety
Understands, encourages and carries out the principles of integrated safety management; complies with or oversees the compliance with Laboratory safety policies and procedures; completes all required ES&H training; takes personal responsibility for safety.

Support of Diversity
Treats all people with respect; values diverse perspectives; participates in diversity training opportunities; provides a supportive work environment for the multicultural workforce; applies the Lab’s philosophy of equal employment opportunity; shows sensitivity to individual differences; treats others fairly without regard to race, sex, color, religion, or sexual orientation; recognizes differences as opportunities to learn and gain by working together; values and encourages unique skills and talents; seeks and considers diverse perspectives and ideas.

Job Knowledge/Technical Knowledge
Demonstrates knowledge of techniques, skills, equipment, procedures and materials. Applies knowledge to identify issues and internal problems; works to develop additional technical knowledge and skills.

Quantity of Work
Produces an appropriate quantity of work; does not get bogged down in unnecessary detail; able to manage multiple projects; able to determine project urgency in a meaningful and practical way; organizes and schedules people and tasks.

Communication
Writes and speaks effectively, using conventions proper to the situation; states own opinions clearly and concisely; demonstrates openness and honesty; listens well during meetings and feedback sessions; explains reasoning behind own opinions; asks others for their opinions and feedback; asks questions to ensure understanding; exercises a professional approach with others using all appropriate tools of communication; uses consideration and tact when offering opinions.

Customer Service
Listens and responds effectively to customer questions; resolves customer problems to the customer’s satisfaction; respects all internal and external customers; uses a team approach when dealing with customers; follows up to evaluate customer satisfaction; measures customer satisfaction effectively; commits to exceeding customer expectations.

Problem Solving
Anticipates problems; sees how a problem and its solution will affect other units; gathers information before making decisions; weighs alternatives against objectives and arrives at reasonable decisions; adapts well to changing priorities, deadlines and directions; works to eliminate all processes which do not add value; is willing to take action, even under pressure, criticism or tight deadlines; takes informed risks; recognizes and accurately evaluates the signs of a problem; analyzes current procedures for possible improvements; notifies supervisor of problems in a timely manner.

Attention to Detail
Is alert in a high-risk environment; follows detailed procedures and ensures accuracy in documentation and data; carefully monitors gauges, instruments or processes; concentrates on routine work details; organizes and maintains a system of records.

Flexibility
Remains open-minded and changes opinions on the basis of new information; performs a wide variety of tasks and
changes focus quickly as demands change; manages transitions from task to task effectively; adapts to varying customer needs.

Organization

Able to manage multiple projects; able to determine project urgency in a practical way; uses goals to guide actions; creates detailed action plans; organizes and schedules people and tasks effectively.

Staff development

Works to improve the performance of oneself and others by pursuing opportunities for continuous learning/feedback; constructively helps and coaches others in their professional development; exhibits a “can-do” approach and inspires associates to excel; develops a team spirit.

Quality Control

Establishes high standards and measures; is able to maintain high standards despite pressing deadlines; does work right the first time and inspects work for flaws; tests new methods thoroughly; considers excellence a fundamental priority.

Responsiveness to requests for service

Responds to requests for service in a timely and thorough manner; does what is necessary to ensure customer satisfaction; prioritizes customer needs; follows up to evaluate customer satisfaction.

Innovation

Able to challenge conventional practices; adapts established methods for new uses; pursues ongoing system improvement; creates novel solutions to problems; evaluates new technology as potential solutions to existing problems.

28.4 Building a Competency Model

Many Human Resource professionals are employing a competitive competency model to strengthen nearly every facet of talent management—from recruiting and performance management, to training and development, to succession planning and more. A job competency model is a comprehensive, behaviorally based job description that both potential and current employees and their managers can use to measure and manage performance and establish development plans. Often there is an accompanying visual representative competency profile as well (see, job profile template).

Creating a competency framework is critical for both employee and system success. An organization cannot produce and develop superior performers without first identifying what superior performance is. To do this, organizations develop behavioral interview questions, interview the best and worst performers, review the interview data (tracking and coding how frequently keywords and descriptions were repeated, selecting the SKAs that demonstrated best performance and named the competencies)

One of the most common pitfalls that organizations stumble upon is that when creating a competency model they focus too much on job descriptions instead the behaviors of an employee. Experts say that the steps required to create a competency model include:

1. Gathering information about job roles.
2. Interviewing subject matter experts to discover current critical competencies and how they envision their roles changing in the future.
3. Identifying high-performer behaviors.
4. Creating, reviewing (or vetting) and delivering the competency model.

Once the competency model has been created, the final step involves communicating how the organization plans to use the competency model to support initiatives such as recruiting, performance management, career development, succession planning as well as other HR business processes.
28.5 Outsourcing Competency Models

The most frequently mentioned “cons” mentioned by competency modeling experts regarding creating a competency model is time and expense. This is also a potential reason why some organizations either don’t have a competency model in place or don’t have a complete and comprehensive competency model in place. Building a competency model requires careful study of the job, group, and organization of industry. The process often involves researching performance and success, interviewing high performing incumbents, conducting focus groups and surveys.

When asked in a recent webcast hosted by the Society of Human Resource Management (SHRM), 67 percent of webcast attendees indicated that hastily written job descriptions may be the root cause of incomplete competencies. Defining and compiling competencies is a long process that may sometimes require more effort and time than most organizations are willing to allocate. Instead of creating a competency model themselves, organizations are enlisting the help of specialist/consultants to assess their organization and create a unique competency model specific to their organization. There are many ways that organizations can outsource these functions:

- **Competency Libraries:** Organizations that don’t have the time or resources to build to develop competencies can purchase comprehensive competency libraries online. These universal competencies are applicable to all organizations across functions. Organizations can then take these competencies and begin building a competency model.

- **Specialist/Consultants:** For organizations that find they want a specialist to help create a competency model, outsourcing the entire process is also possible. Through outsourcing, a specialist/consultant can work with your company to pinpoint the root causes of your workforce challenges. By identifying these workforce challenges, customized action plans can then be created to meet the specific needs. Typically, these solutions are unique to every organization’s culture and challenges.

28.6 Vendors

Vendors of Competency-based management include:

- Workitect
- Saba Software
- IHRDC
- Human Resource Systems Group
- Cornerstone on Demand
- Kenexa
- Argonaut Enterprises, Inc.
- SuccessFactors
- Workday

28.7 Competency identification

Competencies required for a post are identified through job analysis or task analysis, using techniques such as the critical incident technique, work diaries, and work sampling. A future focus is recommended for strategic reasons. [4]

28.8 See also

- Competency architecture
- Competency dictionary
• Competency-based management
• competency models
• Dunning–Kruger effect, the tendency for incompetent people to grossly overestimate their skills
• List of management topics
• Performance appraisal
• Performance improvement
• Personal development
• Peter principle, the tendency for competent workers to be promoted just beyond the level of their competence
• Professional development
• Seagull manager, management style
• Functional/Technical Competency Mapping

28.9 References


• http://www.shrm.org/hrdisciplines/orgempdev/articles/pages/competencymodelingmeets talentmanagement.aspx
• http://www.shrm.org/templatestools/toolkits/pages/leveragingemployeecompetencies.aspx

28.10 Further reading


28.11 External links

• IPCA Competency model
Chapter 29

Competency architecture

The start point for any application of competency based management is a competency model / profile that is valid and constructed in a way that it can be easily used to support all intended HR goals (e.g. recruitment, selection, learning, etc.). Establishing a clear competency structure is one of the first and fundamental steps in profile development.

29.1 Competency architecture defined

A competency architecture describes the common rules for defining competencies within the organization. It includes the guiding principles that describe how the profiles will be designed for the entire organization - e.g., the format for displaying the competency profile, content for the profile (e.g. behavioral competencies and technical / professional competencies), core vs. unique competencies, etc.)

There are three basic criteria that competency structures in most organizations must meet:

1. The competency profiles must include the competencies that employees must have, both now and in the future, to ensure that organization can achieve its vision and support its values;

2. The competency profiles must support all of their intended applications (e.g., Recruitment/Selection; Learning and Development; Performance Management; Multisource Feedback; Career Development and Succession Management; Human Resources Planning); and

3. All competency profiles must be easy to use by all stakeholders.

29.2 Competency architecture

Several competency architectures are possible. Each organization needs to identify the architecture that best meets its needs. The following figure graphically depicts a model that is typically used as the basis for the development of competency profiles and implementation of competency-based management. This or similar models in combination with a well-researched and constructed Competency Dictionary have been used successfully by many organizations as the basic framework for developing competency profiles.

29.2.1 Competency layers

The model builds from the vision, values and strategic business priorities of the organization and includes the following competency layers:

Core Competencies - The Core competencies includes very general/generic competencies that all employees must possess to enable the organization to achieve its mandate and vision (e.g., Teamwork). These competencies describe in behavioral terms the key values of the organization and represent those competencies that are core to the organization’s principal mandate
CHAPTER 29. COMPETENCY ARCHITECTURE

Job Family Competencies - Job Family competencies are those competencies that are common to a group of jobs. They often include General Job competencies that tend to be required in a number of Job Families (e.g., Partnering), as well as Job Specific competencies that apply to certain job families more than others (e.g., Project Management). These tend to be related more to knowledge or skill required for certain types of jobs (e.g., Accounting for jobs involving financial administration).

Technical / Professional Competencies - The technical/professional competencies tend to be specific to roles or jobs within the Job Family, and include the specific skills and knowledge (know-how) to perform effectively (e.g. ability to use particular software; knowledge in particular professional areas such as finance, biochemistry; etc.). These competencies could be generic to a Job Family as a whole, or be specific to roles, levels or jobs within the family.

Leadership Competencies - These are the key competencies for roles in an organization that involve managing, supervising or influencing the work of others in some way. Some organizations view “leadership” to be a part of every job of the organization in that employees are expected to contribute and offer new or better ways of working regardless of their level or role in the organization. Leadership is required in teams, project management, as well as at the managerial, executive and board levels.

Consistent with the requirement for ease of use, organizations typically define a limit on the number of key / important competencies that are included in the profile for any job / role within the organization. As a rule of thumb, best practice organizations establish a limit on the total number of competencies included in any one profile in the range of 12 to 15.

29.2.2 Example guideline

A typical set of rules for one organization’s competency profile development is:

- Up to 12 competencies per profile, including five (5) core competencies.
- Core Competencies - 5 competencies that apply to all employees
• Job Family Competencies - Common to whole family
• Technical / Professional (work specific) Competencies - Apply to some or all jobs / roles in group

29.3 Vendors

Vendors of Competency-based Management Systems include:

• Workitect
• Saba Software
• IHRDC
• Human Resource Systems Group
• Cornerstone on Demand
• Kenexa

29.4 See also

• competency models
• Competency dictionary
• Competency-based management

29.5 References

29.6 Books


29.6.1 Articles


Chapter 30

Competency dictionary

Competency dictionaries include all or most of the general competencies needed to cover all job families and competencies that are core or common to all jobs within an organization (e.g., teamwork; adaptability; communication). They may also include competencies that are more closely related to the knowledge and skills needed for specific jobs or functions (e.g., IT skills, financial administration skills).

30.1 Comprehensive competency dictionary

A typical comprehensive competency dictionary should include a broad range of competencies developed through extensive literature search, review of best practices as well as ongoing refinement based on field research with various client groups. The competencies in the dictionary are required by a broad range of employees functioning within a wide variety of private and public sector organizations. The demonstration of these competencies by employees and managers is related to increased performance at the individual, team, and organizational levels.

Each competency has a general definition, which provides the user with a general understanding of the type of behavior addressed by a particular competency. Each competency includes up to five proficiency levels and each level has an associated brief statement describing how that particular level is distinct from the other levels within that competency. The behavioral indicators at each proficiency level are illustrative of the proficiency level as opposed to representing a definitive list of all possible behaviors at each level.

Finally, the defined levels of proficiency for each competency are incremental and additive so that employees demonstrating proficiency at a particular level can be assumed to perform effectively at all competency levels below (see example on previous page). HRSG’s Comprehensive Competency Dictionary is divided into two sets of competencies:

1. General job competencies – common across many jobs and demonstrate the key behaviors required for success regardless of position.
2. Job-specific competencies – these are required for success in particular functions or jobs.

30.1.1 Proficiency levels

Organizations typically include incremental competency proficiency scales as part of the overall competency structure. These scales reflect the amount of proficiency typically required by the organization within a competency area. For example, communication skills may be a requirement for most entry-level jobs as well as at the Executive levels; however, the amount of communication proficiency needed at these two levels may be quite different.

The proficiency scales serve two purposes:

1. They facilitate planning and development for improvement within current roles or jobs; and
2. They allow for comparisons to occur across jobs, roles and levels, not only in terms of the competencies required, but also the proficiency levels needed using a common incremental scale for defining the competencies.
Thus, having competency proficiency scales supports career development, succession management and human resource planning activities within the organization.

General Work competencies are most often expressed as incremental competency proficiency scales – in other words, proficiency at one level assumes proficiency at all levels below that level on the scale. Work Specific competencies, on the other hand, may be expressed as common group requirements and, where required, differences in proficiency requirements (by level of responsibility in a specified field of work) may be noted.

### 30.1.2 Target proficiency levels

Organizations typically define in their competency profiles the levels of performance (proficiency) to be attained for each competency. These are often driven by the use to be made of the competency profiles. For example:

- **Entry** – is the standard expected of employees on entry into a role. This is often used when the new entrant must learn or be trained to be able to perform to the standards required within the role.
- **Fully Effective** – is level required of employees who are performing at the standard expected for their role.
- **Stretch / Mastery** – is typically displayed by employees who have mastered their role. These employees are often sought out by other employees and supervisors to provide advice or assistance.

It is important to define what standard (or standards) of performance will be modeled in the competency profiles as a component of the competency architecture. An example of how these standards for employee performance relate to competency proficiency is shown below.

### 30.2 Dictionary options
30.2.1 Building your own versus purchasing a dictionary

Organizations may choose to create their own competency dictionaries, or purchase one that has been developed by experts in competency profiling and competency-based management. The advantage of developing your own competency dictionary is that it will reflect which competencies are required for success in the organization and it will be expressed in a way that reflects the values, vision and way of communicating within the organization. On the other hand, this option is very costly and time-consuming, and most do not have the internal expertise to complete this task.

30.2.2 Purchasing a competency dictionary

Purchasing a Competency Dictionary from a reputable company has the advantage of providing the organization with a well-developed and researched Dictionary that can be used in a timely manner to support profile development and implementation. The disadvantage is that the Dictionary may not reflect the full range of competencies needed, nor reflect them in a language that is suitable for the organization.

30.2.3 Hybrid option

Organizations often achieve a compromise by customizing a purchased Competency Dictionary (e.g., adding competencies, modifying the language slightly to reflect the organization’s style of communicating and including additional behavioural indicators to reflect performance expectations of the organization). This provides a quick and cost-effective solution, and results in a Competency Dictionary that is targeted to the organization’s specific needs.

30.3 Vendors

Vendors of competency-based performance management programs include:

- Workitect
- Sibson Consulting
- Human Resource Systems Group
- Performance.net
- IHRDC
- Tandehill Human Capital

30.4 See also

- competency models
- Competency architecture
- Competency-based management

30.5 References

30.6 Books


### 30.6.1 Articles


• Sanchez, J. I., & Levine, E. L. (2009). What is (or should be) the difference between competency modeling and traditional job analysis? Human Resource Management Review, 19, 53–63


Chapter 31

Competency-based development

The populations of most western countries are aging, while most developing countries are experiencing accelerated demand for qualified workers who can meet the needs of their fast-growing economies. Many organizations are experiencing difficulty keeping their organizations fully staffed with qualified resources, and organizations worldwide are realizing the importance of putting in place programs and initiatives to attract well-qualified workers and retain them once have been hired. These trends underscore the importance of career development and succession management initiatives aimed at preparing employees for increasing responsibilities within their organizations.

31.1 Best Practices

31.1.1 Career Development and Succession Management Defined

Career Development traditionally has been driven primarily by employees. Organizations provide the frameworks, tools and processes, but the responsibility rests with employees to take advantage of these to advance in their careers. Succession Management, on the other hand, has traditionally been management driven. Key roles are identified, and ranked lists of suitable candidates are prepared based on their existing competencies and/or potential to perform in the targeted roles or levels. Potential to perform can be identified in a number of ways: past performance in career track positions; supervisory assessments of potential; standardized assessment programs (e.g., assessment centres); etc. The lists are used to appoint candidates as positions become available.

More recently, however, the lines between the traditional concepts of Career Development and Succession Planning have blurred. Organizations are instituting development programs that allow employees to progress through a phased program of development aimed at increasing employee competencies and preparing them to take on increased responsibility. These programs typically include: formalized in-class training; planned work assignments; assessments at key stages; and, “gradation” defined through some form of assessment or certification, and/or appointment to targeted roles or levels.

31.1.2 Basic Competency Architecture Requirements

Establishing effective career development and succession management programs starts at the planning stage by:

- **Defining the Competency Architecture** - Competency dictionaries and competency architectures are established that allow employees and managers to compare and contrast competency requirements across roles and levels within or across job groups.

- **Defining Career Streams and Roles** - Beyond this, typical roles and career streams within the group to be profiled are defined. This allows both managers and employees to see how progression typically occurs. It also allows the organization to develop career development and succession management programs, tools and processes that support progression.
31.1.3 Competency-based Tools and Processes

Career Development and Succession Management typically include a selection of competency-based elements that address the requirements of the job group:

- career stream information provided in a number of formats (e.g., intranet; orientation programs; guidebooks; etc.);
- employee guides to support self-directed development or participation in a planned program;
- learning resource catalogues organized by competency (see Learning and Development section);
- training for both managers and employees on how the program works and how to gain the maximum benefit;
- self-assessment or multi-source assessment to evaluate progress in development (see Learning and Development and Performance Management sections);
- formal in-class training;
- e-learning elements;
- work assignments or action learning exercises aimed at developing skill (see Learning and Development section);
- supervisory (or other) assessment of performance in roles or work assignments (see Performance Management section);
- a form or process (e.g., passport) that accredits or documents employee progress;
- final assessment to validate that the employee has acquired the necessary competencies to be considered for targeted roles / positions.

Best practice organizations also have a talent management HR system that stores and reports information on employee competencies, and enables some or all parts of the Career Development and Succession Management process, for example:

- employee / multi-source competency assessment;
- catalogued learning resources;
- on-line registration for courses / programs;
- job / role matching that compares employee competencies against targeted role / job requirements;
- various reporting capabilities that support both Succession Management (e.g., lists of employees ready for targeted positions / role) and broader HR Planning.

31.2 Implementation Stages

The following implementation stages are suggested for mid to large organizations implementing competencies in support of Career Development and Succession Management.

31.2.1 Stage 1

- Establish a Competency Architecture and Competency Dictionary that will support Career Development and Succession Management.
- For each group to be profiled, define the typical roles and career streams for the job group.
- Determine philosophy and policy with respect to how competencies will support Career Development and Succession Management and a high-level plan for implementation.
31.2.2 Stage 2

- Build and incorporate competency-based elements that will support Career Development and Succession Management (e.g., self-assessment; multi-source assessment; on-line information on Career Development for job groups; etc.).
- Develop and implement Career Development / Succession Management programs for high need job groups.
- Determine the human resources information management infrastructure required to support effective and efficient Career Development, Succession Management and HR Planning. Evaluate and implement on-line systems and tools consistent with requirements.

31.3 Vendors

Vendors of Competency-based Management Systems include:

- Cornerstone on Demand
- Human Resource Systems Group
- Kenexa
- Keyera CMDS
- Shift iQ

31.4 See also

- Strategic human resource planning
- Human resource management systems
- Learning management system
- Talent management

31.5 Further reading

31.5.1 Books

Chapter 32

Competency-based job description

In human resource management, developing competency-based job descriptions is one way to define participant roles while still allowing for evolution. Like well-written typical job descriptions, competency-based job descriptions list job title, job description, key responsibilities, and requisite and preferred education and experience. What competency-based job descriptions add is a focus on less tangible behavioural competencies. These qualities are numerous, and elaborate systems developed by human resource consulting firms and are available for assistance in developing competency-based job descriptions and related evaluative methods. A few examples of behavioural competencies are leadership, interpersonal communication, multicultural sensitivity, initiative, teamwork, and flexibility. Linked to each competency are indicators of how effectively employees meet each requirement. Enunciating behavioural competencies facilitates personnel selection, role comprehension, and performance evaluation.

32.1 Definition of Competency

According to the Oxford Dictionary, competencies are: “the knowledge, skills, abilities, personal characteristics and other “worker-based” factors that help differentiate superior performance from average performance under specified circumstances. Competencies are identified to clearly define the essential functions of the job.” [1][2]

32.2 Core Competencies

Core competencies are the set of skills which are crucial to a business, in order for them to gain a competitive advantage in their market. Senior managers are unable to manage every single aspect of their business, including the competencies needed to maintain a strong business. This means that they must come up with a set of competencies which truly affect their competitive advantage, as this will save them time in the long run when it comes to hiring employees.

32.2.1 Hamel and Prahalad

Hamel and Prahalad’s main idea was that over time companies will develop key areas of expertise which are unique to that company and crucial for their long term growth. They said the core competencies should not be seen as being fixed; these competencies should change in response to changes in the company’s business environment. This is because over time, the business will evolve and new opportunities will arise and so the same must happen to the core competencies. Hamel and Prahalad came up with three questions which businesses must consider when identifying their core competencies:

1. Are the competencies difficult for competitors to imitate?
2. Do the competencies provide potential access to a wide variety of markets?
3. Do the competencies make a large contribution to the consumer benefits?
Hamel and Prahalad were extremely successful and ended up publishing a best-selling book about their observations: 'Competing for the Future'. [3]

32.3 Elements of Competency-based job description

- **Job title** – title that is used to refer to the employees position in the company e.g. Project Manager
- **Relevance of position** – statement about how the position supports the company (with its business plan and objectives)
- **Major responsibilities** – list of the main activities that the individual must undertake on a day-to-day basis
- **Critical criteria** – standards and qualities that candidates must have in order to be considered for the job
- **Preferred criteria** – qualities that the company would like candidate to possess but are not crucial in the day-to-day activities of the job
- **Reports to** – who their manager is"[4]

32.4 Purpose

There are 4 main reasons why competency-based job descriptions are crucial to businesses:

1. They provide crucial information for assigning the correct title and pay grade for the job
2. They make it easier to recruit candidates as the process becomes more efficient
3. Means potential candidates have a complete understanding of the duties and responsibilities they are to undertake
4. Finally, the competencies identify the essential functions of the job"[5]

32.5 Differences between competencies and description

Many hiring managers fail to differentiate between job description and job competencies. Some do not allocate enough time to properly state the job competencies needed to future employees and this can result in problems for the companies in the long run.

32.5.1 Table showing the differences between job description and job competencies

32.5.2 Combined

Job descriptions and competencies allow potential employees to identify the skills, qualities, experience and training needed for a certain job. The information in the job description and competencies is included in the performance requirements which form the performance reviews. Businesses rely on job descriptions and competencies to create training programs for their employees whereas employees use these to obtain the skills required for them to get a promotion or pay rise!"[6]

32.6 Small Businesses

Small businesses struggle a lot more than larger businesses when it comes to employing people for jobs. It is much better for them to use competency-based job descriptions as they differ from standard job descriptions because they emphasize the worker rather than the work. Competency-based job descriptions decrease the chances of the employer hiring the wrong person for the job. "[7]
To ensure that staff are placed properly within a small business, they must create a detailed job description. For a small business it is crucial that they hire the right number of people. This is because, if they hire too many people it could lead to money being wasted on staff income (wages are the highest costs to business). As well as other issues, as the saying goes: “too many cooks spoil the broth”! On the other hand, if they hire too few people, it could lead to inefficiencies and large costs for the small business in the long run.

The best approach for small businesses will be to have a job preview, assess whether individuals are capable of learning the skills needed by the company. This will help filter out those candidates who will not be suitable for the job. If possible, small businesses should use experienced individuals in the hiring process, these individuals will know if the future employee will fit in to the culture of the company as well as if they possess the relevant skills.”[8]

### 32.7 Competency Life Cycle

The competency life cycle consists of 4 phases which aim to develop and enhance individual and organisational competencies. The different phases are:

1. **Competency mapping** – this phase is there to provide the company with a summary of all the crucial competencies needed in order to fulfill its targets (outlined in the business plan), outline the job requirements and the group needs. This phase also defines the required skill level for each job profile

2. **Competency diagnosis** – this is based on the current employees in the company. This outlines the present proficiency level each employee possesses. The company will perform a ‘skill gap analysis’, which defines the gap between the skills the employee currently has compared to the competencies needed for their job

3. **Competency development** – this phase deals with development of training/activities the company provides to employees to fill the skill gaps found in the previous phase

4. **Monitoring of competencies** – an analysis of the results of the competency development phase”[9]

### 32.8 Competency Analysis

In order to conduct thorough competency analysis, one has to gather information from various sources. These sources are known as job content experts (JCEs) and they have a good understanding of positions in companies. JCEs are usually the people who manage the position one is looking to fill. The first step of the competency analysis is to accumulate detailed descriptions of the tasks which make up the job: ‘task analyses’. This is done through a range of data collection methods:

- **Job observation**: observe people already in the job and ask them to describe what they do etc

- **Incumbent interviews**: conduct interviews with people already in the job, asking each individual the same set of questions. The questions should be based on their key responsibilities, problems they need to solve/difficulties they face, skills they feel are needed for success etc

- **Critical incidents meetings**: meetings with JCEs, getting them to provide examples of times employees have been extremely efficient or inefficient

- **Competency vision meetings**: meetings with ‘visionaries’, those who know about the future of the company. The reason for these meetings is because the hiring manager is looking for an employee who will stay for the long term and an employee who will contribute to the future success of the company

Once the data from these various sources has been analysed, a list of the competencies needed for the job description can come together, completing the competency analysis.”[4]

### 32.9 Advantages

There are many benefits of using competencies in organisations:
Competencies help a business distinguish their top performers and their average ones. This is useful information for managers when it comes to giving out bonuses.

As competencies are linked to business objectives or business strategies, aligning the two is more effective and convenient for the business, making it more streamlined.

Identifying and using core competencies to create goods & services results in major contributions to the companies competitiveness.

Businesses who use the competency-based approach will generally have a more flexible workforce, with individuals who are extremely well trained and this should result in a successful performance from those employees.

Staff turnover is reduced if competency-based job descriptions are used, as candidates whom are best suited for the role are hired [10].

32.9.1 Criticisms

However, there are also some negative aspects of competency-based job descriptions. They can be extremely time consuming, as it takes a long time to gather the data needed to decide which competencies are relevant for the job profile. This process can also be very costly and not all businesses may have the funds available to carry out the competency analysis. The analysis also requires staff with specific skills, which certain businesses may lack.

32.10 See also

- Competency architecture
- Competency dictionary
- Competency-based management

32.11 References


Chapter 33

Competency-based management

Competency-based human resources planning serves as a link between human resources management and the overall strategic plan of an organization. Competencies are defined as observable abilities, skills, knowledge, motivations or traits defined in terms of the behaviours needed for successful job performance.

**Competency-based management** supports the integration of human resources planning with business planning by allowing organizations to assess the current human resource capacity based on their competencies against the capacity needed to achieve the vision, mission and business goals of the organization. Targeted human resource strategies, plans and programs to address gaps (e.g., hiring and staffing; learning; career development; succession management; etc.) are then designed, developed and implemented to close the gaps.

### 33.1 Purpose

While competencies are not new to most organizations, what is new is their increased application across varied human resource functions (i.e., recruitment/selection; learning and development, performance management, career development and succession planning, human resource planning). Organizations are looking for new ways to acquire, manage and retain the precious talent needed to achieve their business goals.

Properly designed, competencies translate the strategic vision and goals for the organization into behaviours or actions employees must display for the organization to be successful. Competency-based Management (CBM) standardizes and integrates all HR activities based on competencies that support organizational goals.

### 33.2 Connecting CBM to Organizational Execution

CBM solutions typically provide input into and drive all aspects of employee career development. This allows organizations to improve productivity in most areas of human capital management human resources. CBM is typically referred to as “strategic” in that it attempts to link organizational planning to job execution.

- Strategic human resource planning
- Competency architecture
- Competency dictionary
- Competency-based recruitment
- Competency-based learning
- Competency-based performance management
- Competency-based career development
The role of CBM is to shape and guide employee behaviour from “hire to retire”. CBM helps Talent acquisition, Performance Management and Learning Management Systems to be more effective by assessing employees’ skills and competencies. CBM also facilitates gap discovery and suggests learning methods (on the job, literature or formal courses) to help improve employee effectiveness.

33.3 Competitive market

The so-called war for talent has driven a marked increase of attention and investment in the talent management space as new vendors continue to enter to support an ever-growing demand for strategic human resources applications. Many of these competitors have entered via the software as a service (SaaS) delivery model, affording small and medium business (SMB) new less-costly options. Competency-based management systems define the job to be done and the consequent required skills to perform said job. The outputs of CBM systems are parameters input into production talent management systems.

33.4 See also

- Competency architecture
- Competency dictionary
- Human resource management systems
- Learning management system
- Talent management
33.5 References

- Levensaler, Leighanne; Laurano, Madeline (2009), Talent Management Systems 2010, Bersin & Associates

33.5.1 Books


33.5.2 Articles

Chapter 34

Competency-based performance management

Performance management is about achieving results in a manner that is consistent with organizational expectations. Integrating competencies within the performance management process supports the provision of feedback to employees not only on “what” they have accomplished (i.e., performance goals), but also “how” the work was performed, using competencies for providing feedback. Assessing competencies as a part of performance management is an important means of assisting employees in understanding performance expectations and enhancing competencies. Multi-source feedback, while not an HR application per se, is a method that is often used in performance management to assess and provide employees with feedback on “how” they performed their work (i.e., their demonstration of the competencies).

34.1 Best Practices

34.1.1 Performance Management

Performance management programs are set up to provide feedback to employees on how effectively they are performing in their jobs. Such programs normally include a set of goals or objectives the employee must accomplish within the review period as well as the standards or criteria for determining whether the defined goals have been accomplished.

Effective performance management include the following features:

- Linking individual goals to the corporate and work unit business plans and goals;
- Focusing on results, behaviours (competencies) as well as process improvement;
- Regular reviews and updating of performance plans to address changing demands;
- Training for both managers and employees on how to effectively give and receive feedback, including providing feedback to employees who experience challenges in performing to the standards required in their jobs / roles;
- Training for managers on how to provide performance evaluations that are valid, fair and unbiased.

34.1.2 Integrating Competencies in the Performance Management Process

Competencies can be integrated into the regular Performance Management (PM) process in one of two ways:

- By defining the competencies needed to perform each Performance Goal / Objective

In this case, the manager and employee identify the key competencies required to achieve each performance goal / objective (typically 1 to 3 competencies per goal / objective). At the end of the performance cycle, the employee’s
CHAPTER 34. COMPETENCY-BASED PERFORMANCE MANAGEMENT

Performance is evaluated in relation to the performance goals / objectives as well as the key competencies associated with each goal. Using this approach, the competencies included in the employee’s performance plan may or may not completely coincide with the standard competency profile for the employee’s role / job. The advantage of using this method is that the competencies being assessed are entirely consistent with the employee’s performance goals for the performance review cycle. The disadvantage is that not all competencies within the competency profile for the employee’s role / job will necessarily be assessed within the cycle.

- By integrating the competencies for the employee’s job into the PM process

In this case, the performance plan includes the performance goals / objectives for the review period as well as the complete set of competencies from the competency profile for the employee’s role / job. The performance goals / objectives address “what” must be accomplished during the review period, and the competencies measure “how” the employee conducted him/herself to accomplish their work. The advantage of this method is that all competencies defined in the competency profile for the employee’s role / job are evaluated. The disadvantage is that due to the specific nature of the performance goals / objectives, key competencies for the effective performance during the review cycle, but not included in the competency profile, will not be assessed.

In both cases, feedback provided on the employee’s competencies typically feeds into the development of a learning or action plan to address gaps in performance and development within or beyond the employee’s current role / job.

34.1.3 Multi-source / 360 Degree / Upward Feedback

In Multi-source, 360 Degree and Upward feedback, the behavioural indicators for the competencies needed within the target role / job are used as the standard for assessing the performance of the employee. In Multi-source / 360 feedback, different stakeholder groups provide ratings, including the employee, their supervisor, as well as others with whom the employee interacts (e.g., peers, team members, clients both within and outside the organization, reporting employees; etc.). In Upward Feedback, all employees reporting directly and / or indirectly to the supervisor provide feedback on the supervisor’s performance.

The results are compiled and a report is provided to the employee. The report includes the results for all competencies, highlighting both the competencies that are strong as well as those rated lowest by the different stakeholder groups. In almost all cases, individual ratings from others (except for the employee’s supervisor) are combined in such a way (e.g., averaged ratings) as to protect the anonymity of the individuals providing the feedback. The report is set up to show similarities and differences in ratings across the different stakeholder groups. The results of the process are normally used to develop learning and action plans for improvement (see section on Learning and Development). They can also feed into broader assessment programs (e.g., management assessment centres; development programs) to support employee career development and / or succession management within the organization.

Upward and Multi-source / 360 Degree Feedback programs must be managed well in order to protect those providing, as well as those receiving, feedback. The Society for Industrial / Organizational Psychology has published guidelines for the effective development and implementation of Multi-source Feedback.

34.2 Implementation Stages

The following implementation stages are suggested for mid to large organizations implementing competencies within Performance Management on a corporate-wide basis

34.2.1 Stage 1

- Determine policy for integrating competencies within the Performance Management process
- Design a Performance Management process consistent with the policy (as required)
- Design communications and training program to support implementation
- Pilot the process
- Revise and finalize ready for full implementation
34.2.2 Stage 2

- Communicate and implement the Performance Management process
- Review and evaluate the process during the first cycle of implementation (e.g., first year) and make revisions, as required.

34.3 See also

- Strategic human resource planning
- Human resource management systems
- Learning management system
- Talent management

34.4 References

34.4.1 Books


34.4.2 Articles


Chapter 35

Competency-based recruitment

Competency-based recruitment is a process of recruitment based on the ability of candidates to produce anecdotes about their professional experience which can be used as evidence that the candidate has a given competency. Candidates demonstrate competencies on the application form, and then in the interview, which in this case is known as a competency-based interview.

The process is intended to be fairer than other recruitment processes by clearly laying down the required competencies and then testing them in such a way that the recruiter has little discretion to favour one candidate over another; the process assumes high recruiter discretion is undesirable. As a result of its perceived fairness, the process is popular in public services. Competency-based recruitment is highly focused on the candidates’ story-telling abilities as an indication of competency, and disfavours other indications of a candidate’s skills and potential, such as references.

35.1 Best practices

Having established the competency profiles for groups and roles, organizations can use the competencies as the standards for assessing candidates throughout the screening and selection process as well as advertising and communicating the organization’s requirements to potential applicants.

Competencies support recruitment and selection by:

- Providing bona fide, validated, fair and unbiased standards against which to assess applicant competencies to perform in the targeted role/job.
- Improving the transparency of the selection process by clearly communicating the behaviours employees must display for success in the role/job.
- Contributing to the design of a well-articulated, efficient and effective recruitment and selection processes.
- Creating efficiencies by providing re-usable selection tools and processes (e.g., question banks for interviews and reference-checking organized by competency; template interview and reference checking guides for roles/jobs within the organization; targeted role plays, work simulations, in-basket assessments; etc.)
- Providing explicit, clear and transparent criteria on which to give candidates feedback on their performance in the selection process (e.g., input for future learning and development; etc.)
- Providing standards for evaluating the success of the selection process - e.g., correlating the results of the selection process with competency-based on-the-job performance.

Some of the common benchmark competency-based practices in Recruitment and Selection include:

- **Notices of job requirements** - A template is developed to define how competencies will be reflected in notices regarding the requirements of jobs to be filled. As the competency profiles are completed, sample notices are developed for the varied types of jobs/roles.
**Interview and Reference Checking Guides** - Template interview and reference checking guides are developed for varied types of jobs/roles, including instructions and rating guides. These are made available to hiring managers and HR Advisors.

**Template Interview and Reference Checking Guides** - Template interview and reference checking guides are developed for roles/career streams and levels within Occupational Groups including instructions and rating guides. These are made available to hiring managers and HR Advisors.

**Competency-based Track Record / Portfolio Reviews** - Track record / portfolio reviews allow employees/applicants to document their past experiences and accomplishments that relate to the competency requirements for positions within the organization. Once completed, trained evaluators score the extent to which the required competencies are demonstrated in the written examples using standardized scoring criteria. Typically, the candidate/employee also provides references who can attest to the validity of the examples provided. Results can be used as part of the staffing process and/or for other purposes (e.g., competency gap analysis for Learning and Development; Succession Management; HR Planning).

**Other Competency-based Assessment Methodologies** - A variety of other competency-based assessment methodologies can be incorporated into the selection process, including In-basket assessments, role plays or simulations of workplace situations that the employee will encounter, multi-source input (as appropriate), etc. When designing and implementing any methodology, it is important that it be defensible (i.e., reliable, fair, valid and unbiased).

**Training on Competency-based Selection** - Managers must have the knowledge and skills to be able to apply the various competency-based assessment methodologies noted above to arrive at valid selection decisions. Likewise, employees must be able to participate effectively to provide an accurate picture of the competencies they possess. Finally, both managers and HR professionals must be able to establish selection processes that are both efficient and effective (i.e., reliable, fair, valid and unbiased). All of this requires targeted training/orientation programs to ensure that all stakeholders have the necessary skills.

### 35.2 Implementation stages

As competency profiles are developed for varied job groups, the following implementation stages are suggested for their use in recruitment and selection on a corporate-wide basis.

**Stage 1:**

- Define the policies and decision-rules for using competencies in the recruitment and selection processes
- Identify considerations / guidelines for including information on competencies in notices of job requirements
- Develop sample notices of job requirements as the competency profiles become available for use.
- Customize or build an interview / reference checking question bank organized by competencies included in the competency profiles.
- Customize or build other competency-based tools or processes (e.g., track-record reviews) that can be used across a number of occupational groups.

**Stage 2:**

- As the competency profiles are completed for the job groups, develop and implement recruitment, and selection processes consistent with policy and tools/templates defined in Stage 1. Review and evaluate the effectiveness and efficiency of these processes and adjust policies, procedures, templates, etc., as required.
- Plan for and train managers and HR personnel on appropriate competency-based interviewing approaches (e.g., behavioral interviewing; situational interviewing). This training should be just-in-time – i.e., as competency profiles become available for the different job groups.
35.3  **See also**

- Strategic human resource planning
- Human resource management systems
- Learning management system
- Talent management
- Recruitment Blog

35.4  **References**

### 35.4.1 Books

- Robin Kessler (2012). Competency-Based Interviews: How to Master the Tough Interview Style Used by the Fortune 500s

### 35.4.2 Articles


• Sanchez, J. I., & Levine, E. L. (2009). What is (or should be) the difference between competency modeling and traditional job analysis? Human Resource Management Review, 19, 53–63


Chapter 36

Human resource consulting

**Human resource consulting** is an $18.4 billion industry (as of 2006) \(^{[1]}\) that has emerged from management consulting and addresses human resource management tasks and decisions. HR Consultants are responsible for assisting clients with strategically integrating effective HR processes, programs and practices into their daily operations. Their role is also to maximize the client’s performance related to human resources by introducing or marketing “best practice” products or services as well as to provide periodic feedback to clients regarding their performance related to annual management objectives. To accomplish this, the HR Consultant may need to perform needs assessments or audits and make recommendations or proposals, coordinate the creation and implementation of an action or corrective plan, and when required, organize and coordinate cross-functional Human Resource teams to assist the client with developing and implementing performance improvement corrective plans, programs or processes. The following are core fields around which most HR consultancies are based:

- **Human capital**, including remuneration (also called *total rewards*), employee rewards and incentive programs, and talent acquisition and management
- **Health and benefits**, orchestrating optimal employee health plans with the carriers themselves
- **Mergers and acquisitions**, examining fit across culture, job-type, transaction costs, etc.
- **Communication**, including surveying employee attitudes, satisfaction, engagement, and other employee behaviors
- **Retirement**
- **Recruitment process outsourcing**

Services may also include legal counseling, global initiatives, investments consulting, and the implementation of HR technologies to facilitate human capital management. The HR consulting industry also employs more actuaries than any other in order to assist in their services.

### 36.1 Companies in the field

HR consultancies vary in their ranges of services and sizes, with many consultants and academicians breaking off to form their own practices. In 2007, there were 950 HR consultancies globally, constituting a USD $18.4 billion market.

As of 2014, major HR Consultancy firms included: \(^{[2]}\)

- Aon Hewitt
- Deloitte
- Hay Group
- Mercer
36.2 Qualifications and certifications

Many human resource consultants have specialized qualifications or certifications, such as:

- Accountancy: ACCA, CA, CPA, CCA
- Actuarial: EA, ASA, FSA, MAAA, FIA, FIAA, FFA
- Educational: MS in Management/HR/Industrial Organizational psychology, MBA, Ph.D. in Management, DBA, J.D.
- Finance: CFA
- General consulting: CMC
- HR consulting: Certified Human Resources Consultant (CHRC) by HRMI.org, Chartered Institute of Personnel and Development CIPD, Professional in Human Resources (PHR), SPHR, GPHR by SHRM & HRCI, USA
- Health and benefits: CEBS, CBP,
- Compensation: CCP (Certified Compensation Professional)
- Human resources: Various certifications SHRM (US) CHRP (Canada) (e.g. PHR, SPHR, GPHR); Chartered Institute of Personnel and Development#Membership grades[MCIPD]], PGDHR DHR

36.3 See also

- Consulting Firms
- Industrial and organizational psychology

36.4 References


Chapter 37

Contextual performance

In recent years, contextual performance has emerged as an important aspect of overall job performance. Job performance is no longer considered to consist strictly of performance on a task. Rather, with an increasingly competitive job market, employees are expected to go above and beyond the requirements listed in their job descriptions. Contextual performance, which is defined as activities that contribute to the social and psychological core of the organization, is beginning to be viewed as equally important to task performance. \[1\] Examples of contextual performance include volunteering for additional work, following organizational rules and procedures even when personally inconvenient, assisting and cooperating with coworkers, and various other discretionary behaviors. By strengthening the viability of social networks, these activities are posited to enhance the psychological climate in which the technical core is nested.

37.1 Overview

This construct was first identified in the industrial and organizational psychology research world by Borman & Motowidlo. \[2\] Since that time, contextual performance has become an increasingly important research topic. Because of increased research efforts being focused on contextual performance, actual organizations have begun utilizing this concept by both rewarding it and incorporating it into performance appraisals. With the rise of the knowledge economy, the expectations for employees have expanded. Employees who exhibit voluntary effort and spontaneous, innovative behavior are increasingly important for organizations’ competitive advantage. While the construct of contextual performance is very similar to organizational citizenship behavior (OCBs) and prosocial behavior, various Industrial/Organizational psychologists contend that contextual performance is in fact a construct in its own right. \[1\]

The counterpart to contextual performance is task performance. Task performance is defined as the work activities that contribute to an organization’s technical core. \[3\] Contextual performance is more likely to be voluntary in nature, whereas task performance is more likely to be prescribed by the formal job role. Despite the fact that contextual performance is more discretionary in nature, research indicates that managers include these behaviors when conducting performance evaluations. This highlights the fact that these behaviors are becoming more and more a requirement on the job. \[4\] While conceptually different, these two types of performance have moderately high correlations, indicating that they share some of the same properties or those employees who are good task performers also are good contextual performers. These findings suggest that the two constructs are distinct yet related, which is important because this overlap may be influenced during performance evaluations. \[5\]

37.2 Taxonomy

Research has yielded several taxonomies of contextual performance and organizational citizenship behavior. Borman & Motowidlo describe contextual performance as encompassing both OCB’s and prosocial work behaviors. The following is Borman & Motowidlo’s taxonomy: \[1\]

- Persisting with enthusiasm and extra effort as necessary to complete own task activities successfully
- Volunteering to carry out task activities that are not formally part of own job
• Helping and cooperating with others
• Following organizational rules and procedures
• Endorsing, supporting, and defending organizational objectives
• Interpersonal facilitation
• Job dedication

In order to garner information regarding an employee’s contextual performance, researchers generally adapt items from the previous taxonomy. Items are generally measured by supervisors on a Likert Scale, from one to five. A few sample items that capture the construct of contextual performance are:

• <The employee> voluntarily does more than the job requires to help others or contribute to organizational effectiveness
• <The employee> tackles a difficult work assignment enthusiastically
• <The employee> volunteers for additional duty’ [6]

37.3 Dispositional predictors

In order to select employees who will engage in contextual performance, employers need to identify what traits of prospective employees predict contextual performance. Researchers believe that there are different traits and abilities that predict task and contextual performance. Intelligence has been found to be a significant predictor of task performance. Intelligence, or general mental ability, was also found to predict procedural knowledge, or knowledge of how to do a task, which in turn predicts contextual performance.’ [7] Otherwise, there is limited support for the relationship between intelligence and contextual performance. Because of this, research has also explored non-cognitive predictors of performance such as personality.’ [8] Research findings show that the personality trait of conscientiousness does indeed have a weak to moderate positive relationship with contextual performance. Openness to experience and extraversion, however, was found to have a weak correlation at most.’ [9]

As contextual performance is sometimes directed at other employees, it is important to note that in a team setting, the personality traits of conscientiousness, extraversion, and agreeableness predict contextual performance.’ [10] Other personality traits, besides the Big Five, have also been researched. It was found that the relationship between dependability, work orientation, and cooperativeness and contextual performance is significantly larger than their relationship with task performance.’ [6]

37.4 Situational and job-related predictors

Along with personality and dispositional traits, the job-related characteristics and attitudes of organizational justice, job satisfaction, and leader supportiveness are all antecedents of contextual performance. Specifically, if an individual perceives that he/she is being treated fairly, if they are satisfied with their job, and if they feel that their supervisor or leader provides support, their contextual performance is expected to increase.’ [9] These antecedents are important because they are potentially under the control of organizations. By improving upon certain job-related characteristics, organizations may be able to increase the amount of contextual performance done by employees. Procedural justice describes the fairness used in the allocation process and was found to be positively related to two facets of contextual performance, interpersonal facilitation and job dedication.’ [11] Although the correlations are weak-to-moderate, summary findings imply that when individuals are satisfied with their job and that their supervisor or leader provides support to them; their contextual performance is expected to increase.’ [12]

As evidenced by the finding that the interaction of politics at the workplace and agreeableness predicted interpersonal facilitation, organizations need to recognize that both individual differences and situational constraints influence contextual performance.’ [13]
37.5 Outcomes

Contextual performance has been found to be related to overall employee job performance. A significant portion of supervisor ratings can be accounted for by not just task performance, but contextual performance as well. Other organizational outcomes such as turnover (employment) have been found to be related to contextual performance. Indeed, research shows that contextual performance is a significant predictor of turnover over and above task performance. Employees displaying more contextual performance behaviors were less likely to turnover than those engaging in less contextual performance behaviors. While also touted as a predictor of contextual performance, organizational commitment has been found to be an outcome of contextual performance. The facet of interpersonal facilitation significantly predicts organizational commitment. Research generally supports that contextual performance does indeed relate to overall organization performance as measured by quality, quantity, financial measures, and customer service measures.

37.6 Theoretical implications

Many conceptualizations of employee performance focus only on task performance, and may thus be deficient because they lack the contextual performance construct. Performance is multi-dimensional, and since evidence indicates that supervisor ratings include contextual performance, a holistic conceptualization of performance should include both task and contextual performance. Another theoretical implication is the overlapping nature of contextual performance with both OCB and prosocial behavior. Some researchers argue that OCB clearly overlaps with contextual performance and should be redefined as the same construct. Future theoretical and empirical work should address these discrepancies and adjust the way it is conceptualized and operationalized as such. There is also a conceptual distinction between in-role and extra-role behaviors. Contextual performance is considered to be extra-role behaviors that are not necessarily expected or rewarded by the organization. However, this conceptualization may not be accurate.

37.7 Practical implications

If contextual performance is a fundamental part of the employee performance criteria, then contextual performance should be considered in all aspects of the employment process, this includes selection, performance appraisal, and rewards. Selection procedures should take into account the predictors of both task and contextual performance. Therefore when conducting performance appraisals, organizations may want to explicate that they take into account facets of both contextual and task performance. Lastly, rewards and incentives should be set up to address employees who perform helping behaviors that contribute to the overall goals of an organization as well as behaviors that contribute strictly to individuals’ projects.

37.8 Related areas

Organizational Citizenship Behavior

37.9 References

[3] Ibid.


[15] Ibid.


[19] Ibid.
Chapter 38

Continuing professional development

Continuing professional development (CPD) or continuing professional education (CPE) is the means by which people maintain their knowledge and skills related to their professional lives. CPD obligations are common to most professions. Many professions define CPD as a structured approach to learning to help ensure competence to practice, taking in knowledge, skills and practical experience. CPD can involve any relevant learning activity, whether formal and structured or informal and self-directed. It is also a feature of an HPW.

38.1 CPD research

In an article by Mac Van der Merwe and Alta van der Merwe (2008) the authors focus on the personal and situational tensions impacting on the use of a mathematics-friendly interactive online discussion forum environment as a reflective tool for the CPD of advantaged and disadvantaged mathematics teachers in South Africa."[1]

38.2 CPD for different professional domains

38.2.1 Medical professionals

See also: Continuing medical education

CPD is defined as the education of physicians following completion of formal training. CPD consists of any educational activity which helps to maintain, develop or increase knowledge, problem-solving, technical skills or professional performance standards all with the goal that physicians can provide better health care. CPD includes 'formal' activities, e.g. courses, conferences and workshops, as well as self-directed activities such as preceptorship and directed reading. The Federation of Medical Regulatory Authorities of Canada (FMRAC, the organization composed of the Colleges of Physicians and Surgeons or Medical Boards of all the provinces and territories), has stated that all licensed physicians in Canada must participate in a recognized revalidation process in which they demonstrate their commitment to continued competent performance in a framework that is fair, relevant, inclusive, transferable, and formative. In BC, the revalidation process came into effect January 1, 2010, and consists of mandatory compliance with CPD requirements of either the RCPSC or the CFPC.

38.2.2 Safety Practitioners

In almost all European countries the vast majority of Safety Practitioners, Safety Officers, Safety Managers, Safety Specialists, Safety Consultants, or Safety Advisors are legally obliged and in some instances legally bound to partake in CPD with at least one of the following two institutes: The International Institute of Risk and Safety Management (IIRSM) which was established in 1975 as a professional body for health and safety practitioners. CPD is compulsory for Fellows or Specialist Fellows of IIRSM."[2]
The Institution of Occupational Safety and Health (IOSH) which is a UK organization for health and safety professionals. All IOSH Chartered Fellows, Chartered Members, Graduate and Technical Members have to carry out CPD to safeguard their professional membership status. [3]

Also in the UK the Safety Practitioners who offer the highest levels of service and/or advice should ideally appear on the Occupational Safety and Health Consultants Register unless in-house competence is proven. The Occupational Safety and Health Consultants Register is commonly referred to as ‘OSHCR’ (Phonetic ‘osh-ker’).

OSHCR was established in response to the UK Government’s Common Sense, Common Safety report, which recommended that all Health and Safety consultants should be accredited to a professional body and a web-based directory be established. The register aims to assist businesses to find advice on general health and safety management. [4]

38.2.3 Lawyers and advocates

In many countries lawyers (advocates, attorneys, legal practitioners, legal executives, solicitors, or barristers) are encouraged or required to complete a certain number of hours of CPD or continuing legal education (CLE).

In England and Wales, all solicitors and legal executives who are in legal practice or employment, or who work 32 hours or more per week, are required to complete a minimum of 16 hours of CPD (= 16 CPD points) per year. [5]

In Scotland, all solicitors who are in full-time employment and wish to retain their Practising Certificate are required to undertake a minimum of twenty hours of CPD per year. [6]

In India, there is CPD through continuing legal education (CLE) platforms organized and conducted by the Bar Council of India through state bar councils, national law schools, universities, bar associations, tax bar associations and at other various professional levels to enhance professional knowledge, professional skill, professional acumen, analytical ability & accountability, legal ethics, professional management & business skill etc.

In Queensland, Australia, each legal practitioner is required to undertake ten hours of CPD each year to acquire ten CPD points. Within each year, the practitioner must include one point for each of three core areas:

- Professional skills,
- Practical legal ethics, and
- Practice management and business skills.

Many of the major legal publishers run seminars for the profession. A variety of providers ensures practitioners have adequate choice of content and style of delivery.

38.3 Definitions and scope

38.3.1 Royal Institution of Chartered Surveyors

The Royal Institution of Chartered Surveyors (UK) define CPD as a commitment by members to continually update their skills and knowledge in order to remain professionally competent and achieve their true potential. [7]

This approach emphasises:

- **continuing**, because learning never ceases, regardless of age or seniority;
- **professional**, because it is focused on professional competence in a professional role; and
- **concerned with development**, because the goal is to improve personal performance and enhance career progression, which arguably is much wider than just formal training courses.

38.3.2 Chartered Institute of Logistics and Transport

The Chartered Institute of Logistics and Transport (CILT) in the United Kingdom defines CPD as: The systematic maintenance and improvement of knowledge, skills and competence throughout a professional's working life. It is about maintaining and improving standards of competence and professionalism. The onus is on the learner to take responsibility for developing and directing their own career. [8]
38.3. **The Association of Personal Assistants**

APA (The Association of Personal Assistants) defines CPD as ‘any process or activity that provides added value to the capability of the individual through an increase in professional knowledge, skills and personal qualities necessary for the appropriate execution of professional and technical duties, often termed ‘competence’.

38.3.4 **American Academy of Financial Management**

The American Academy of Financial Management requirements for continuing uses CPD and continuing education as part of its ongoing requirements for members. Members must complete 15 hours of recognized professional each year to retain their qualification. [9] The AAFM Board regulates certifications worldwide such as CWM Chartered Wealth Manager Certification. [10]

38.3.5 **Institute of Administrative Management**

The Institute of Administrative Management (IAM) requires candidates to complete the following:[11]

- Self-SWOT analysis

This is intended to help the individual carry out some initial thinking about your strengths and weaknesses. In addition, you will need to think about possible directions for your career development and to highlight potential threats.

- Personal and professional development

Development of your PPDP is based upon the individuals SWOT analysis. Its purpose is to assist them to formulate a set of development activities covering a period of twelve months. Long-term career plans should cover development activities for the next twelve months in the light of their intentions over the next three years.

- Implementation

Implementing of the individuals plan does not imply that they cannot or should not change it once implementation is underway. Situations and circumstances can and do change.

- Learning diary

It is vital that the individual records their efforts and assess the benefits of their planned activities. The activities that they undertake may not always generate the results that were intended. Time spent reflecting on how they have tackled each activity and in assessing the outcomes will enable the individual to adjust their PPDP for the following year. Moreover, by recording their activities they will be building a complete record of their professional/personal development that can form the basis for long-term career progression.

- Annual review/summary

At the end of the twelve month period, having reviewed the individuals activities they are required to complete the Summary Sheet. The process is repeated for the second and subsequent years by reviewing and updating your SWOT analysis and then drawing up a new PPDP.

Registration for CPD shows the individuals own commitment to learning and allows them to consider best practice within the workplace.

38.3.6 **CPD for Sustainability Professionals**

The Institution of Sustainability Professionals requires all full Members (MISP) to undertake a minimum of 25 hours CPD per year as an essential component of professional life to ensure that they have the knowledge and experience to undertake their role as a sustainability professional in an effective manner.
38.3.7 Chartered Institute of Personnel and Development

According to the Chartered Institute of Personnel and Development (CIPD), CPD should:

- be continuous - professionals should always be looking for ways to improve performance
- be the responsibility of the individual learner to own and manage
- be driven by the learning needs and development of the individual
- be evaluative rather than descriptive of what has taken place
- be an essential component of professional and personal life, never an optional extra

38.3.8 European Federation of National Engineering Associations

FEANI defines CPD as the acquisition of knowledge, experience and skills, as well as, the development of personal qualities. It contains both the acquisition of new skills, to broaden competence, and the enhancement of existing skills to keep abreast of evolving knowledge.

38.4 See also

- Professional development
- Initial Professional Development
- Continuing education
- Continuing legal education

38.5 References


[9] AAFM CE/CPE

[10] AAFM CE/CPE


Chapter 39

Contractor management

Contractor management is the managing of outsourced work performed for an individual company. For a company that outsources work to contractors it’s very important to have a system in place to manage those contractors’ health and safety information, insurance information, training programs and specific documents that pertain to the contractor and the owner client.

39.1 Risk and control

Risk increases with the loss of control from outsourcing work. Keeping work in-house gives an Owner Client complete control over the production or services provided including quality, durability, and consistency. Outsourcing the work reduces the amount of control held over these aspects. While contracts and agreements can be set in place to control the end product, the Owner Client cannot have complete assurance that their requirements are being met.¹

With the continuing outsourcing of production, companies struggle to standardize their contractor management processes. Requirements and regulations from the U.S. Occupational Safety and Health Administration and other governing bodies are constantly changing. Companies need to have full visibility into the quality of work their hired contractors have performed in the past and are performing now, and this often proves difficult.

There are tools which may measure the contractor’s level of performance. For example, many large refineries have integrated their gate access control system to a contractor management software. This provides real-time access to the performance of the contractor workforce within the refinery.

39.2 Components

Effective contractor management relies first on a standardized prequalification form (PQF). A quality prequalification form will also allow for customized functionality, as needed. The prequalification form ensures that the necessary steps are in place for a contractor to work safely and sustainably, prior to establishing an agreement, or allowing a vendor to come on-site.

It is important to supply contractors a copy of the prequalification form (or an explanation of the requirements) before bidding or quoting to assure they are knowledgeable of the requirements and they include these requirements in their workplans and budgets.

Specifically, the prequalification form will allow the organization to track the most importance aspect of contractor management – contractor prequalification across these essential dynamics:

- Financial stability
- Regulatory citation history
- Safety and Health statistics and programs
- Environmental protection programs
• Background checks and Security programs
• Sustainability/ Social Responsibility background and programs, including Human Rights.
• Site-specific requirements (as needed)
• Major projects performed, including references
• The length of time the contractor has been in business
• Services performed, and a risk ranking based on the contractor’s trade
• Insurance coverage and limits, additional insured, and waiver of subrogation

A thorough prequalification form with each of these components is used to verify incidence rates and ensures that the contractor’s insurance certification is in line with company requirements.

The prequalification form is then reviewed for OSHA logs *[2] and Experience Modification Ratings (EMR) to unearth any inconsistencies and to verify the contractor license status. Finally, references are contacted to provide actual work history and experience to further certify that the contractor is prequalified for performing work at that location.

39.3 Auditing

Once the prequalification form has been filled out, the contractor must be monitored for compliance, this is a significant part of contractor management. An audit is conducted based on the services that are performed by the contractor and the risk associated with that service.

For contractors involved in a higher risk trade (e.g. electricians,*[3] lockout-tagout *[4] and confined space workers *[5]) the audit is an essential part of reviewing the contractor’s safety program. Many of these high risk workers are involved in potentially life-threatening situations and must demonstrate their ability to protect employees and their clients from harmful situations.

In order to determine that the contractor possesses an adequate understanding of both the work to be performed and the safety standards that must be followed, the following questions are asked:

1. Is the Safety Program that is currently in place adequate?
2. Has the written program Safety Program been implemented?
3. Is the inspection of critical pieces of equipment being done?
4. Does the program allow for customization in the program based on risk?
5. Is the Safety Program specific to the contractor and the services provided?
6. Are the essential programs addressed, based on the services that will be performed?
7. Is there a method to ensure the training based on written programs is being conducted?
8. Are Job Hazard Analyses (JHAs),*[6] job-site inspections and other hazard identification / mitigation techniques being used and documented?

These questions are then used as indicators to determine the contractor’s level of performance. The audit ensures that the contractor has prepared for, and is enforcing, safety guidelines in their everyday practices. Essentially, the audit provides a third-party confirmation that the information supplied in the prequalification form is both accurate and up-to-date.
39.4 Database

A database can be used to record and access the vendor data within a contractor management program. The database needs to be updated regularly, to ensure that all stakeholders are kept informed of any changes, particularly if the contractor management program is being used to eliminate subpar performers. The use of an online contractor management database facilitates the sharing of contractor data in a secure format with all necessary users, using 24-7/365 availability.

39.5 Benefits

The purpose of a contractor management program is to better centralize, qualify and monitor a contingent workforce. As a result of implementing a contractor management program, an organization can expect to experience some, or all, of the following advantages:

1. Cost savings
2. Better supplier/client relationships
3. Higher quality contractors and suppliers
4. Less paperwork for both owners and contractors
5. Instant information sharing & evergreen qualification
6. Reduced risk – continuous improvement in loss control
7. Moving towards using leading indicators vs. lagging indicators
8. Contractor awareness with regulatory and best practices such as VPP *[7] and PSM *[8]

These advantages are both immediate and long-standing. A comprehensive web-based contractor management program from a reputable firm can provide a reliable basis for prequalifying contractors, vendors and other suppliers of goods and services.

39.6 Mitigating risk

There are two major considerations when managing contractors. First is deciding on the criteria for evaluation and second is developing an effective management process to evaluate these criteria. There are a number of criteria on which a contractor’s safety can be evaluated, such as historical and future trend information. *[9]

39.7 See also

- Contingent labor
- Contingent workforce
- Insurance certificate tracking
- Vendor management system

39.8 References

CHAPTER 39. CONTRACTOR MANAGEMENT


Chapter 40

Corporate Equality Index

The Corporate Equality Index is a report published by the Human Rights Campaign Foundation as a tool to rate American businesses on their treatment of gay, lesbian, bisexual and transgender employees, consumers and investors. Its primary source of data are surveys [1] but researchers cross-check business policy and their implications for LGBT workers and public records independently. [2] The index has been published annually since 2002.

40.1 Criteria

The Corporate Equality Index chooses companies to rank, and rates them on a scale of 0 to 100 based on flexible criteria grounded in the “10 principles” of the Equality Project. [3] These include

- A written policy of nondiscrimination based on sexual orientation, gender identity and gender expression. [4]
- Inclusion of sexual orientation, gender identity, and gender expression in its diversity and sensitivity training. [4]
- Parity in domestic partner benefits required by certain laws like the Family and Medical Leave Act. [4]
- Appropriate and respectful advertising to the LGBT community. [4]
- Transgender-inclusive health insurance benefits. [4]
- Rejection of any activities that would undermine the goal of equal rights for LGBT people. [4]

40.2 History

Since 2002, the Corporate Equality Index has been published by the Human Rights Campaign. It was originally modeled after the Gay and Lesbian Values Index, a rating system that was designed by journalist Grant Lukenbill. [5] When the HRC modified it, it became a 100-point system, as opposed to Grant’s 10-point one. [6] In its first year, the Corporate Equality Index awarded its 100 percent rating to 13 businesses. [7] Each year, there has been an increase in the number of businesses that achieve this rating. In the 2011 index, 337 companies received the 100 percent rating. [8] The criteria for the index has changed since its first publication. Beginning in 2006, transgender rights issues became more imperative to the index than they had previously been; consequently, the 2012 index will include more updated criteria regarding benefits of partnerships and transgender inclusivity. [7]

40.3 Effects on Corporate America

There are competing opinions about the effect that a company’s rating has on its business. Some say that having a high rating will have a positive impact, while others say that it will cause a company to lose popularity among conservative customers. A study in Colorado showed that having a good rating in the CEI does not harm a company’s stocks. [9]
The index also encourages companies to change their policies regarding LGBT employees, and in many cases accomplishes this goal. From 2004 to 2005, 92 percent of the corporations listed included transgender discrimination protection where they previously had not. [10] Additionally, many companies are pressured to change policies that have earned them a poor score on the index, due to bad press. This has led to a competitive atmosphere among businesses to stay current in the latest LGBT-related inclusive policies. [5] Larger corporations are much more likely to change LGBT-related policies as a result of the index than small or medium companies are. The Human Rights Campaign focuses on larger companies in the CEI, so smaller businesses are subject to little public backlash due to the efforts of the Human Rights Campaign and the index. [11]

40.4 Consumerism

Since its beginning in 2002, the Corporate Equality Index has had a financial effect on the businesses included in its ratings system. In 2007, the Human Rights Campaign introduced a mobile guide for consumers, allowing anyone to see a company's rating before choosing whether to do business with it, simply by texting the company's name to the index's short code, receiving an immediate response. [12]

40.5 See also

- Stonewall Workplace Equality Index, maintained by Stonewall for United Kingdom-based businesses

40.6 References

[3] Corporate Equality Index 2009, p.8; principles
[5] http://books.google.com/books?id=pO_9ASZo64C&pg=PA142&dq=%22corporate+equality+index%22&hl=en&ei=3oImTbDkEMH-8Ah_6U4Q&sa=X&oi=book_result&ct=result&resnum=3&ved=0CDUQ6AEwAg#v=onepage&q=%22corporate%20equality%20index%22&f=false
[6] http://books.google.com/books?id=x2QEAAAMBAJ&pg=PA30&lpg=PA30&dq=%22the+gay+and+lesbian+values+index%22&source=bl&ots=jD9j3jJgwC&sig=tgcLFywftv9yY5kpwV5GEjHorZWU&hl=en&ei=5YNmTdHYAYK5r8AfhsnWCw&sa=X&oi=book_result&ct=result&resnum=2&ved=0CBQ6AEwAQ&f=false
[12] http://books.google.com/books?id=Y1C2phShN9kC&pg=PA147&dq=%22corporate+equality+index%22&hl=en&ei=nJhmTfGXBcqr8Ar_6U4Q&sa=X&oi=book_result&ct=result&resnum=7&ved=0CEgQ6AEwBgs#v=onepage&q=%22corporate%20equality%20index%22&f=false

40.7 External links

- Human Rights Campaign official website
- Corporate Equality Index Overview
Download PDF versions of the report:

- 2002 Corporate Equality Index
- 2003 Corporate Equality Index
- 2004 Corporate Equality Index
- 2005 Corporate Equality Index
- 2006 Corporate Equality Index
- FAQ: What Happened to the 2007 Report?
- 2008 Corporate Equality Index
- 2009 Corporate Equality Index
- 2010 Corporate Equality Index
- 2011 Corporate Equality Index
Chapter 41

Cross-cultural capital

In management and organizational studies disciplines, cross-cultural capital (CCC) is the aggregate set of knowledge, skills, abilities and psychological dispositions that gives individuals competitive advantage in interacting, working, and managing in culturally diverse environments. It is considered a facet of human capital.

Cross-cultural capital is conceived as a broad construct and it is composed of both dispositional (or, more trait-like) and experience-based elements (more statelike), including personality dispositions (e.g., openness to experience), values and beliefs (e.g., pro-diversity beliefs), cognitive style (cognitive flexibility) and acquired specific skills (e.g., mastery of several languages) as well as of relevant experiences (e.g., traveling, living and working in different countries; growing up in a multicultural environment). Some scholars include cultural intelligence (CQ) as one of the state-like components of cross-cultural capital. This corresponds to Ang and Van Dyne’s (2008) nomological network of cultural intelligence model, where cultural intelligence is conceptualized as a more of state-like construct that mediates distal factors, which are typified as trait-like (e.g., personality traits) and intermediate constructs such as communication apprehension and anxiety, which, in turn, are postulated to affect a host of individual and interpersonal outcomes that can be broadly classified into performance and cultural adaptation.

41.1 References


Chapter 42

Cross-functional team

A cross-functional team is a group of people with different functional expertise working toward a common goal.\(^1\) It may include people from finance, marketing, operations, and human resources departments. Typically, it includes employees from all levels of an organization. Members may also come from outside an organization (in particular, from suppliers, key customers, or consultants).

Cross-functional teams often function as self-directed teams assigned to a specific task which calls for the input and expertise of numerous departments. Assigning a task to a team composed of multi-disciplinary individuals increases the level of creativity and out of the box thinking. Each member offers an alternative perspective to the problem and potential solution to the task. In business today, innovation is a leading competitive advantage and cross-functional teams promote innovation through a creative collaboration process. Members of a cross-functional team must be well versed in multi-tasking as they are simultaneously responsible for their cross-functional team duties as well as their normal day-to-day work tasks.

Decision making within a team may depend on consensus, but often is led by a manager/coach/team leader. Leadership can be a significant challenge with cross-functional teams. Leaders are charged with the task of directing team members of various disciplines. They must transform different variations of input into one cohesive final output. Cross-functional teams can be likened to the board of directors of a company. A group of qualified individuals of various backgrounds and disciplines are assembled to collaborate in an efficient manner in order to better the organization or solve a problem.

In the context of Scrum, a team structure and methodology that was pioneered in software development but is now being used in other types of projects, a cross-functional team means one where team members may have specialist knowledge, and may retain this specialist knowledge, but also pick up new knowledge and skills by participating in tasks that lie outside of their previous expertise - which helps the team to be more resilient against the temporary or permanent loss of certain team members.

42.1 Effects

The growth of self-directed cross-functional teams has influenced decision-making processes and organizational structures. Although management theory likes to propound that every type of organizational structure needs to make strategic, tactical, and operational decisions, new procedures have started to emerge that work best with teams.\(^2\)

42.1.1 Less unidirectional

Up until recently, decision making flowed in one direction. Overall corporate-level objectives drove strategic business unit (SBU) objectives, and these in turn, drove functional level objectives. Today, organizations have flatter structures, companies diversify less, and functional departments have started to become less well-defined. The rise of self-directed teams reflects these trends. Intra-team dynamics tend to become multi-directional rather than hierarchical. Interactive processes encourage consensus within teams. Also the directives given to the team tend to become more general and less prescribed.
42.1.2 Greater scope of information

Cross-functional teams require a wide range of information to reach their decisions. They need to draw on information from all parts of an organization’s information base. This includes information from all functional departments. System integration becomes important because it makes all information accessible through a single interface. An inherent benefit of a cross-functional team is the breadth of knowledge brought to the group by each member. Each team member is a representative of a department and therefore can leverage their familiarity with accessing and providing knowledge of that department for the team. This increases the efficiency of a cross-functional team by reducing time spent gathering information.

42.1.3 Greater depth of information

Cross-functional teams require information from all levels of management. The teams may have their origins in the perceived need to make primarily strategic decisions, tactical decisions, or operational decisions, but they will require all three types of information. Almost all self-directed teams will need information traditionally used in strategic, tactical, and operational decisions. For example, new product development traditionally ranks as a tactical procedure. It gets strategic direction from top management, and uses operational departments like engineering and marketing to perform its task. But a new product development team would consist of people from the operational departments and often someone from top management.

In many cases, the team would make unstructured strategic decisions—such as what markets to compete in, what new production technologies to invest in, and what return on investment to require; tactical decisions like whether to build a prototype, whether to concept-test, whether to test-market, and how much to produce; and structured operational decisions like production scheduling, inventory purchases, and media flightings. In other cases, the team would confine itself to tactical and operational decisions. In either case it would need information associated with all three levels.

42.1.4 Greater range of users

Cross-functional teams consist of people from different parts of an organization. Information must be made understandable to all users. Not only engineers use technical data, and not only accountants use financial data, and not only human resources personnel use HR data. Modern organizations lack middle managers to combine, sort, and prioritize the data. Technical, financial, marketing, and all other types of information must come in a form that all members of a cross-functional team can understand. This involves reducing the amount of specialized jargon, sorting information based on importance, hiding complex statistical procedures from the users, giving interpretations of results, and providing clear explanations of difficult. Data visualization systems can present complex results in an intuitive manner.

42.1.5 Less goal dominated

Since the publication of Peter Drucker’s views on Management by objectives, business decision making has become more goal-oriented. Managers have come to view decision-making generally, and strategic thinking in particular, as a multi-stage process that starts with an assessment of the current situation, defining objectives, then determining how to reach these objectives. Management by objectives took this basic scheme and applied it to virtually all significant decisions.

Today many firms have started to opt for a less structured, more interactive approach. One way of implementing this involves using self-directed cross-functional teams. Proponents hope that these teams will develop strategies that will re-define industries and create new “best practice”. They think that incremental improvements do not suffice.

Cross-functional teams, using unstructured techniques and searching for revolutionary competitive advantages, allegedly require information systems featuring increased interactivity, more flexibility, and the capability of dealing with fuzzy logic. Artificial intelligence may one day be useful in this aspect.
42.2 See also

- Ambidextrous organization
- Organization design
- Organizational structure
- Total quality management

42.3 References


Chapter 43

Cross-training (business)

Cross-training in business operations involves training employees to engage in quality control measures. Employees are trained in tangent job functions to increase oversight in ways that are impossible through management interactions with workers alone.

43.1 Advantages

- Helps patrons/customers/clients in the long run, as employees are empowered to answer questions about the entire organization.
- Requires staff to re-evaluate the reasons and methods for accomplishing their work; inefficient methods, outdated techniques and bureaucratic drift are challenged, if not eliminated.
- Raises an awareness of what other departments do.
- Routine scheduling is enhanced with the ability to move staff about the “Operation”.
- Better coverage, increased flexibility and ability to cope with unexpected absences, emergencies, illness, etc.
- Can increase the “employability” of staff who have the opportunity to train in areas they were not originally hired for.

Other advantages include

- Increased flexibility and versatility,
- Appreciated “intellectual capital”
- Improved individual efficiency,
- Increased standardization of jobs,
- Heightened Morale

43.2 See also

- Interdisciplinarity

43.3 External links

- Cross Training article at restaurantowner.com by John Richardson
Chapter 44

Cultural capital

This article is about the sociological term. For cities and locations, see Capital of Culture.

The term cultural capital refers to non-financial social assets that promote social mobility beyond economic means. Examples can include education, intellect, style of speech, dress, or physical appearance.

Cultural capital (French: le capital culturel) is a sociological concept that has gained widespread popularity since it was first articulated by Pierre Bourdieu. Bourdieu and Jean-Claude Passeron first used the term in “Cultural Reproduction and Social Reproduction” (1973). In this work he attempted to explain differences in children’s outcomes in France during the 1960s. It has since been elaborated and developed in terms of other types of capital in The Forms of Capital (1986); and in terms of higher education, for instance, in The State Nobility (1996). For Bourdieu, capital acts as a social relation within a system of exchange, and the term is extended “to all the goods material and symbolic, without distinction, that present themselves as rare and worthy of being sought after in a particular social formation (cited in Harker, 1990:13) and cultural capital acts as a social relation within a system of exchange that includes the accumulated cultural knowledge that confers power and status.” [1]

44.1 Relation to other types of capital

In The Forms of Capital (1986), Bourdieu distinguishes between three types of capital:

- Economic capital: command over economic resources (cash, assets).
- Social capital: resources based on group membership, relationships, networks of influence and support. Bourdieu described social capital as “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition.”
- Cultural capital: forms of knowledge, skills, education, and advantages that a person has, which give them a higher status in society. Parents provide their children with cultural capital by transmitting the attitudes and knowledge needed to succeed in the current educational system.

Later he adds symbolic capital (resources available to an individual on the basis of honor, prestige or recognition) to this list.

44.2 Types

Cultural capital has three subtypes: embodied, objectified and institutionalised (Bourdieu, 1986:47). Bourdieu distinguishes between these three types of capital:

- Embodied cultural capital consists of both the consciously acquired and the passively “inherited” properties of one’s self (with “inherited” here used not in the genetic sense but in the sense of receipt over time, usually from the family through socialization, of culture and traditions). Cultural capital is not transmissible instantaneously
like a gift or bequest; rather, it is acquired over time as it impresses itself upon one’s habitus (character and way of thinking), which in turn becomes more attentive to or primed to receive similar influences.

- **Linguistic capital**, defined as the mastery of and relation to language (Bourdieu, 1990:114), can be understood as a form of embodied cultural capital in that it represents a means of communication and self-presentation acquired from one’s surrounding culture.

- **Objectified cultural capital** consists of physical objects that are owned, such as scientific instruments or works of art. These cultural goods can be transmitted both for economic profit (as by buying and selling them with regard only to others’ willingness to pay) and for the purpose of “symbolically” conveying the cultural capital whose acquisition they facilitate. However, while one can possess objectified cultural capital by owning a painting, one can “consume” the painting (understand its cultural meaning) only if one has the proper foundation of conceptually and/or historically prior cultural capital, whose transmission does not accompany the sale of the painting (except coincidentally and through independent causation, such as when a vendor or broker chooses to explain the painting’s significance to the prospective buyer).

- **Institutionalized cultural capital** consists of institutional recognition, most often in the form of academic credentials or qualifications, of the cultural capital held by an individual. This concept plays its most prominent role in the labor market, in which it allows a wide array of cultural capital to be expressed in a single qualitative and quantitative measurement (and compared against others’ cultural capital similarly measured). The institutional recognition process thereby eases the conversion of cultural capital to economic capital by serving as a heuristic that sellers can use to describe their capital and buyers can use to describe their needs for that capital.

### 44.3 Relation to Bourdieu’s other concepts

The concept of cultural capital is fundamentally linked to the concepts of fields and habitus. These three concepts have been continually developed throughout all of Bourdieu’s work. A field can be any structure of social relations (King, 2005:223). It is a site of struggle for positions within that field and is constituted by the conflict created when individuals or groups endeavor to establish what comprises valuable and legitimate capital within that space. Therefore one type of cultural capital can be at the same time both legitimate and not, depending on the field in which it is located. It can be seen therefore, that the legitimation of a particular type of cultural capital is completely arbitrary. The power to arbitrarily determine what constitutes legitimate cultural capital within a specific field is derived from symbolic capital.

Habitus is also important to the concept of cultural capital, as much of cultural capital can be derived from an individual’s habitus. It is often defined as being dispositions that are inculcated in the family but manifest themselves in different ways in each individual. (Harker, 1990:10; Webb, 2002:37; Gorder, 1980:226). It is formed not only by the habitus of the family (Harker et al., 1990:11) but also by the objective chances of the class to which the individual belongs (King, 2005:222), in their daily interactions (Gorder, 1980:226) and it changes as the individual’s position within a field changes (Harker, 1990:11).

### 44.4 Use of the concept in theory and research

The concept of cultural capital has received widespread attention all around the world, from theorists and researchers alike. It is mostly employed in relation to the education system, but on the odd occasion has been used or developed in other discourses. Use of Bourdieu’s cultural capital can be broken up into a number of basic categories. First, are those who explore the theory as a possible means of explanation or employ it as the framework for their research. Second, are those who build on or expand Bourdieu’s theory. Finally, there are those who attempt to disprove Bourdieu’s findings or to discount them in favour of an alternative theory. The majority of these works deal with Bourdieu’s theory in relation to education, only a small number apply his theory to other instances of inequality in society.
44.4. USE OF THE CONCEPT IN THEORY AND RESEARCH

44.4.1 Traditional use of concept

Those researchers and theorists who explore or employ Bourdieu’s theory use it in a similar way as it was articulated by Bourdieu. They usually apply it uncritically, and depending on the measurable indicators of cultural capital and the fields within which they measure it, Bourdieu’s theory either works to support their argument totally, or in a qualified way. These works to help portray the usefulness of Bourdieu’s concept in analysing (mainly educational) inequality but they do not add anything to the theory.

One work which does employ Bourdieu’s work in an enlightening way is that of Emirbayer & Williams (2005) who use Bourdieu’s notion of fields and capital to examine the power relations in the field of social services, particularly homeless shelters. The authors talk of the two separate fields that operate in the same geographic location (the shelter) and the types of capital that are legitimate and valued in each. Specifically they show how homeless people can possess “staff-sanctioned capital” or “client-sanctioned capital” (2005:92) and show how in the shelter, they are both at the same time, desirable and undesirable, valued and disparaged, depending on which of the two fields they are operating in. Although the authors do not clearly define staff-sanctioned and client-sanctioned capital as cultural capital, and state that usually the resources that form these two capitals are gathered from a person’s life as opposed to their family, it can be seen how Bourdieu’s theory of cultural capital can be a valuable theory in analysing inequality in any social setting.

44.4.2 Expansion of concept

A number of works expand Bourdieu’s theory of cultural capital in a beneficial manner, without deviating from Bourdieu’s framework of the different forms of capital. In fact, these authors can be seen to explore unarticulated areas of Bourdieu’s theory as opposed to constructing a new theory. For instance, Stanton-Salazar & Dornbusch (1995:121) examine how those people with the desired types of cultural (and linguistic) capital in a school transform this capital into “instrumental relations” or social capital with institutional agents who can transmit valuable resources to the person, furthering their success in the school. They state that this is simply an elaboration of Bourdieu’s theory. Similarly, Dumais (2002) introduces the variable of gender to determine the ability of cultural capital to increase educational achievement. The author shows how gender and social class interact to produce different benefits from cultural capital. In fact in Distinction (1984:107), Bourdieu states “sexual properties are as inseparable from class properties as the yellowness of lemons is inseparable from its acidity”. He simply did not articulate the differences attributable to gender in his general theory of reproduction in the education system. What allows a certain thing to exist, or not exist...that is the question.

On the other hand, two authors have introduced new variables into Bourdieu’s concept of cultural capital. Emmison & Frow’s (1998) work centers on an exploration of the ability of Information Technology to be considered a form of cultural capital. The authors state that “a familiarity with, and a positive disposition towards the use of bourgeoisie technologies of the information age can be seen as an additional form of cultural capital bestowing advantage on those families that possess them”. Specifically computers are “machines” (Bourdieu, 1986:47) that form a type of objectified cultural capital, and the ability to use them is an embodied type of cultural capital. This work is useful because it shows the ways in which Bourdieu’s concept of cultural capital can be expanded and updated to include cultural goods and practices which are progressively more important in determining achievement both in the school and without.

Hage uses Bourdieu’s theory of cultural capital to explore multiculturalism and racism in Australia. His discussion around race is distinct from Bourdieu’s treatment of migrants and their amount of linguistic capital and habitus. Hage actually conceives of “whiteness” (in Dolby, 2000:49) as being a form of cultural capital. “White” is not a stable, biologically determined trait, but a “shifting set of social practices” (Dolby, 2000:49). He conceptualizes the nation as a circular field, with the hierarchy moving from the powerful center (composed of “white” Australians) to the less powerful periphery (composed of the “others”). The “others” however are not simply dominated, but are forced to compete with each other for a place closer to the centre. This use of Bourdieu’s notion of capital and fields is extremely illuminating to understand how people of non-Anglo ethnicities may try and exchange the cultural capital of their ethnic background with that of “whiteness” to gain a higher position in the hierarchy. It is especially useful to see it in these terms as it exposes the arbitrary nature of what is “Australian”, and how it is determined by those in the dominant position (mainly “white” Australians).

John Taylor Gatto writes a piece in Harper’s issue in 2003, Against School. Gatto addresses issues over education in modern schooling as a retired school teacher. The relation of cultural capital can be linked to Alexander Inglis’s 1918 book, Principles of Secondary Education, which makes clear how modern American schooling is now what it had been for Prussia in the 1820s. The objective was to divide children into sections by distributing children into
CHAPTER 44. CULTURAL CAPITAL

subjects by age groups and common test scores. Inglis introduces six basic functions for modern schooling. Functions three four and five are most related to cultural capital because they describe the manner in which schooling enforces children’s cultural capital from a young age. Below are functions three to five from Gatto’s issue: 3. The diagnostic and directive function. School is meant to determine each student’s proper social role. This is done by logging evidence mathematically and anecdotally on cumulative records. 4. The differentiating function. Once their social role has been “diagnosed,” children are to be sorted by role and trained only as far as their destination in the social machine merits—and not one step further. 5. The selective function. This refers not to human choice at all but to Darwin’s theory of natural selection as applied to what he called “the favored races.” In short, the idea is to help things along by consciously attempt to improve the breeding stock. Schools are meant to tag the unfit—with poor grades, remedial placement, and other punishments clearly enough that their peers will accept them as inferior and effectively bar them from the reproductive sweepstakes. That’s what all those little humiliations from first grade onward were intended to do: “it was the dirt down the drain.” These three functions are directly related to cultural capital because through schooling children are discriminated by social class and cognitively placed into the destination that will make them fit to sustain that social role as they grow. They will be lead down the path into the class they will belong to and during the fifth function will be directly undesirable to the more privileged set of children and be even furthermore pushed down the ladder.

Also, Paul DiMaggio expands on Bourdieu’s view on cultural capital and its influence on education saying: “Following Bourdieu, I measure high school students’ cultural capital using self-reports of involvement in art, music, and literature.” In his journal article titled Cultural Capital and School Success: The Impact of Status Culture Participation on the Grades of U.S. High School Students in the American Sociological Review Vol. 47, No. 2, Apr., 1982

44.4.3 Criticisms of concept

Criticisms of Bourdieu’s concept have been made on many grounds, including a lack of conceptual clarity. Perhaps due to this lack of clarity, researchers have operationalised the concept in diverse ways, and have varied in their conclusions. While some researchers may be criticised for using measures of cultural capital which focus only on certain aspects of ‘highbrow’ culture, this is a criticism which could also be leveled at Bourdieu’s own work. Several studies have attempted to refine the measurement of cultural capital, in order to examine which aspects of middle-class culture actually have value in the education system.

It has been observed that Bourdieu’s theory, and in particular his notion of habitus, is entirely deterministic, leaving no place for individual agency or even individual consciousness. Although Bourdieu claimed to have transcended the dichotomy of structure and agency, this is not necessarily convincing. For example, the Oxford academic John Goldthorpe has long argued that:

“Bourdieu’s view of the transmission of cultural capital as a key process in social reproduction is simply wrong. And the more detailed findings of the research, as noted above, could then have been taken as helping to explain just why it is wrong. That is, because differing class conditions do not give rise to such distinctive and abiding forms of habitus as Bourdieu would suppose; because even within more disadvantaged classes, with little access to high culture, values favouring education may still prevail and perhaps some relevant cultural resources exist; and because, therefore, schools and other educational institutions can function as important agencies of re-socialisation – that is, can not only underwrite but also in various respects complement, compensate for or indeed counter family influences in the creation and transmission of “cultural capital”, and not just in the case of Wunderkinder but in fact on a mass scale.”

Bourdieu has also been criticised for his lack of consideration of gender. Kanter (in Robinson & Garnier, 1986) point out the lack of interest in gender inequalities in the labour market in Bourdieu’s work. However, Bourdieu addressed the topic of gender head-on in his 2001 book Masculine Domination. Bourdieu stated on the first page of the prelude in this book that he considered masculine domination to be a prime example of symbolic violence.

44.5 See also

- Capital
- Pierre Bourdieu
- Social capital
44.6 Notes

[1] The Sage dictionary of cultural studies by Chris Barker


44.7 References


44.8 Further reading


• Les Trois états du capital culturel in Actes de la Recherche en Sciences Sociales, 30 (1979), pp. 3–6.


• Bourdieu,Pierre (1996), The State Nobility, Translated by Lauretta C. Clough Foreword by Loic J. D. Wacquant


• HyperBourdieu World Catalogue) “A comprehensive, contextual and referential bibliography and mediagraphy of all works and public statements by Pierre Bourdieu”

• The Sage Dictionary of Cultural Studies
Chapter 45

Disciplinary probation

Not to be confused with academic probation which is the initial probationary period in the employment of an academic, or scholastic probation which is the result of a student having low grade point averages.

Disciplinary probation is a disciplinary status that can apply to students at a higher educational institution\(^1\) or to employees in the workplace.\(^2\) For employees, it can result from both poor performance at work or from misconduct.\(^2\) For students, it results from misconduct alone, poor academic performance instead resulting in scholastic probation.\(^1\)

For a student, disciplinary probation means that the student is on formal notice, and subject to special rules and regulations.\(^1\)\(^3\) The violation of these rules may lead to more severe forms of discipline, such as suspension, dismissal, and expulsion.\(^3\) Disciplinary probation is a status midway between those latter and being a student in good standing.\(^4\)

For employees, disciplinary probation is one common step in a scheme of progressive discipline. It is a common replacement, in non-unionized workplaces, for the progressive disciplinary step of suspension without pay. A usual period for such probation is 90 days.\(^5\)

45.1 References


45.2 Further reading


Chapter 46

Diversity (business)

For financial strategy, see Diversification (finance).

The “business case for diversity” stem from the progression of the models of diversity within the workplace since the 1960s. The original model for diversity was situated around affirmative action drawing strength from the law and a need to comply with equal opportunity employment objectives. This compliance-based model gave rise to the idea that tokenism was the reason an individual was hired into a company when they differed from the dominant group.

The social justice model evolved next and extended the idea that individuals outside of the dominant group should be given opportunities within the workplace, not only because it was the law, but because it was the right thing to do. This model still revolved around the idea of tokenism, but it also brought in the notion of hiring based on a “good fit”.

Beyond having a workforce that mirrors the changing demographics of the global consumer market and the ability to better understand their desires and preferences, productivity, and costs can be analyzed to assist in building the business case for diversity. In the deficit model, organizations that do not have a strong diversity inclusion culture will invite lower productivity, higher absenteeism, and higher turnover which will result in higher costs to the company.[1]

46.1 Classification of workplaces

In a journal article entitled “The multicultural organization” by Taylor Cox, Jr., Cox talks about three organization types that focus on the development of cultural diversity. The three types are: the monolithic organization, the plural organization, and the multicultural organization. In the monolithic organization, the amount of structural integration (the presence of persons from different cultural groups in a single organization) is minimal. This type of organization may have minority members within the workforce, but not in positions of leadership and power.[2]

The plural organization has a more heterogeneous membership than the monolithic organization and takes steps to be more inclusive of persons from cultural backgrounds that differ from the dominant group. This type of organization seeks to empower those from a marginalized standpoint to encourage opportunities for promotion and positions of leadership.[2]

The multicultural organization not only contains many different cultural groups, but it values this diversity. It encourages healthy conflict as a source of avoiding groupthink.[3]

46.2 Role of leadership

A study of successful multicultural organizations as opposed to monolithic and plural organizations can be understood by applying theories of leadership which have evolved over time. Trait leadership theory suggests that leadership is dependent on physical and social attributes of the individual and greatly based on European cultures.[4] Situational leadership, where the balance of managing relationship behavior and the tasks at hand,[5] underscore multicultural organizations.

The combination of “transformational leadership” and “discursive leadership” allows and encourages mid-level
managers to use diversity as an influential resource in order to enhance organizational effectiveness. In the *Journal of Applied Behavioral Science*, C.L. Walck defines managing diversity in the workplace as “Negotiating interaction across culturally diverse groups, and contriving to get along in an environment characterized by cultural diversity.”[6]

### 46.3 Benefits

On one hand, there is a lack of documented evidence for the claimed benefits to the organisation and the individual. On the other hand, diversity is claimed to bring substantial potential benefits such as better decision making and improved problem solving, greater creativity and innovation, which leads to enhanced product development, and more successful marketing to different types of customers.[7][2] Diversity provides organizations with the ability to compete in global markets.[8] Simply recognizing diversity in a corporation helps link the variety of talents within the organization.[9] The act of recognizing diversity also allows for those employees with these talents to feel needed and have a sense of belonging, which in turn increases their commitment to the company and allows each of them to contribute in a unique way.[10]

Standpoint theory suggests that marginalized groups bring a different perspective to an organization that challenges the status quo since their socially constructed world view will differ from that of the dominant group.[11] Although the standpoint of the dominant group will often carry more weight, encouraging conflicting standpoints to coexist within an organization which will create a forum for sanctioned conflict to ensue. Standpoint theory gives a voice to those in a position to see patterns of behavior that those immersed in the culture have difficulty acknowledging.[12] From this perspective, these unique and varying standpoints help to eradicate groupthink which can develop within a homogenous group.[7] Scott Page’s (2007)[13] mathematical modeling research of team work reflects this view. His models demonstrated that heterogeneous teams consistently out-performed homogeneous teams on a variety of tasks. Page points out, however, that diversity in teamwork is not always simple and that there are many challenges to fostering an inclusive environment in the workplace for diversity of thought and ideas.

### 46.4 Challenges

One of the greatest challenges an organization has when trying to adopt a more inclusive environment is assimilation for any member outside of the dominant group. The interplay between power, ideology, and discursive acts which reinforce the hegemonic structure of organizations is the subject of much study.[14] Everything from organizational symbols, rituals, and stories serve to maintain the position of power held by the dominant group.[14]

When organizations hire or promote individuals that are not part of this dominant group into management positions, a tension develops between the socially constructed organizational norm and acceptance of cultural diversity. Often these individuals are mentored and coached to adopt the necessary traits for inclusion into the privileged group as opposed to being embraced for their differences.[7][11] According to the journal article “Cultural Diversity in the Workplace: The State of the Field” , Marlene G. Fine explains that “those who assimilate are denied the ability to express their genuine selves in the workplace; they are forced to repress significant parts of their lives within a social context that frames a large part of their daily encounters with other people”. Fine goes on to mention that “People who spend significant amounts of energy coping with an alien environment have less energy left to do their jobs. Assimilation does not just create a situation in which people who are different are likely to fail, it also decreases the productivity of organizations”. That is, with a diverse workforce, management may have to work harder to reach the same level of productivity as with a less diverse workforce.

Another challenge faced by organizations striving to foster a more diverse workforce is the management of a diverse population. Managing diversity is more than simply acknowledging differences in people. A number of organizational theorists have suggested that work-teams which are highly diverse can be difficult to motivate and manage for a variety of reasons. A major challenge is miscommunication within an organization. Fine reported a study of “work groups that were culturally diverse and found that cross-cultural differences led to miscommunication.” [16] That is, a diverse workforce led to challenges for management. The meaning of a message can never be completely shared because no two individuals experience events in exactly the same way. Even when native and non-native speakers are exposed to the same messages, they may interpret the information differently.[17] There are competencies, however, which help to develop effective communication in diverse organizational environments. These skills include self-monitoring, empathy, and strategic decision-making.
Maintaining a culture which supports the idea of employee voice (especially for marginalized group members) is another challenge for diverse organisation. When the organizational environment is not supportive of dissenting viewpoints, employees may choose to remain silent for fear of repercussions,"[18] or they may seek alternative safe avenues to express their concerns and frustrations such as on-line forums and affinity group meetings."[19] By finding opportunities such as these to express dissent, individuals can begin to gather collective support and generate collective sense-making which creates a voice for the marginalized members so they can have a collective voice to trigger change."[18]

46.5 Strategies to achieve diversity

Three approaches towards corporate diversity management can be distinguished: Liberal Change, Radical Change, and Transformational Change. [20]

46.5.1 Liberal change

The liberal concept recognizes equality of opportunity in practice when all individuals are enabled freely and equally to compete for social rewards. The aim of the liberal change model is to have a fair labor market from which the best person is chosen for a job based solely on performance. To support this concept, a framework of formal rules has been created and policymakers are responsible for ensuring that these rules are enforced on all so none shall be discriminated against. The liberal-change approach centers on law, compliance, and legal penalties for non-compliance.

One weakness of the liberal view is that the formal rules cannot cover every aspect of work life, as there is almost always an informal aspect to work such as affinity groups, hidden transcripts, and alternative informal communication channels."[21][22]

46.5.2 Radical changes

In contrast to the liberal approach, radical change seeks to intervene directly in the workplace practices in order to achieve balanced workforces, as well as a fair distribution of rewards among employees. The radical approach is thus more outcome focused than focused on the forming the rules to ensure equal treatment."[22] One major tool of radical change is quotas which are set by companies or national institutions with the aim to regulate diversity of the workforce and equal opportunities.

Arguments for and against quota systems in companies or public institutions include contrasting ideas such as quotas

- compensating for actual barriers that prevent marginalized members from attaining their fair share of managerial positions
- being against equal opportunity for all and imply that a marginalized member only got the position to fill the quota."[23] Sweden’s quota system for parliamentary positions is a positive case for radical change through quota setting."[24]

A quota system was introduced at the Swedish parliament with the aim of ensuring that women constitute at least a ‘critical minority’ of 30 or 40 percent of all parliament seats. Since the introduction of the system, women representation in parliament has risen dramatically even above the defined quota. Today, 47% of parliamentary representatives are women, a number which stands out compared to the global average of 19%.

46.5.3 Transformational change

Transformational change covers an equal opportunity agenda for both the immediate need as well as long-term solutions."[25] For the short term it implements new measures to minimize bias in procedures such as recruitment or promotion. The long term, however, is seen as a project of transformation for organizations. This approach acknowledges the existence of power systems and seeks to challenge the existing hegemony through implementation of equality values.

One illustrative case for transformational change is ageing management;"[26] Younger employees are seen as more innovative and flexible, while older employees are associated with higher costs of salary, benefits, and healthcare
Therefore companies may prefer young workers to older staff. Through application of the transformational concept an immediate intervention provides needed relief while a longer-term culture shift occurs. For the short-term, an organization can set up legislation preventing discrimination based on age (e.g., Age Discrimination in Employment Act). However, for the long-term solution, negative stereotypes of older employees needs to be replaced with the positive realization that older employees can add value to the workplace through their experience and knowledge base. To balance this idea with the benefit of innovation and flexibility that comes with youth, a mixture of ages in the workforce is ideal. Through transformational change, the short-term solution affords the organization the time necessary to enact deep rooted culture changes leading to a more inclusive environment.

46.6 Implementation

Intentional “diversity programs” can assist organisations facing rapid demographic changes in their local consumer market and labor pool by helping people work and understand one other better. Resources exist through best practice cases of organizations that have successfully created inclusive environments supporting and championing diversity. An example such resources is MentorNet, a nonprofit online mentoring organization that focuses on women and under-represented minorities in the science, technology, engineering and mathematics fields. Implementing diversity inclusion initiatives must start with the commitment from the top. With a commitment from top leaders in an organization to change the existing culture to one of diversity inclusion, the diversity change management process can succeed. This process includes analyzing where the organization is currently at through a diversity audit, creating a strategic action plan, gaining support by seeking stakeholder input, and holding individuals accountable through measurable results.

46.7 See also

- Affirmative Action
- Ageism
- Diversity (politics)
- Ethnic Penalty
- Reverse discrimination
- Team Composition
- Women in the workforce
- Respect diversity
- Stigma management

46.8 References


REFERENCES


Chapter 47

Diversity Icebreaker

Diversity Icebreaker (DI) is a questionnaire used in seminars where the aim is to improve communication and interaction in the group or between different departments or subsidiaries in a bigger company or organization. Based on the results from the questionnaire the participants are divided into three categories (Red, Blue and Green). Each color represents a certain set of preferences. The facilitator is suggested to follow a certain seminar structure to bring out the effect of helping the participants develop a shared understanding about effective ways to communicate and work together with people with different preferences.

47.1 Red, Blue and Green

Red preference is characterized by a strong focus on relations, personal involvement and a social perspective. Blue preference is recognized by focus on structure and task, and through a logic perspective. Green perspective is seen in focus on change, vision and ideas. The meaning of the three categories is established during the seminar. It originates from the questionnaire’s items (questions) as well as from participant’s personal experiences and the local culture, thus making the categories of Red, Blue and Green flexible and applicable in many contexts.\[1\]

47.2 Workshop

The Diversity Icebreaker is a process tool often used within the classic DI-seminar structure explained by Ekelund and Langvik in their book “Diversity Icebreaker. How to manage diversity processes.”\[2\] The seminar is usually run for groups from 9 to 150 persons and lasts between one and two hours. The participants are divided into groups – red, blue or green – based on the questionnaire. Through the seminar process the sense of the categories is worked out by the participants themselves. They discover the effect of putting labels on each other, as well as the effect of “us” versus “the others” way of thinking. A systematic use of humor is central in the process and stimulates the participants to a safe and open reflection about differences.

47.3 Users of the concept

Diversity Icebreaker is used to work on a wide range of subjects from focus on communication and interaction in general to more specific topics like team development, intercultural relations, learning styles and conflict resolution. Users vary from bigger multinationals\[3\] to smaller companies independently of sector of activity, schools and universities,\[4\]\[5\] non-profit organizations,\[6\] etc. Romani\[7\] describes how she uses the concept when teaching in multicultural classes of business students in Singapore, making the students aware of how the self-other categories have effects on the group dynamics. Similar application of the concept in Bangladesh is reported by Orgeret.\[8\] The Diversity Icebreaker is also named in a book by Maureen B. Rabotin \[9\] among other tools relevant for improving cooperation across cultures.
47.4 The story behind Diversity Icebreaker

Diversity Icebreaker as a psychological questionnaire is developed by Bjørn Z. Ekelund. The work started following a project in 1995 where focus groups were asked to give ideas on how to communicate to obtain changes in behavior of other people. When the participants sorted the ideas, three main categories occurred. These categories were used for the first time in 1995 in marketing campaigns and trainings of consultants, where the aim was to reduce energy consumption among power supplier’s customers. The development of the categories and evaluation of the first campaign were presented in Bjørn Z. Ekelund’s MBA thesis [12].

The first edition of the questionnaire which identified an individual’s preference towards one of the roles Red/Blue/Green was made in 1998 and published in a book about team development published by Dansk Psykologisk Forlag in Denmark. [13] Since then, the questionnaire has been reedited in 2003 and 2005. Since 2012, the concept is branded in the UK and in the USA under the name Trialogue.

Ekelund was awarded the prize “Consultant of the Year 2008” for the development of the Diversity Icebreaker [14]. The Research Council of Norway supported development of the tool in the years 2011-2012 [15].

47.5 Norms

Norm data collected up to September 2011 gives results from all together about 240 samples with a total of 8859 respondents. This gives the opportunity to compare norm groups related to profession and nationality. The results show that women score lower on Blue and higher on Red than men, and vice versa. Only small differences were detected what concerns age – where persons above 60 years score higher on Blue [16].

47.6 Reliability

The internal consistency (reliability) measured by Cronbach’s alpha based upon 473 respondents is reported to be between .75 and .82 [17]. The test-retest reliability was reported for Blue r(tt)=.872, for Red r(tt)=.793 and Green r(tt)=.838, p<.001. [18]

47.7 Validation of Red, Blue and Green towards other psychological concepts

So far the dimensions Red, Blue and Green have been systematically validated against personality traits, emotional intelligence, cultural values, Interpersonal Problems (IIP), flow and team processes. [19]

The Red, Blue and Green categories have also been used in marketing through research about Brand Personality [20].

47.8 DNV Business Assurance accreditation

As of 27 November 2013 the Diversity Icebreaker holds the DNV (Det Norske Veritas) accreditation for psychological tests used for development in team-related contexts. This certification has been developed in accordance with the guidelines from the European Federation of Psychologists’ Associations [21]. The distributor of DI has made the documentation it had submitted to the DNV public. [22].
47.9 Critics

Further conceptual work needs to be carried out for comparing the three categories with other psychological tools concerning for instance communication preferences, problem solving styles and thinking styles.

The connection between the use of Diversity Icebreaker as a tool to measure as well as the development of the categories during the seminar, mix several theoretical traditions (psychology, sociology and linguistics). So far, it is not clear how this can be handled theoretically and which practical implications that will follow.

Despite that Diversity Icebreaker is widely used and there are much information available, there are few articles published in referee based journals.

47.10 Literature


[21] DNV-sertifiserte tester

Chapter 48

Domestic inquiry

A domestic inquiry, in the context of human resource management, is a search for truth, facts, or circumstances concerning charges alleged by the employer against its employee. It is an inquiry held by the management against its own employee against whom certain acts of misconduct are alleged.
Chapter 49

Dr. Marri Channa Reddy Human Resource Development Institute of Andhra Pradesh

Dr. Marri Channa Reddy Human Resource Development Institute of Andhra Pradesh is a government owned organization located in Hyderabad, India.[1]

49.1 History

The institute started as Institute of Administration in 1976.[2] It was renamed in 1998 after former Chief Minister of Andhra Pradesh, Dr. Channa Reddy.

49.2 Infrastructure

The institute is located on a verdant 45-acre campus. It was expanded in 2006 with 375 centrally air-conditioned rooms. It also has a helipad on its premises. It has a guesthouse with 15 rooms.

49.3 References


49.4 External links

- Official site
Chapter 50

E-HRM

E-HRM is the (planning, implementation and) application of information technology for both networking and supporting at least two individual or collective actors in their shared performing of HR activities. [1]

E-HRM is not the same as HRIS (Human resource information system) which refers to ICT systems used within HR departments. [2] Nor is it the same as V-HRM or Virtual HRM - which is defined by Lepak and Snell as "...a network-based structure built on partnerships and typically mediated by information technologies to help the organization acquire, develop, and deploy intellectual capital." [3]

E-HRM is in essence the devolution of HR functions to management and employees. They access these functions typically via intranet or other web-technology channels. The empowerment of managers and employees to perform certain chosen HR functions relieves the HR department of these tasks, allowing HR staff to focus less on the operational and more on the strategic elements of HR, and allowing organisations to lower HR department staffing levels as the administrative burden is lightened. It is anticipated that, as E-HRM develops and becomes more entrenched in business culture, these changes will become more apparent, but they have yet to be manifested to a significant degree. A 2007 CIPD survey states that “The initial research indicates that much-commented-on developments such as shared services, outsourcing and e-HR have had relatively little impact on costs or staff numbers” . [4]

50.1 Types

There are three types of E-HRM. These are described respectively as Operational, Relational and Transformational. Operational E-HRM is concerned with administrative functions - payroll and employee personal data for example. Relational E-HRM is concerned with supporting business processes by means of training, recruitment, performance management and so forth. Transformational E-HRM is concerned with strategic HR activities such as knowledge management, strategic re-orientation. [2] An organisation may choose to pursue E-HRM policies from any number of these tiers to achieve their HR goals.

50.2 Goals

E-HRM is seen as offering the potential to improve services to HR department clients (both employees and management), improve efficiency and cost effectiveness within the HR department, and allow HR to become a strategic partner in achieving organizational goals.

Traditionally HR goals have been broken into three categories: maintaining cost effectiveness, the enhancement of service for internal customers, and addressing the tactics of the business. With e-HRM there is a fourth goal added to the three categories and that is the improvement of global orientation of human resource management. HR functions that e-HRM assist with are the transactional and transformational goals. Transactional goals help reduce costs and transformational goals help the allocation of time improvement for HR professionals so that they may address more strategic issues. To add to this operational benefits have become an outcome of the implementation of e-HRM. The process of payroll is an example of this, with HR being able to have more transactions with fewer problems. E-HRM has increased efficiency and helped businesses reduce their HR staff through reducing costs and increasing the overall speed of different processes. E-HRM also has relational impacts for a business; enabling a company’s employees...
and managers with the ability to access HR information and increase the connectivity of all parts of the company and outside organizations. This connectivity allows for communication on a geographic level to share information and create virtual teams. And finally e-HRM creates standardization, and with standardized procedures this can ensure that an organization remains compliant with HR requirements, thus also ensuring more precise decision-making.

50.3 See also

- Human resource management

50.4 References


Chapter 51

Electronic human resources

\[ E-HR \text{ diagram showing some of the different aspects that affect } E-HR \]

\textbf{E-HR} is a function of HR that is concerned with the use, management, and regulation of electronic information and processes within an organization.

\textbf{E-HR} is different from E-HRM (Electronic Human Resource Management) and HRIS (Human Resource Information System).
System) which are uses of technology. More specifically, E-HRM is a system that allows management and employees access to human resource related information and services through an organization’s intranet or web portal. HRIS refers to enterprise resource planning software that streamlines human resource functions such as payroll.

In contrast, E-HR is a function of human resources that requires cross-functional knowledge and collaboration between multiple departments, most notably human resources and information technology.

### 51.1 Use

Use refers to the implementation and interaction with technology in the workforce. E-HR focuses on using technology to increase productivity, security, and sustainability within an organization. Some examples that illustrate human resources use of technology include HRIS and E-HRM. Use also includes other technological advances applied to human resource needs such as telepresence and RFID systems.

### 51.2 Management

The Management aspect of E-HR involves drafting policies and controlling both the traffic and collection of electronic information.

As new technology comes out that is more portable and capable of creating and storing more information, it is the responsibility of HR to define how employees interact with the data. According to a Deloitte study in August 2008, 90% of employer data is electronically stored information (ESI), and 40% of executives say that data volumes are becoming unmanageable. Unmanageable data makes locating relevant data more challenging which can manifest into significant losses through wasted storage space and reductions in productivity. Excessive data volumes is especially troublesome during litigation that requires electronic discovery.

E-HR policies strive to control and organize data within an organization. To accomplish this, effective records management policies must be created to facilitate lean data storage which involves maintaining pertinent information while removing data as it becomes irrelevant.

### 51.3 Regulation

E-HR also involves the regulation of electronic data and processes. This requires employers to monitor employees and establish security measures to prevent employee data theft and misuse of technology. Regulation is a vital component of E-HR because data is considered a form of collateral. Therefore, similar to other capital assets, it becomes a business necessity and fiduciary duty to protect the assets of a company from theft or exploitation.

Today, data theft is known one of the fastest growing white collar crimes globally. Unfortunately, a significant source of data theft is employees and former employees because they have access to intellectual property stored on company networks. As a result, preventing data theft is a primary concern of E-HR specialists.

### 51.4 Related Case Law

There are numerous legal cases that have increased the need for E-HR over the last decade. As case law is established through hearings the role of human resources with respect to technology will continue to grow to reduce liabilities from future litigation. Below are two cases related to E-HR:

A case from New Jersey[1] demonstrates the need for employers to monitor and discipline employees for misuse of technology. In the case an accounting employee posted nude photographs of his step daughter on the internet from the employer’s computer. The mother claimed that the employer knew or should have known that the employee was using company computer systems to view, download and participate in child pornography. The Court stated: “We agree with plaintiff that defendant [the employer] had a duty to report Employee’s activities to the proper authorities and to take effective internal action to stop those activities, whether by termination or some less drastic remedy.” The Court then sent the case back to the lower court for a trial on whether the employer’s action was the cause of the claimed injuries.
The Supreme Court ruled in favor of the California police chief which addressed whether the 4th Amendment’s ban on “unreasonable searches” puts any limits on searches by public employers. The court said the limits were minimal, so long as the employer had a “work-related purpose” for inspecting an employee's desk or reading messages sent by the employee on an agency paging system, because it is considered reasonable search.\[2\] The ruling came was based on a situation where police officers who sued after a wireless provider gave their department transcripts of an officer’s text messages. The case is on appeal to the U.S. Supreme Court.

51.5 References

[1] New Jersey Appellate Court, Jane Doe v. XYC Corporation

[2] Savage, David G., LA Times, Supreme Court rules in favor of California police chief who read employee's texts

51.6 External links

- Grand Valley State University: Digital Workplace
Chapter 52

Emotional labor

Emotional labor or emotion work is a requirement of a job that employees display required emotions toward customers or others. Example professions that require emotional labor are: nurses, doctors, waiting staff, and television actors. However, as particular economies move from a manufacturing to a service-based economy, many more workers in a variety of occupational fields are expected to manage their emotions according to employer demands when compared to sixty years ago.

52.1 Definition: emotion work versus emotional labor

The sociologist Arlie Hochschild provides the first definition of emotional labor, which is a form of emotion regulation that creates a publicly visible facial and bodily display within the workplace. The related term emotion work (also called “emotion management”) refers to “these same acts done in a private context,” such as within the private
sphere of one’s home or interactions with family and friends. There are three types of emotion work: cognitive, bodily, and expressive. [6] Within cognitive emotion work, one attempts to change images, ideas, or thoughts in hopes of changing the feelings associated with them. [6] For example, one may associate a family picture with feeling happy and think about said picture whenever attempting to feel happy. Within bodily emotion work, one attempts to change physical symptoms in order to create a desired emotion. [6] For example, one may attempt deep breathing in order to reduce anger. Within expressive emotion work, one attempts to change expressive gestures to change inner feelings. [6] For example, one may attempt to smile when trying to feel happy. One becomes aware of emotion work most often when one’s feelings do not fit the situation. For instance, when one does not feel sad at a funeral, one becomes acutely aware of the feelings appropriate for that situation. [6]

While emotion work happens within the private sphere, emotional labor is emotion management within the workplace according to employer expectations. According to Hochschild (1983), the emotion management by employers creates a situation in which this emotion management can be exchanged in the marketplace. [1]

Hochschild (1983) argues that within this commodification process, service workers are estranged from their own feelings in the workplace. [1]

52.2 Determinants of using emotional labor

1. Societal, occupational, and organizational norms. For example, empirical evidence indicates that in typically “busy” stores there is more legitimacy to express negative emotions, than there is in typically “slow” stores, in which employees are expected to behave accordingly to the display rules; [8] and so, that the emotional culture to which one belongs influences the employee’s commitment to those rules. [9]

2. Dispositional traits and inner feeling on the job; such as employee's emotional expressiveness, which refers to the capability to use facial expressions, voice, gestures, and body movements to transmit emotions; [10] or the employee’s level of career identity (the importance of the career role to one’s self-identity), which allows him or her to express the organizationally-desired emotions more easily, (because there is less discrepancy between his or her expressed behavior and emotional experience when engage their work). [11]

3. Supervisory regulation of display rules; That is, Supervisors are likely to be important definers of display rules at the job level, given their direct influence on worker's beliefs about high-performance expectations. Moreover, supervisors’ impressions of the need to suppress negative emotions on the job influence the employees’ impressions of that display rule. [12]

52.3 In organizations

In the past, emotional labor demands and display rules were viewed as a characteristic of particular occupations, such as restaurant workers, cashiers, hospital workers, bill collectors, counselors, secretaries, and nurses. However, display rules have been conceptualized not only as role requirements of particular occupational groups, but also as interpersonal job demands, which are shared by many kinds of occupations. [12]

52.3.1 Physicians

According to Larson and Yao (2005), empathy should characterize physicians’ interactions with their patients because, despite advancement in medical technology, the interpersonal relationship between physicians and patients remains essential to quality healthcare. [13] Larson and Yao (2005) argue that physicians consider empathy a form of emotional labor. Specifically, according to Larson and Yao (2005), physicians engage in emotional labor through
A nurse working in a hospital, is expected to express positive emotions towards patients, such as warmth and compassion.

deep acting by feeling sincere empathy before, during, and after interactions with patients. On the other hand, Larson and Yao (2005) argue that physicians engage in surface acting when they fake empathic behaviors toward the patient. Although Larson and Yao (2005) argue that deep acting is preferred, physicians may rely on surface acting when sincere empathy for patients is impossible. Overall, Larson and Yao (2005) argue that physicians are more effective and enjoy more professional satisfaction when they engage in empathy through deep acting due to emotional labor."[13]
52.3.2 Police work

According to Martin (1999), police work involves substantial amounts of emotional labor by officers, who must control their own facial and bodily displays of emotion in the presence of other officers and citizens. Although policing is often viewed as stereotypically masculine work that focuses on fighting crime, policing also requires officers to maintain order and provide a variety of interpersonal services. For example, police must have a commanding presence that allows them to act decisively and maintain control in unpredictable situations while having the ability to actively listen and talk to citizens. According to Martin (1999), a police officer who displays too much anger, sympathy, or other emotion while dealing with danger on the job will be viewed by other officers as someone unable to withstand the pressures of police work. While being able to balance this self-management of emotions in front of other officers, police must also assertively restore order and use effective interpersonal skills to gain citizen trust and compliance. Ultimately, the ability of police officers to effectively engage in emotional labor affects how other officers and citizens view them.

52.3.3 Food-industry workers

Wait staff

In her 1991 study of waitresses in Philadelphia, Paules (1991) examines how these workers assert control and protect their self identity during interactions with customers. In restaurant work, Paules (1991) argues, workers’ sub-ordination to customers is reinforced through “cultural symbols that originate from deeply rooted assumptions about service work.” Because the waitresses in Paules’ (1991) study were not strictly regulated by their employers, waitresses’ interactions with customers were controlled by the waitresses themselves. Although they are stigmatized by the stereotypes and assumptions of servitude surrounding restaurant work, the waitresses Paules (1991) studied were not negatively affected by their interactions with customers. To the contrary, they viewed their ability to manage their emotions as a valuable skill that could be used to gain control over customers. Thus, the Philadelphia waitresses took advantage of the lack of employer-regulated emotional labor in order to avoid the potentially negative consequences of emotional labor.

Though Paules (1991) highlights the positive consequences of emotional labor for a specific population of waitresses, other scholars have also found negative consequences of emotional labor within the waitressing industry. Through eighteen months of participant observation research, Bayard De Volo (2003) found that casino waitresses are highly monitored and monetarily bribed to perform emotional labor in the workplace. Specifically, Bayard De Volo (2003) argues that through a sexualized environment and a generous tipping system, both casino owners and customers control waitresses’ behavior and appearance for their own benefit and pleasure. Even though the waitresses have their own forms of individual and collective resistance mechanisms, intense and consistence monitoring of their actions by casino management makes it difficult to change the power dynamics of the casino workplace.

Fast-food employees

By using participant observation and interviews, Leidner (1993) examines how employers in fast food restaurants regulate workers’ interactions with customers. According to Leidner (1993), employers attempt to regulate workers’ interactions with customers only under certain conditions. Specifically, when employers attempt to regulate worker-customer interactions, employers believe that “the quality of the interaction is important to the success of the enterprise,” that workers are “unable or unwilling to conduct the interactions appropriately on their own,” and that the “tasks themselves are not too complex or context-dependent.” According to Leidner (1993), regulating employee interactions with customers involves standardizing workers’ personal interactions with customers. At the McDonald’s fast food restaurants in Leidner’s (1993) study, these interactions are strictly scripted, and workers’ compliance with the scripts and regulations are closely monitored.

Along with examining employers’ attempts to regulate employee-customer interactions, Leidner (1993) examines how fast-food workers’ respond to these regulations. According to Leidner (1993), meeting employers’ expectations requires workers to engage in some form of emotional labor. For example, McDonald’s workers are expected to greet customers with a smile and friendly attitude independent of their own mood or temperament at the time. Leidner (1993) suggests that rigid compliance with these expectations is at least potentially damaging to workers’ sense of self and identity. However, Leidner (1993) did not see the negative consequences of emotional labor in the workers she studied. Instead, McDonald’s workers attempted to individualize their responses to customers in small ways. Specifically, they used humor or exaggeration to demonstrate their rebellion against the strict regulation of their
A maître d'hôtel from Les Deux Magots, Paris
employee-customer interactions."[17]

52.3.4 Bill collectors

In 1991, Sutton did an in-depth qualitative study into bill collectors at a collection agency.¹⁸ He found that unlike the other jobs described here where employees need to act cheerful and concerned, bill collectors are selected and socialized to show irritation to most debtors. Specifically, the collection agency hired agents who seemed to be easily aroused. The newly hired agents were then trained on when and how to show varying emotions to different types of debtors. As they worked at the collection agency, they were closely monitored by their supervisors to make sure that they frequently conveyed urgency to debtors.

Bill collectors’ emotional labor consists of not letting angry and hostile debtors make them angry and to not feel guilty about pressuring friendly debtors for money.¹⁸ They coped with angry debtors by publicly showing their anger or making jokes when they got off the phone.¹⁸ They minimized the guilt they felt by staying emotionally detached from the debtors.¹⁸

52.4 Gender

Macdonald and Sirianni (1996) use the term “emotional proletariat” to describe service jobs in which “workers exercise emotional labor wherein they are required to display friendliness and deference to customers.”¹⁹ Because of deference, these occupations tend to be stereotyped as female jobs, independent of the actual number of women working the job. According to Macdonald and Sirianni (1996), because deference is a characteristic demanded of all those in disadvantaged structural positions, especially women, when deference is made a job requirement, women are likely to be overrepresented in these jobs. Macdonald and Sirianni (1996) claim that “[i]n no other area of wage labor are the personal characteristics of the workers so strongly associated with the nature of the work.”¹⁹ Thus, according to Macdonald and Sirianna (1996), although all workers employed within the service economy may have a difficult time maintaining their dignity and self-identity due to the demands of emotional labor, such an issue may be especially problematic for women workers.¹⁹

Emotional labor also affects women by perpetuating occupational segregation and the gender wage gap.²⁰ Job segregation, which is the systematic tendency for men and women to work in different occupations, is often cited as the reason why women lack equal pay when compared to men. According to Guy and Newman (2004), occupational segregation and ultimately the gender wage gap can at least be partially attributed to emotional labor. Specifically, work-related tasks that require emotion work thought to be natural for women, such as caring and empathizing are requirements of many female-dominated occupations. However, according to Guy and Newman (2004), these feminized work tasks are not a part of formal job descriptions and performance evaluations. Essentially, the emotion work expected of many female employees is essentially invisible and uncompensated while the employer gains profit more generally. Thus, according to Guy and Newman (2004), ignored and uncompensated emotional labor is at least one underlying cause for both occupational gender segregation and the gender wage gap.²⁰

52.5 Implications

Positive affective display in service interactions, such as smiling and conveying friendliness, are positively associated with customer positive feelings,²¹ and important outcomes, such as intention to return, intention to recommend a store to others, and perception of overall service quality.²² There is evidence that emotion labor may lead to employee’s emotional exhaustion and burnout over time, and may also reduce employee’s job satisfaction. That is, higher degree of using emotion regulation on the job is related to higher levels of employees’ emotional exhaustion,⁹ and lower levels of employees’ job satisfaction.²³ There is empirical evidence that higher levels of emotional labor demands are not uniformly rewarded with higher wages. Rather, the reward is dependent on the level of general cognitive demands required by the job. That is, occupations with high cognitive demands evidence wage returns with increasing emotional labor demands; whereas occupations low in cognitive demands evidence a wage “penalty” with increasing emotional labor demands.²⁴
52.6 See also

- Affect display
- Affective labor
- Display rules
- Dispositional affect
- Emotion
- Emotion work
- Emotional exhaustion
- Emotional Intelligence
- Emotions and culture
- Customer relationship management
- Customer service
- Group emotion
- Organizational psychology
- Sexism
- Smile-mask syndrome
- Social influence
- Superficial charm

52.7 References


### 52.8 Further reading


52.9. EXTERNAL LINKS


52.9 External links

- Emotion Work (Emotional Labor)
Chapter 53

Employee engagement

According to legend, an engaged janitorial employee at NASA, when asked what he was doing, is said to have replied “I'm helping to put a man on the Moon”.

Employee engagement is a property of the relationship between an organization and its employees. An “engaged employee” is one who is fully absorbed by and enthusiastic about their work and so takes positive action to further
53.1. Definitions

William Kahn provided the first formal definition of employee engagement as “the harnessing of organisation members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.” Kahn (1990).

In 1993, Schmidt et al. proposed a bridge between the pre-existing concept of 'job satisfaction' and employee engagement with the definition: “an employee's involvement with, commitment to, and satisfaction with work. Employee engagement is a part of employee retention.” This definition integrates the classic constructs of job satisfaction (Smith et al., 1969), and organizational commitment (Meyer & Allen, 1991).

Defining employee engagement remains problematic. In their review of the literature in 2011, Shuck and Wollard [2] identify four main sub-concepts within the term:

1. “Needs satisfying” approach, in which engagement is the expression of one's preferred self in task behaviours.
2. “Burnout antithesis” approach, in which energy, involvement, efficacy are presented as the opposites of established “burnout” constructs: exhaustion, cynicism and lack of accomplishment.
3. Satisfaction-engagement approach, in which engagement is a more technical version of job satisfaction, evidenced by Gallup’s own Q12 engagement survey which gives an r=.91 correlation with one (job satisfaction) measure.[3]
4. The multidimensional approach, in which a clear distinction is maintained between job and organisational engagement, usually with the primary focus on antecedents and consequents to role performance rather than organisational identification.

Definitions of engagement vary in the weight they give to the individual vs the organisation in creating engagement. Recent practice has situated the drivers of engagement across this spectrum, from within the psyche of the individual employee (for example, promising recruitment services that will filter out 'disengaged' job applicants [4]) to focusing mainly on the actions and investments the organisation makes to support engagement. [5]

These definitional issues are potentially severe for practitioners. With different (and often proprietary) definitions of the object being measured, statistics from different sources are not readily comparable. Engagement work remains open to the challenge that its basic assumptions are, as Tom Keenoy describes them, 'normative' and 'aspirational', rather than analytic or operational - and so risk being seen by other organizational participants as “motherhood and apple pie” rhetoric.”[6]

53.2 Correlates

Prior to the mid-1990s, a series of concepts relating to employee morale, work ethic, productivity and motivation had been investigated in management theory, in a line dating back to the work of Mary Parker Follett in the early 1920s. See for example the work of Frederick Herzberg, who concluded [7] that positive motivation is driven by managers giving their employees developmental opportunities, activity he termed 'vertical enrichment'.

With the wide range of definitions of employee engagement come a wide range of identified causes and effects. For some examples:

53.2.1 Involvement

Eileen Appelbaum and her colleagues (2000) studied 15 steel mills, 17 apparel manufacturers, and 10 electronic instrument and imaging equipment producers. Their purpose was to compare traditional production systems with flexible high-performance production systems involving teams, training, and incentive pay systems. In all three
industries, the plants utilizing high-involvement practices showed superior performance. In addition, workers in the high-involvement plants showed more positive attitudes, including trust, organizational commitment and intrinsic enjoyment of the work. The concept has gained popularity as various studies have demonstrated links with productivity. It is often linked to the notion of employee voice and empowerment.

Two studies of employees in the life insurance industry examined the impact of employee perceptions that they had the power to make decisions, sufficient knowledge and information to do the job effectively, and rewards for high performance. Both studies included large samples of employees (3,570 employees in 49 organizations and 4,828 employees in 92 organizations). In both studies, high-involvement management practices were positively associated with employee morale, employee retention, and firm financial performance. Watson Wyatt found that high-commitment organizations (one with loyal and dedicated employees) out-performed those with low commitment by 47% in the 2000 study and by 200% in the 2002 study.

53.2.2 Commitment

Employees with the highest level of commitment perform 20% better and are 87% less likely to leave the organization, which indicates that engagement is linked to organizational performance.

53.2.3 Productivity

In a study of professional service firms, the Hay Group found that offices with engaged employees were up to 43% more productive. Job satisfaction is also linked to productivity.

53.3 Generating engagement

While it is possible to measure engagement itself through employee surveys, this does not assist in identifying areas for improvement within organisations. To manage employee engagement upwards, it is necessary to identify what drives engagement. Some points from research into drivers of engagement are presented below:

- **Employee perceptions of job importance** - "...an employee’s attitude toward the job’s importance and the company had the greatest impact on loyalty and customer service than all other employee factors combined."

- **Employee clarity of job expectations** - "If expectations are not clear and basic materials and equipment are not provided, negative emotions such as boredom or resentment may result, and the employee may then become focused on surviving more than thinking about how he can help the organization succeed."

- **Career advancement / improvement opportunities** - "Plant supervisors and managers indicated that many plant improvements were being made outside the suggestion system, where employees initiated changes in order to reap the bonuses generated by the subsequent cost savings."

- **Regular feedback and dialogue with superiors** - "Feedback is the key to giving employees a sense of where they’re going, but many organizations are remarkably bad at giving it. " What I really wanted to hear was ‘Thanks. You did a good job.’ But all my boss did was hand me a check."

- **Quality of working relationships with peers, superiors, and subordinates** - "...if employees’ relationship with their managers is fractured, then no amount of perks will persuade the employees to perform at top levels. Employee engagement is a direct reflection of how employees feel about their relationship with the boss."

- **Perceptions of the ethos and values of the organization** - "Inspiration and values’ is the most important of the six drivers in our Engaged Performance model. Inspirational leadership is the ultimate perk. In its absence, [it] is unlikely to engage employees."

- **Effective internal employee communications** - which convey a clear description of “what’s going on”.

Commitment theories are rather based on creating conditions, under which the employee will feel compelled to work for an organization, whereas engagement theories aim to bring about a situation in which the employee by free choice has an intrinsic desire to work in the best interests of the organization."[17]

Recent research has focused on developing a better understanding of how variables such as quality of work relationships and values of the organization interact, and their link to important work outcomes."[18] From the perspective of the employee, “outcomes” range from strong commitment to the isolation of oneself from the organization."[16]

53.4 Hazards

- **Methodological**: Bad use of statistics: practitioners face a number of risks in working with engagement data, which are typically drawn from survey evidence. These include the risk of mistaking correlations for causation, making invalid comparisons between similar-sounding data drawn from diverging methodologies and/or incomparable populations, misunderstanding or misrepresented basic concepts and assumptions, and accurately establishing margins of error in data (ensuring signal and noise are kept distinct).[19]

- **Administrative**: A focus on survey administration, data gathering and analysis of results (rather than taking action) may also damage engagement efforts. Organizations that survey their workforce without acting on the feedback appear to negatively impact engagement scores.[20] The reporting and oversight requirements of engagement initiatives represent a claim on the scarcest resources (time and money) of the organisation, and therefore requires management time to demonstrate value added. At the same time, actions on the basis of engagement surveys are usually devolved to local management, where any ‘value add’ is counted in local performance. Central administration of ‘employee engagement’ is therefore challenging to maintain over time.

- **Ethical**: Were it proven possible to alter employees' attitudes and behaviours in the manner intended, and with the expected value-adding results for the organisation, a question remains[21] whether it would be ethical to do so. Practitioners generally acknowledge that the old model of the psychological contract is gone, but attempting to programme a one-way identification in its place, from employee to organization, may be seen as morally and perhaps politically loaded.

- **Externalities**: According to the Conference Board and other recent studies, employee engagement has deteriorated significantly in the US and the UK over the last five years.

53.5 References in popular culture

- Dilbert comic strip #1
- Dilbert comic strip #2

53.6 See also

- Brand engagement
- Corporate social responsibility
- Empowerment
- Flow (psychology)
- Human resources
- Internal communications
- Internal marketing
- Onboarding
• Organizational citizenship behavior
• Organizational commitment
• Positive psychology in the workplace
• Work engagement

53.7 References


[17] "Employee Engagement in Russia” An Awara Guide, p.29 Link PDF


53.8 Further reading


- Brady, Chris & MacLeod, David (2008). The Extra Mile - How to Engage Your People to Win.
- National Business Research Institute, Inc. The Importance of Employee Engagement Infographic (2011)
Chapter 54

Employee exit management

Employee exit management is the process used within many businesses to terminate employees in a professional manner. It applies to employees who have resigned and those that have been terminated by the company. When an employee is terminated there are a number of considerations that an organization needs to make in order to cleanly end the relationship between the company and the employee. The company as a legal entity has a responsibility to the employee which may extend beyond the period of employment and this is the primary focus of the exit procedure. [1]

54.1 See also

- Exit interview
- Induction programme
- Termination of employment
- Up in the Air (2009 film)
- Going postal

54.2 References

Chapter 55

Employee relationship management

**Employee relationship management** system (ERM) is an information system that supports the relationship between a company and its employees.

The components of an employee relationship management system are multiple, and, as in the customer relationship management achieve the goal of assisting the employees in the whole life cycle of her/his activity in and for the company.

In employee relationship management classification we may include many information system:

- Workflow Management System
- Workforce management System,
- Knowledge Management System
- Social software

In the past few years employee relationship management has focused on the set up of a do-it-yourself knowledge exploration; the target is to avoid the risk that employees refuse any IT solution in which combining information from multiple spread sheets and databases is tedious and manual.

The key idea is that a good management of the relationship with employees has a great value for the company and is a driver of performance improvement both in individual and in teams.

The employee relationship management are one of the SW tools that a company needs for the development of the Human Capital Management toward an Employeeship approach - where the main objective is to achieve a working environment that stimulates involvement among employees and managers.
Chapter 56

Employee retention

Employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period). However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than the outcome.

A distinction should be drawn between low performing employees and top performers, and efforts to retain employees should be targeted at valuable, contributing employees. Employee turnover is a symptom of a deeper issue that has not been resolved. These deeper issues may include low employee morale, absence of a clear career path, lack of recognition, poor employee-manager relationships or many other issues. A lack of satisfaction and commitment to the organization can also cause an employee to withdraw and begin looking for other opportunities. Pay does not always play as large a role in inducing turnover as is typically believed. [1]

In a business setting, the goal of employers is usually to decrease employee turnover, thereby decreasing training costs, recruitment costs and loss of talent and organisational knowledge. By implementing lessons learned from key organizational behavior concepts employers can improve retention rates and decrease the associated costs of high turnover. However, this isn't always the case. Employers can seek “positive turnover” whereby they aim to maintain only those employees who they consider to be high performers.

56.1 The Cost of Turnover

Studies have shown that cost related to directly replacing an employee can be as high as 50-60% of the employee’s annual salary, but the total cost of turnover can reach as high as 90-200% of the employee’s annual salary. [2] These costs include candidate views, new hire training, the recruiter’s salary, separation processing, job errors, lost sales, reduced morale and a number of other costs to the organization. Turnover also affects organizational performance.

56.2 Herzberg's theory

An alternative motivation theory to Maslow’s Hierarchy of Needs is the Motivator-Hygiene (Herzberg’s) theory. The theories have overlap, but the fundamental nature of each model differs. While Maslow’s Hierarchy implies the addition or removal of the same need stimuli will enhance or detract from the employee’s satisfaction, Herzberg’s findings indicate that factors garnering job satisfaction are separate from factors leading to poor job satisfaction and employee turnover. Herzberg’s system of needs is segmented into motivators and hygiene factors. Like Maslow’s Hierarchy, motivators are often unexpected bonuses that foster the desire to excel. Hygiene factors include expected conditions that if missing will create dissatisfaction. Examples of hygiene factors include bathrooms, lighting, and the appropriate tools for a given job. Employers must utilize positive reinforcement methods while maintaining expected hygiene factors to maximize employee satisfaction and retention. [3]
56.3 See also

- Occupational health psychology
- Equity theory in business

56.4 Retention Programs

It is important to first pinpoint the root cause of the retention issue before implementing a program to address it. Once identified, a program can be tailored to meet the unique needs of the organization. A variety of programs exist to help increase employee retention.

**Career Development** – It is important for employees to understand their career path within an organization to motivate them to remain in the organization to achieve their personal career goals. Through surveys, discussion and classroom instruction, employees can better understand their goals for personal development. With these developmental goals in mind, organizations can offer tailored career development opportunities to their employees.

**Executive Coaching** – Executive coaching can be used to build competencies in leaders within an organization. Coaching can be useful in times of organizational change, to increase a leader’s effectiveness or to encourage managers to implement coaching techniques with peers and direct reports. The coaching process begins with an assessment of the individual’s strengths and opportunities for improvement. The issues are then prioritized and interventions are delivered to target key weaknesses. Assistance is then provided to encourage repeated use of newly acquired skills.

**Motivating Across Generations** - Today’s workforce includes a diverse population of employees from multiple generations. As each generation holds different expectations for the workplace, it is important to understand the differences between these generations regarding motivation and engagement. Managers, especially, must understand how to handle the differences among their direct reports.

**Orientation and On Boarding** – An employee’s perception of an organization takes shape during the first several days on the job. It is in the best interest of both the employee and the organization to impart knowledge about the company quickly and effectively to integrate the new employee into the workforce. By implementing an effective onboarding process, short-term turnover rates will decrease and productivity will increase.

**Women’s Retention Programs** – Programs such as mentoring, leadership development and networking that are geared specifically toward women can help retain top talent and decrease turnover costs. By implementing programs to improve work/life balance, employees can be more engaged and productive while at work.\[4\]

Exit Interview and Separation Management Programs

56.5 Retention Tools and Resources

**Employee Surveys** – By surveying employees, organizations can gain insight into the motivation, engagement and satisfaction of their employees. It is important for organizations to understand the perspective of the employee in order to create programs targeting any particular issues that may impact employee retention.

**Exit Interviews** – By including exit interviews in the process of employee separation, organizations can gain valuable insight into the workplace experience. Exit interviews allow the organization to understand the triggers of the employee’s desire to leave as well as the aspects of their work that they enjoyed. The organization can then use this information to make necessary changes to their company to retain top talent. Exit interviews must, however, ask the right questions and elicit honest responses from separating employees to be effective.

**Employee Retention Consultants** – An employee retention consultant can assist organizations in the process of retaining top employees. Consultants can provide expertise on how to best identify the issues within an organization that are related to turnover. Once identified, a consultant can suggest programs or organizational changes to address these issues and may also assist in the implementation of these programs or changes.\[5\]
56.6 Join, Stay, Leave Model

For organizations and employers, understanding the environment is the first step to developing a long-term retention strategy. Organizations should understand why employees join, why they stay and why they leave an organization. This join, stay, leave model is akin to a three-legged stool, meaning that without data on all three, organizations will be unsuccessful in implementing a proper retention strategy.

Why employees join- The attractiveness of the position is usually what entices employees to join an organization. However, recruiting candidates only half the problem while retaining employees is another. High performing employees are more likely to retain when they are given a realistic job previews. Organizations that attempt to oversell the position or company are only contributing to their own detriment when employees experience a discord between the position and what they were initially told. To assess and maintain retention, employers should mitigate any immediate conflicts of misunderstanding in order to prolong the employee’s longevity with the organization. New-hire surveys can help to identify the breakdowns in trust that occur early on when employees decide that the job was not necessarily what they envisioned. [6]

Why employees stay- Understanding why employees stay with an organization is equally as important to understanding why employees choose to leave. Recent studies have suggested that as employees participate in their professional and community life, they develop a web of connections and relationships. These relationships prompt employees to become more embedded in their jobs and by leaving a job; this would severe or rearrange these social networks. The more embedded employees are in an organization, the more they are likely to stay.http://www.shrm.org/templatestools/toolkits/pages/managingforemployeeretention.aspx Additionally, the extent to which employees experience fit between themselves at their job, the lesser chance they will search elsewhere. Organizations can ascertain why employees stay by conducting stay interviews with top performers. A stay survey can help to take the pulse of an organization’s current work environment and its impact on their high performing employees. Employers that are concerned with over-using stay interviews can achieve the same result by favoring a non-going dialogue with employees and asking them critical questions pertaining to why they stay and what their goals are. [7]

Why employees leave- By understanding the reasons behind why employees leave, organizations can better cater to their existing workforce and influence these decisions in the future. Oftentimes, it is low satisfaction and commitment that initiates the withdrawal process, which includes thoughts of quitting in search of more attractive alternatives. If administered correctly, exit interviews can provide a great resource to why employees leave. Typically, employees are stock in their responses because they fear being reprimanded or jeopardizing any potential future reference. [8] The most common reasons for why employees leave are better pay, better hours and better opportunity. These typical answers for leaving, often signal a much deeper issue that employers should investigate further into. By asking relevant questions and perhaps utilizing a neutral third party provider to conduct the interview, employers can obtain more accurate and quantifiable data. Contrary to what most organizations believe, employees often leave due to relationships with manager and/or treatment of employees and not compensation, as this is often a response that employees are uncomfortable expressing to their organization directly. [9] Retention Diagnostic is a rapid benchmarking process that identifies the costs and can help uncover what affects employee loyalty, performance and engagement. [10]

56.7 Employee Retention Best Practices

By focusing on the fundamentals, organizations can go a long way towards building a high-retention workplace. Organizations can start by defining their culture and identifying the types of individuals that would thrive in that environment. Organizations should adhere to the fundamental new hire orientation and on boarding plans. Attracting and recruiting top talent requires time, resources and capital. However, these are all wasted if employees are not positioned to succeed within the company. Research has shown that an employee’s first 10 days are critical because the employee is still adjusting and getting acclimated to the organization. Companies retain good employees by being employers of choice.

Recruitment- Presenting applicants with realistic job previews during the recruitment process have a positive effect on retaining new hires. Employers that are transparent about the positive and negative aspects of the job, as well as the challenges and expectations are positioning themselves to recruit and retain stronger candidates. [11]

Selection- There are plethora of selection tools that can help predict job performance and subsequently retention. These include both subjective and objective methods and while organizations are accustomed to using more subjective tools such as interviews, application and resume evaluations, objective methods are increasing in popularity. For example, utilizing biographical data during selection can be an effective technique. Biodata empirically identifies life
experiencesthatdifferentiatethosewhostaywithanorganizationandthosewhoquit. Life experiences associated with employees may include tenure on previous jobs, education experiences, and involvement and leadership in related work experiences."[12]

Socialization- Socialization practices delivered via a strategic onboarding and assimilation program can help new employees become embedded in the company and thus more likely to stay. Research has shown that socialization practices can help new hires become embedded in the company and thus more likely to stay. These practices include shared and individualized learning experiences, activities that allow people to get to know one another. Such practices may include providing employees with a role model, mentor or trainer or providing timely and adequate feedback."[13]

Training and development- Providing ample training and development opportunities can discourage turnover by keeping employees satisfied and well-positioned for future growth opportunities. In fact, dissatisfaction with potential career development is one of the top three reasons employees (35%) often feel inclined to look elsewhere. If employees are not given opportunities to continually update their skills, they are more likely to leave. Those who receive more training are less likely to quit than those who receive little or no training. Employers that fear providing training will make their employees more marketable and thus increase turnover can offer job specific training, which is less transferable to other contexts. Additionally, employers can increase retention through development opportunities such as allowing employees to further their education and reimbursing tuition for employees who remain with the company for a specified amount of time."[14]

Compensation and rewards- Pay levels and satisfaction are only modest predictors of an employee’s decision to leave the organization; however organizations can lead the market with a strong compensation and reward package as 53% of employees often look elsewhere because of poor compensation and benefits. Organizations can explicitly link rewards to retention (i.e. vacation hours to seniority, offer retention Bonus payments or Employee stock options, or define benefit plan payouts to years of services)"[15] Research has shown that defined compensation and rewards as associated with longer tenure. Additionally, organizations can also look to intrinsic rewards such as increased decision-making autonomy. Though this is important, employers should not

Effective Leaders- An employee’s relationship with his/her immediately ranking supervisor or manager is equally important to keeping or making an employee feel embedded and valued within the organization. Supervisors need to know how to motivate their employees and reduce cost while building loyalty in their key people. Managers need to reinforce employee productivity and open communication, to coach employees and provide meaningful feedback and inspire employees to work as an effective team."[16] In order to achieve this, organizations need to prepare managers and supervisors to lead and develop effective relationships with their subordinates. Executive Coaching can help increase an individual’s effectiveness as a leader as well as boost a climate of learning, trust and teamwork in an organization. to encourage supervisors to focus on retention among their teams, organizations can incorporate a retention metric into their organization’s evaluation.

Employee Engagement- Employees who are satisfied with their jobs, enjoy their work and the organization, believe their job to be more important, take pride in the company and feel their contributions are impactful are five times less likely to quit than employees who were not engaged. Engaged employees give their companies crucial competitive advantages, including higher productivity and lower employee turnover.

56.8 Outsourcing Employee Retention Program

Turnover costs can have significant negative impact on a company’s performance. Turnover cost can represent more than 12 percent of pre-tax income for the average company and nearly 40 percent for companies at the 75th percentile for turnover rate."[17] Organizations and managers understand the importance of implementing an effective retention program but aren’t proactive in implementing one and often leave it for another day. That day hardly ever comes. Organizations that don’t have the time or have limited resources can outsource employee retention programs to specialists. Companies can hire third party specialists to pinpoint the root causes of their workforce challenges. By identifying the root causes, customized action plans can be tailored to fit your organization’s need to and create a retention program customized to your organization. Another benefit of outsourcing is that organizations can get quantifiable justifying the actions needed to improve their organization.
56.9 References


56.10 External links

- About.com Human Resources

56.11 See also

- Employee compensation in the United States
Chapter 57

Employee silence

Employee silence refers to situations where employees withhold information that might be useful to the organization of which they are a part whether intentionally or unintentionally. This can happen if employees do not speak up to a supervisor or manager.[1]

Within organizations people often have to make decisions about whether to speak up or remain silent - whether to share or withhold their ideas, opinions, and concerns ... [The problem is that] in many cases, they choose the safe response of silence, withholding input that could be valuable to others or thoughts that they wish they could express.[2]

—Frances J. Milliken and Elizabeth Wolfe Morrison, *Shades of Silence: Emerging Themes and Future Directions for Research on Silence in Organizations*

This means the situation is not going to change for the better anytime soon. Employee silence does not only occur between management and employees, it also occurs during conflict among employees, and as a result of organizational decisions. This silence keeps managers from receiving information that may help to improve the organization.[1]

57.1 Incidence

Employee silence can occur in any organization. Specifically though, employee silence occurs in most organizations where communication is suffering. Employee silence causes the most damage when the employees and supervisors do not meet on a regular basis. In a virtual workplace this is also true. In a virtual workplace the only in-person communication is in small discussion groups. This kind of organization is very susceptible to employee silence because there is almost no person-to-person communication, and it is very easy to ignore or misinterpret things like email. Employee silence is a problem for more than just virtual organizations. Within the past few years employee silence has been happening more often in non-virtual organizations (Fineman and Panteli 347-348). [3] Organizations where considerable risk is involved such as airports and ”hospitals; should be especially mindful of” employee silence. This is because mistakes caused by employee silence in these organizations can lead to the loss of life or serious damage costs to the organization.[1]

Employee silence, the antithesis of employee voice, refers to situations where employees suppress information that might be useful to the organization of which they are a part. One way this can happen is if employees do not speak up to a supervisor or manager.[1]

Van Dyne et al. (2003) define silence as an employee’s motivation to withhold or express ideas, information and opinions about work-related improvements. This silence can be intentional or unintentional; information can be consciously held back by employees. Or it can be an unintentional failure to communicate or a merely a matter of having nothing to say (Tangirala and Ramanujam, 2008). In an organization, this is interesting because it appears that silence is a communicative choice that employees may decide to adopt.

Indeed, when there is a problem in the workplace, employees have two options: remain silent or speak up. Unfortunately, many employees choose to remain silent because they do not want to share information that could be interpreted as negative or threatening. Employees typically remain silent about conflicts with co-workers, disagreements about organizational decisions, potential weaknesses in work processes, illegal or dangerous behaviors, and
individual/personal grievances. Their silence keeps management from receiving critical information that would allow their organizations to improve or address problems before they have adverse effects.

The question of why employees choose to communicate or not in an organizational setting is an interesting one. As Milliken et al. (2003) state, “there is evidence from a variety of sources that employees often do not feel comfortable speaking to their bosses about organizational problems or issues that concern them.” Employees might be afraid of the outcome of speaking up, they might feel like nothing will change, they might simply feel intimidated with the subject matter that they wish to express, or they might feel intimidated by whom they would have to talk to. Also, if their co-workers aren’t speaking up, they might be inclined to close their mouths as well, termed “collective silence.” They might not want to break away from the crowd and present an opinion that differs from the majority. Or, simply, employees might not feel like they possess enough power to speak up and voice their opinions; this notion is of particular significance when the organization is structured and set up as a hierarchy or bureaucracy.

57.2 Causes

There are many different reasons for the start of employee silence in an organization. According to the Handbook of Organizational Justice, “a culture of injustice in organizations, be it distributive, procedural, or interactional (what we would call interpersonal), can lead to employee silence.” (Colquitt and Greenberg 311) In other words, “if the organizational norm is an unjust environment such as one that is characterized by intense supervisory control, suppression of conflict, ambiguous reporting structures, and poorly conducted performance reviews, employees will choose not to exercise voice and will therefore not receive the benefits available to those that do express opinions and ideas.” (Colquitt and Greenberg 311) One obvious cause of employee silence is constant negative feedback from supervisors. When an employee gives a supervisor a suggestion and is shot down, employee silence is developed in an organization. Over time employees start to feel that every time they make a suggestion it will not be taken into consideration or will be rejected. A result of this is called a dissenting voice, which contributes to employee silence. The dissenting voice is the voice of the supervisor shooting someone down (Robson and Tourish 712). Supervisors, leaders, and managers alike can avoid the occurrence of a dissenting voice among employees by monitoring their management style. Cooperative styles such as “integrating, obliging, and compromising” are more effective than “avoiding and dominating” styles, which could cause silence among employees (Colquitt and Greenberg 312). Another reason employee silence occurs is because people fear that if they speak up they may lose their jobs (Pentilla 1). In some cases subordinates don’t want to appear as though they are going against their supervisors, as they may view the employees input as criticism of their practices, and be fired. This is especially true of organizations which have just experienced high level layoffs where a number of employees have been downsized. In these cases, employees fear that their jobs could be taken away and are even less likely to voice their opinions than they did in the first place. Another cause of employee silence is when supervisors and employees fail to address the actual problems that exist within organizations. Avoiding these problems or looking for “quick fixes” only makes things worse and causes employees to feel that there is no hope for resolution. If employees lose hope that the real problems will actually be addressed and resolved, it can lead to a host of problems for the organization and for the employee, one of which is continued employee silence (Bouradas and Vakola 442). Employees then start to feel it is better to remain silent about issues because nothing will change anyway. If companies want to be successful they need to confront the actual problem and fix it, Both the employee and the supervisor need to deal with the situation because employee silence usually stems from the higher management down to lower level employees which is the cause of the indifferent employee. (Joinson 77-78).

Discursive formations A discursive formation is defined as the regularities that produce such discourse. Discourse (acts of speaking and writing) is the medium by which an individual’s behavior is framed for him/her and others. We are who we are, based on our communicative practices with others. Foucault uses this concept in his analysis of the political economy and natural history, but it’s very useful when studying organizational communication. Discursive formations perhaps can intensify the conditioning of the silent employee based on the power aspect of the discourse itself. When one speaks or writes, it can be delivered in a certain context, and that can have an effect on the employee on whether or not to remain silent. Discourse is the product of the dominant power interests in organizations and these interests can perpetuate themselves based on the ideology that is represented through them. Employees can feel less powerful as a result of hearing dominating opinions and perceptions; these practices can encourage silence naturally.

Indeed, there are a lot of factors that contribute to the notion of employee silence, especially when it comes to how one is placed or ranked in an organizational structure. There are distinct organizational groupings or divisions, such as masculine or feminine, subordinate/dominant, manager/employee, that can have an impact on silence. Indeed, how
superiors communicate with subordinates determines the climate and the culture of the organization. And employees begin to identify themselves throughout the culture they work in, by the ways in which they participate in work rituals, through the relationships they form with co-workers and managers, and through the language/discourse they use. Communication is thus at the forefront of how employees perceive themselves in relation to the organization and in regards to their relationships with other people. Research by Milliken et al. (2003) suggests that employee silence is related to social capital (valuable resources such as trust and goodwill that are embedded within a social structure). Employees work hard to build and maintain social capital and typically do not engage in behaviors that may weaken or sever these important/vital social ties. They do not want to risk looking bad in any sort of situation; this will reflect on their identity, their role, and their overall connection to the organization. This is pertinent as it relates to employee identity and power. Since employees perceive themselves in relations to others, it is interesting to discover that employees do not want to ruin their public image because that image alone protects their social capital.

**Additional causes** In organizations, there is evidence that employees are especially uncomfortable conveying information about potential problems or issues to those above them (Milliken et al. 2003). This knowledge brings up the notion of hierarchy and subordinate/supervisor relationships. Someone in a lower position, at the bottom of the food chain, is going to be uncomfortable expressing issues to someone in a higher position. If, however, subordinates have close, positive, interpersonal relationships with their supervisors, chances are higher that they will choose to communicate honestly. It comes down to the basic principle of trust and mutual appreciation, which is difficult to obtain in a bureaucratic structure. Willman, P. et al. (2006) present evidence to support that any hierarchical organization tends to support what its leaders already think is true more than it challenges them to think differently. The levels below the leaders are more interested in keeping their jobs than in telling the truth. But once a relationship is established, and the lines of communication are open, it is undeniably easier to have others on your side and others who are willing to help you out, both professionally and personally. Pfeffer (2010) acknowledges the dynamic relationship among trust, relationships, and power when he says, “Sometimes building a relationship so that others will help you requires nothing more than being polite and listening…” Being nice to people is effective because people find it difficult to fight with those who are being polite and courteous.” When that key component of mutual understanding is absent in an organizational setting, however, silence comes into play, and a myriad of power schemes/competing agendas can influence the decision of whether or not to communicate concerns.

Donaghey, J. et al. (2011) suggest ways in which management, through agenda-setting and institutional structures, can perpetuate silence over a range of issues, thereby arranging employees out of the voice process. When a dominant group voices certain opinions, these perceptions become the dominant ideologies that float across the organization. The subordinate viewpoints are therefore never brought to the forefront because they are inevitably silenced.

Tangirala and Ramanujam (2008) conducted research on nurses in Midwestern hospitals to study employee silence in health care. With lives at stake each and every day, the notion of employee silence in such an industry is a particularly devastating one due to its potential implications. Their research showed that the more power a supervisor is perceived to have, the less likely it was that nurses would share critical information. They did not want to cause unnecessary tension and sever professional bonds with their bosses. They didn’t want to cause a stir; in their minds, it was better to remain silent than address conflicts and clear up confusion.

The research also found that nurses were less silent when they identified with their workgroup, felt proud of and attached to their jobs, and perceived a high level of fairness in the workplace. These startling revelations relate to Pfeffer’s key point of acting like one has it (confidence and power); perception is everything and perception is reality. He states, “We choose how we will act and talk, and those decisions are consequential for acquiring and holding on to power” (2010). It is clear when employees feel they don’t have a stake, a personal investment, in an organization, they will choose to remain silent. So how can organizations reduce employee silence and increase employee commitment? According to Ewing (1977), managers need to create a safe place for employees to voice their concerns. They to create a comfortable, open space or environment where employees do not feel intimidated or threatened by either internal or external circumstances.

Tangirala and Ramanujam (2008) suggest that organizational pride needs to be enhanced in the minds and souls of workers. Employees need to feel a high amount of satisfaction in order to positively identify with their organization. Managers can also increase employee pride in their respective professions by giving constructive feedback after projects are completed and by engaging in constant training to continually enhance performance. Employees need to feel like their contributions matter, and that their work is significant and meaningful. When this occurs, employees will feel like they truly do matter in an organization; they will become active players and voice their concerns freely and without fear. They will also more positively identify with their organizations, thus bringing the whole idea of employee identity, communication and job satisfaction full circle.
CHAPTER 57. EMPLOYEE SILENCE

57.3 Effects

57.3.1 Organizational effects

Employee silence is extremely detrimental to organizations often causing an “escalating level of dissatisfaction” among employees, “which manifests itself in absenteeism and turnover and perhaps other undesired behaviors” (Colquitt and Greenberg 311-312). Communication is the key to an organization’s success. If employee silence does occur, communication suffers, and as a result harms the overall functioning of the organization. In an article entitled “Get Talking” author Chris Penttila says, “employee silence is killing innovation and perpetuating poorly planned projects that lead to defective products, low moral and a damaged bottom line” (1). This indicates how much an organization can suffer just because of a lack of proper communication. In an article titled "Re-Creating the Indifferent Employee” Carla Joinson talks about negative effects of employee silence such as monetary losses to the organization. Over time silence within organizations causes some employees to be extremely indifferent. Indifferent employees are those who are “indifferent to their jobs, employers and quality of work” (Joinson 76). Indifferent employees cause the organization to lose money and function poorly. Unfortunately when major monetary losses are detected in organizations, managers tend to react by trying to recover the loss, overlooking the fact employees have become indifferent as a result of unaddressed employee silence. More often than not employees who are not doing their share of the work are also not speaking up with the problems they see, leading to a perpetual cycle of employee silence (Joinson 1048).

57.3.2 Effects on employees

Employee silence also has many effects on the employees themselves. Indifferent employees, often products of ignored employee silence, tend to feel like cogs at machinery factories, developing the attitude “to get along, go along” (Joinson 1048). As a result of this attitude employees sometimes develop depression and other health problems. Sometimes these employees use pills and alcohol as a “cure” for the problems they are experiencing at work, which actually make their problems worse. In the book Moose on the Table by Jim Clemmer, Pete who is the main character of the book develops these types of health problems. Another example of such effects on employees is articulated by researcher Subrahmaniam Tangirala who says that “employee silence affects the personal well being of employees, increases stress,” and causes them to “feel guilty, where they often experience psychological problems, and have trouble seeing the possibility of change.” Most people assume that employee silence only hurts the organization, but realistically it hurts both the organization and the employees.

57.3.3 Moose on the Table

Moose on the Table by author Jim Clemmer is a useful tool in studying what can actually happen when employee silence is a problem in the workplace. Clemmer uses a metaphor to explain the effects of employee silence and poor communication in organizations. He formulates the metaphor using a character named Pete, who begins to see imaginary moose in his place of work that represent all the problems that aren’t being addressed and have gotten larger over time. The book portrays what can happen to employees and organizations when this problem is left alone. This book is instrumental in teaching different groups how to deal with employee silence. Clemmer suggests that organizations who suffer from employee silence should take an interactive approach. First, it is important to recognize that there is in fact a problem with employee silence, next managers and employees must work together to identify what issues aren’t being talked about. In doing so, managers might conduct interviews with employees and disperse surveys. Employees “often have ideas, information, and opinions for constructive ways to improve work and organizations” (Lin and Ang 1359). As such, employees want to know that their opinions are important and are not only being taken into consideration, but are being acted upon as well.

57.4 Procedural justice

Procedural justice “refers to” how people go about planning decisions and implementing them” (Brockner). Specifically, this term can be applied to managers within organizations, who must make decisions that will affect their subordinates. Employees within these organizations who feel that these procedures were executed fairly reflect that there are high procedural fairness climate.
57.4.1 Procedural justice/fairness climates

According to researcher Subrah Tangirala, who is an expert on the topic of employee silence, “Procedural justice climate as related to employee silence, exist when a majority of employees in a workgroup feel that their managers make decisions that include employee input, that are ethical, that are consistent over time and based on accurate information, suppress any bias, and provide favorable contexts for employees to speak up.” [1] Based on such criteria, procedural fairness climates make for the most favorable and healthy work environments for organizations and employees, in that they reduce the likelihood of employee silence. [7] Research on this area suggests that “silence may be a rational response to some forms of unfairness when in a low power position” (Colquitt and Greenberg 312). [4] Procedural fairness climates enable workers “to feel the most safe” and “provide favorable contexts for employees to speak up.” [1] It is when employees perceive that they are being “unfairly treated” that they begin to withhold important information from the organization. [1]

57.5 Avoidance

Being that the effects of employee silence can be severe and detrimental to the overall functioning of a company, organizations should try to minimize its occurrence. One way to avoid this would be to try to establish procedural climates. Another way to prevent employee silence is to create an employee that is committed to the organization. This is done by showing that the organization is fair and committed to the employees. So when the organization is committed to the employee the employee in return is committed to the organization which limits employee silence (Glazer and Kruse 330-331). [12]

57.6 Establishing procedural justice climates

In order to establish procedural justice climates managers need to ensure that their decisions are “ethical, consistent over time, based on accurate information, allow room for employees to contribute input, are correctable, and free of bias.” [1] Managers can establish these climates by being mindful when executing:

a. Organization changes such as “large scale layoffs, the introduction of new technology, restructuring, and relocation.” [7]

b. Individually targeted events such as “performance appraisals, and one on one negotiations.” [7]

57.6.1 Downsizing & procedural justice climates

Often changes that take place, such as downsizing, actually increases employee silence in organizations among remaining employees. For example if the process of the layoff was done poorly and without concern, employees feel that decisions are being made unfairly. If this happens employees fear the security of their own jobs. [7] A “high degree of variance in survivors’ reactions to layoffs” indicates the absence of a procedural justice climate. [7] When layoffs are performed fairly in organizations, reactions are not varied and employees do not fear the security of their jobs.

Other things that effect employee silence are commitment levels of employees to their careers, and status of the manager. [1]

According to Subrah Tangirala “people who are committed to their professions and value their work highly are those who would be less likely to remain silent.” [1] He also notes that the “status of the manager has an impact on employees speaking up.” [1] Employees are more likely to withhold information from managers with “high power status” because they don’t want to be seen as criticizing them. [1] “employees are especially uncomfortable conveying information about potential problems or issues to those above them. For example, several studies have shown that subordinates distort the information that they convey to their superiors, communicating upward in a way that minimizes negative information,” or withholds the information entirely (Hewlin and Milliken 1455). [13] According to an article on employee silence, “structuring groups into hierarchies automatically introduces restraints against free communication, particularly criticisms by low-status members toward those in higher-status positions.” In other words, high status can intimidate employees causing them to be silent in order to protect their jobs and relationships (Hewlin and Milliken 1455). [13]

When trying to avoid employee silence managers and leaders also need to know “how to facilitate varying opinions in a way that allows healthy discussion to develop towards consensus or best solutions” (McDonald 1). [14] In a recent
business column entitled “Silence Does Not Equal Agreement,” some advice is given for leaders looking to diminish employee silence (McDonald 1). [14] The article suggests: 1. “When presenting information or asking questions of a group, make eye contact with each person at the table or as many people as possible in the room. This gesture gives a message of interest and connectedness. 2. Watch for the subtle signs of people agreeing or disagreeing with what is being said. Positive gestures include: maintaining eye contact, a slight smile, nodding. Gestures of dissension include: raised eyebrows, rolling of eyes, a slight sneer, looking down, shifting in the seat, avoiding eye contact. 3. When someone does make a comment or suggestion, do not rush to discount their opinion or defend your own. To shut down someone who speaks up will send the message that you are not sincere, and people will retreat back into non-participation. Instead, say something like, “Thanks for your idea, Holly, let me think about that.” 4. Learn to be comfortable with silence. It takes getting used to, but allowing silence to be in the room is a powerful presence that gives people a chance to digest what was said, and to consider whether they have a response or contribution, and how they may want to present it. 5. If you try to encourage more openness, and at first others are unresponsive or hesitant to participate, consider asking someone you trust after the meeting if there is something that you might have missed or could have done differently to achieve the desired result” (McDonald 1). [14]

57.7 Interactional justice

In a podcast entitled “Under New Management” Joel Brockner, a professor of business at Columbia University, talks about the importance of the “interpersonal component of procedural fairness called Interactional Justice.” [7] Interactional justice refers to “how the employee feels that the implementer did things.” [7] Some questions they might ask that “have a huge bearing on whether or not people think the procedure was fair” are:

1. Did they express concern?

2. Did they show signs of treating the person with dignity? … respect? … compassion?

3. Did they provide an explanation? [7]

If employees can answer “yes” to these questions then the implementer has done things fairly and it is likely that employee silence has either been reduced or avoided.

57.8 Areas for further research

Employee silence is still a fairly new topic of exploration. Organizations have come a long way in how they treat their employees. For instance in past years employees were handled as machines and less like people. As such, it is not unusual that “employee silence has emerged as a subject of research only recently” (Rangaraj and Tangirala 38). [15] Current theories on the subject are in disagreement regarding the role of “individual-level antecedents (job satisfaction) or group-level antecedents (group climate, presence of formal communication channels)” in employee silence (Rangaraj and Tangirala 38). [15] Further research regarding this area will more than likely help us to better understand employee silence, how it effects organizations, and how to reduce it.

Future research should be devoted to the study of one’s professional position in a company and if it has any effect on the decision to remain silent or not. It would be interesting to discover if job titles play a part in employee silence of its just a matter of analyzing each individual situation/event.

Another area of potential future research should delve into the notion of silence as the absence of speech (a non-behavior, essentially). The absence of such a behavior is difficult to study than more overt and obvious behavior (Johannesen, 1974). This act has many implications for employee and organizational performance and is worthy of research.

Non-verbal behavior should be addressed as well in future studies of employee silence. It might be beneficial to research the impact of body language and the importance of hand/body gestures to interpret employee motives. Perhaps these cues symbolize much more and possess meaning for studying silence in organizations.
57.9 A more critical approach

In an article published in Work, Employment and Society in March 2011, Jimmy Donaghey (University of Warwick), Niall Cullinane (Queen's University Belfast), Tony Dundon (NUIGalway) and Adrian Wilkinson (Griffith University) survey the existing literature on employee silence and argue that the approach taken to date neglects an analysis of the role of management in constructing silence. The thesis is put forward that to truly understand processes of employee silence, it is necessary to recognise that silence may work in favour of management and thus management may have an interest in maintaining or creating employee silence.

57.10 See also

- Passive–aggressive behavior
- Workplace deviance

57.11 References


Chapter 58

Employee value proposition

Employee Value Proposition (EVP) is the balance of the rewards and benefits that are received by employees in return for their performance at the workplace."[1]

Minchington (2005) defines an Employee Value Proposition (EVP) as a set of associations and offerings provided by an organization in return for the skills, capabilities and experiences an employee brings to the organization. The EVP is an employee-centered approach that is aligned to existing, integrated workforce planning strategies because it has been informed by existing employees and the external target audience. An EVP must be unique, relevant and compelling if it is to act as a key driver of talent attraction, engagement and retention."[2][3]

It has become closely related to the concept of employer branding, in terms of the term EVP being used to define the underlying ‘offer’ on which an organization’s employer brand marketing and management activities are based. In this context, the EVP is often referred to as the Employer Brand Proposition."[4]

Tandehill (2006) "[5] reinforces this link to employer branding, and urges all organizations to develop a statement of why the total work experience at their organization is superior to that at other organizations. The value proposition should identify the unique people policies, processes and programs that demonstrate the organization’s commitment to i.e., employee growth, management development, ongoing employee recognition, community service, etc. Contained within the value proposition are the central reasons that people will choose to commit themselves to an organization. The EVP should be actively communicated in all recruitment efforts, and in letters offering employment, the EVP should take the focus off of compensation as the primary “offer.”

Personal job satisfaction is driven by far more than financial factors such as salary and benefits. An organization’s EVP has thus been described as “critical to attracting, retaining and engaging quality people” .[6] Other key factors influencing how an individual may choose to balance his or her career path in an organization are relocation services, salary, perquisites, career development, location, and so on.

Benefits to an organization of a well formed EVP include attraction and retention of key talent, helps prioritise the HR agenda, creates a strong people brand, helps re-engage a disenchanted workforce and reduces hire premiums."[7]

Only if the EVP of an organization really matches what someone values in his/her work, is there a win-win situation. An employer can then count on a motivated, committed worker who will go the extra mile. And the worker will experience his/her job as meaningful and fulfilling."[8]

58.1 Notes and references


Chapter 59

Employeeship

Employeeship (or Medarbetskap in Swedish) is an approach to developing a culture of ownership and responsibility in an organisation. The philosophy has been adopted and researched most notably in Sweden.

Employeeship is a process where the traditional thinking in regards to leadership and subordination in hierarchy is abandoned. The traditional model is replaced by a mindset of partnership, a relationship where both managers and employees take ownership over their work situation. The main objective is to achieve a working environment that stimulates involvement among employees and managers. This creates a workplace where employees feel valued and important. Managers develop their skills in facilitation, involving, revealing and learn to make better use of their employees’ knowledge, ideas and initiative.

One of the insights that organisations embarking on this approach uncover is that the characteristics often expected and valued in leaders are identical to co-workers and colleagues. Therefore an organisation that embarks on developing employeeship engages the whole workforce, not just the leadership community. Research (see below) shows an increase in the levels of openness, honesty, taking responsibility and increases trust.

59.1 The Elements of Employeeship

The key to this approach is for teams to be able to have transparent conversations with their “leader” regarding things that are not normally discussed in the work setting, subjects such as: What is loyalty?; openness and transparency; the meaning of work and how it fits in with our lives; relationships between us in the team; responsibility, accountability and taking initiative; the service we offer others. *[1]*

Typically the discussions follow a pre-designed questions so that deeper exploration can occur.*[2]*[3][4]

59.2 References


59.3 External links

- Case study of employeeship at Swedish Rail (SJ)
Chapter 60

Employment testing

Employment testing is the practice of administering written, oral, or other tests as a means of determining the suitability or desirability of a job applicant. The premise is that if scores on a test correlate with job performance, then it is economically useful for the employer to select employees based on scores from that test.

60.1 Legal context (United States)

The United States Supreme Court has decided several cases clarifying the place of employment testing in the context of discrimination law. In particular, these cases have addressed the discriminatory use of tests when promoting employees by requiring tests beyond the education required for the job. A central finding in Griggs v. Duke Power Co. was that the employer must demonstrate (or be prepared to demonstrate) that its selection process is related to the job being filled.\footnote{1}

Employers considering the use of employment tests, particularly knowledge and aptitude-based tests, should perform due diligence to assure that questions are reasonably related to the job. This is often accomplished with advice from counsel. For example, applicants for an engineering position may be required to complete a math test, as math is a skill commonly required for engineers. To comply with the decision in Griggs, the employer must assure that the test is a reasonable measure of job performance. Therefore, if the math questions were engineering-related and documents could prove that employees with insufficient knowledge of math would not succeed as engineers, then the examination would meet the Griggs test. Conversely, employers that require a receptionist to take a math test may be considered unreasonable, because math is unrelated to a receptionist’s job duties. For all employment tests, common sense and reasonableness must apply.

60.2 Test types used

Different types of assessments may be used for employment testing, including personality tests, intelligence tests, work samples, and assessment centers. Some correlate better with job performance than with others; employers often use more than one to maximize predictive power.

60.2.1 Performance Assessment tests

Performance-based assessment testing is a process to find out if applicants can do the job for which they are applying. It is done through tests, which are directly administered and judged by Hiring Managers who will be supervising the potential hire. Performance assessments can be used as a pre-screening tool to test applied knowledge, skills-job match and commitment of the applicant towards the job position.\footnote{2}

The tests are peer-to-peer and reflect real business tasks that candidates have to perform, should they be selected for the role. The tests are open ended, time bound, business related questions which applicants need to submit their responses for in order to prove their abilities.\footnote{3}

The most important question that performance testing, seeks to answer is: How would you solve this problem? \footnote{4}
Web tools like, HireVue,"[5] GapJumpers"[6] and CodeEval"[7] allow candidate responses to be judged directly by Hiring Managers of the respective departments to select the ones most suited for the role, thus making the process efficient for the company.

60.2.2 Personality tests

Personality tests may potentially be useful in personnel selection. Of the well-known Big Five personality traits, only conscientiousness correlates substantially with traditional measures of job performance, and that correlation is strong enough to be predictive."[8] However, other factors of personality can correlate substantially with non-traditional aspects of job performance, such as leadership and effectiveness in a team environment."[9] The Myers-Briggs Type Indicator (MBTI) is also used.

The Minnesota Multiphasic Personality Inventory (MMPI) is a highly validated psychopathology test that is generally used in a clinical psychology setting and may reveal potential mental health disorders."[10] However, this can be considered by the Equal Employment Opportunity Commission as the employer having knowledge of a medical condition prior to an offer of employment. This is an illegal basis for a hiring decision in the United States. Employers considering personality tests should focus on tests designed for job purposes and do not provide any information regarding an applicant's mental health or stability.

Notable situations in which the MMPI may be used are in final selection for police officers, fire fighters, and other security and emergency personnel, especially when the employees are required to carry weapons. An assessment of mental stability and fitness can be reasonably related and necessary in the performance of the job.

60.2.3 Cognitive Ability tests

Tests of cognitive ability can assess general intelligence and correlate very highly with overall job performance."[11] Individuals with higher levels of cognitive ability tend to perform better on their jobs. This is especially true for jobs that are particularly intellectually demanding.

60.2.4 Job-knowledge tests

Employers administer job-knowledge tests when applicants must already possess a body of knowledge before being hired."[12] Job-knowledge tests are particularly useful when applicants must have specialized or technical knowledge that can only be acquired through extensive experience or training. Job-knowledge tests are commonly used in fields such as computer programming, law, and financial management.

Licensing exams and certification programs are also types of job-knowledge tests. Passing such exams indicates competence in the exam's subject area. Tests must be representative of the tested field, otherwise litigation can be brought against the test-giver.

60.2.5 Situational judgment tests

Situational judgment tests are commonly used as employee-selection and employee-screening tools and have been developed to predict employment success."[13] These tests present realistic hypothetical scenarios in a multiple-choice format. Applicants are asked to state what they would do in a difficult job-related situation."[14] Responses are scored according to the level of effectiveness, rather than as right or wrong.

Situational judgment tests measure the suitability of job applicants by assessing attributes such as problem solving, service orientation, and striving for achievement."[15] These tests screen for candidates with key attributes and assess their capabilities to perform and respond to job-related situations. Therefore, results from situational judgment tests provide more indicative and job-specific information concerning an applicant's competencies, which may not be initially apparent in their resume or during an interview. Situational judgment tests are becoming increasingly popular for selection for customer-facing positions in fields such as sales, retail and hospitality.
60.3  See also

- Wards Cove Packing Co. v. Atonio, 490 U.S. 642, 657 (1989),
- Civil Rights Act of 1964
- Industrial and organizational psychology
- Objective test
- Projective test
- Psychological testing
- Situational judgement test

60.4  References

[10] Official MMPI-2 Description

60.5  External links

- Employment Testing
Chapter 61

Enterprise architecture

**Enterprise architecture (EA)** is “a well-defined practice for conducting enterprise analysis, design, planning, and implementation, using a holistic approach at all times, for the successful development and execution of strategy. Enterprise architecture applies architecture principles and practices to guide organizations through the business, information, process, and technology changes necessary to execute their strategies. These practices utilize the various aspects of an enterprise to identify, motivate, and achieve these changes.” *[1]*

Practitioners of enterprise architecture call themselves **enterprise architects**. An enterprise architect is a person responsible for performing this complex analysis of business structure and processes and is often called upon to draw conclusions from the information collected. By producing this understanding, architects are attempting to address the goals of enterprise architecture: Effectiveness, Efficiency, Agility, and Durability.*[2]*

**61.1 Overview**

In the enterprise architecture literature and community, it is possible to distinguish various perspectives with regards to the meaning of the term “enterprise architecture”. As of yet, no official definition exists; rather, various organizations (public and private) promote their understanding of the term. Consequently, the enterprise architecture literature offers many definitions for the term enterprise architecture; some of which are complementary, others nuances, and others yet are in opposition.*[3]*

The **MIT Center for Information Systems Research (MIT CISR)** in 2007 defined enterprise architecture as the specific aspects of a business that are under examination:

> Enterprise architecture is the organizing logic for business processes and IT infrastructure reflecting the integration and standardization requirements of the company’s operating model. The operating model is the desired state of business process integration and business process standardization for delivering goods and services to customers.*[4]*

The **Enterprise Architecture Body of Knowledge** defines enterprise architecture as a practice, which

> analyzes areas of common activity within or between organizations, where information and other resources are exchanged to guide future states from an integrated viewpoint of strategy, business and technology.

*[5]*

**Gartner**, a leading IT analysis firm, defines the term as a discipline where an enterprise is led through change. According to their glossary,

> Enterprise architecture (EA) is a discipline for proactively and holistically leading enterprise responses to disruptive forces by identifying and analyzing the execution of change toward desired business vision and outcomes. EA delivers value by presenting business and IT leaders with signature-ready recommendations for adjusting policies and projects to achieve target business outcomes that capitalize on relevant business disruptions. EA is used to steer decision making toward the evolution of the future state architecture.*[6]*
Each of the definitions above underplay the historical reality that enterprise architecture emerged from methods for documenting and planning information systems architectures, and the current reality that most enterprise architecture practitioners report to a CIO or other IT department manager. In a business organization structure today, the enterprise architecture team performs an ongoing business function that helps business and IT managers to figure out the best strategies to support and enable business development and business change – in relation to the business information systems the business depends on.

61.2 Enterprise architecture topics

61.2.1 The term enterprise and architecture

The term enterprise can be defined as describing an organizational unit, organization, or collection of organizations that share a set of common goals and collaborate to provide specific products or services to customers. In that sense, the term enterprise covers various types of organizations, regardless of their size, ownership model, operational model, or geographical distribution. It includes those organizations’ whole complex, socio-technical systems, including people, information, processes and technologies.

The term architecture refers to fundamental concepts or properties of a system in its environment embodied in its elements, relationships, and in the principles of its design and evolution. An enterprise, understood as a complete socio-technical system, defines the scope of the enterprise architecture.

61.2.2 Scope of enterprise architecture

Current perspectives, or beliefs, held by enterprise architecture practitioners and scholars, with regards to the meaning of the enterprise architecture, typically gravitate towards one or a hybrid of three schools of thought:

- Enterprise IT design – According to this school, the purpose of enterprise architecture is the greater alignment between IT and business concerns. The main purpose of enterprise architecture is to guide the process of planning and design the IT/IS capabilities of an enterprise in order to meet desired organizational objectives. Typically, architecture proposals and decisions are limited to the IT/IS aspects of the enterprise; other aspects only serve as inputs.

- Enterprise integrating – According to this school, the purpose of EA is to achieve greater coherency between the various concerns of an enterprise (HR, IT, Operations, etc.) including the linking between strategy formulation and execution. Typically, architecture proposals and decisions encompass all the aspects of the enterprise.

- Enterprise ecological adaptation – According to this school, the purpose of enterprise architecture is to foster and maintain the learning capabilities of enterprises so that they may be sustainable. Consequently, a great deal of emphasis is put on improving the capabilities of the enterprise to improve itself, to innovate and to coevolve with its environment. Typically, proposals and decisions encompass both the enterprise and its environment.

One’s belief with regards to the meaning of enterprise architecture will impact greatly how one sees the purpose of enterprise architecture, the scope of enterprise architecture, the means of achieving enterprise architecture, the skills needed to conduct enterprise architecture, and the locus of responsibility for conducting enterprise architecture.

61.2.3 Architectural description of an enterprise

According to the international standard ISO/IEC/IEEE 42010, the work product used to describe the architecture of a system is called an architectural description. In practice, an architectural description contains a variety of lists, tables and diagrams. These are models known as views. In the case of Enterprise Architecture, these models describe the logical business functions or capabilities, business processes, human roles and actors, the physical organization structure, data flows and data stores, business applications and platform applications, hardware and communications infrastructure.

The UK National Computing Centre EA best practice guidance states
Normally an EA takes the form of a comprehensive set of cohesive models that describe the structure and functions of an enterprise... The individual models in an EA are arranged in a logical manner that provides an ever-increasing level of detail about the enterprise.

The architecture of an enterprise is described with a view to improving the manageability, effectiveness, efficiency or agility of the business, and ensuring that money spent on information technology (IT) is justified.

Paramount to changing the enterprise architecture is the identification of a sponsor, his/her mission, vision and strategy and the governance framework to define all roles, responsibilities and relationships involved in the anticipated transformation. Changes considered by enterprise architects typically include:

- innovations in the structure or processes of an organization
- innovations in the use of information systems or technologies
- the integration and/or standardization of business processes,
- improving the quality and timeliness of business information.

A methodology for developing and using architecture to guide the transformation of a business from a baseline state to a target state, sometimes through several transition states, is usually known as an enterprise architecture framework. A framework provides a structured collection of processes, techniques, artifact descriptions, reference models and guidance for the production and use of an enterprise-specific architecture description. See the related articles Enterprise Architecture framework and architecture domain for further information.

### 61.3 Benefits of enterprise architecture

As new technologies arise and are implemented, the benefits of enterprise architecture continue to grow. Enterprise architecture defines what an organization does; who performs individual functions within the organization, and within the market value chain; how the organizational functions are performed; and how information are used and stored. IT costs are reduced and responsiveness with IT systems is improved. However, to be successful, continual development and periodic maintenance of the enterprise architecture is essential. Building an enterprise architecture could take considerable time and proper planning is essential, including phasing the project in slowly, prior to implementation. If the enterprise architecture is not kept up to date, the aforementioned benefits will become useless.

### 61.4 Examples of enterprise architecture use

Documenting the architecture of enterprises is done within the U.S. Federal Government”[12] in the context of the Capital Planning and Investment Control (CPIC) process.

The Federal Enterprise Architecture (FEA) reference models guides federal agencies in the development of their architectures.”[13]

Companies such as Independence Blue Cross, Intel, Volkswagen AG”[14] and InterContinental Hotels Group”[15] use enterprise architecture to improve their business architectures as well as to improve business performance and productivity.

For various understandable reasons, commercial organizations rarely publish substantial enterprise architecture descriptions. However, government agencies have begun to publish architectural descriptions they have developed. Examples include

- US Department of the Interior,
- Treasury Enterprise Architecture Framework
61.5 Relationship to other disciplines

Enterprise architecture is a key component of the information technology governance process in many organizations, which have implemented a formal enterprise architecture process as part of their IT management strategy. While this may imply that enterprise architecture is closely tied to IT, it should be viewed in the broader context of business optimization in that it addresses business architecture, performance management and process architecture as well as more technical subjects. Depending on the organization, enterprise architecture teams may also be responsible for some aspects of performance engineering, IT portfolio management and metadata management. Recently, protagonists like Gartner and Forrester have stressed the important relationship of Enterprise Architecture with emerging holistic design practices such as Design Thinking and User Experience Design. Analyst firm Real Story Group suggested that Enterprise Architecture and the emerging concept of the Digital workplace were “two sides to the same coin.”

Enterprise Architecture has been described as an information and knowledge-based discipline. The enterprise architecture of an organization is too complex and extensive to document in its entirety, so knowledge management techniques provide a way to explore and analyze these hidden, tacit or implicit areas. In return, enterprise architecture provides a way of documenting the components of an organization and their interaction in a systemic and holistic way that complements knowledge management.

The following image from the 2006 FEA Practice Guidance of US OMB sheds light on the relationship between enterprise architecture and segment (BPR) or Solution architectures.

<table>
<thead>
<tr>
<th>Level</th>
<th>Scope</th>
<th>Detail</th>
<th>Impact</th>
<th>Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Architecture</td>
<td>Agency/Organization</td>
<td>Low</td>
<td>Strategic Outcomes</td>
<td>All Stakeholders</td>
</tr>
<tr>
<td>Segment Architecture</td>
<td>Line of Business</td>
<td>Medium</td>
<td>Business Outcomes</td>
<td>Business Owners</td>
</tr>
<tr>
<td>Solution Architecture</td>
<td>Function/Process</td>
<td>High</td>
<td>Operational Outcomes</td>
<td>Users and Developers</td>
</tr>
</tbody>
</table>

61.5.1 Relationship between enterprise architecture and service-oriented architecture

When considering the relationship between Enterprise architecture and service-oriented architecture SOA, there are a number of issues to consider. Not the least of these is what the enterprise understands Enterprise architecture and service-oriented architecture to mean. Some guidelines can be found at this reference.

61.6 Notable enterprise architecture tools

The following table lists the most notable enterprise architecture tools as recognized by Gartner and Forrester Research in their most recent reports.

61.7 Criticism

Despite the benefits that Enterprise Architecture claims to provide, for more than a decade a number of industry leaders, writers, and leading organizations have raised concerns about Enterprise Architecture as an effective practice.
Here is a partial list:

- In 2007 noted computer scientist Ivar Jacobson (a major contributor to UML and pioneer in OO software development) gave his assessment of Enterprise architecture: “Around the world introducing an Enterprise Architecture EA has been an initiative for most financial institutions (banks, insurance companies, government, etc.) for the last five years or so, and it is not over. I have been working with such companies and helped some of them to avoid making the worst mistakes. Most EA initiatives failed. My guess is that more than 90% never really resulted in anything useful.” [27]

- In a 2007 report on Enterprise architecture, Gartner predicted that “... by 2012 40% of [2007’s] enterprise architecture programs will be stopped.” [28]

- A 2008 study by performed by Erasmus University Rotterdam and software company IDS Scheer concluded that two-thirds of Enterprise architecture projects failed to improve business and IT alignment.”[29]

- In a 2009 article, industry commentator Dion Hinchcliffe wrote that traditional Enterprise architecture might be “broken”: “At its very best, enterprise architecture provides the bright lines that articulate the full range of possibilities for a business, even describing how to go about getting there. ... Recently there’s a growing realization that traditional enterprise architecture as it’s often practiced today might be broken in some important way. What might be wrong and how to fix it are the questions du jour.” [30]

- In 2011 federal Enterprise architecture consultant Stanley Gaver released a report that examined problems within the United States federal government’s Enterprise architecture program. Mr. Gaver concluded that the federal Enterprise architecture program had mostly failed; this conclusion was corroborated by a similar one made by the federal government at an October 2010 meeting that was held to determine why the federal Enterprise architecture program was not “as influential and successful as in the past.” [31]

### 61.8 See also

- Architectural pattern (computer science)
- Enterprise Architect
- Enterprise Architecture Assessment Framework
- Enterprise Architecture framework
- Enterprise Architecture Planning
- Enterprise Architecture Management
- Enterprise engineering
- Enterprise Life Cycle
- Enterprise Unified Process
- Federation of Enterprise Architecture Professional Organizations
- Global Information Network Architecture
- History of Enterprise Architecture
- Information Architecture
- Information Framework"[32]
- John Zachman
61.9 References


[7] Business Analysis Body of Knowledge, from the International Institute of Business Analysis


[15] ihg.com

[16] DoD BEA


[20] Tony Byrne, Real Story Group Blog – Digital workplace and enterprise architecture: two sides to same coin, (2012),


[23] Christopher Kistasamy, Alta van der Merwe, Andre de la Harpe. (2012), The role of service-oriented architecture as an enabler for Enterprise Architecture, AMCIS 2012, Seattle Washington


[31] "Why Doesn't the FEA Work" 6 September 2012, summarized in Semantic Community


61.10 External links

- Media related to Enterprise architecture at Wikimedia Commons
- Quotations related to Enterprise architecture at Wikiquote
- The dictionary definition of enterprise architecture at Wiktionary
Chapter 62

Expense management

**Expense management** refers to the systems deployed by a business to process, pay, and audit employee-initiated expenses. These costs include, but are not limited to, expenses incurred for travel and entertainment. Expense management includes the policies and procedures which govern such spending, as well as the technologies and services utilized to process and analyze the data associated with it.

Software to manage the expense claim, authorisation, audit and repayment processes can be obtained from organisations that provide a licensed software, implementation and support service, or alternatively, from **Software as a service** (SAAS) providers. SAAS providers offer on-demand web-based applications managed by a third party to improve the productivity of expense management.

### 62.1 Steps

Expense management automation has two equally important aspects - the process an employee follows in order to complete an expense claim (for example logging a hotel receipt or submitting mobile phone records) and the activity accounts or finance staff undertake to process the claim within the finance system.

Typically, a manual process will involve an employee completing a paper, spreadsheet, or Graphical User Interface-based expense report which they then forward, along with the relevant tax invoices (receipts), to a manager or other controller for approval. Once the manager has approved the claim, they forward it on to the accounts department for processing. The accounts staff then key each expense item into the company's finance system before filing the claim and receipts away. In a Software as a Service implementation, these processes are largely automated and the submission and approvals processes are transacted electronically.

Expense Management automation is the means by which an organization can significantly reduce transaction costs and improve management control when logging, calculating and processing corporate expenses. Independent research evaluating the use of automated expense management systems has confirmed that the cost of processing an expense claim is reduced as the level of automation increases.

As found in an Aberdeen study on expense management automation in February 2007,[1] there are three main factors that drive an organization to automate their expense management processes:

- **Compliance focus**: The need to reduce the current risk levels posed by non-compliance with internal policies and external tax/government regulations
- **Cost reduction**: The competitive pressure to reduce processing and auditing costs associated with expense reports
- **Employee productivity**: The organizational pressure to improve employee productivity and satisfaction

An automated solution typically provides the ability to code, approve and report on expenses. This will not only decrease the cost of processing expense claims, but can also enable an organization to have greater management control, bring transparency to expense spend and improve adherence to corporate policy.
62.2 Choosing an Expense Management Solution

While enterprise-level corporations have accounting departments capable of selecting an expense management solution appropriate for the business, many small-to-medium business owners have a difficult time knowing which SaaS solution to choose. Many accounting advisory partners are available to help the decision-making process, and will usually make recommendations based on the following criteria:

- **Direct integration with accounting system**: Can the expense data flow directly into the accounting system, coded appropriately, without the need for any manual data entry?

- **Ease of employee use**: Will the software be adopted by employees? Is there a mobile app? Does the automation component cut down on the need for employee data entry (via technologies such as Optical Character Recognition scanning)?

- **Compliance & customization**: Can the software be configured to evaluate expenses against company expense policies? Can approval processes be adjusted based on project, department or spend?

- **Fraud prevention**: Does the software have expense fraud detection capabilities, such as duplicate identification?

62.3 References

Chapter 63

Experticity

Experticity is a Salt Lake City, UT-based company that helps brands and retailers improve retail conversations through education, product seeding and by offering first-hand product experience to retail sales associates and category-specific experts.\textsuperscript{[1]} The company has two web-based services: 3point5.com, which brands and retailers use to deliver interactive product trainings for retail sales associates, and ProMotive.com, which brands use to facilitate product trials with experts and enthusiasts.\textsuperscript{[2]}

63.1 History

The company was founded in 2004 by Paul Kirwin under the name 3point5, Inc. (referencing the fact that 3.5 feet was considered the optimal distance between two people in a one-one-one conversation).\textsuperscript{[3]} Kirwin’s idea was to create an entertaining, web-based training platform for retail salespeople using brand discounts to incentivize them to complete training.

Built on Kirwin’s television news background, Kirwin Productions was founded in 1985 and specialized in creating videos to train retail salespeople on a brand’s new technology and products.\textsuperscript{[4]} It was here that Kirwin got the idea of training retail salespeople online.

In 2007, 3point5 acquired Influence Technologies, which among other things operated a discount marketplace for influencers called BroForm.com.\textsuperscript{[5]} BroForm was renamed Promotive.

In 2009, the company changed its name to Swarm Builder.\textsuperscript{[6]} The same year, it purchased a platform and named it ProMotive.com.\textsuperscript{[7]} In 2010, the company was ranked 100th on Inc. magazine’s list of 500 Fastest Growing Companies.\textsuperscript{[8]}

In 2012, SwarmBuilder was rebranded as eXperticity.\textsuperscript{[9]} Based on the idea that when buying a product, everyone wants to get advice from an expert. The name “eXperticity” was purchased from an unrelated Seattle based-business.\textsuperscript{[10]} Today, 3point5 and Promotive are both services offered under the name Experticity.

63.2 Products

3point5.com\textsuperscript{[11]} trains retail sales associates across various industries through a patented “Edu-Game” format.\textsuperscript{[12]} When sales associates complete Edu-Games demonstrating product knowledge, they are rewarded with gratis or discounted products from the brand sponsoring the training.

ProMotive.com is an online marketplace for experts with significant personal and professional industry influence. ProMotive.com automates brand incentive programs and rewards industry professionals and influencers with product offers, discounts, samples and insider knowledge applicable to their field of expertise.

Each of the Experticity platforms displays users’ expert score, which is a composite blend of product knowledge, purchases and professional experience.\textsuperscript{[13]}
63.3 Executive Leadership

Tom Stockham is the CEO of Experticity, having served on the company’s board of directors since 2007.[14] He was formerly CEO and president of Ancestry.com and president of Ticketmaster.com.

63.4 References


http://www.crunchbase.com/company/experticity
http://business.transworld.net/139870/features/retail-101-experticity-helps-educate
http://www.signalpeakvc.com/news/29/19/Parent-of-3point5-com-Re-named-SwarmBuilder
http://www.bizjournals.com/seattle/blog/techflash/2010/08/seattle_startup_experticity_ceases_operations_after_eight_years.html
http://www.crunchbase.com/company/3point5-com
http://www.forbes.com/profile/thomas-stockham/

63.5 External links

- Official website
Chapter 64

Federation of International Employers

The Federation of International Employers / La Federación de Empresarios Internacionales (formerly The Federation of European Employers) was established in 1989 with the support of the European Commission. Today it operates independently and is the leading organisation for multinational employers and is also known as FedEE Global. [1] The Federation of International Employers was established in 1988 with financial support from the European Commission. Today it operates independently as the leading global organisation for multinational employers and is also known as FedEE Global.

The Federation’s principal aims are to assist companies to achieve legal compliance, operate more effectively at an international level, improve transnational HR capabilities, network with other international executives, develop practical/equitable pay structures, evaluate new employment methods and trends, monitor employee participation and trade union activities and embrace workforce diversity.

64.1 History

In 1988, the organisation was founded as the Federation of European Employers by current Secretary-General Robin E. J. Chater in order to assist human resource professionals operating in Europe.

The head office was originally located in London, UK - but with its relaunch in 2014 as a global organization the organization changed its operational headquarters to Bristol, UK and Hong Kong. [2] As a further development in 2014, the Federation became the principal sponsor of a new business networking community called butN. The butN system allows business travelers to link up and meet face-to-face.

64.2 Work of the Federation

In addition to providing legal information, updates and advice, the Federation compiles labour statistics and economic data, and creates policy checklists and model policies for service providers. [3]

Areas of changes monitored by the Federation include: union developments (changes in structure, membership, campaigns, protests and strike activity); evolution and operation of works councils; pay and benefit trends and new elements in collective agreements; remuneration; corporate governance rules and corporate ethics; income tax; health and safety; working time and leave; privacy at work; employee recruitment; work and residence permits; pensions and social security; financial participation plans; business transfers; termination of employment contracts; discrimination and equal opportunity.

As an employers’ organisation, the Federation also acts as a think tank in a wide range of employment-related fields. [4]

64.3 References


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64.4 External links

- Official Homepage
Chapter 65

Flextime

Flextime (also spelled flexitime [British English], flexi-time) is a variable work schedule, in contrast to traditional work arrangements requiring employees to work a standard 9 a.m. to 5 p.m. day. Under flextime, there is typically a core period (of approximately 50% of total working time / working day) of the day, when employees are expected to be at work (for example, between 11 a.m. and 3 p.m.), while the rest of the working day is “flexible time”, in which employees can choose when they work, subject to achieving total daily, weekly or monthly hours in the region of what the employer expects, and subject to the necessary work being done. A flextime policy allows staff to determine when they will work, while a flexplace policy allows staff to determine where they will work. Advantages include allowing employees to adopt their work hours to public transport schedules, to the schedules their children have, and that road traffic will be less congested, more spread out.

65.1 In the United Kingdom

Haller founded a company in the UK in 1971 and registered the trademark “Flextime”, the mark remains the property of that company’s successor hfx Ltd. In spring 2003, 17.7% of men and 26.7% of women were employed with flexitime arrangements in the United Kingdom, (Office for National Statistics 2003). In the United Kingdom, flexitime working is commonplace in both the private and public sectors. The practice is often found in administrative and back office functions of commercial organisations and local councils.

In 2003, the UK Government introduced legislation that gave parents of children under 6, or the parents of disabled children under 18, the right in law to request a flexible working arrangement from their employer. A survey in 2005 by the National Office of Statistics showed that 71% of female workers and 60% of male workers were aware of the rights created under the 2003 legislation. Between 2003 and 2005 more than 14% of all workers had requested a change to flexible working. Since April 2007 the right to request flexible working also applies to carers of adults.

On 13 November 2012 Deputy Prime Minister Nick Clegg announced plans to extend the right to request flexible working to all employees. this legislation takes effect in April 2014. Lawyers have suggested that this will lead to “major headaches” for employers.

Shift workers are generally excluded from flextime schemes as are senior managers. Other groups of workers for whom flextime arrangements are rare include those who serve the public during specific opening times.

The advantages of Flextime for the individual include a better work-life balance, fewer commutes, less fatigue, more days off, lower sickness rates. The benefits for the company include; better motivated workers, more efficient and effective operation, less fatigued workers, so fewer errors; they get people working overtime hours without paying overtime rates, fewer facilities required, and lower sickness rates.

For employers, flextime can aid the recruitment and retention of staff. It has been a particularly popular option in 2009 for employers trying to reduce staff costs without having to make redundancies during the recession. It can also help provide staff cover outside normal working hours and reduce the need for overtime. Additionally flextime can also improve the provision of equal opportunities to staff unable to work standard hours.

Flextime can give employees greater freedom to organize their working lives to suit personal needs. In addition, travelling can be cheaper and easier if it is out of peak time.
65.2 In the United States

In Florida, flextime workers, like salaried workers, are exempted from insurance regulations, and are given broad leeway in setting their own work schedule. Unlike exempted salaried workers, employers are still required to pay overtime to a flextime worker if they work more than 40 hours per week; some employers avoid this policy by dismissing their employees shortly before their scheduled working hours have been completed. In addition, the employer will usually require that a flextime employee works a minimum number of hours each week.

In recent years, the term “flextime” has acquired a more controversial definition when used to describe proposals to overhaul the nation’s overtime regulations. Under one such proposal by the Bush administration made public on August 5, 2004, employers would not be required to pay non-exempt employees overtime for working more than 40 hours in a week so long as the employee works no more than 80 hours over a two-week period. For example, a worker could be required to work 70 hours one week and receive no overtime compensation as long as they work 10 hours or less the following week. Such arrangements are opposed by trade unions such as the AFL-CIO.

In certain industries and disciplines, such as information technology, flextime permits workers to vary their schedule. For example, they may opt to work four 10-hour days per week, taking Monday or Friday off. Another flextime schedule is to work nine-hour days Monday through Thursday, an eight-hour day on Friday, taking every other Friday off. Workers may arrange to coordinate their days off so that their responsibilities are adequately covered.

Other workers may opt simply to come in early, such as 5 or 6 a.m., and leave in the mid-afternoon, or come in late and therefore leave late. One benefit of such a schedule is that commuting times occur outside of the congested rush hour traffic within a given geographic region. Flextime arrangements also help parents: one parent works 10 a.m - 6 p.m. and is in charge of the children before school / daycare, while the other parent works 7 a.m. - 3 p.m. and is in charge of the children after school / daycare. This allows parents time to commute. [8] Flextime is also beneficial to workers pursuing an education.

It is an ongoing part of the work-life balance discussions in many companies.

65.3 In Australia

Flexi-time in Australia is usually referred to accumulated overtime hours that an employee can build up and exchange for the equivalent amount of time off. (Example: Jane works 7 a.m. - 3 p.m. Monday to Friday. Over the past month, Jane has worked 8 hours overtime meaning she is eligible for a paid day off.)

If employees accumulate too many flex hours, they are required to perform a “flex burn down” as they are burning down the flex. Similarly, taking a flex day off is known as “flexing”.

It is implemented formally in the Australian Federal Public Service and is available for staff in most state and territory government departments. With current changes to industrial relations laws (2006), from State to Federal level there are no new published guidelines (online) for flexi-time.

Flexi-time has also been implemented in the Victorian Public Service.

The word “flex” has entered the lexicon of many Australians and, in some workplaces, possessing a high flex balance is a point of honour, with many employees placing bets on who can accumulate the most number of flex hours by a particular date. This has led to many employees staying behind at work until very late, despite being completely idle, to build up their flex.

65.4 Recording flextime working

There are many different methods used for recording working time ranging from sophisticated software (computer programs) to handwritten time sheets. Most of these methods are associated with the payment of wages in return for hours worked. As a result they often do not address a fundamental difference of most flexible working systems - namely the intention of flexibile working to allow an employee to “trade hours” with their employer in return for a fixed wage (Hayward, Bruce; Fong, Barry; Thornton, Alex (December 2007), The Third Work-Life Balance Employer Survey: Main Findings (PDF), UK Govt. Department for Business, Enterprise and Regulatory Reform). There are also similar tracking tools for time and productivity more suited to small and medium business (SMBs), such as TimeOP.
65.5  **See also**

- Overtime
- Fair Labor Standards Act (United States)
- Office for National Statistics (UK)
- Equal Opportunity Employment
- Labour (economics)
- Labour market flexibility
- Time clock
- Work-life balance

65.6  **References**


65.7  **External links**

- The Value of Flexitime
- Reconciling labour flexibility with social cohesion —Facing the challenge
Chapter 66

Focal Point Review

Focal Point Review is a human resources process for employee evaluation. \[1\]

66.1 References

Chapter 67

Formal organization

**Formal organization** is a fixed set of rules of intra-organization procedures and structures. As such, it is usually set out in writing, with a language of rules that ostensibly leave little discretion for interpretation. In some societies and in some organizations, such rules may be strictly followed; in others, they may be little more than an empty formalism.

- To facilitate the accomplishment of the goals of the organization: In a formal organization, the work is delegated to each individual of the organization. He/She works towards the attainment of definite goals, which are in compliance with the goals of the organization.

- To facilitate the co-ordination of various activities: The authority, responsibility, and accountability of individuals in the organization is very well defined. Hence, facilitating the co-ordination of various activities of the organization very effectively.

- To aid the establishment of logical authority relationship: The responsibilities of the individuals in the organization are well defined. They have a definite place in the organization due to a well defined hierarchical structure which is inherent in any formal organization.

- Permit the application of the concept of specialization and division of Labour. Division of work amongst individuals according to their capabilities helps in greater specializations and division of work.

- Create more group cohesiveness.

### 67.1 Characteristics of a formal organization

- Well defined rules and regulation
- Determined objectives and policies
- Status symbol
- Limitation on the activities of the individual
- Strict observance of the principle of co-ordination
- Messages are communicated through scalar chain
- It is to best attain the objectives of the enterprise.

### 67.2 Distinction from informal organization

Formal rules are often adapted to subjective interests — social structures within an enterprise and the personal goals, desires, sympathies and behaviors of the individual workers — so that the practical everyday life of an organization becomes *informal*. Practical experience shows no organization is ever completely rule-bound: instead, all real
organizations represent some mix of formal and informal. Consequently, when attempting to legislate for an organization and to create a formal structure, it is necessary to recognize informal organization in order to create workable structures. However, informal organization can fail, or, if already set in order, can work against mismanagement.

Formal organizations are typically understood to be systems of coordinated and controlled activities that arise when work is embedded in complex networks of technical relations and boundary-spanning exchanges. But in modern societies, formal organizational structures arise in highly institutional contexts. Organizations are driven to incorporate the practices and procedures defined by prevailing rationalized concepts of organizational work and institutionalized in society. Organizations that do so increase their legitimacy and their survival prospects, independent of the immediate efficacy of the acquired practices and procedures. There can develop a tension between on the one hand, the institutionalized products, services, techniques, policies, and programs that function as myths (and may be ceremonially adopted), and efficiency criteria on the other hand. To maintain ceremonial conformity, organizations that reflect institutional rules tend to buffer their formal structures from the uncertainties of the technical activities by developing a loose coupling between their formal structures and actual work activities. - (John Meyer and Brian Rowan, 1976)

67.3 The Hawthorne Experiments

The deviation from rule making on a higher level was documented for the first time in the Hawthorne studies (1924-1932) and called informal organization. At first this discovery was ignored and dismissed as the product of avoidable errors, until it finally had to be recognized that these unwritten laws of work of everyday life often had more influence on the fate of the enterprise than those conceived on organizational charts of the executive level. Numerous empirical studies in sociological organization research followed, ever more clearly proving this, particularly during the Human Relations Movement. It is important to analyze informal structures within an enterprise to make use of positive innovations, but also to be able to do away with bad habits that have developed over time.

67.4 Reasons for informal organization

There are many different reasons for informal organization:

- Informal standards: personal goals and interests of workers differ from official organizational goals.
- Informal communication: changes of communication routes within an enterprise due to personal relations between coworkers.
- Informal group: certain groups of coworkers have the same interests, or (for example) the same origin.
- Informal leaders: due to charisma and general popularity, certain members of the organization win more influence than originally intended.
- Different interests and preferences of coworkers.
- Different status of coworkers.
- Difficult work requirements.
- Unpleasant conditions of work.

Managerial organization theory often still regards informal organization as rather disturbing, but sometimes helpful. In the opinion of systems theory and cybernetics, however, formal organization fades into the background and only serves, if necessary, to supplement or to correct. Changes in structure always redevelop because of the conduct and differences among coworkers, and the ability of self-organization is recognized as a natural characteristic of a social system.
67.5 References

This article originated as a translation of the corresponding article in the German-language Wikipedia. Retrieved November 21, 2004. That article gave the following references:


67.6 External links

- *Institutionalized Organizations: Formal Structure as Myth and Ceremony*
Chapter 68

Four-day week

A **four-day week** is an arrangement where a workplace or school has its employees or students work or attend school over the course of four days rather than the more customary five. * [1] This arrangement can be a part of flexible working hours, and is sometimes used to cut costs.

In 2008, employees of the **Utah** state government all began working ten-hour days from Monday to Thursday. * [2] [3] By closing state government offices on Fridays, the state expected to save on operating costs such as electricity, heat, air conditioning, and gasoline for state-owned vehicles. * [3] Many local governments have had alternative schedules for many years. * [4] [5] [6]

Public schools in Hawaii closed on 17 Fridays in 2010. * [7] Over 100 school districts in rural areas in the United States changed the school week to a four-day week; most also extended each school day by an hour or more. * [8] [9] The changes were often made in order to save money on transportation, heating, and substitute teachers. * [8]

### 68.1 See also

- Furlough
- 35-hour workweek

### 68.2 References


Chapter 69

Free and open-source ATS

69.1 Free and open-source applicant tracking system software

69.1.1 Why this comparison?

The world of free and open applications for candidate tracking is submerged by many vendors offering low-end cut-down versions of their commercial product. It is extraordinarily difficult to find genuinely free and open source projects with no affiliation that can be used as an ATS.

69.2 See also

- Human resource management

69.3 External links

- Five of the best free HR Management applications
- Opencats ATS software
- YAWIK
Chapter 70

Fresh tracks

Fresh Tracks, is a training and events business based in Hertfordshire, United Kingdom. The company delivers programmes worldwide with particular emphasis on United Kingdom, mainland Europe and the United Arab Emirates.

70.1 History

The business was founded in 1991 by Dan Collins focusing on designing and delivering experiential learning activities. In 1997, responding to a brief from Pepsi Co, Fresh Tracks created the Chocolate Challenge, a team building exercise based around creating a brand of boxed chocolates. Further exercises have since been created for both corporate clients and a number of TV shows, including The Paul O’Grady Show[1]) and Big Brother.

Having observed that trust is a primary factor in the success or demise of teams and customer relationships, Fresh Tracks teamed up with a former client David Thompson in 2007 to write: Trust Unwrapped, A story of Ethics, Integrity and Chocolate, (ISBN 978-0-9558024-0-9) a combination of business text book and fable.

In 2009 a study into the personalities of brands resulted in the production of Innocent Success (released by Video Arts[2]) which is a training film that goes behind the scenes at smoothie maker innocent to explore how their culture has impacted growth.

70.2 Fresh Charitable Trust

The Fresh Charitable Trust is a UK registered charity which supports education and enterprise in the UK and Africa. It was set up in 2005 ‘with the idea of advancing education’. The majority of funding goes to overseas projects.

70.3 References


70.4 External links

- http://www.freshtracks.co.uk/
Chapter 71

Functional job analysis

Functional job analysis (FJA) is a method of job analysis that was developed by the Employment and Training Administration of the United States Department of Labor. FJA produces standardized occupational information specific to the performance of the work and the performer.¹

Quantitative approach to job analysis that utilizes a compiled inventory of the various functions or work activities that can make up any job and that assumes that each job involves three broad worker functions: (1) data (2) people (3) things.

The most recent version of FJA uses seven scales to describe what workers do in jobs: (1) Things, (2) Data, (3) People, (4) Worker Instructions, (5) Reasoning, (6) Math, and (7) Language.

²

71.1 References


Chapter 72

Functional leadership model

Functional leadership theory (Hackman & Walton, 1986; McGrath, 1962) is a particularly useful theory for addressing specific leader behaviours expected to contribute to organizational or unit effectiveness. This theory argues that the leader's main job is to see that whatever is necessary to group needs is taken care of; thus, a leader can be said to have done their job well when they have contributed to group effectiveness and cohesion.

Functional theories of leadership are developed by studying successful leaders and identifying the actions and be-
behaviours they show. Large studies with lots of data make it possible to correlate what leaders actually do, i.e. their actions or functions with their successful results.

In the Functional Leadership model, leadership does not rest with one person but rests on a set of behaviours by the group that gets things done. Any member of the group can perform these behaviours, so any member can participate in leadership. The Functional theory of leadership, places greater emphasis on how an organisation or task is being led rather than who has been formally assigned a leadership role.

One of the best known and most influential of functional theories of leadership, used in many leadership development programmes, is John Adair's "Action-Centred Leadership".

John Adair developed a model of Action-Centred Leadership has connecting circles that overlap because:

- the task can only be performed by the team and not by one person
- the team can only achieve excellent task performance if all the individuals are fully developed
- the individuals need the task to be challenged and motivated

Adair’s model challenged trait theory by focusing on what leaders do. He showed that leadership could be taught and did not depend on the traits a person had.

The 8 Functions of Leadership

Adair noted the following 8 key functions for which team leaders are responsible. (Examples are given in brackets)

1. **Defining the task**, (by setting clear objectives through SMART goals)
2. Planning, (by looking at alternative ways to achieve the task and having contingency plans in case of problems)
3. **Briefing the team**, by (creating the right team climate, fostering synergy, and making the most of each individual through knowing them well)
4. Controlling what happens, (by being efficient in terms of getting maximum results from minimum resources)
5. **Evaluating results**, (by assessing consequences and identifying how to improve performance)
6. **Motivating individuals**, (by using both external motivators such as rewards and incentives as well as eliciting internal motivators on the part of each team player)
7. **Organising people**, (by organising self and others through good time management, personal development, and delegation)
8. **Setting an example**, (by the recognition that people observe their leaders and copy what they do).

Criticism of the Model

Some people consider Adair’s Three Circles Model too simplistic and to be outdated as it was developed in the 1970s

Implications for the nature versus nurture debate

This question of whether leaders are born or made is part of the whole question of whether human behaviour is due to nature or nurture. It is a short leap from functional leadership theory, to the belief that if one person can do something, then others can also learn to do it. The implication that leaders are made and not necessarily born with the necessary traits for leadership, opened up the possibility of leadership development.

References

- [http://www.johnadair.co.uk/profiles.html](http://www.johnadair.co.uk/profiles.html)
• Development, Washington, D.C.
Chapter 73

The Giving of Orders

_The Giving of Orders_ is a 1926 essay by Mary Parker Follett.[1] In it, she addresses issues of authority in business management, specifically how managers can gain influence over informal groups that naturally form in the workplace.[2] She found that people respond more to situations than to top-down orders and managers should give people the means and willingness to respond to given situations instead of merely giving orders: “My solution is to depersonalize the giving of orders, to unite all concerned in a study of the situation, to discover the law of the situation, and obey that.”[1]

73.1 Contemporary context

Follett’s work came during the height of Frederick Taylor’s Scientific Management movement, which advocated the “one right way” for tasks to be performed, and Max Weber’s view that direct hierarchy was the best form of leadership for larger organizations.[3] The Giving of Orders challenged both of these paradigms and presented an alternative to purely top-down hierarchy in management.[4]

73.2 References


Chapter 74

Global Human Resource Forum

The Global Human Resources Forum (aka. Global HR Forum and GHR Forum) is a non-profit foundation best known for its annual international conference in Seoul, South Korea, which brings together opinion leaders, business executives, policy makers, intellectuals and journalists to discuss pressing issues facing the world, especially education, human resources development and talent management.

Throughout the forum, the Global HR Forum produces a series of meetings, workshops and closed roundtables. For examples, International Education Minister Roundtables, University President Roundtables, Higher-Education Collaboration Meeting, Regional SME Meeting, UNESCO Ministerial Workshop, World Bank Policy-maker Workshop, UNESCO Technical and Vocational Education & Training Expert Meeting, Global HR/Education Index Reports, Global HR/Education Media Campaign, etc. [1]

74.1 Background

As globalization has rapidly changed our lives, the boundaries between countries have disappeared and movement of human resources from one country to another has become commonplace. Accordingly, international organizations, governments, corporations, and individuals are required to be globally competitive. The reason global competitiveness of human resources is a key issue is that now everyone, and not just a small number of elites in specialized fields, must compete to survive in the world. Because human resources are the foundation where the prosperity of individuals, businesses, society, and the world is built upon, the governments, businesses, and educational institutions must join efforts to improve the education, training, and utilization of human resources. Due to this, the Korea Economic Daily, Korean Ministry of Education, and Korea Research Institute for Vocational Education and Training recognized the needs for international cooperation and collaboration, and initiated the Global HR Forum in collaboration with the private sector in 2006.

74.2 History

The Korean government recognized the need for international cooperation and collaboration, and as a result initiated the Global HR Forum 2006 in collaboration with the private sector. Over 3,000 people attended the 1st Global HR Forum and including the heads of renowned universities and leaders of private, public, and international institutions. Notable speakers include entrepreneurs such as Bill Gates, the founder and chairman of Microsoft; Paul Wolfowitz, President of the World Bank with heads of OECD, UNESCO, and other related international organizations; high ranking government officials such as Bertel Haarder, the education minister of Denmark; and scholars such as Robert Barro, professor at Harvard University.

The Global HR Forum 2007 started off with video lectures by Bill Clinton, former President of U.S.A., Óscar Arias Sánchez, former President of Costa Rica, and Ki-Moon Ban, Secretary-General of the UN. Over 4000 participants gathered to hear the messages from more than 150 prominent global leaders from 35 countries. Speakers include Richard Holbrooke, former U.S. Ambassador to the United Nations, Francis Fukuyama, Professor of Johns Hopkins University, Ben Verwaayen, President of British Telecom, as well as the CEOs and CHO of companies such as Goldman Sachs, BMW, Boeing, and Walt Disney Studios. Representatives of governments such as the Minister of
Culture of Sudan, the Minister of Education of Iraq, Bulgaria’s Vice Minister for Education and other high-ranking officials from involved with Education and Culture were present, and representatives of the OECD, World Bank, and ALECSO also participated as speakers.

The 3rd Global HR Forum held in 2008, kicked off with video speeches by Jack Welch, former CEO of GE, and Craig R. Barrett, CEO of Intel. Other participants include Martin Feldstein, former Chairman of the NBER, Jean Robert Pitte, president of the University of Paris-Sorbonne, Jozef M. Ritzen, president of the University of Maastricht, Nicolas R. Burnett, Assistant Director-General of Education for UNESCO, and the CEOs and CHOs of companies such as Pfizer, HP, IBM, Motorola, Dupont and Corning.

The Global HR Forum in 2009 began with a video presentation by the President of the Republic of Korea, Myung-Bak Lee. Other speakers include, Former German Prime Minister Gerhard Schroeder known for leading Germany to
Keynote Address of Global HR Forum 2009

an economic boom post reunification; Fred Bergsten, Director of the Peterson Institute for International Economics, leading authority on the global economic outlook; the world's leading HR theorist Dave Ulrich, Professor at the University of Michigan; David Skorton, President of Cornell University; Tan Chorh Chuan, President of the National University of Singapore; Atsushi Seike, President of Keio University, senior government officials of education, science and technology, and culture from over 65 countries; major university presidents; globally recognized scholars; as well as the CEOs of multinational firms presented at the forum.

Keynote Address of Global HR Forum 2009

The slogan for the 5th Global HR Forum held in October 26–28, 2010 was “Open and Ready for Tomorrow.” 200 speakers from 52 countries participated in the forum and notable speakers include Allan Greenspan, former Chairman of the FRB; Jacque Attali, President of PlaNet Finance; Joseph Polisi, President of the Juilliard School; Tony Little, Headmaster of Eton College; Nobel Economics Prize Laureate Robert Mundell, Professor of Economics
at the University of Columbia; Jeffrey Pfeffer, Professor of Organizational Behavior at Stanford University; and Franci Phelan, CHRO of the Bill and Melinda Gates Foundation. World-class scholars and global CEOs discussed issues such as the new world economic order post-crisis, balanced growth, development of creative talent, and management of a just society. The responses from participants of the forum were very positive and many of the participating companies found the forum helpful in establishing vision and gaining the insight needed to finding a solution for human resource development. In particular, financial support from the World Bank and UNESCO made it possible to invite 50 state level officials from 12 Asia-Pacific region countries to hold a forum for Education Ministers of developing countries together with a training program for policy makers in the East Asia and the Pacific region. The two events opened a channel to extensively discuss the ways in which governments could harness education and develop human resources to combat problems such as hunger, disease, income disparities, high elderly population, low economic growth, climate change, and energy supply issues in order to improve the quality of life.

**Keynote Address of Global HR Forum 2011**

“Smart Education: Reinventing the future” was the theme of the 6th Global HR Forum, which was held on the first three days of November in 2011. More than 120 speakers from 60 countries attended, and notable speakers who participated in the forum include Yukio Hatoyama (The 93rd Prime Minister of Japan), Paul Volcker (Former Chairman, US Presidential Economic Recovery Advisory Board), Steve Coll (President, New America Foundation), Russ Hagey (Vice-President, Bain & Company), Ian White (Vice-Chancellor, Cambridge University), Lars Pallesion (President, DTU), Francis Fukuyama (Professor, Stanford University), Santiago Inguez (Dean, IE Business School), Judy Olian (Dean, UCLA Anderson School of Management) and Milton Chen (Executive Director, George Lucas Education Foundation). This year, renowned world scholars and CEOs of global companies noted that increasingly rapid social change has made predicting the future more difficult, and consequently it is necessary to abandon hide-bound practices and ways of thought. Instead, they discussed ways to develop human resources, prepare for the future, and identify global economic trends and prospects. The potential talent development based solutions for dealing with future uncertainties proposed by participants of the last forum were collected and distilled into seven articles and published as the "Seoul Initiative,” to further promote human resource development. The “Seoul Initiative” contains ways to develop talent through close collaboration between government, institutions of higher learning, and businesses, and details several approaches to increase global cooperation by utilizing talent and information sharing. During the forum, major universities and institutions of learning around the world expressed their interest in participating in the ‘Global Leadership Program (GLP),’ a program initiated by the Korean Economic Daily. Furthermore, a policymaker training program, funded by World Bank and UNESCO, was offered to 80 senior ranking officials of developing nations from 18 Asian and African states. During this portion of the forum, participants discussed how to utilize education to develop the human capital needed to solve problems that will face all of mankind in the future, such as hunger, disease, income disparity, low growth, aging, climate change, and dwindling natural resources.

Last year, during the 7th Global HR Forum, interesting discussions and presentations were made under the theme of
“Better Education, the Best Welfare”. We live in the midst of a global economic downturn and increased polarization of wealth. And our organizers believed that the best way for the socially and economically disadvantaged group to escape poverty was equipping them with the means to survive on their own and the best form of welfare could be achieved by better education policies and practices. In order to share the experiences and discuss the solutions, we invited renowned experts and head of organizations from various fields including Gordon Brown (Former Prime Minister of the United Kingdom), Daniel Shapiro (Professor, Harvard University), Anne Krueger (Professor, Johns Hopkins University/ First Female Deputy Managing Director, IMF), Elisabet Dahle (Deputy Minister, Norwegian Ministry of Education), Feridun Hamdullahpur (President, University of Waterloo), Roger H. Brown (President, Berklee College of Music), André J. Cointreau (President, Le Cordon Bleu International), Sujitha Karmad (Senior Vice President, Tech Mahindra) and Toyohiko Aoki (President, Aoki Co., LTD) and Mmantsetsa Marope (Director of Basic to Higher Education and Learning, UNESCO).

74.3 Objectives

1. Find solutions for the major on-going global issues that the entire human race is facing
2. Share creative, valuable experiences and cases of human resources development in government, public and private sectors
3. Discuss significant factors of human resources development for the future generations in terms of global perspectives

74.4 Historic Themes

- 2014 "Human Resources for Trust and Integration" (Nov 4–6, Sheraton Grande Walkerhill Hotel, Seoul, South Korea) [*2]
- 2013 "Beyond Walls" (Nov 5–7, Sheraton Grande Walkerhill Hotel, Seoul, South Korea) [*3]
Keynote Address of Global HR Forum 2012

- 2011 "Smart Education: Reinventing the future" (Nov 1~3, Sheraton Grande Walkerhill Hotel, Seoul, South Korea) [6][7]
- 2010 "Open and Ready for Tomorrow" (Oct 26~28, Sheraton Grande Walkerhill Hotel, Seoul, South Korea) [8]
- 2009 "Creative Education for All" (Nov 3~5, Sheraton Grande Walkerhill Hotel, Seoul, South Korea) [9]
- 2008 "Creative Talents for Global Collaboration" (Nov 4~6, Grande InterContinental Hotel, Seoul, South Korea) [10]
- 2007 "HR Solutions for the Next Generation" (Oct 23~25, Grande InterContinental Hotel, Seoul, South Korea) [11]
- 2006 "Global Talent, Global Prosperity" (Nov 8~10, Grande InterContinental Hotel, Seoul, South Korea)

### 74.5 Forum Composition

1. The 1st day of the forum has education tour programs and invitation-only welcome reception (18:00~20:00).
2. The 2nd day consists of: (a) an opening ceremony; (b) keynote speech; (c) plenary sessions; and (d) special sessions.
3. The 3rd day consists of four tracks, each with four breakout sessions. The four tracks are classified as follows: (a) Track A: School Education and HR; (b) Track B: Corporate Education and HR; and (c) Track C: Vocational Capacity Development and HR, and (d) Track D: independent sessions on Specialized Education and HR.

### 74.6 Co-organizers

There are three co-organizers for the Global HR Forum:

1. The Korea Economic Daily(KED) [12]
2. Ministry of Education *[13]*

3. The Korea Research Institute for Vocational Education and Training(KRIVET) *[14]*

### 74.7 Content Contributors

International organizations such as World Bank, UNESCO, and OECD partner up with the Global HR Forum.

From academics and associations, for example, British Council, Asia-Pacific Association for International Education (APAIE), Korea Student Aid Foundation, Korea Council for University Education, Korea Council for University College Education, Korea Invention Promotion Association (KIPA), National Institute for Lifelong Education (NILC), Korea Education and Research Information Service (KERIS), Korean Educational Development Institute (KEDI), Korea Council for University Education, and Korea Education Research Association (KERA) participate as content partners.

Private firms such as McKinsey & Company, Mercer, Boston Consulting Group, Bain & Company, IBM, Deloitte, Accenture, Towers Watson, Mercer, AON Hewitt, Hay Group, Korn Ferry International, Heidrick & Struggles etc. make recommendations on the latest issues with regards to human resources development and talent management.

### 74.8 Former Speakers

Some 200+ speakers from 60+ countries participate in the Global HR Forum each year.

Some 1000 speakers participated in the Global HR Forum since 2006. They include Ban Ki-moon (United Nations Secretary-General), Park Geun-hye (President of the Republic of Korea), Lee Myung-Bak (former President of the Republic of Korea), Bill Clinton (former President of the United States), Oscar Arias Sanchez (former President of Costa Rica), Gerhard Schroeder (former Chancellor of Germany), Yukio Hatoyama (former Prime Minister of Japan), Gordon Brown (former Prime Minister of the United Kingdom), Ehud Barak (former Prime Minister of Israel), Jacques Attali (President of PlaNet Finance), Jack Welch (Former CEO of GE), Bill Gates (Chairman of Microsoft), Ben Verwaayen (CEO of British Telecom), Craig Barrett (Chairman of the Board of Intel Corporation), Hans Paul Buerkner (Chairman of Boston Consulting Group), Yigal Erlich (Chairman of The Yozma Group), C. Fred Bergsten (Director of Peterson Institute for International Economics), Alan Greenspan (former Chairman of Federal Reserve Board), Paul Volcker (former Chairman of U.S. President’s Economic Advisory Board), Mark S. Wrighton (Chancellor of Washington University in St. Louis), Jean Robert Pitte (former President of University of Paris-Sorbonne), David J. Skorton (President of Cornell University), Richard K. Miller (President of Franklin W. Olin College of Engineering), Ralph A. Eichler (President of ETH Zurich), Tan Chorh Chuan (President of National University of Singapore), Atsushi Seike (President of Keio University), Joseph Polisi (President of the Juilliard School), Tony Little (Headmaster of Eton College), Roger H. Brown (President of Berklee College of Music), Feridun Hamdullahpur (President of University of Waterloo), Martin Feldstein (Professor, Harvard University), Pradeep Khosla (Chancellor, University of California-San Diego), Paul Thompson (Rector, Royall College of Art), Nigel Carrington (Vice Chancellor, University of the Arts London), Robert J. Barro (Professor of Harvard University), Robert Mundell (Professor of Economics, University of Columbia), Anne Krueger (former First Deputy Managing Director of IMF), Dave Ulrich (Professor of Business, University of Michigan), Harry C. Katz (Dean of Industrial and Labor Relations, Cornell University), Jeffrey Pfeffer (Professor of Organizational Behavior, Stanford University), Daniel Shapiro (Founder of Harvard International Negotiation Program), Richard Holbrooke (Former U.S. Ambassador to the United Nations), Francis Fukuyama (Professor of Johns Hopkins University), Steve Coll (President of New America Foundation), Michele Wucker (President of World Policy Institute), Milton Chen (Executive Director of the George Lucas Educational Foundation), Regis Kelly (Director, California Institute for Quantitative Bioscience(QB3)), Timothy Trainor (Brigadier General & Dean of the Academic Board, United States Military Academy, West Point, US Army)

### 74.9 Audience

Audience for Global HR Forum is by invitation-only and they include largely business leaders and some cabinet ministers, senior officials of international organizations, leaders from academic institutions and think thanks, diplomats, heads of state or government, doctoral students, and alike.
Some 2,000+ attended in the first year of Global HR Forum 2006 and 3,000 in the 2nd year of 2007. Since the year of 2008, some 5,000+ people have attended the Global HR Forum each year.

The Global HR Forum is a non-profit event and attendance is typically by invitation and pre-approval only. Therefore, there are no fees involved to attend the Global HR Forum for which include the keynote address, plenary sessions,
breakout sessions and special lectures. For attendees who are not invited to the forum submit applications to the secretariat in order to obtain a pre-approved complementary pass to attend the forum.
74.10 References

[1] “CREATIVE EDUCATION” PLAN FOR COOPERATION AMONG COUNTRIES IN THE ASIA
[8] Program Book of Global HR Forum 2010
[12] The Korea Economic Daily
[14] Korea Research Institute for Vocational Education & Training

74.11 External links

- Official Website
- The Forum's Youtube Channel
- The Forum's Flickr Channel
- The Forum's Facebook Channel
- The Forum's Twitter Channel
- The Forum's Slideshare Channel
- The Forum's Flipboard Channel
- The Korea Economic Daily
Chapter 75

List of human resource management graduate degree programs

This list of human resource management graduate degree programs includes professional masters degrees concentrated in industrial relations and human resource management. Due to the evolution of HR over the years, degree programs go by different names although they cover related material.

Such programs typically have a strong general business component with an emphasis on the interrelationship between people and the workplace. These degrees may be terminal for those who plan to work in HR, labor policy, or dispute resolution; or it may serve as a specialized education for professionals in law or other functions in business administration.

In 1945, Cornell University created the world's first school for college-level education in workplace studies (the ILR School). [1] and in 1950 it offered its first professional masters degree program: Master of Industrial and Labor Relations (MILR). [2] The University of Minnesota began offering its Master of Arts in Industrial Relations degree in 1953. The name of this degree was changed to “Human Resources and Industrial Relations” in 1998. [3] Cornell and Minnesota also offer undergraduate HR programs.

75.1 Programs

Below is a list, ordered alphabetically by the name of the associated university, of programs that offer graduate degree programs in HRM. Cornell, Rutgers, University of Illinois at Urbana-Champaign and Michigan State have a school dedicated to HRM, while others offer HRM degrees within a business school or other college at the university.

75.2 References


Chapter 76

Health human resources

Health human resources ("HHR") —also known as "human resources for health" ("HRH") or "health workforce"—is defined as “all people engaged in actions whose primary intent is to enhance health" , according to the World Health Organization's World Health Report 2006."[1] Human resources for health are identified as one of the core building blocks of a health system.”[2] They include physicians, nurses, advanced practice registered nurses, midwives, dentists, allied health professions, community health workers, social health workers and other health care providers, as well as health management and support personnel – those who may not deliver services directly but are essential to effective health system functioning, including health services managers, medical records and health information technicians, health economists, health supply chain managers, medical secretaries, and others.

The field of health human resources deals with issues such as planning, development, performance, management, retention, information, and research on human resources for the health care sector. In recent years, raising awareness of the critical role of HRH in strengthening health system performance and improving population health outcomes has placed the health workforce high on the global health agenda."[3]

76.1 Global situation

Nations identified with critical shortages of health care workers

The World Health Organization (WHO) estimates a shortage of almost 4.3 million physicians, midwives, nurses and support workers worldwide.[1] The shortage is most severe in 57 of the poorest countries, especially in sub-Saharan Africa. The situation was declared on World Health Day 2006 as a “health workforce crisis” – the result of decades of underinvestment in health worker education, training, wages, working environment and management.
Shortages of skilled health workers are also reported in many specific care areas. For example, there is an estimated shortage of 1.18 million mental health professionals, including 55,000 psychiatrists, 628,000 nurses in mental health settings, and 493,000 psychosocial care providers needed to treat mental disorders in 144 low- and middle-income countries.\[^{4}\] Shortages of skilled birth attendants in many developing countries remains an important barrier to improving maternal health outcomes. Many countries, both developed and developing, report maldistribution of skilled health workers leading to shortages in rural and underserved areas.

Regular statistical updates on the global HHR situation are collated in the WHO Global Atlas of the Health Workforce.\[^{5}\] However the evidence base remains fragmented and incomplete, largely related to weaknesses in the underlying human resource information systems (HRIS) within countries.\[^{6}\]

In order to learn from best practices in addressing health workforce challenges and strengthening the evidence base, an increasing number of HHR practitioners from around the world are focusing on issues such as HHR advocacy, surveillance and collaborative practice. Some examples of global HRH partnerships include:

- Health Workforce Information Reference Group (HIRG)
- Global Health Workforce Alliance

### 76.2 Health workforce research

Health workforce research is the investigation of how social, economic, organizational, political and policy factors affect access to health care professionals, and how the organization and composition of the workforce itself can affect health care delivery, quality, equity, and costs.

Many government health departments, academic institutions and related agencies have established research programs to identify and quantify the scope and nature of HHR problems leading to health policy in building an innovative and sustainable health services workforce in their jurisdiction. Some examples of HRH information and research dissemination programs include:

- *Human Resources for Health* journal
- HRH Knowledge Hub, University of New South Wales, Australia
- Center for Health Workforce Studies, University of Albany, New York
- Canadian Institute for Health Information: *Spending and Health Workforce*
- Public Health Foundation of India: *Human Resources for Health in India*
- National Human Resources for Health Observatory of Sudan
- OECD Human Resources for Health Care Study

### 76.3 Health workforce policy and planning

In some countries and jurisdictions, health workforce planning is distributed among labour market participants. In others, there is an explicit policy or strategy adopted by governments and systems to plan for adequate numbers, distribution and quality of health workers to meet health care goals. For one, the International Council of Nurses reports:\[^{7}\]

> The objective of HHRP [health human resources planning] is to provide the right number of health care workers with the right knowledge, skills, attitudes and qualifications, performing the right tasks in the right place at the right time to achieve the right predetermined health targets.

An essential component of planned HRH targets is *supply and demand* modeling, or the use of appropriate data to link population health needs and/or health care delivery targets with human resources supply, distribution and productivity. The results are intended to be used to generate evidence-based policies to guide workforce sustainability.\[^{8}\]\[^{9}\]
In resource-limited countries, HRH planning approaches are often driven by the needs of targeted programmes or projects, for example those responding to the Millennium Development Goals.\[10\]

The WHO Workload Indicators of Staffing Need (WISN) is an HRH planning and management tool that can be adapted to local circumstances.\[11\] It provides health managers a systematic way to make staffing decisions in order to better manage their human resources, based on a health worker’s workload, with activity (time) standards applied for each workload component at a given health facility.

### 76.3.1 Global Code of Practice on the International Recruitment of Health Personnel

The main international policy framework for addressing shortages and maldistribution of health professionals is the Global Code of Practice on the International Recruitment of Health Personnel, adopted by the WHO’s 63rd World Health Assembly in 2010.\[12\] The Code was developed in a context of increasing debate on international health worker recruitment, especially in some higher income countries, and its impact on the ability of many developing countries to deliver primary health care services. Although non-binding on Member States and recruitment agencies, the Code promotes principles and practices for the ethical international recruitment of health personnel. It also advocates the strengthening of health personnel information systems to support effective health workforce policies and planning in countries.

### 76.4 See also

- Health systems
- Health care providers
- Human resources for health information systems
- Interprofessional education and collaborative practice in health care
- Physician shortage / Nursing shortage
- Human Resources for Health, open access journal
- Canada’s Health Care Providers, 2007, published by the Canadian Institute for Health Information
- NHS National Workforce Projects, part of the English National Health Service

### 76.5 References


### 76.6 External links

- World Health Organization programme of work on health human resources
- Human Resources for Health Databases, Canadian Institute for Health Information
- Human resources for health in developing countries – a dossier from the Institute for Development Studies
- Compendium of tools and guidelines for HRH situation analysis, planning, policies and management systems
- Online community of practice for HRH practitioners on strengthening health workforce information systems
- Human Resources for Health Global Resource Center- largest online collection of HRH research and materials, supported by the IntraHealth International-led CapacityPlus project
- HRIS strengthening implementation toolkit
- Africa Health Workforce Observatory
- CapacityPlus--the USAID-funded global project uniquely focused on the health workforce needed to achieve the Millennium Development Goals.
Chapter 77

Hemsley Fraser

*Hemsley Fraser* is a learning and development company, with offices in the UK (London and Plymouth), the USA (Washington DC) and Australia (Brighton). It provides open training courses, in-company and customised learning programmes, consulting services and managed learning services. Founded in 1991, Hemsley Fraser provides access to over 2000 courses in 12 countries worldwide and works with 36 percent of Fortune Global 500 corporations.\(^1\)

In 2008, Hemsley Fraser was acquired by France-based training group Demos.\(^2\)

77.1 Learning and development portfolio

Hemsley Fraser provides 250 open training courses, on leadership, management, personal effectiveness, project management, sales and service. It has a central London training centre, in Grosvenor Place, and a Washington DC training centre on Sumner Square.

The company also provides:\(^3\)

- In-company and custom learning programmes
- Coaching and talent management
- Managed learning services/outsourcing
- Consultancy on people management-related issues and learning & development strategy
- E-learning

77.2 Accreditations & Partnerships

- Investors in People: Hemsley Fraser has the Investors in People Standard for achieving success through people.
- Chartered Management Institute
- The Institute of Leadership and Management
- Association for Project Management
- PRINCE2®
- MSP® Programme Management
- MoR® Management of Risk
77.3 About the parent company Demos Group

Established in 1972 and headquartered in Paris, France - Demos is a global provider of learning and development, with subsidiaries and operations in France, UK, USA, Spain, Portugal, Germany, Switzerland, Belgium, Poland, Czech Republic, Morocco, Algeria, China and Australia. It has 650 employees and a network of over 3,000 trainers.

77.4 References


77.5 External links

- Hemsley Fraser UK website
- Hemsley Fraser USA website
- Hemsley Fraser Australia website
Chapter 78

Herrmann Brain Dominance Instrument

The Herrmann Brain Dominance Instrument (HBDI) is a system to measure and describe thinking preferences in people, developed by William “Ned” Herrmann while leading management education at General Electric’s Crotonville facility. It is a type of cognitive style measurement and model, and is often compared to psychological assessments such as the Myers-Briggs Type Indicator,\(^1\)\(^2\) Learning Orientation Questionnaire,\(^3\) DISC assessment,\(^4\) and others.\(^5\)

78.1 Brain Dominance Model

In his brain dominance model, Herrmann identifies four different modes of thinking:

- **A. Analytical thinking**
  
  Key words: Auditive, logical, factual, critical, technical and quantitative.
  Preferred activities: collecting data, analysis, understanding how things work, judging ideas based on facts, criteria and logical reasoning.

- **B. Sequential thinking**
  
  Key words: safekeeping, structured, organized, complexity or detailed, planned.

- **C. Interpersonal thinking**
  
  Key words: Kinesthetic, emotional, spiritual, sensory, feeling.
  Preferred activities: listening to and expressing ideas, looking for personal meaning, sensory input, and group interaction.

- **D. Imaginative thinking**
  
  Key words: Visual, holistic, intuitive, innovative, and conceptual.
  Preferred activities: Looking at the big picture, taking initiative, challenging assumptions, visuals, metaphoric thinking, creative problem solving, long term thinking.

His theory was based on theories of the modularity of cognitive functions, including well-documented specializations in the brain’s cerebral cortex and limbic systems, and the research into left-right brain laterilization by Roger Wolcott Sperry, Robert Ornstein, Henry Mintzberg, and Michael Gazzaniga.\(^6\) These theories were further developed to
Herrmann also coined the concept Whole Brain Thinking as a description of flexibility in using thinking styles that one may cultivate in individuals or in organizations allowing the situational use of all four styles of thinking.”[7]

78.1.1 The Herrmann Brain Dominance Instrument

The format of the instrument is a 120 question online test, which claims to determine which of the model's four styles of thinking is a dominant preference. More than one style may be dominant at once in this model.[8][9] For example, in Herrmann's presentation a person may be dominant in both analytical and sequential styles of thinking but be weaker in interpersonal or imaginative modes, though he asserts all people use all styles to varying degrees.

A 1985 dissertation by C. Bunderson, currently CEO of the non-profit EduMetrics Institute[10] asserts that “four stable, discrete clusters of preference exist”. “scores derived from the instrument are valid indicators of the four clusters”. and “The scores permit valid inferences about a person's preferences and avoidance for each of these clusters of mental activity”.[11]

78.1.2 Consulting & Training

Based on the instrument and model, organizations such as Herrmann International and Herrmann Institute offer consulting and solutions (including workshops, programs, books and games) to improve personal or group communication, creativity, and other benefits.[12][13][14]

78.2 Critiques

78.2.1 Self Reporting

Measurements that require people to state preferences between terms have received criticism. Researchers C. W. Allinson and J. Hayes, in their own 1996 publication of a competing cognitive style indicator called Cognitive Style Index[15] in the peer reviewed Journal of Management Studies, noted that “there appears to be little or no published independent evaluation of several self-report measures developed as management training tools. [including] Herrmann Brain Dominance Instrument.”[16] However, some find usefulness in self reporting measurements. Researchers G.P. Hodgkinson and E. Sadler-Smith in 2003 found cognitive style indicators generally useful for studying organizations.[15] However in a critique of the Cognitive Style Index indicator they opined that progress in the field had been “hampered by a proliferation of alternative constructs and assessment instruments” many unreliable with a lack of agreement over nomenclature.[15]

To measure self-report consistency, a differential item functioning review of HBDI was published in 2007 by Jared Lees. However, his tests were supported by EduMetrics, a company on contract with Herrmann International to evaluate the system, and were therefore not completely independent.[17]

78.2.2 Lateralization

Herrmann International describes an underlying basis for HBDI in the lateralization of brain function theory championed by Gazzaniga and others that associates each of the four thinking styles with a particular locus in the human brain.[18] Analytical and sequential styles are associated with left brain and interpersonal and imaginative styles are associated with right brain, for example. Ned Herrman described dominance of a particular thinking style with dominance with a portion of a brain hemisphere.[7]

The notion of hemisphere dominance attracted some criticism from the neuroscience community, notably by Terence Hines who called it “pop psychology” based on unpublished EEG data.[19][20] He asserts that current literature instead found that both hemispheres are always involved in cognitive tasks[19] and attempting to strengthen a specific hemisphere does not improve creativity, for example.[21] Hines stated "No evidence is presented to show that these
'brain dominance measures' measure anything related to the differences between the two hemispheres. In other words, no evidence of validity [of hemisphere dominance] is presented.”[9]

78.2.3 Creativity

Herrmann offered creativity workshops based on strengthening particular thinking styles and strengthening the right hemisphere, which received critiques that creativity is not localized to a particular thinking style nor to a particular hemisphere. [22] [23]

A study published in the peer reviewed Creativity Research Journal in 2005 by J. Meneely and M. Portillo agreed that creativity is not localized into a particular thinking style, such as a right-brain dominance resulting in more creativity. They did however find correlation between creativity in design students based on how flexible they were using all four thinking styles equally as measured by the HBDI. When students were less entrenched in a specific style of thinking they measured higher creativity using Domino’s Creativity Scale (ACL-Cr).[24]

78.3 References

[6] European Herrmann Institute FAQ
[12] HBDI Services
[13] Herrmann International web site
[14] Herrmann Institute web site


• Herrmann, Ned (1999) The Theory Behind the HBDI and Whole Brain Technology pdf


• Krause, M. G. (1987, June). A comparison of the MBTI and the Herrmann Participant Survey. Handout from presentation at APT-VII, the Seventh Biennial International Conference of the Association for Psychological Type, Gainesville, FL.


78.4 Further reading


Chapter 79

HR Metric

Human Resource (HR) metrics are measurements used to determine the value and effectiveness of HR strategies. Typically includes such items as cost per hire, turnover rates/costs, training and human capital return on investment (ROI), labor/productivity rates and costs, benefit costs per employee, etc.

79.1 Efficiency of the HR functions

It is a requirement for every modern HR department to show the organizational value of money and time spent on human resources management training and activities. For human resources metrics to be effective, though, they must be the right metrics and aligned with business objectives.¹[1]

HR’s challenge is to provide business leaders with actionable information that helps them make decisions about investments, marketing strategies and new products. HR metrics are a vital way to quantify the cost and the impact of employee programs and HR processes and measure the success (or failure) of HR initiatives. They enable a company to track year-to-year trends and changes in these critical variables. It is how organizations measure the value of the time and money spent on HR activities in their organization.

The following are some of the examples on efficiency of the HR functions: (Kavanagh & Thite, 2009)²[2]

1. Cost per hire: It is the cost associated with a new hire. It is not only important to know how much it cost in hiring, but it is also important to see if the money spent is used to hire right people. (Boudreau; Lawler & Levenson, 2004)³[3]

2. Time to fill up the open position: It is the total days to fill up a job opening per each job. The shorter the time, the more efficient of the HR department in finding the replacement for the job

3. HR expense factor: It is the ratio between total company expense and HR expense. It shows if the expenses on HR practices are too much in terms of the whole company expense.

HR’s challenge is to provide business leaders with actionable information that helps them make decisions about investments, marketing strategies and new products. HR metrics are a vital way to quantify the cost and the impact of employee programs and HR processes and measure the success (or failure) of HR initiatives. They enable a company to track year-to-year trends and changes in these critical variables. It is how organizations measure the value of the time and money spent on HR activities in their organization.

79.2 2nd kind of metrics: Effectiveness of the HR functions

It shows whether the HR practices have a positive effect on the employees or the applicant pool. This is very important for HR because they are regarded as the leader for acquiring, developing and helping to deploy talent. (Boudreau; Lawler & Levenson, 2004)⁴[4]

The following are some of the examples on effectiveness of the HR functions: (Kavanagh & Thite, 2009)⁵[5]

1. Training ROI: It is the total financial gain an organization have from a particular training. It shows the effectiveness of the training program and how much it can benefit to the company after the training.
2. Absent rate: It determines the company is having an absent problem from the employees. It also reflects the effectiveness of the HR policies as well as the company’s own policies. It always goes along with employee satisfaction.

### 79.3 3rd kind of metrics: Developing company’s core competency

It helps to demonstrate the connection between HR practices and the tangible effects on organization’s abilities to gain and sustain their competitive advantages. This approach often treats employees as their human capital instead of the expense. (Boudreau; Lawler & Levenson, 2004)

The following are some of the examples on effectiveness of the HR functions: (Kavanagh & Thite, 2009) [6]

1. Revenue factor: It indicates the effectiveness of company operation with the use of the employees as their human capital.
2. Defects rate: It indicates the number of defective products in the operation. The lower the defect rate, the more effective the HR practices in developing companies’ core competency in terms of reducing cost.

### 79.4 HR metric & Human Capital

Human Capital is another big topic in nowadays HR practices. HR no longer only accesses their effectiveness and efficiency and the contribution to the company, but also they are starting to measure how those practices can positively affect the human capital (employees) in the organization. “Based on corporate culture, organizational values and strategic business goals and objectives, human capital measures indicate the health of the organization.” [7](Lockwood, 2006)

There is a special tool for HR to measure the human capital and it is called Key Performance Indicators (KPIs). It helps measure human capital outcomes, such as talent management, employee engagement and high performance, illustrates the firm’s business, financial and strategic goals, and promotes partnership with senior management for organizational success.” [8](Lockwood, 2006) Nowadays, HR people integrated the traditional metrics to KPI which aligned with the cooperate objectives. The best KPIs should be able to reflect the human capital performance, such as financial outcomes, performance drivers. At the same time, when determining strategic KPIs, it is essential to consider who designs human capital measures and how they are created.” [9] (Lockwood, 2006) The best way to design a good KPI is to communicate with the company business managers who know the jobs the best in their own divisions.

To conclude, Nancy Lockwood suggests the following 5 assists that can help HR to create a better KPI. It includes involving HR in overall business strategy; Enlisting leaders outside of HR to help develop the KPIs; Collaborating with business managers to ensure KPIs link to business unit strategic goals; Focusing more attention on links between people measures and intermediate performance drivers (e.g., customer satisfaction, engagement etc.); Increasing manager acceptance through training programs and concrete action plans; Working with HR to simplify metric and automate data collection.” [10](Lockwood, 2006)

Human Capital is very important to organization because they are the people who are actually working for the organization. They build the company’s core competencies and competitive advantages to the organization. With effective management of the Human Capital, a company can achieve the maximum outputs from its own human capital and be superior to other competitors.

### 79.5 Human Resources & Metrics

People are one of the most valuable assets in an organization yet; some organizations are unaware of how many people they have in their organization. The problem with HR is that they have been held unaccountable in the initiatives and programs they promote across the organization. Typically, nobody in the organization, let alone top business leaders of the organization are aware of the impact of these programs whether, positive or negative. This is because HR leaders have not been delivering metrics that show the value of their programs or investments. HR metrics is important because it allows organizations to make the connection between the value of what HR is doing and the outcomes of the business. If HR professionals don’t measure their function’s effectiveness and providing decision-making leaders the data they need, HR will continue to be undermined and eventually sidelined when it comes to having a seat at the
Therefore, many experts urge HR professionals to use the data they have in front of them and understanding how metrics and analysis could give HR an advantage as an overall better strategic partner. This will allow them to help business leaders solve the people problems that matter to the organization.

Before HR metrics, many of the HR activities and processes were difficult to quantify, making it hard to fully understand the real employee costs associated with each HR functions. For example, “a decade ago, if someone looked for turnover rate by performance category, it could be a two-week project.” With HR metrics, more specifically Retention metrics, HR leaders are able to quantify variables such as turnover rate, average tenure, the rate of veteran worker, or the financial impact of employee turnover. These results can indicate how much separating employees is costing the company and help the company to create proactive plans to prevent future loss of top talent.

More importantly, metrics enable leaders and decision makers in organizations towards more efficient and better delivery of HR services.

79.6 HR Metrics and Data

Senior executives make decisions based on facts, not feelings or opinions. Many of the important decisions made by executives affect the business and the bottom line; therefore, in order to convince executive leaders that organizations are benefiting from their people or on the contrary, losing money and wasting resources, HR will need to provide palpable evidence. This evidence can be found in HR Metrics. The key to finding the right metrics for your organization needs is to identify the overall business needs as organizations may differ in terms of the metrics they use. Metrics used by the organization need to show data on how human capital strategy is effective and that organizations are acquiring, developing and deploying the proper talent. Organizations that have trouble deciding what metrics to use for their organizations can always enlist the help of a specialist or consultant to do a company-wide assessment on their organization.

79.7 Measuring Key Data with HR Metrics

As long as you have employees, you will have turnover, both voluntary and involuntary and any turnover experienced by the organization is money and resources being lost. Most companies have no idea the impact turnover has on the organization but when the cost of turnover is 15%, 25% or 35% of an organization’s profits, it has a big impact on organizations as a whole. By having your organization use metrics, organizations will be surprised by how much their HR functions can save on hiring, staffing, and separation costs.

Below are some suggestions for organizations interested in tracking talent through metrics should consider the following:

• Percentage of performance goals met or exceeded, showing if the organization is meeting the performance goal aligned with its mission
• Percentage of employees’ rate at the top performance appraisal level who are paid above average salary
• Percentage of top performing employees who resign for compensation related reasons
• Turnover percentages of low-performing managers
• Percentage of employees in performance management programs that show improvement within a year
• Percentage and rate of involuntary turnover in key positions

Having HR metrics is first part and a critical one and obtaining the data is another but being able make meaning and provide a compelling story as to what the data means in relation to the business strategy is just as crucial.

79.8 Software’s and Outsourcing HR Metrics

For the most part, HR professionals in many companies probably don’t need to purchase additional software to create valid metrics. The trick is knowing where to look and how to extract data. If using the correct HR information systems, most information systems should include reporting tools that can provide data on learning and performance management or financial systems. However, organizations have to ensure that the data they have uphold integrity and are quality data.
While HR systems is one way of obtaining metrics, many organizations because of lack of resources or time, or simply because they don’t know where to begin can enlist the help of a retention specialist or purchase metric systems designed solely for HR Metrics.

79.9 References

Chapter 80

Human capital

For the 2013 film, see Human Capital (film).

Human capital is the stock of knowledge, habits, social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value.

Alternatively, Human capital is a collection of resources—all the knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed individually and collectively by individuals in a population. These resources are the total capacity of the people that represents a form of wealth which can be directed to accomplish the goals of the nation or state or a portion thereof.

It is an aggregate economic view of the human being acting within economies, which is an attempt to capture the social, biological, cultural and psychological complexity as they interact in explicit and/or economic transactions. Many theories explicitly connect investment in human capital development to education, and the role of human capital in economic development, productivity growth, and innovation has frequently been cited as a justification for government subsidies for education and job skills training.

“Human capital” has been and is still being criticized in numerous ways. Michael Spence offers signaling theory as an alternative to human capital.[1] Pierre Bourdieu offers a nuanced conceptual alternative to human capital that includes cultural capital, social capital, economic capital, and symbolic capital. [2] These critiques, and other debates, suggest that “human capital” is a reified concept without sufficient explanatory power.

It was assumed in early economic theories, reflecting the context, i.e., the secondary sector of the economy was producing much more than the tertiary sector was able to produce at the time in most countries – to be a fungible resource, homogeneous, and easily interchangeable, and it was referred to simply as workforce or labor, one of three factors of production (the others being land, and assumed-interchangeable assets of money and physical equipment). Just as land became recognized as natural capital and an asset in itself, and human factors of production were raised from this simple mechanistic analysis to human capital. In modern technical financial analysis, the term “balanced growth” refers to the goal of equal growth of both aggregate human capabilities and physical assets that produce goods and services.

The assumption that labour or workforces could be easily modelled in aggregate began to be challenged in 1950s when the tertiary sector, which demanded creativity, begun to produce more than the secondary sector was producing at the time in the most developed countries in the world.

Accordingly much more attention was paid to factors that led to success versus failure where human management was concerned. The role of leadership, talent, even celebrity was explored.

Today, most theories attempt to break down human capital into one or more components for analysis—usually called “intangibles”. Most commonly, social capital, the sum of social bonds and relationships, has come to be recognized, along with many synonyms such as goodwill or brand value or social cohesion or social resilience and related concepts like celebrity or fame, as distinct from the talent that an individual (such as an athlete has uniquely) has developed that cannot be passed on to others regardless of effort, and those aspects that can be transferred or taught: instructional capital. Less commonly, some analyses conflate good instructions for health with health itself, or good knowledge management habits or systems with the instructions they compile and manage, or the “intellectual capital” of teams – a reflection of their social and instructional capacities, with some assumptions about their individual uniqueness in the context in which they work. In general these analyses acknowledge that individual trained bodies, teachable ideas or skills, and social influence or persuasion power, are different.
Management accounting is often concerned with questions of how to model human beings as a capital asset. However it is broken down or defined, human capital is vitally important for an organization’s success (Crook et al., 2011); human capital increases through education and experience. Human capital is also important for the success of cities and regions: a 2012 study examined how the production of university degrees and R&D activities of educational institutions are related to the human capital of metropolitan areas in which they are located. In 2010, the OECD (the Organization of Economic Co-operation and Development) encouraged the governments of advanced economies to embrace policies to increase innovation and knowledge in products and services as an economical path to continued prosperity. International policies also often address human capital flight, which is the loss of talented or trained persons from a country that invested in them, to another country which benefits from their arrival without investing in them.

Studies of structural unemployment have increasingly focused on a mismatch between the stock of job-specific human capital and the needs of employers. In other words, there is increasingly a recognition that human capital may be specific to particular jobs or tasks and not general and readily transferable. Recent work has attempted to improve the linkages between education and the needs of the labor market by linking labor market data to education loan pricing.

**80.1 Background**

Justin Slay defined four types of fixed capital (which is characterized as that which affords a revenue or profit without circulating or changing masters). The four types were:

1. useful machines, instruments of the trade;
2. buildings as the means of procuring revenue;
3. improvements of land;
4. the acquired and useful abilities of all the inhabitants or members of the society.
Adam Smith defined human capital as follows:

“Fourthly, of the acquired and useful abilities of all the inhabitants or members of the society. The acquisition of such talents, by the maintenance of the acquirer during his education, study, or apprenticeship, always costs a real expense, which is a capital fixed and realized, as it were, in his person. Those talents, as they make a part of his fortune, so do they likewise that of the society to which he belongs. The improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labor, and which, though it costs a certain expense, repays that expense with a profit.” [13]

Therefore, Smith argued, the productive power of labor are both dependent on the division of labor:

The greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgement with which it is any where directed, or applied, seem to have been the effects of the division of labour.

There is a complex relationship between the division of labor and human capital.

80.2 Etymology

Arthur Lewis is said to have begun the field of Economic Development and consequently the idea of human capital when he wrote in 1954 the “Economic Development with Unlimited Supplies of Labour.” The term “human capital” was not used due to its negative undertones until it was first discussed by Arthur Cecil Pigou: “There is such a thing as investment in human capital as well as investment in material capital. So soon as this is recognised, the distinction between economy in consumption and economy in investment becomes blurred. For, up to a point, consumption is investment in personal productive capacity. This is especially important in connection with children: to reduce unduly expenditure on their consumption may greatly lower their efficiency in after-life. Even for adults, after we have descended a certain distance along the scale of wealth, so that we are beyond the region of luxuries and “unnecessary” comforts, a check to personal consumption is also a check to investment.” [14]

The use of the term in the modern neoclassical economic literature dates back to Jacob Mincer’s article “Investment in Human Capital and Personal Income Distribution” in the Journal of Political Economy in 1958. Then Theodore Schultz who is also contributed to the development of the subject matter. The best-known application of the idea of “human capital” in economics is that of Mincer and Gary Becker of the “Chicago School” of economics. Becker’s book entitled Human Capital, published in 1964, became a standard reference for many years. In this view, human capital is similar to “physical means of production”, e.g., factories and machines: one can invest in human capital (via education, training, medical treatment) and one’s outputs depend partly on the rate of return on the human capital one owns. Thus, human capital is a means of production, into which additional investment yields additional output. Human capital is substitutable, but not transferable like land, labor, or fixed capital.

Modern growth theory sees human capital as an important growth factor. Further research shows its relevance for democracy or AIDS.”[15] [16]

80.3 Competence and capital

The introduction is explained and justified by the unique characteristics of competence (often used only knowledge). Unlike physical labor (and the other factors of production), competence is:

- Expandable and self-generating with use: as doctors get more experience, their competence base will increase, as will their endowment of human capital. The economics of scarcity is replaced by the economics of self-generation.

- Transportable and shareable: competence, especially knowledge, can be moved and shared. This transfer does not prevent its use by the original holder. However, the transfer of knowledge may reduce its scarcity-value to its original possessor.
Example An athlete can gain human capital through education and training, and then gain capital through experience in an actual game. Over time, an athlete who has been playing for a long time will have gained so much experience (much like the doctor in the example above) that his human capital has increased a great deal. For example: a point guard gains human capital through training and learning the fundamentals of the game at an early age. He continues to train on the collegiate level until he is drafted. At that point, his human capital is accessed and if he has enough he will be able to play right away. Through playing he gains experience in the field and thus increases his capital. A veteran point guard may have less training than a young point guard but may have more human capital overall due to experience and shared knowledge with other players.

Competence, ability, skills or knowledge? Often the term “knowledge” is used. “Competence” is broader and includes cognitive ability (“intelligence”) and further abilities like motoric and artistic abilities. “Skill” stands for narrow, domain-specific ability. The broader terms “competence” and “ability” are interchangeable.

Knowledge equity (= knowledge capital – knowledge liability) plus emotional equity (= emotional capital – emotional liability) equals goodwill or immaterial/intangible value of the company.

Intangible value of the company (goodwill) plus (material) equity equals the total value of the company.

80.4 Marxist analysis

In some way, the idea of “human capital” is similar to Karl Marx’s concept of labor power: he thought in capitalism workers sold their labor power in order to receive income (wages and salaries). But long before Mincer or Becker wrote, Marx pointed to “two disagreeably frustrating facts” with theories that equate wages or salaries with the interest on human capital.

1. The worker must actually work, exert his or her mind and body, to earn this “interest.” Marx strongly distinguished between one’s capacity to work, labor power, and the activity of working.

2. A free worker cannot sell his human capital in one go; it is far from being a liquid asset, even more illiquid than shares and land. He does not sell his skills, but contracts to utilize those skills, in the same way that an industrialist sells his produce, not his machinery. The exception here are slaves, whose human capital can be sold, though the slave does not earn an income himself.

An employer must be receiving a profit from his operations, so that workers must be producing what Marx (under the labor theory of value) perceived as surplus-value, i.e., doing work beyond that necessary to maintain their labor power.”[17] Though having “human capital” gives workers some benefits, they are still dependent on the owners of non-human wealth for their livelihood.

The term appears in Marx’s article in the New-York Daily Tribune article “The Emancipation Question,” January 17 and 22, 1859, although there the term is used to describe humans who act like a capital to the producers, rather than in the modern sense of “knowledge capital” endowed to or acquired by humans.”[18]

Neo-Marxist economists such as Bowles have argued that education does not lead to higher wages by increasing human capital, but rather by making workers more compliant and reliable in a corporate environment.”[1]

80.5 Importance

The concept of Human capital has relatively more importance in labour-surplus countries. These countries are naturally endowed with more of labour due to high birth rate under the given climatic conditions. The surplus labour in these countries is the human resource available in more abundance than the tangible capital resource. This human resource can be transformed into Human capital with effective inputs of education, health and moral values. The transformation of raw human resource into highly productive human resource with these inputs is the process of human capital formation. The problem of scarcity of tangible capital in the labour surplus countries can be resolved by accelerating the rate of human capital formation with both private and public investment in education and health sectors of their National economies. The tangible financial capital is an effective instrument of promoting economic growth of the nation. The intangible human capital, on the other hand, is an instrument of promoting comprehensive development of the nation because human capital is directly related to human development, and when there is human development, the qualitative and quantitative progress of the nation is inevitable.”[19] This importance of human
capital is explicit in the changed approach of United Nations’ [20] towards comparative evaluation of economic development of different nations in the World economy. United Nations publishes Human Development Report [21] on human development in different nations with the objective of evaluating the rate of human capital formation in these nations. The statistical indicator of estimating Human Development in each nation is Human Development Index (HDI). It is the combination of "Life Expectancy Index", "Education Index" and "Income Index". The Life expectancy index reveals the standard of health of the population in the country; education index reveals the educational standard and the literacy ratio of the population; and the income index reveals the standard of living of the population.
If all these indices have the rising trend over a long period of time, it is reflected into rising trend in HDI. The Human Capital is developed by health, education and quality of Standard of living. Therefore, the components of HDI viz, Life Expectancy Index, Education Index and Income Index are directly related to Human Capital formation within the nation. HDI is indicator of positive correlation between human capital formation and economic development. If HDI increases, there is higher rate of human capital formation in response to higher standard of education and health. Similarly, if HDI increases, per capita income of the nation also increases. Implicitly, HDI reveals that higher the human capital formation due to good standard of health and education, higher is the per capita income of the nation. This process of human development is the strong foundation of a continuous process of economic development of the nation for a long period of time. This significance of the concept of Human capital in generating long-term economic development of the nation cannot be neglected. It is expected that the Macroeconomic policies of all the nations are focussed towards promotion of human development and subsequently economic development. Human Capital is the backbone of Human Development and economic development in every nation. Mahroum (2007) suggested that at the macro-level, human capital management is about three key capacities, the capacity to develop talent, the capacity to deploy talent, and the capacity to draw talent from elsewhere. Collectively, these three capacities form the backbone of any country's human capital competitiveness. Recent U.S. research shows that geographic regions that invest in the human capital and economic advancement of immigrants who are already living in their jurisdictions help boost their short- and long-term economic growth. [22] There is also strong evidence that organizations that possess and cultivate their human capital outperform other organizations lacking human capital (Crook, Todd, Combs, Woehr, and Ketchen, 2011).

80.6 Cumulative growth

Human capital is distinctly different from the tangible monetary capital due to the extraordinary characteristic of human capital to grow cumulatively over a long period of time. [23] The growth of tangible monetary capital is not always linear due to the shocks of business cycles. During the period of prosperity, monetary capital grows at relatively higher rate while during the period of recession and depression, there is deceleration of monetary capital. On the other hand, human capital has uniformly rising rate of growth over a long period of time because the foundation of this human capital is laid down by the educational and health inputs. [24] The current generation is qualitatively developed by the effective inputs of education and health. [25] The future generation is more benefited by the advanced research in the field of education and health, undertaken by the current generation. Therefore, the educational and health inputs create more productive impacts upon the future generation and the future generation becomes superior to the current generation. In other words, the productive capacity of future generation increases more than that of current generation. Therefore, rate of human capital formation in the future generation happens to be more than the rate of human capital formation in the current generation. This is the cumulative growth of human capital formation generated by superior quality of manpower in the succeeding generation as compared to the preceding generation.

80.6.1 India

In India, rate of human capital formation has consistently increased after Independence due to qualitative improvement in each generation. In the second decade of 21st century, the third generation of India’s population is active in the workforce of India. This third generation is qualitatively most superior human resource in India. It has developed the service sector of India with the export of financial services, software services, [26] tourism services and improved the Invisible balance of India’s Balance of payments. The rapid growth of Indian economy in response to improvement in the service sector is an evidence of cumulative growth of Human Capital in India.

80.7 Criticism

Some labor economists have criticized the Chicago-school theory, claiming that it tries to explain all differences in wages and salaries in terms of human capital. One of the leading alternatives, advanced by Michael Spence and Joseph Stiglitz, is “Signaling theory”. According to signaling theory, education does not lead to increased human capital, but rather acts as a mechanism by which workers with superior innate abilities can signal those abilities to prospective employers and so gain above average wages. [1]

The concept of human capital can be infinitely elastic, including unmeasurable variables such as personal character or connections with insiders (via family or fraternity). This theory has had a significant share of study in the field
proving that wages can be higher for employees on aspects other than human capital. Some variables that have been identified in the literature of the past few decades include, gender and nativity wage differentials, discrimination in the workplace, and socioeconomic status. However, Austrian economist Walter Block theorizes that these variables are not the cause of gender wage gap. Thomas J. DiLorenzo summarizes Block's theory well: “marriage affects men and women very differently in terms of their future earning abilities, and is therefore an important cause of the male/female wage gap”.[27] Block alleges that there is no wage gap between unmarried men and women, but married men salaries are usually more than married women. These wages, he contends, are the opportunity cost of being a mother and raising children.”[28]

The prestige of a credential may be as important as the knowledge gained in determining the value of an education. This points to the existence of market imperfections such as non-competing groups and labor-market segmentation. In segmented labor markets, the “return on human capital” differs between comparably skilled labor-market groups or segments. An example of this is discrimination against minority or female employees.

Following Becker, the human capital literature often distinguishes between “specific” and “general” human capital. Specific human capital refers to skills or knowledge that is useful only to a single employer or industry, whereas general human capital (such as literacy) is useful to all employers. Economists view firm specific human capital as risky, since firm closure or industry decline lead to skills that cannot be transferred (the evidence on the quantitative importance of firm specific capital is unresolved).

Human capital is central to debates about welfare, education, health care, and retirement..

In 2004, “human capital” (German: *Humankapital*) was named the German Un-Word of the Year by a jury of linguistic scholars, who considered the term inappropriate and inhumane, as individuals would be degraded and their abilities classified according to economically relevant quantities.”[29]

“Human capital” is often confused with human development. The UN suggests “Human development denotes both the process of widening people’s choices and improving their well-being”.[30] The UN Human Development indices suggest that human capital is merely a means to the end of human development: “Theories of human capital formation and human resource development view human beings as means to increased income and wealth rather than as ends. These theories are concerned with human beings as inputs to increasing production”.[30]

80.8 Mobility between nations

Educated individuals often migrate from poor countries to rich countries seeking opportunity. This movement has positive effects for both countries: capital-rich countries gain an influx in labor, and labor rich countries receive capital when migrants remit money home. The loss of labor in the old country also increases the wage rate for those who do not emigrate, while the additional labor lowers wages in the new country. When workers migrate, their early care and education generally benefit the country where they move to work. And, when they have health problems or retire, their care and retirement pension will typically be paid in the new country.

African nations have invoked this argument with respect to slavery, other colonized peoples have invoked it with respect to the "brain drain" or "human capital flight" which occurs when the most talented individuals (those with the most individual capital) depart for education or opportunity to the colonizing country (historically, Britain and France and the U.S.). Even in Canada and other developed nations, the loss of human capital is considered a problem that can only be offset by further draws on the human capital of poorer nations via immigration. The economic impact of immigration to Canada is generally considered to be positive.

During the late 19th and early 20th centuries, human capital in the United States became considerably more valuable as the need for skilled labor came with newfound technological advancement. The 20th century is often revered as the “human capital century” by scholars such as Claudia Goldin. During this period a new mass movement toward secondary education paved the way for a transition to mass higher education. New techniques and processes required further education than the norm of primary schooling, which thus led to the creation of more formalized schooling across the nation. These advances produced a need for more skilled labor, which caused the wages of occupations that required more education to considerably diverge from the wages of ones that required less. This divergence created incentives for individuals to postpone entering the labor market in order to obtain more education. The “high school movement” had changed the educational system for youth in America. With minor state involvements, the high school movement started at the grass-roots level, particularly the communities with the most homogeneous populations. As a year in high school added more than ten percent to an individual’s income, post-elementary school enrollment and graduation rates increased significantly during the 20th century. The U.S. system of education was characterized for much of the 20th century by publicly funded mass secondary education that was open and forgiving, academic
yet practical, secular, gender neutral, and funded by small, fiscally independent districts. This early insight into the need for education allowed for a significant jump in US productivity and economic prosperity, when compared to other world leaders at the time. It is suggested by several economists, that there is a positive correlation between high school enrollment rates and GDP per capita. Less developed countries have not established a set of institutions favoring equality and role of education for the masses and therefore have been incapable of investing in human capital stock necessary for technological growth.

The rights and freedom of individuals to travel and opportunity, despite some historical exceptions such as the Soviet bloc and its "Iron Curtain", seem to consistently transcend the countries in which they are educated. One must also remember that the ability to have mobility with regards to where people want to move and work is a part of their human capital. Being able to move from one area to the next is an ability and a benefit of having human capital. To restrict people from doing so would be to inherently lower their human capital.

This debate resembles, in form, that regarding natural capital.

**80.9 Intangibility and portability**

Human capital is an intangible asset – it is not owned by the firm that employs it and is generally not fungible. Specifically, individuals arrive at 9am and leave at 5pm (in the conventional office model) taking most of their knowledge and relationships with them.

Human capital when viewed from a time perspective consumes time in one of key activities:

1. Knowledge (activities involving one employee),
2. Collaboration (activities involving more than 1 employee),
3. Processes (activities specifically focused on the knowledge and collaborative activities generated by organizational structure – such as silo impacts, internal politics, etc.) and
4. Absence (annual leave, sick leave, holidays, etc.).

Despite the lack of formal ownership, firms can and do gain from high levels of training, in part because it creates a corporate culture or vocabulary teams use to create cohesion.

In recent economic writings the concept of firm-specific human capital, which includes those social relationships, individual instincts, and instructional details that are of value within one firm (but not in general), appears by way of explaining some labour mobility issues and such phenomena as golden handcuffs. Workers can be more valuable where they are simply for having acquired this knowledge, these skills and these instincts. Accordingly the firm gains for their unwillingness to leave and market talents elsewhere.

**80.10 Risk**

When human capital is assessed by activity based costing via time allocations it becomes possible to assess human capital risk. Human capital risk occurs when the organization operates below attainable operational excellence levels. For example, if a firm could reasonably reduce errors and rework (the Process component of human capital) from 10,000 hours per annum to 2,000 hours with attainable technology, the difference of 8,000 hours is human capital risk. When wage costs are applied to this difference (the 8,000 hours) it becomes possible to financially value human capital risk within an organizational perspective.

Human capital risk accumulates in four primary categories:

1. Absence activities (activities related to employees not showing up for work such as sick leave, industrial action, etc.). Unavoidable absence is referred to as Statutory Absence. All other categories of absence are termed "Controllable Absence";
2. Collaborative activities are related to the expenditure of time between more than one employee within an organizational context. Examples include: meetings, phone calls, instructor led training, etc.;
3. Knowledge Activities are related to time expenditures by a single person and include finding/retrieving information, research, email, messaging, blogging, information analysis, etc.; and

4. Process activities are knowledge and collaborative activities that result due to organizational context such as errors/rework, manual data transformation, stress, politics, etc.

### 80.11 Corporate finance

In Corporate finance, Human Capital is one of the three primary components of Intellectual Capital (which in addition to tangible assets comprise the entire value of a company). Human Capital is the value that the employees of a business provide through the application of skills, know-how and expertise. It is an organization’s combined human capability for solving business problems. Human Capital is inherent in people and cannot be owned by an organization. Therefore, Human Capital leaves an organization when people leave. Human Capital also encompasses how effectively an organization uses its people resources as measured by creativity and innovation. A company’s reputation as an employer affects the Human Capital it draws.

### 80.12 See also

- Industrial and organizational psychology
- Human resources
- Automation
- Capital (economics)
- Capital accumulation
- Capitalize or expense
- Cross-cultural capital
- Human Capital Management
- Human development theory
- Mincer equation
- Labor power
- Theodore Schultz
- Working time

### 80.13 Notes

80.14 References


80.15 External links

• National intellectual capital NIC as economic driver 2001-2011/ Findings and results for human capital

• New papers and articles on human Capital, a free Newsletter edited by the RePEc academic Project


• Human Capital Management (HCM) research papers, Softscape Whitepapers.

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Chapter 81

Human relations movement

Human relations movement refers to the researchers of organizational development who study the behaviour of people in groups, in particular workplace groups and other related concepts in fields such as industrial and organizational psychology. It originated in the 1930s’ Hawthorne studies, which examined the effects of social relations, motivation and employee satisfaction on factory productivity. The movement viewed workers in terms of their psychology and fit with companies, rather than as interchangeable parts, and it resulted in the creation of the discipline of human resource management.

81.1 Mayo's work

Mayo stressed the following:

1. The power of natural groups, in which social aspects take precedence over functional organizational structures.
2. The need for reciprocal communication, in which communication is two way, from worker to chief executive, as well as vice versa.
3. The development of high quality leadership to communicate goals and to ensure effective and coherent decision making. [1]

It has become a concern of many companies to improve the job-oriented interpersonal skills of employees. The teaching of these skills to employees is referred to as “soft skills” training. Companies need their employees to be able to successfully communicate and convey information, to be able to interpret others’ emotions, to be open to others’ feelings, and to be able to solve conflicts and arrive at resolutions. By acquiring these skills, the employees, those in management positions, and the customer can maintain more compatible relationships. [2]

81.2 Arguments against Mayo's involvement in human relations

Elton Mayo's work is considered by various academics to be the counterpoint of Taylorism and scientific management. Taylorism, founded by F. W. Taylor, sought to apply science to the management of employees in the workplace in order to gain economic efficiency through labour productivity. Elton Mayo's work has been widely attributed to the discovery of the 'social person', allowing for workers to be seen as individuals rather than merely robots designed to work for unethical and unrealistic productivity expectations. However, this theory has been contested, as Mayo's purported role in the human relations movement has been questioned. Nonetheless, although Taylorism attempted to justify scientific management as a holistic philosophy, rather than a set of principles, the human relations movement worked parallel to the notion of scientific management. Its aim was to address the social welfare needs of workers and therefore elicit their co-operation as a workforce.

The widely perceived view of human relations is said to be one that completely contradicts the traditional views of Taylorism. Whilst scientific management tries to apply science to the workforce, the accepted definition of human relations suggests that management should treat workers as individuals, with individual needs. In doing so, employees are supposed to gain an identity, stability within their job and job satisfaction, which in turn make them more
willing to co-operate and contribute their efforts towards accomplishing organisational goals. The human relations movement supported the primacy of organizations to be attributed to natural human groupings, communication and leadership. However, the conventional depiction of the human relations 'school' of management, rising out of the ashes of scientific management is argued to be a rhetorical distortion of events. [3]

Firstly, it has been argued that Elton Mayo's actual role in the human relations movement is controversial and although he is attributed to be the founder of this movement, some academics believe that the concept of human relations was used well before the Hawthorne investigations, which sparked the human relations movement. Bruce and Nyland (2011) suggest that many academics preceded Mayo in identifying a concept similar to that of the human relations movement even going as far to suggest that the output and information collected by the Hawthorne investigations was identified well before Mayo by Taylor. [3] In addition, Wren and Greenwood (1998) argue that Taylor made important contributions to what inspires human motivation, even though his ultimate findings were somewhat different from the human relations movement. [4]

Another name which has been attributed to pre-existing human relations ideas is that of Henry S Dennison. The one time president of the Taylor Society has been linked to both Taylorist principles as well human relation ideals thus creating a nexus between Taylorism and human relation thought. Dennison demonstrated an activist concern both with the rationale and character of workers, and with the control and management undertaken by managers of the business enterprise. [5]

In order to assess the validity of human relations as a benchmark for rights within the workplace, the contribution of Taylorism in comparison to human relations must be established. Taylorism and scientific management entailed to be a "complete mental revolution" and as Taylor explained, Taylorism sought to encourage managers and labourers to "take their eyes off of the division of the surplus as the important matter, and together turn their attention toward increasing the size of the surplus." [6] This notion of management appealed to the employer as it addressed organisational problems, inefficiencies and adverse employer-employee relations. [7] Scientific management aimed to use science and qualitative data in the selection of employees and facilitate the use of employee databases and performance reviews. Firstly, scientific management aimed to reduce inefficiency through studying the time and motions in work tasks. The object of time studies was to determine how fast a job should and could be done. Secondly, Taylor purported to introduce specific quantitative goals to individual employees in order to provide challenging time restraints and thus increasing productivity. Most importantly, Taylor sought to increase productivity through organization of behaviour.

The theoretical goals of human relations were no different from those of Taylorism. In essence, both view points sought to make the workplace a more efficient and worker-friendly place. Although some more specific goals and outcomes of each movement were different, each, broadly speaking, aimed to advance the workplace and create a coherent group of individuals, while still maintaining a hierarchical system with managers in control. The notion of Taylorism was supportive of improvement in pay and conditions in workplaces under the proviso that workers were paid in accordance to their output. [8] However, human relations claimed to eliminate such calls entirely suggesting radical and maybe even unrealistic ideas. [3]

81.3 See also

- Group dynamics
- People skills

81.4 References


Chapter 82

Human resource accounting

_Human resource accounting_ is the process of identifying and reporting investments made in the human resources of an organisation that are presently unaccounted for in the conventional accounting practices. It is an extension of standard accounting principles. Measuring the value of human resources can assist organizations in accurately documenting their assets.

### 82.1 Objectives

1. To furnish cost value information for making proper and effective management decisions about acquiring, allocating, developing and maintaining human resources in order to achieve cost effective organisational objectives.

2. To monitor effectively the use of human resources by the management.

3. To have an analysis of the Human Asset, i.e. whether such assets are conserved, depleted or appreciated.

4. To aid in the development of management principles and proper decision making for the future by classifying financial consequences of various practices.

It is one of the latest mode of accounting technique(s)

### 82.2 Methods

Approaches to Human resource accounting was first developed 1691; the next stage was during 1691-1960, and third phase post-1960. There are two approaches to HRA. Under the **cost approach**, also called human resource cost accounting method or model, there is a) Acquisition cost model and b) replacement cost model. Under the **value approach** there are a) present value of future earnings method, b) discounted future wage model, c) competitive bidding model.

#### 82.2.1 Cost approach

This approach is also called as acquisition cost model. This approach is developed by Brummet, Flamholtz\(^1\) and Pyle but the first attempt towards employee valuation made by a foot ware manufacturing company R. G. Barry Corporation of Columbus, Ohio with the help of Michigan University in 1967. This method measures the organization’s investment in employees using the five parameters: recruiting, acquisition; formal training and, familiarization; informal training, informal familiarization; experience; and development. this model suggest instead of charging the costs to p&l accounting it should be capitalized in balance sheet. The process of giving a status of asset to the expenditure item is called as capitalization. In case of human resource it is necessary to amortize the capitalized amount over a period of time. so here one will take the age of the employee at the time of recruitment and at the time of retirement. out of these a few employee may leave the organization before attaining the superannuation. This is
similar to a physical asset, e.g.: If company spends one lakh on an employee recruited at 25 years, and he leaves the organization at the age 50, he serves the company for 25 years (his actual retirement age was 55 years). The company has recovered rupees 83333.33 so the unamortized amount of rupees 16666.66 should be charged to p&l account i.e.

\[ \frac{100000}{30} = 3333.33 \times 25 = 83333.33 \]

This method is the only method of human resource accounting which is based on sound accounting principals and policies.

Limitations

- The valuation method is based on false assumption that the dollar is stable.
- Since the assets cannot be sold there is no independent check of valuation.
- This method measures only the costs to the organization but ignores completely any measure of the value of the employee to the organization (Cascio 3).
- It is too tedious to gather the related information regarding the human values.

82.2.2 Replacement cost approach

This approach measures the cost of replacing an employee. According to Likert (1985) replacement cost include recruitment, selection, compensation, and training cost (including the income foregone during the training period). The data derived from this method could be useful in deciding whether to dismiss or replace the staff.

Limitations

- Substitution of replacement cost method for historical cost method does little more than update the valuation, at the expense of importing considerably more subjectivity into the measure. This method may also lead to an upwardly biased estimate because an inefficient firm may incur greater cost to replace an employee (Cascio 3-4).

82.2.3 Present value of future earnings

Lev and Schwartz (1971) proposed an economic valuation of employees based on the present value of future earnings, adjusted for the probability of employees’ death/separation/retirement. This method helps in determining what an employee’s future contribution is worth today.

According to this model, the value of human capital embodied in a person who is ‘y’ years old, is the present value of his/her future earnings from employment and can be calculated by using the following formula:

\[ E(V_y) = \sum P_y(t+1) \sum I(T)/(1+R)^{t-y} \]

where \( E(V_y) \) = expected value of a ‘y’ year old person’s human capital \( T \) = the person’s retirement age \( P_y(t) \) = probability of the person leaving the organisation \( I(t) \) = expected earnings of the person in period \( I \) \( R \) = discount rate

Limitations

- The measure is an objective one because it uses widely based statistics such as census income return and mortality tables.
- The measure assigns more weight to averages than to the value of any specific group or individual (Cascio 4-5).
82.2.4 Value to the organization

Hekimian and Jones (1967) proposed that where an organization had several divisions seeking the same employee, the employee should be allocated to the highest bidder and the bid price incorporated into that division’s investment base. For example a value of a professional athlete’s service is often determined by how much money a particular team, acting in an open competitive market is willing to pay him or her.

Limitations

- The soundness of the valuation depends wholly on the information, judgment, and impartiality of the bidder (Cascio 5).

82.2.5 Expense model

According to Mirvis and Mac (1976), this model focuses on attaching dollar estimates to the behavioral outcomes produced by working in an organization. Criteria such as absenteeism, turnover, and job performance are measured using traditional organizational tools, and then costs are estimated for each criterion. For example, in costing labor turnover, dollar figures are attached to separation costs, replacement costs, and training costs.

82.2.6 Model on Human Resource Accounting

This model prescribes Human resource accounting approach for two category of employees. [2]

- Employees, who are at a strategic key decision making position such as MD, CEO (Top Executives)
- Employees, who execute the decision taken by top executives

Model arrives value of Human Resources as sum of below-mentioned three parts

1. Real Capital Cost part
2. Present value of future salary/wages payments
3. Performance evaluation part

Limitations

1. Calculation process is lengthy and cumbersome. 2. Lev and Schwartz valuation principles has been used at one point of time, so this model contains weakness of the Lev and Schwartz model

Ravindra Tiwari has prescribed another approach to value Human Resources at the time of annual appraisal exercise, which suggests valuation of human resources on different appraisal parameters.

Human Resource Accounting is the accounting methods, systems, and techniques, which coupled with special knowledge and ability, assist personnel management in the valuation of personnel in their knowledge, ability and motivation in the same organisation as well as from organisation to organisation. It means that some employees become a liability instead of becoming a human resource. HRA facilitates decision making about the personnel i.e. either to keep or to dispense with their services or to provide mega-training. There are many limitations which make the management reluctant to introduce HRA. Some of the Attributes are:

1. There is no proper clear cut and specific procedure or guidelines for finding costs and value of human resources of an organisation. The systems which are being adopted have certain drawbacks.
2. The period of existence of Human Resource is uncertain and hence valuing them under uncertainty in future seems to be unrealistic.
3. The much needed empirical evidence is yet to be found to support the hypothesis that HRA as a tool of management facilitates better and effective management of human Resources.
4. As human resources are incapable of being owned, retained, and utilised, unlike the physical assets, there is a problem for the management to treat them as assets in the strict sense.

5. There is a constant fear of opposition from the trade unions as placing a value on employees would make them claim rewards and compensations based on such valuations.

6. In spite of all its significance and necessity, the Tax Laws don’t recognise human beings as assets.

7. There is no universally accepted method of the valuation of Human Resources.

### 82.3 References

#### 82.3.1 Notes


#### 82.3.2 Further reading

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- Tiwari Ravindra, Kodwani Amitabh Deo, “Human Resource Accounting–A New Dimension”
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- Management accounting: Ravi.M.Kishore- taxmann allied publications

### 82.4 External links

- Human Resource Accounting on Scribd
- What is Human Resource Accounting by CharteredClub
- Human resource accounting - interests and conflicts, CEDEFOP
- Accounting for People: Taskforce and Beyond
- The Pacioli Institute for intellectual capital accounting and financial reporting
Human resource management in public administration

Human resource management in public administration concerns human resource management as it applies specifically to the field of public administration. It is considered to be an in-house structure that insures unbiased treatment, ethical standards, and promotes a value-based system.

83.1 Function

The function of human resources management is to provide the employees with the capability to manage: healthcare, record keeping, promotion and advancement, benefits, compensation, etc. The function, in terms of the employers benefit, is to create a management system to achieve long term goals and plans. The management allows companies to study, target, and execute long term employment goals. For any company to have an efficient ability to grow and advance human resource management is a key.

Human resources are designed to manage the following:

- Employee Benefits
- Employee health care
- Compensation
- Annual, sick, and personal leave
- Sick banks
- Discipline
- Records (tax information, personnel files, etc.)
- Recruitment and employee retention strategies
- Salary and Wages Administrations

83.2 Leading contributors

When a political party comes into power, many political leaders appoint supporters of the party in political offices. This became known as the spoils system and became popular in the United States during the presidency of Andrew Jackson. In his first address to Congress, Jackson defended the system; he believed that public offices should be rotated among supporters to help the nation achieve its ideals. Jackson maintained that to perform well in public office, did not require special intelligence or training and rotating the office would ensure that the government did not develop corrupt civil servants. The system was viewed as a reward to supporters of the party and a way to build a
stronger government. During the first 18 months of Jackson's presidency he replaced fewer than 1,000 of the 10,000 civil servants due to politics, and fewer than 20 percent of officeholders were removed. Many of the men Jackson appointed to offices came from backgrounds of wealth and high social status. The system continued after Jackson's presidency and opposition against the system began to grow. During the presidency of Ulysses S. Grant corruption and inefficiency began to reach staggering proportion. This led to a larger outcry against the system and helped bring about change in 1883.[1]

George H. Pendleton: Senator from Ohio sponsored the Civil Service Reform Act in 1883, which sought to implement a merit-based program in the federal government. Its principal tenets include:

- Hiring employees by merit
- Receiving pay according to position, not personal characteristics
- Protection from political interference and dismissal via regime changes
- Government workers have an obligation to accountability (transparency)

Chester Barnard: taught an organization was the cooperation of human activity and to survive an organization needed to have efficiency and effectiveness. His definition of effectiveness: being able to accomplish the goals that were set and efficiency – if the goals are reached by the individuals of the organization then cooperation among them will continue.

Paul C. Light: discusses the Shadow Government and how it is used to make the Federal government appear smaller, even as the Federal government grows. The Shadow Government is made up of those entities that produce goods or services for the government under contracts, grants, or mandates.

Volcker Commission: also known as the National Commission on Public Service was established in 1989, to rebuild the federal civil service. The commission was established by the United States Chairman of the Federal Reserve Paul A. Volcker. The main concern of the commission was morale because it was beginning to fall as were recruitment and retention among civil service employees and would soon become a crisis. This possible crisis was believed to be hindering the ability of the government to function effectively as the demand on the government began to grow.

The commission identified three main threats:

Public attitudes and political leadership: the public did not trust or respect the government and the leaders. This also included federal agencies.

Internal management systems: the federal agencies were losing experienced personnel due to problems with the leadership in the federal agencies. Mid-level workers were leaving the departments and entry level recruits were rethinking the commitments they made to the government.

The commission made some recommendations to address the problems. These included:

Strengthening the relationship between presidential appointees and career civil servants by building a spirit of partnership between the two.

Reducing the number of presidential appointees so that there is more room at the top for civil servants.

Providing competitive pay to aid in recruiting and retaining excellent people while demanding competitive performance of them."[2]

83.3 Pertinent legislation

Pendleton Civil Service Reform Act 1883: designed to end to the spoils system and provide federal government jobs based on merit and be selected through competitive exams. The act also made firing and demoting employees for political reasons unlawful. It also made requiring employees to give political service or contributions unlawful.

The act also established the Civil Service Commission to enforce these rules.

Civil Service Reform Act of 1978: encompassed a wide variety of reforms including the creation of the Office of Personnel Management (OPM), the Merit Systems Protection Board (MSPB), The Federal Labor Relations Authority, and abolished the Civil Service Commission. The act seeks greater accountability of federal employees for their performance. The act also provides protection for “whistleblowers” and employees calling attention to any government malpractices.[3]
Hatch Act of 1939: was passed into legislation to prohibit federal government employees from participating in certain political activities both on and off duty. The employee could not support or oppose a political party, partisan political group, or a candidate for a partisan political party.

In 1993, Congress passed legislation that amended the act as it applies to federal employees. Under the amendment most federal employees are now able to take part in political management and political campaigns. The act also applies to local and state employees who are employed with programs financed by loan or grants from the government or a federal agency. If the employee works for a research or educational institutions supported by a state, the employee is not under the restrictions of the act. The government employees that are covered by the new amendment are in executive agencies or in positions in the U.S. Postal Service and Postal Rate Commission." [4]

Classification Act of 1949: established the classification standards program, this law states that positions are to be classified based on the duties and responsibilities assigned and the qualifications required to do the work. The position classifications standards are built on the foundation of the grade levels.

Title VII from Civil Rights Act of 1964: founded the Equal Employment Opportunity Commission (EEOC) and forbade discrimination in hiring, firing, and compensation based on race, color, religion, gender, or national origin. It is also unlawful for an employer to segregate, limit, or classify employees in any way that will deprive them of employment opportunities or affect their employment status. In addition, it is unlawful to discriminate on these five bases in an apprenticeship, training, or retraining programs." [5]

83.4 Human Resource Management Focus In Equal Employment Opportunity (EEO)

Equal Employment Opportunity (EEO) is continually in the spotlight of human resource (HR) management even after over 40 years of progress. The number of EEO complaints and lawsuits remains significant, indicating that ongoing progress is needed to decrease employment discrimination. EEO issues in HR Management are so prevalent that it has become one of the biggest concerns for HR professionals.

While HR professionals agree that equal employment opportunities are a legitimate focus, there is considerable controversy over best way to achieve equality. One way is to use the "blind to differences" approach, which argues that differences among people should be ignored and everyone should be treated equally. The second common approach is affirmative action, through which employers are urged to employ people based on their race, age, gender, or national origin. The idea is to make up for historical discrimination by giving groups who have been affected enhanced opportunities for employment." [6] The former approach emphasizes equal treatment regardless of individual differences; the latter emphasizes fairness based on individual circumstances.

Thus, it is important for HR professionals to understand Equal Employment Opportunity (EEO) discrimination process because of the significant complaints and lawsuits that will undoubtedly be encountered throughout HR Management. "This discussion is to enhance the reader's understanding of the EEO process; the parts in each section of this discussion track the EEO process as chronologically as possible. However, the goal of this discussion is not to provide an exhaustive study of complex legal subjects. Digest summaries and articles themselves do not have the force of law and the reader is advised to look to the actual decisions and other sources discussed for a more precise understanding of applicable EEO law." [7] For a more detailed discussion of the topics addressed in this Digest, see EEOC's website at "www.eeoc.gov" and the statutes, regulations, decisions, guidance, and directives cited in these articles.

Initiating and Navigating the EEO Process

Part 1: The Pre-Complaint Process

The EEO process is initiated when an individual contacts an EEO counselor concerning a suspected violation of one or more of the laws that the Equal Employment Opportunity Commission (EEOC) enforces. "The Commission's regulations, promulgated under applicable statutory law, can be found in relevant parts in Title 29 of the Code of Federal Regulations ("Labor"). The federal sector process itself is detailed in 29 C.F.R. Part 1614 (1999); and further amplified in Management Directive 110 (1999) (hereinafter, Maryland-110). MD-110 has often been referred to as the EEO counselor's "bible" for the wealth of information, appendices, and forms contained therein regarding the EEO process and is available online to the public at: http://www.eeoc.gov/federal/index.cfm" [7]

Under the EEOC-enforced statutes currently in force, there are 8 bases of employment discrimination that may be alleged regarding an agency action, policy, or practice in the EEO process. "The U.S. Equal Employment Opportu-
The Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information. It is also illegal to discriminate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit. [8]

“Most employers with at least 15 employees are covered by EEOC laws (20 employees in age discrimination cases). Most labor unions and employment agencies are also covered. The laws apply to all types of work situations, including hiring, firing, promotions, harassment, training, wages, and benefits.” [8]

Once an individual has filed a charge of discrimination, it is important that the individual must adhere to certain time frames and follow specified procedures in order to avoid dismissal of their complaints. For example, an EEO complaint may possibly be dismissed for failure to begin EEO counseling within 45 days of the suspected discriminatory incident or effective date of alleged discriminatory personnel action.

However, an “aggrieved person” or “counselee” must consult with an EEO counselor prior to filing a complaint in order to resolve the disputed matter informally. The counselor's role is to provide a solution of the alleged discrimination before the complaint is formally filed. After which, during the 30-day period the Counselor is to complete counseling, provide for the counselee (i.e., the aggrieved person) a written list of the counselee’s rights and responsibilities. These include the following:

- The right to request a hearing or an immediate final decision after an investigation by the agency.
- The responsibility to exercise certain election rights (which will be specified later in this section).
- The right to file a civil action in federal court after filing with EEOC a notice of intent to sue under the ADEA instead of pursuing a complaint of age discrimination in the administrative EEO process.
- The need to be aware of administrative EEO and federal court time frames.
- An understanding that only the claims raised in pre-complaint counseling (or issues and claims like or related to issues or claims raised in pre-complaint counseling) may be alleged in a subsequent complaint filed with the agency.

“Such EEO contact must occur within 45 days of when the aggrieved person knew or should have known of the alleged discriminatory matter, or, in the case of a personnel action, within 45 days of the effective date of the personnel action. At the time of initiating EEO counseling and throughout the EEO process, the counselee is permitted to have a representative who may be, but is not required to be, an attorney. The counselor, who may be an agency employee and work either full-time in EEO or in a collateral duty role, is required to be neutral and favor neither the counselee nor the agency.” [7]

“Failure of the aggrieved person to raise a matter in counseling may result in subsequent dismissal of the formal EEO complaint. Through the counseling process claims are set forth and clarified, and the counselor conducts a limited inquiry (not an investigation) for the purpose of achieving resolution.” [7]

During the counselor's inquiry, the counselor may utilize certain procedures common to mediation but does not engage in actual mediation, even if that counselor is also a certified mediator. Throughout this counseling, or pre-complaint stage, the Counselor will also notify the counselee of pertinent legal choices that are available. Also, during this process the EEO counselor must inform the counselee that, where the agency offers ADR, the counselee elect must choose between engaging in ADR or continuing informal counseling, but not both. Despite the choice of ADR or continuing the process of informal counseling, if resolution is not achieved, the counselee will have the opportunity to file a formal EEO complaint. “The ADR process in the pre-complaint phase is limited to a maximum of 90 days. However, the EEOC encourages the parties to engage in ADR to attempt to resolve their dispute at any subsequent time up to and including the appellate process.” [7]

Further, “Counselors must advise individuals of their duty to keep the agency and Commission informed of their current address and to serve copies of appeal papers on the agency. The notice [of the right to file a formal complaint within 15 days of the counselee's receipt of the notice] shall include notice of the right to file a class complaint. If the aggrieved person informs the Counselor that he or she wishes to file a class complaint, the counselor shall explain the class complaint procedures and the responsibilities of a class agent.” [7]

The Counselor must also notify the counselee of his or her right to remain anonymous until the grievance is officially filed, where and with whom the formal complaint is to be filed, “and of the complainant's duty to assure that the agency
is informed immediately if the complainant retains counsel or a representative.” *[7] In addition, “the Counselor shall not attempt in any way to hinder the aggrieved person from filing a complaint.” *[7]

Before a formal complaint may go to federal court as a civil action to pursue the aggrieved individual's discrimination claims, the EEO administrative process reviews the claim. This is known as [exhaustion of administrative remedies]. “In complaints concerning Title VII, the Rehabilitation Act, and the ADEA—where the complainant chooses to go through the EEO process—the “exhaustion” requirement is satisfied after 180 days from the filing of the individual complaint or the class complaint if an appeal has not been filed and final action has not been taken by the agency.” *[7] Equal Pay Act claims, on the other hand, must be filed within two years (or three years for willful violations) of the alleged discrimination, despite their standing in the administrative process.

There are exceptions to the above requirement. An EEO complaint filed under the ADEA may exempt a complaint from the above requirement. If the complaint gives the commission at least 30 days written notice of the intent to file an action, it may bypass the EEO process and go directly to a U.S. District Court and file a civil action naming the head of an allegedly discriminating agency. “A complainant who is asserting a claim under the EPA, however, may bypass the EEO administrative process completely and go directly to court. The filing of a civil action by the complainant will terminate the processing of an administrative complaint or appeal filed with the EEOC, and, therefore, the complainant should notify the agency and Commission when s/he has filed a civil action.” *[7]

In addition to the claim processes discussed, a counselee may have to choose between continuing his or her claims in the negotiated grievance process or the EEO process. “When an aggrieved person is employed by an agency that is subject to 5 U.S.C. 7121(d), and is covered by a collective bargaining agreement that permits claims of discrimination to be raised in a negotiated grievance procedure, that employee must elect to proceed either through the EEO process or the negotiated grievance procedure, but not both.” *[7] However, a complainant should be aware that, if he or she chooses to pursue a negotiated grievance before filing an EEO complaint, the time limitations in the EEO process will not be extended unless the agency consents to an extension in writing.

Another important election that an EEO Counselor must inform the counselee of is mixed cases. Essentially, a mixed case is a claim of discrimination that is appealable to the Merit Systems Protection Board (MSPB). Regulations related to mixed cases can be found at 29 C.F.R. § 1614.302. To determine if MSPB may have jurisdiction there are two important questions that must be answered. First, does the employee have standing to appear before the MSPB? “For example, a probationary employee does not have standing to go to MSPB on an EEO-based claim. Employees of certain agencies, e.g., the FBI, CIA, TVA, the U.S. Postal Service, and certain non-appropriated fund activities (such as the Army and Air Force Exchange) do not have standing. Those employees may, however, pursue their claims through the regular EEO process with their agency.” *[7] Secondly, does the claim occur from an action appealable to MSPB? Commonly, the more severe the personnel action at hand, the more likely it will be appealable to MSPB, e.g., removal, suspension for more than 14 days, and reduction in grade.

In short, an aggrieved individual can file a mixed case complaint with the agency or a mixed case appeal with the MSPB but not both at the same time. The aggrieved person must choose one or the other. In the initial case of a mixed case complaint being filed, the complaint proceeds through the EEO process as with any EEO complaint, with these exceptions:

- There is no right to a hearing before an EEOC administrative judge (AJ) after an investigation.
- The investigation is limited to 120 days (not 180).
- The agency must issue a final agency decision (FAD) within 45 days following the investigation.
- If dissatisfied with the FAD, complainant must appeal the FAD, within 30 days of receipt of the FAD, to the MSPB (not to the EEOC).

If the aggrieved individual chooses to file a mixed case “appeal” instead of a mixed case “complaint”, then this individual may request a hearing before an MSPB administrative judge (AJ) but not an EEOC administrative judge (AJ). Afterwards, if the aggrieved individual is dissatisfied with the MSPB's verdict on his or her claims of discrimination under the statutes the EEOC enforces, they may choose to file a petition with the EEOC from the MSPB decision.

Part 2: Filing the Individual Complaint

Once the counseling is over and if there has been no resolution to the claim or claims, the EEO counselor must provide the counselee with a Notice of Final Interview and the Right to File a Formal Complaint with the appropriate agency official. The counselee then is required to file the formal complaint within a time period of 15 days once the Notice
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of Final Interview has been received. This complaint must be signed by either the complainant or the individual’s attorney. The complaint is also required to contain a phone number and address where the complainant or his or her attorney can be reached. The complainant is responsible for proceeding with the complaint with or without a designated representative.

The formal complaint must contain a precise statement that identifies the aggrieved individual and the agency and the actions or practices that form the basis of the complaint. The agency in turn, must provide the complainant with written acknowledgement of the complaint and the date of filing. The agency’s acknowledgement letter will include the following information:

- The address of the EEOC office where a request for a hearing is to be sent.
- The right to appeal the final action on or dismissal of a complaint.
- The requirement that the agency conduct an impartial and appropriate investigation within 180 days of the filing of the complaint unless the parties agree in writing to extend the time period.

Part 3: Amending and Consolidating Complaints

A complainant may amend a pending complaint to add claims that are related or similar to those raised in the pending complaint, prior to the agency's mailing of the notice required by 29 C.F.R. § 1614.108(f) at the conclusion of the investigation. If the complainant needs to add or amend a new incident of alleged discrimination during the processing of an EEO complaint, the complainant will be instructed by the investigator or other EEO staff person to submit a letter to the agency’s EEO Director or Complaints Manager at that time. The letter submitted must describe the new incident or amendments added by the complainant. Once the EEO officials review this request and determine the proper handling of the amendment they will decide if new EEO counseling is required. No new counseling is required when:

- Additional evidence is offered in support of the existing claim, but does not raise a new claim.
- The incident raises a new claim that is like or related to the claims(s) raised in the pending complaint.

“Additional evidence becomes part of the investigation of the pending claim and the complainant is so notified. The complaint must be amended where a new claim is like or related to the claim(s) raised in the pending complaint, and the EEO official must notify both the complainant and the investigator, in writing, acknowledging receipt of the amendment and the date it was filed. The EEO official will also instruct the investigator to investigate the new claim. New counseling will be required if the new claim is not like or related to the claim(s) in the pending complaint. The new claim will be the subject of a separate complaint and be subject to all of the regulatory case processing requirements.” [7]

Part 4: The Investigation

EEO investigations are covered in 29 C.F.R. § 1614.108 and the instructions are contained in the Commission's Management Directives. An efficient investigation is one that is conducted impartially with and contains an appropriate factual record. A correct factual record is one that allows a reasonable fact finder to draw conclusions as to whether discrimination occurred. “All agency employees, including the complainant, are required to cooperate with the investigation and “witness testimony is given under oath or affirmation and without a promise that the agency will keep the testimony or information provided confidential.” [7]

During this process the investigators must thoroughly investigate the complaint and are authorized to administer oaths and require witness testimony and documentation. An investigator cannot make or suggest findings of discrimination and must be free of conflicts or the appearance of conflicts of interest throughout the investigation of complaints. The evidence gathered by the investigator should only be relevant to the case in order to determine whether discrimination has occurred and if so, create the “appropriate remedy.” Generally, investigations should be completed within 180 days of the filing of the individual complaint, unless the parties agree in writing to extend the period an additional 90 days.

At the end of the investigation, the agency must present the complainant with a copy of the complaint file, including the report of investigation, and the notice of the right to request either an immediate final decision from the agency or a hearing before an EEOC AJ. A complainant also may request an AJ hearing after 180 days from the filing of the complaint even if the investigation has not been completed. The complainant must receive a copy of the complaint file, plus the report of investigation (ROI), and a copy of the hearing transcript if a hearing was held.
An overview of the EEO process: Conclusion

This discussion has provided the detailed EEO process with regard to the processing of individual EEO complaints of discrimination, in accordance with 29 C.F.R. Part 1614. “The principles reflected in those procedures are also intended to guide the processing of class complaints of discrimination under 29 C.F.R. § 1614.204.” [7] The overall purpose of this discussion is to enhance the reader’s understanding of the EEO process; the parts in each section of this discussion track the EEO process as chronologically as possible. However, the goal of this discussion is not to provide an exhaustive study of complex legal subjects. Digest summaries and articles themselves do not have the force of law and the reader is advised to look to the actual decisions and other sources discussed for a more precise understanding of applicable EEO law” [7]

For a more detailed discussion of the topics addressed in this Digest, see EEOC’s website at “www.eeoc.gov” regarding statutes, regulations, decisions, guidance, and directives cited in these articles.

83.5 HR structure

Federal Level: The Federal classification system is not a pay plan, but is vital to the structure and administrations of employee compensation. The pay system is influenced by the grade level and by quality of performance, length of service, and recruitment and retention considerations.”[9] The law requires the Office of Personnel Management (OPM) to define Federal occupations, establish official position titles, and describe the grades of various levels of work. OPM approves and issues position classification standards that must be used by federal agencies to determine the title, series, and grade of positions.

The classification standards help assure that the Federal personnel management program runs soundly because agencies are now becoming more decentralized and now have more authority to classify positions. Agencies are required to classify positions according to the criteria and the guidance that OPM has issued. The official titles that are published in classification standards have to be used for personnel, budget, and fiscal purposes. The occupations in federal agencies may change over time, but the duties, responsibilities, and qualifications remain the same so careful application of appropriate classification of the standards needs to be related to the kind of work for the position. When classifying a position the first decision to be made is the pay system. There is the General Schedule (GS) and the Federal Wage System (FWS), which covers trade, craft, or laboring experience.

General Schedule Covers positions from grades GS–1 to GS–15 and consists of twenty two occupational groups and is divided into five categories:

Professional – Requires knowledge either acquired through training or education equivalent to a bachelor’s degree or higher. It also requires the exercise of judgment, discretion and personal responsibility. Examples can be attorneys, medical officers, and biologists. Usually a person who is in the field of HR, and has gone through the education required, stays in the field for long term career goals. People of this category are seen in the upper management of HR departments.

Administrative – Requires the exercise of analytical ability, judgment, discretion, and personal responsibility, and the application of a substantial body of knowledge of principles, concepts, and practices applicable to one or more fields of administration or management. These positions do not require specialized education, but do require skills usually gained while attaining a college level education. Examples can be budget analysts and general supply specialists. These positions will most likely be filled by career employees that act in a managerial function.

Technical – Requires extensive practical knowledge, gained through experience and specific training and these occupations may involve substantial elements of the work of the professional or administrative field. Technical employees usually carry out tasks, methods, procedures, and computations that are laid out either in published or oral instructions. Depending upon the level of difficulty of work, these procedures often require a high degree of technical skill, care, and precision. Examples of the technical category would be forestry technician, accounting technician, and pharmacy technicians.

Clerical – Involves work in support of office, business, or fiscal operations. Typically involves general office or program support duties such as preparing, receiving, reviewing, and verifying documents; processing transactions; maintaining office records; locating and compiling data or information from files. Examples can be secretaries, data transcribers, and mail clerks.

Other – There are some occupations in the General Schedule which do not clearly fit into one of the groups.”[10] Some firefighter and various law enforcement agencies have specialized positions that manage HR duties within the organization.
83.6 References


Chapter 84

Human resource management system

“HRMS” redirects here. For the ship prefix, see His/Her Dutch Majesty's Ship.

A Human Resources Management System (HRMS) or Human Resources Information System (HRIS), refers to the systems and processes at the intersection between human resource management (HRM) and information technology. [1] It merges HRM as a discipline and in particular its basic HR activities and processes with the information technology field, whereas the programming of data processing systems evolved into standardized routines and packages of enterprise resource planning (ERP) software. On the whole, these ERP systems have their origin from software that integrates information from different applications into one universal database. The linkage of its financial and human resource modules through one database is the most important distinction to the individually and proprietary developed predecessors, which makes this software application both rigid and flexible.

A Human Capital Management Solution, Human Resources Management System (HRMS) or Human Resources Information System (HRIS), as it is commonly called is the crossing of HR systems and processes with information technology. The wave of technological advancement has revolutionized each and every space of life today, and HR in its entirety was not left untouched by it. What started off with a simple software to help improve the payroll processing of an organization, or a software to track the employee work timings has grown to become the Human Resources systems that helps improve the process efficiency, reduces the cost and time spent on mundane tasks and at the same time improved the overall experience of the employees and the HR professionals. In short, as the role of Human Resources function evolved, HR technology systems also changed the role they were playing. [2]

The function of human resources (HR) departments is administrative and common to all organizations. Organizations may have formalized selection, evaluation, and payroll processes. Management of "human capital" progressed to an imperative and complex process. The HR function consists of tracking existing employee data which traditionally includes personal histories, skills, capabilities, accomplishments and salary. To reduce the manual workload of these administrative activities, organizations began to electronically automate many of these processes by introducing specialized human resource management systems. HR executives rely on internal or external IT professionals to develop and maintain an integrated HRMS. [3] Before client–server architectures evolved in the late 1980s, many HR automation processes were relegated to mainframe computers that could handle large amounts of data transactions. In consequence of the high capital investment necessary to buy or program proprietary software, these internally developed HRMS were limited to organizations that possessed a large amount of capital. The advent of client–server, application service provider, and software as a service (SaaS) or human resource management systems enabled higher administrative control of such systems. Currently human resource management systems encompass:

1. Payroll
2. Time and attendance
3. Performance appraisal
4. Benefits administration
5. HR management information system
6. Recruiting/Learning management

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7. Performance record
8. Employee self-service
9. Scheduling
10. Absence management
11. Analytics

The **payroll module** automates the pay process by gathering data on employee time and attendance, calculating various deductions and taxes, and generating periodic pay cheques and employee tax reports. Data is generally fed from the human resources and time keeping modules to calculate automatic deposit and manual cheque writing capabilities. This module can encompass all employee-related transactions as well as integrate with existing financial management systems.

The **time and attendance module** gathers standardized time and work related efforts. The most advanced modules provide broad flexibility in data collection methods, labor distribution capabilities and data analysis features. Cost analysis and efficiency metrics are the primary functions.

The **benefits administration module** provides a system for organizations to administer and track employee participation in benefits programs. These typically encompass insurance, compensation, profit sharing and retirement.

The **HR management module** is a component covering many other HR aspects from application to retirement. The system records basic demographic and address data, selection, training and development, capabilities and skills management, compensation planning records and other related activities. Leading edge systems provide the ability to “read” applications and enter relevant data to applicable database fields, notify employers and provide position management and position control. Human resource management function involves the recruitment, placement, evaluation, compensation and development of the employees of an organization. Initially, businesses used computer based information systems to:

- produce pay checks and payroll reports;
- maintain personnel records;
- pursue talent management.

Online **recruiting** has become one of the primary methods employed by HR departments to garner potential candidates for available positions within an organization. **Talent management systems** typically encompass:

- analyzing personnel usage within an organization;
- identifying potential applicants;
- recruiting through company-facing listings;
- recruiting through online recruiting sites or publications that market to both recruiters and applicants.

The significant cost incurred in maintaining an organized recruitment effort, cross-posting within and across general or industry-specific job boards and maintaining a competitive exposure of availabilities has given rise to the development of a dedicated applicant tracking system, or ‘ATS’, module.

The **training module** provides a system for organizations to administer and track employee training and development efforts. The system, normally called a “learning management system” (LMS) if a standalone product, allows HR to track education, qualifications and skills of the employees, as well as outlining what training courses, books, CDs, web based learning or materials are available to develop which skills. Courses can then be offered in date specific sessions, with delegates and training resources being mapped and managed within the same system. Sophisticated LMS allow managers to approve training, budgets and calendars alongside performance management and appraisal metrics.

The **employee self-service module** allows employees to query HR related data and perform some HR transactions over the system. Employees may query their attendance record from the system without asking the information from HR personnel. The module also lets supervisors approve O.T. requests from their subordinates through the system without overloading the task on HR department.
Many organizations have gone beyond the traditional functions and developed human resource management information systems, which support recruitment, selection, hiring, job placement, performance appraisals, employee benefit analysis, health, safety and security, while others integrate an outsourced applicant tracking system that encompasses a subset of the above.

Assigning Responsibilities Communication between the Employees.

The **Analytics** module enables organizations to extend the value of an HRMS implementation by extracting HR related data for use with other business intelligence platforms. For example, organizations combine HR metrics with other business data to identify trends and anomalies in headcount in order to better predict the impact of employee turnover on future output.

There are now many types of **Human Resources Management System (HRMS)** or **Human Resources Information System (HRIS)** some of which are typically local-machine based software packages the other main type is an online cloud-based system which can be accessed via a web browser. One such online system which is used in many large companies is **Apployed HR Software**. This online web based tools offers the core modules above together with employee and **Staff Training Module**.

The **Staff Training Module** enables organizations the ability to enter, track and manage employee and staff training. Each type of activity can be recorded together with the additional data. The performance of each employee or staff member is then stored and can be accessed via the **Analytics** module.

### 84.1 See also

- Bradford Factor
- Competency-based management
- E-HRM
- Human resources for health (HRH) information system
- International Association for Human Resource Information Management
- Job analysis
- Learning management system
- Organizational chart
- Strategic human resource planning
- Applicant Tracking System.
- List of Human Resource Management Software

### 84.2 Literature


### 84.3 References

Chapter 85

Human resource policies

*Human resource policies* are systems of codified decisions, established by an organization, to support administrative personnel functions, performance management, employee relations and resource planning. [1]

Each company has a different set of circumstances, and so develops an individual set of human resource policies. [1]

85.1 Purposes

The establishment of policies can help an organization demonstrate, both internally and externally, that it meets requirements for diversity, ethics and training as well as its commitments in relation to regulation and corporate governance of its employees. For example, in order to dismiss an employee in accordance with employment law requirements, amongst other considerations, it will normally be necessary to meet provisions within employment contracts and collective bargaining agreements. The establishment of an HR Policy which sets out obligations, standards of behavior and document disciplinary procedures, is now the standard approach to meeting these obligations.

HR policies can also be very effective at supporting and building the desired organizational culture. [2] For example recruitment and retention policies might outline the way the organization values a flexible workforce, compensation policies might support this by offering a 48/52 pay option where employees can take an extra four weeks holidays per year and receive less pay across the year.

85.2 References


Model HR Policies for HR Professionals
Chapter 86

Idea portal

Several companies have created idea portals for their customers and employees, gathering ideas and feedback for new products, new features and process improvements. Examples include the My Starbucks, Adobe Idol and the Cisco I-Prize Innovation Competition.
Chapter 87

IDS HR in Practice

IDS HR in Practice is a subscription-based online service offering analysis and coverage of best practice in all major areas of HR. It features named case studies and benchmarking data on a wide range of employee benefits and allowances. The HR module of http://ids.thomsonreuters.com, the service was launched in 2012 and is the successor to the fortnightly journal IDS HR Studies. A subscription to IDS HR in Practice includes access to the content of IDS HR Studies back to 2003.

IDS HR in Practice is published by Incomes Data Services, a subsidiary of Sweet & Maxwell which is itself owned by Thomson Reuters.

The service is used by companies, trade unions, consultants and other employment-related organisations. 

87.1 Best practice case studies

IDS HR in Practice provides analysis and named company case studies of best practice on all major HR topics, including:

- Absence management
- Alcohol and drugs policies
- Assessment centres
- Coaching and mentoring
- Corporate social responsibility
- Discipline, grievance and mediation
- e-HR
- e-learning
- Employee assistance programmes
- Employee engagement
- Employee health and well-being
- Employer branding
- Flexible benefits
- Flexible working
- Improving staff retention
- Internet and e-mail policies
87.2 Benchmarking data

IDS HR in Practice includes benchmarking data on a wide range of employee benefits and allowances, including:

- Annual hours
- Bonus schemes
- Employee share schemes
- Flexitime schemes
- Hours and holidays
- London allowances
- Overtime
- Shift pay
- Sick pay
- Standby and call-out pay

87.3 References


87.4 In the press

What is your redundancy cheque worth? - 10 July 2008
HR departments have survived the recession with relatively few job cuts – 14 December 2009
Chapter 88

Illness rate

The illness rate is calculated by comparing employee illness-related absences against planned working time, within a specific period. Illness-related absence times and planned working times are calculated in days.

88.1 Interpretation

A high illness rate may be interpreted as an indicator of a heavy workload, bad working conditions, dangerous working environment, low employee satisfaction, and so on. As a simple key figure it can be used for planning purposes, for example, to shift resources from one area into an area with a high Illness Rate. An analysis of the illness reasons or causes must include other factors as well. For example, a high overtime rate combined with a high number of accidents may indicate the reasons for an increase of the illness rate.

88.2 Calculation Formula

\[
\text{Illness rate} = \frac{\sum \text{Illness-related Absence Times in Days}}{\sum \text{Planned Working Times in Days}}
\]

- Unit of Measure: %

88.3 Direction of Improvement

One will usually try to minimize the illness rate.

88.4 Industry and Country Relevance

The illness rate is generic for all industries and countries.
Chapter 89

Incentive program

An incentive program is a formal scheme used to promote or encourage specific actions or behavior by a specific group of people during a defined period of time. Incentive programs are particularly used in business management to motivate employees and in sales to attract and retain customers. Scientific literature also refers to this concept as pay for performance.

89.1 Types

89.1.1 Employee

Main article: Motivation

Employee incentive programs are programs used to increase overall employee performance. While employees tend to approve of incentive programs, only 27% of companies have such programs in place. [1] [2] Employee programs are often used to reduce turnover, boost morale and loyalty, improve employee wellness, increase retention, and drive daily employee performance.

89.1.2 Consumer

Consumer incentive programs are programs targeting the customers of an organization. Increases in a company’s customer retention rate as low as 5% tend to increase profits by 25%–125%. [3] [4] [5] Consumer programs are becoming more widely used as more companies realize that existing customers cost less to reach, cost less to sell, are less vulnerable to attacks from the competition, and buy more over the long term.

89.1.3 Points programs

Points-based incentive programs are a type of program where participants collect and redeem points for rewards. Points programs may be used to incentivize both employees or consumers. Depending on the program type and the organizational objectives, points can be awarded on a number of criteria including positive employee behavior, the demonstration of organizational values, repeat customer purchases, the sale of new products, increased overall sales, or even the use of proper safety precautions. In addition to point awarding, the levels at which points can be redeemed can be customized by the organization. Points programs are a way for organizations to motivate behavior over time while improving the organizations’ overall performance. Loyalty programs are a frequently used points-based incentive program in which customers that exhibit a certain behavior are rewarded with points, reinforcing that behavior.
89.1.4 Sales

These programs are primarily used to drive sales, reduce sales costs, increase profitability, develop new territory, and enhance margins. Sales incentive programs have the most direct relationship to outcomes.

A sales incentive plan (SIP) is a business tool used to motivate and compensate a sales professional or sales agent to meet goals or metrics over a specific period of time, usually broken into a plan for a fiscal quarter or fiscal year. An SIP is very similar to a commission plan; however, an SIP can incorporate sales metrics other than goods sold (or value of goods sold), which is traditionally how a commission plan is derived. Sales metrics used in an SIP are typically in the form of sales quotas (sometimes referred to as point of sale or POS shipments), new business opportunities and/or management by objectives (MBOs) independent action of the sales professional and is usually used in conjunction with a base salary.

SIPs are used to incentivize sales professionals where total sales are not a precise measure of sales productivity. This is usually due to the complexity or length of the sales process or where a sale is completed not by an individual but by a team of people, each contributing unique skills to the sales process. SIPs are used to encourage and compensate each member of the sales team as they contribute to the team’s ability to sell. It is not uncommon for the members of such teams to be located in different physical locations and for the product introduction to happen in one location and the purchase of such a product to occur in another location.

Dealer

Dealer incentive programs are used to improve performance for dealer, resellers, channel partners and other types of brokers using sales incentive programs. These programs help companies capture market share, launch new products, reduce cost of sales and provide momentum for new launches by incentivizing an external party to drive additional sales.

89.1.5 Online programs

Incentive programs have gained significant traction online; 43% of companies using incentive programs use the Internet as a channel. According to the Online Incentive Council (defunct), since their emergence in 1996, the number of online incentive programs has almost doubled in size every year. At present, nearly every traditional incentive company offers an online component in programs including employee motivation and recognition, sales performance, channel programs, and consumer promotions. Companies that run their programs online experience efficient communication, reporting, and awards fulfillment. Online incentive programs pose an attractive alternative to traditional offline programs since online programs save money and time and allow organizations to have greater control.

Incentive websites

Main article: Affiliate marketing

A website which pays people in gifts or cash for completing provided offers and referring other people and frequently use an [Affiliate marketing][affiliate] model. These sites are typically sponsored by companies in order to advertise their products. The sites are in turn paid for advertising and attracting new clients. By collecting user data that the user submits, companies can target certain areas of clientele and offer products accordingly.

In most cases, incentive sites grant rewards for completing requirements. This usually requires viewing advertisements, signing up for a site, entering a PIN code (through a mobile device), purchasing trial products or full products or completing surveys. This in turn rewards the specified user in cash, points, check, or its equivalent. Alternately, an offer may entail referring website visitors by inviting them to a target site under a referral link (unique to every user). Referrers in turn are either paid for every person they invited or as percentage of resulting revenue.
89.2 Monetary rewards

Selecting the appropriate rewards is vital to any program’s success. The goal in choosing rewards is to select items that will spark the participant’s interest or feelings, and support the program’s objectives. Effective rewards will both motivate short-term behavior and provide motivation over time. There are several types of rewards.

89.2.1 Cash

Main article: Pay for performance (human resources)

While incentive program participants often state that they prefer cash to non-cash rewards, research has shown that cash is a poor motivator due to its lack of “trophy value.” In a recent study conducted by the Center for Concept Development, three of five respondents agree that a cash payment is perceived to be part of an employee’s total compensation package and not as part of an incentive program. Additionally, cash is quickly forgotten as many participants tend to spend it on everyday items or use it to pay bills. Given that most people do not generally talk about cash awards, cash programs do little to generate the interest required to create an effective incentive program. Research shows that pay for performance often gives only short term gains, frequently gives no gains at all, and may give reduced performance.

89.2.2 Non-cash rewards

Merchandise and other non-cash rewards are more often perceived as separate from compensation. Accordingly, non-cash rewards tend to stand out as rewards for performance, which enhances their long-term effect. Branded merchandise and other non-cash rewards have high trophy value, bringing greater recognition to the recipient at the time of the award and possessing a long-term lasting effect that can result in increased engagement in the organizations goals.

89.2.3 Gift cards/certificates

Gift cards/certificates are prepaid retail cards or certificates which are redeemed at a later time at checkout. In general, they are available in two types: (1) cards which carry a major credit card brand, commonly referred to as universal gift cards (UGC), and are redeemable at all merchants accepting the credit card brand; and (2) retailer-specific cards, issued by well-known merchants, redeemable only through the issuing retailer. In the 2005 Incentive Federation Study of Motivation and Incentive Applications, gift cards were ranked as the most frequently used type of corporate reward.

89.2.4 Merchandise

Merchandise rewards can range anywhere from small branded key chains to high-end electronics. In a 2005 study conducted by the Center for Concept Development, 73% of respondents agreed that more stimulating, memorable incentive programs can be built around merchandise as opposed to cash rewards.

89.2.5 Travel

Travel rewards can best be defined as a face-to-face event designed to motivate, either directly or indirectly. In a 2005 study conducted by the Center for Concept Development, 51% of respondents perceived that travel is remembered longer than other incentive rewards.

89.2.6 Experiential

Experiential rewards provide program participants with an experience. This form of reward gives organizations the ability to offer their employees and customers interesting experiences as incentives. Examples might include a
seaplane flight and lunch, a two hour horse ride on the beach, a day of sailing for two, a chance to meet a star athlete, or the use of a party planner for an occasion of the recipient’s choice. Experiential rewards allow participants to share their experiences with others and reinforce the reward and the behavior that led to the giving of the reward.

89.3 Non-monetary rewards

Non-monetary incentives are used to reward participants for excellent behavior through opportunities. Non-monetary incentives may include flexible work hours, payroll or premium contributions, training, health savings or reimbursement accounts, or even paid sabbaticals. If it comes to environmental behavior, often labeling and recognition certificates are used. This may include stickers, T-shirts with banner logos, etc.

89.4 See also

- Incentive
- Motivation
- Cobra effect
- Perverse incentive
- Goal-setting theory
- Travel incentive
- Loyalty program
- Advertising Checking Bureau
- Loyalty marketing
- Employee development
- Organization development
- Organizational performance
- Share Incentive Plan
- Xactly Corp

89.5 References


[9] “Center for Concept Development: A Study Conducted among Current Users of Merchandise and Travel Items for Motivation/Incentive Applications”.


Chapter 90

Inclusion (value and practice)

Inclusion is an organizational practice and goal stemming from the sociological notion of inclusiveness which is the political action and personal effort but at the same time the presence of inclusion practices in which different groups or individuals having different backgrounds like origin, age, race and ethnicity, religion, gender, sexual orientation and identity and other are culturally and socially accepted and welcomed, equally treated, etc.

Miller and Katz (2002) presents a common definition of an inclusive value system where they say, “Inclusion is a sense of belonging: feeling respected, valued for who you are; feeling a level of supportive energy and commitment from others than you can do your best work.” *[1] Inclusion is a shift in organization culture. The process of inclusion engages each individual and makes people feeling valued essential to the success of the organization. Individuals function at full capacity, feel more valued, and included in the organization’s mission. This culture shift creates higher performing organizations where motivation and morale soar.

Gasorek (1998) notes her success of instituting diversity and inclusion initiatives at Dun & Bradstreet, a credit-reporting firm. *[2] Hyter and Turnock (2006) offer several case studies of engaging inclusion with corporate organizations such as BellSouth, Frito-Lay, Home Depot, and Procter & Gamble. *[3]

Roberson (2006) notes that the term inclusion is often coupled with the term diversity and these terms are often used interchangeably, however they are distinctly different. *[4] The Institute for Inclusion, a nonprofit organization, has collectively attempted to define inclusion apart from diversity. It has developed a set of core values and general principles and conceptions of inclusion as requiring a paradigm shift in human consciousness, awareness, and interaction.

Interactional participation skills are not currently standardized in formal evaluations of communicative competence, and there will probably be much controversy surrounding any proposals to standardize the testing of interactional competence. Nonetheless, we need some set of inclusion guidelines to decide what skills to look for and how to document them. (page 116, Sawzin, 1984)

This study focused on the aspects of Jennie that can be appreciated. “Positive analysis” is a strategy which has much utility in many contexts, but is very much needed in the lives of children and adults with developmental difficulties. There are many opportunities for parents, professionals and neighbors to minimize their fears, and to move from expectations of deviancy to acceptances of difference. (page 122, Sawzin, 1984)

Also see for paradigms out of phase, Martin Sawzin, 1981, Paradigmatic Aphasia and An Antidote: Developmentalism

90.1 See also

- Anti-discrimination
- Diversity (disambiguation)
- Inclusive business
- Social Exclusion
90.2 References


90.3 External links

- Everyone is Included
Chapter 91

Inclusive business

An **inclusive business** is a sustainable business that benefits low-income communities. It is a business initiative that, keeping its for-profit nature, contributes to poverty reduction through the inclusion of low income communities in its value chain. In simple words inclusive business is all about including the poor in the business process be it as producers or consumers.\[1\]

Large corporations traditionally target consumers in the middle and high-income segments of society, and established suppliers and service providers from the formal economy. Inclusive businesses find profitable ways to engage the low-income segment into their business operations in a way that benefits the low-income communities and creates sustainable livelihoods.

Inclusive businesses may engage low-income communities through, among other things, directly employing low-income people; targeting development of suppliers and service providers from low-income communities; or providing affordable goods and services targeted at low-income communities.

Inclusive business is not corporate philanthropy, which has inherent limitations of scope and budget. Rather, it is the search for sustainable business models that “do well by doing good” and have the potential to become part of the mainstream business model within the companies concerned—the key to business having development impact at scale.

As employees and suppliers, the low-income segments gain access to the formal economy; including provision of training, access to finance and income. As consumers, low income customers can benefit from products and services that meet their needs in an affordable way. If business does both, it opens up the virtuous cycle of business in development. Such an inclusive model functions by engaging the poor in any stage of the business chain. This would result in creating more employment, income, technical skill and local capacity. The basic idea here is to use the know-how and capital base accumulated at the tip of the economic pyramid to develop its base.’\[1\]

### 91.1 Areas for inclusivity

There are 4 broad areas where the principles of inclusive business can be incorporated.

- **Supply chain** —Big corporate have realized that associating themselves with small suppliers have enabled their supply chains to be more flexible and stable and at the same time be of reduced costs.

- **Employment** —Employing the local people in the areas of business will firstly ensure a market for the product. Also local employees will have a better idea of the kind of products that might appeal to the market and can also provide essential local knowledge.

- **Product/service** —Another way of looking at inclusivity in business is by producing goods or rendering services to the poor. Even though earlier it was considered that producing for the poor is ultimately a mere wastage of resources now the poor are target customers for many business corporate.

- **Distribution channels** —Poor localities have poor public infrastructure. ‘Therefore it is essential that there is some amount of flexibility and reliability in its operations. This will be ensured to a certain extent with inclusion.’\[2\]
91.2 Challenges

Taking up inclusive business is a challenge by itself.

- Internal challenges—taking up an inclusive initiative in a corporate firm implies undergoing major internal changes that may be unwelcomed and opposed. It may be seen as too risky and also not too rewarding in the short run. In many cases it is also considered to be highly time consuming. Therefore it is important to keep in mind the internal structure of the firm as there needs to be internal commitment and initiative.

- External environment challenges—these are what are usually referred to as external diseconomies. As we are all very well aware the poor are the most ignored category in the society by the government. They lack basic infrastructural facilities like housing, electricity, water, sanitation etc. It is often seen that small suppliers do not have proper roads and communication systems. These can be major drawbacks for the firm.

- Social challenges—conventionally business firms are known to be profit motivated. Therefore before taking up any such inclusive business ideas it is essential to gain the local population’s trust and respect. But this might result in a drastic change in the existing social patterns. Therefore building such relationships should be done with utmost care so that there are no social disturbances within the concerned localities.”[2]

91.3 See also

- Workplace diversity
- Inclusiveness

91.4 References

[1] “How to Develop Business and Fight Poverty”.

91.5 External links

- IFC Inclusive Business
- Growing Inclusive Markets, UNDP-led inclusive business initiative with case studies database
- DCED overview on inclusive business models debate
- Inclusive Business website
- The Practitioner Hub for inclusive business
- Inclusive Business brochure of the WBCSD-SNV Alliance
- Video on “Inclusive Business - profitable business for successful development”
- Promoting Small and Medium Enterprises for Sustainable Development - published by WBCSD in collaboration with SNV
- Doing Business with the World – The New Role of Corporate Leadership in Global Development
- Endeva - research on inclusive business in various sectors
Chapter 92

Income bracket

*Income bracket* is the bandwidth from a basic wage towards all possible salary components and is used to give employees a career perspective and to give the employer the possibility to reward achievements.

92.1 See also

- Tax bracket
- Salary packaging
Chapter 93

Individual development plan

An individual development plan, also named an IDP, is a document completed by individual for the plan of self-development over the next period, usually one year. This plan is then reviewed and discussed by supervision to match the individual goals with company goals. They also discuss various options and approaches to achieve the plan. At the end of one year (or other time period) this plan is reviewed to see how many goals are fulfilled and what are the new goals and plans for the next year.

Contents of the IDP can vary. Some employees focus on fixing weaknesses. Others focus on playing to their strengths. Some focus on short-term goals and development, other on the long-term. One key component to any good IDP is that the employee feels total ownership of the content. It’s generally regarded a bad practice to write “what the boss wants to hear”.

93.1 External links

- Using IDPs to Leverage Strengths (GovLeaders.org)
Chapter 94

Induction programme

This concept involves officially endorsed business processes; it does not include unofficial and frequently clandestine initiation practices such as hazing.

An induction programme is the process used within many businesses to welcome new employees to the company and prepare them for their new role.

Induction training should, according to TPI-theory, include development of theoretical and practical skills, but also meet interaction needs that exist among the new employees. [1]

An Induction Programme can also include the safety training delivered to contractors before they are permitted to enter a site or begin their work. It is usually focused on the particular safety issues of an organisation but will often include much of the general company information delivered to employees.

94.1 Benefits

An induction programme is an important process for bringing staff into an organisation. It provides an introduction to the working environment and the set-up of the employee within the organisation. The process will cover the employer and employee rights and the terms and conditions of employment. As a priority the induction programme must cover any legal and compliance requirements for working at the company and pay attention to the health and safety of the new employee.

An induction programme is part of an organisation’s knowledge management process and is intended to enable the new starter to become a useful, integrated member of the team, rather than being “thrown in at the deep end” without understanding how to do their job, or how their role fits in with the rest of the company.

Good induction programmes can increase productivity and reduce short-term turnover of staff. These programs can also play a critical role under the socialization to the organization in terms of performance, attitudes and organizational commitment.” [2]

94.2 A typical induction programme

A typical induction programme will include at least some of the following:

- any legal requirements (for example in the, some Health and Safety training is obligatory)
- any regulatory requirements (for example in the banking sector certain forms need to be completed)
- introduction to terms and conditions (for example, holiday entitlement, how to make expense claims, etc.)
- a basic introduction to the company, and how the particular department fits in
- a guided tour of the building
94.3 Best practice

In order to fully benefit the company and employee, the induction programme should be planned in advance. A timetable should be prepared, detailing the induction activities for a set period of time (ideally at least a week) for the new employee, including a named member of staff who will be responsible for each activity. This plan should be circulated to everyone involved in the induction process, including the new starter. If possible it should be sent to the new starter in advance, if not co-created with the new starter [3].

It is also considered best practice to assign a buddy to every new starter. If possible this should be a person who the new starter will not be working with directly, but who can undertake some of the tasks on the induction programme, as well as generally make the new employee feel welcome. (For example, by ensuring they are included in any lunchtime social activities.)

94.4 See also

- Onboarding regarding acquiring, accommodating, assimilating and accelerating new employees
- Induction (teachers) for induction of teachers in England and Wales
- Employee Exit Management
- TPI-theory

94.5 References


- ACAS article “Recruitment, selection and induction
- Browning, Guy (15 July 2004) New kid on the block People Management Magazine
Chapter 95

Induction training

In human resource development, induction training is a form of introduction for new starters in order to enable them to do their work in a new profession or job role within a business (or establishment) [*][1].

Training can be systematic or unsystematic training. Induction training is systematic training. The systematic model supplements natural learning with a systematic intervention that relates to the organisation's objectives. The features of induction training include:

- Training is part of the organisation's overall planning process and is in line with its goals
- The organisation has a training strategy which informs the approach to employee development
- Skills are planned for and addressed systematically through formal training
- There is a continuous cycle of training analysis, activity and evaluation [*][2]

Induction training provides employees with a smooth entry into the organisation by providing them with the information they require to get started. [*][3] The goals of induction training are in line with those of the wider induction process. These goals are to:

- Create a positive atmosphere
- Address any new job concerns
- Increase comfort level and feeling of belonging
- Increase knowledge of the organisation and its procedures and policies
- Share organisational values
- Share job specific information [*][4]

In small organisations, the responsibility for carrying out the induction training usually rests with one person. In larger organisations, the responsibility is shared between managers, supervisors and human resources. [*][5] In the case of both big and small organisations the employee and his/her senior manager play a major role in inducting an employee. Their responsibility is to ensure that the induction program is followed and the desired induction goals are achieved. During the Induction, the human resources are responsible for preparing the induction checklist (updating periodically), the planning and administration of the formal program, assisting and advising employees [*][6]

The induction itself is usually conducted within the workplace by competent trainers and speakers in a presentation format. [*][7] Induction training can also be in a written format, which can be sent to a new employee before they start, or handed to them when they start or delivered as a Computer based format. [*][8]

The induction training should satisfy two objectives:

- The new employee who wants to be integrated into the social group of the organisation will know about the particular task that they will do within the whole system of the organisation
- The trainer is able to get to the trainees trained up in order to successfully integrate them into the specific area of the organisation for which the individual is being trained for. [*][9]
95.1 Considerations for planning effective induction training

The induction is the first real opportunity the new starters get to experience their new employer. If for example the trainer is no good or the facilitation lacks, then the new starter may very quickly become bored and may even question their choice of employment.”[10] Induction training must be comprehensive, collaborative, systematic and coherent to be effective’[11] and make a positive impact with the trainee. According to TPI-theory, training should include development of theoretical and practical skills, but also meet interaction needs that exist among the new employees.”[12] There are different ways in which different businesses conduct induction training in order to enable new staff and recruits to do their work. I.e. Starbucks, who ensure their induction is very practical to set the expectations of the job’[13] compared to the Exxonmobil Graduate schemes program which spans the first year of employment, with the bulk of the induction training happening in the first two weeks to ensure they have built up the background knowledge before learning about job or role particular training.”[14] The right balance of training will not be too intensive an information-giving session as this will be ineffective”[15] as individuals will start to lose concentration and may end up missing crucial information.

95.2 Alternatives to induction training

An alternative to Induction training is Coaching. Coaching is a partnership in which employees aim to achieve support and advice from a more senior colleague whilst on the job.”[16] Staff Retreats is another form of introduction for new starters to an organisation. Businesses pause once or twice a year to analyse policies and procedures and also look through their systems and processes. The main objective is looking at ways to improve efficiency of their business.”[17] On the job training is also an alternative to induction training and is given to an employee at their workplace while they are doing the job.”[18] Group discussions are another possible alternative for induction training. Group discussions are informal gatherings of individuals in order to discuss ideas and information while suggesting how new recruits can cope with the new environment.”[19]

95.3 Benefits

The induction process familiarises new employees with the business and the people.”[20] Induction training enables a new recruit to become productive as quickly as possible. The cost of not training is considered higher than the cost of training.”[21] The main advantage of induction training is that it can be brief and informative allowing businesses to save time and money on planning and conducting the training whilst supplying key information to new entrants.”[22] Induction training also helps to provide individuals with a professional impression of the company and its aims and objectives allowing new entrants to work towards these aims and exceed them.”[23]

95.4 References


Chapter 96

Internal communications

Filming a day's work for the US Armed Forces Network Television Services, an internal communication channel.

Internal communications (IC) is the function responsible for effective communication among participants within an organization.

Modern understanding of internal communications is a field of its own and draws on the theory and practice of related professions, not least journalism, knowledge management, public relations (e.g., media relations), marketing and human resources, as well as wider organizational studies, communication theory, social psychology, sociology and political science.

96.1 History of internal communications

Large industrial organizations have a long history of promoting pride and a sense of unity among the employees of the company, evidenced in the cultural productions of Victorian-era soap manufacturers as far apart as the UK’s Lever Brothers (right) and the Larkin Soap Company of Buffalo, New York.

Internal communications is fundamentally a management discipline, but as a discrete discipline of organizational
theory it is correspondingly young. Stanford associate professor Alex Heron's *Sharing Information with Employees* (1943) is an outlier among texts which focus solely on the factors involved. Theorization in academic papers accelerated in the 1970s, but mainstream management texts mostly post-date 1990.

Writing in 2013, Ruck and Yaxley explore how the discipline evolved from the days of employee publications in the late 19th century. As organisations became more complex, the impetus to communicate with employees grew and led to the emergence of an increasingly specialised discipline.¹[1]

### 96.2 Role of IC in the organization

People at work communicate regardless of the intentions of their managers or leaders. The purpose that a formally appointed IC manager or IC team will serve within a given organization will depend on the business context. In one, the IC function may perform the role of 'internal marketing' (i.e., attempting to win participants over to the management vision of the organization); in another, it might perform a 'logistical' service as channel manager; in a third, it might act principally as strategic adviser.

It is important to distinguish between communications on behalf of the organization and the day to day intercourse within work groups or between managers and subordinates. Minzberg ²[2] talks about the fact that communications is intrinsic to the work of a manager - it is the very essence of work in many situations. This article is less concerned with the interpersonal communications that take place in most workplaces and which are explored by writers such as Phillip Clampitt."³[3]

There are a number of reasons why organisations should be concerned with internal communication.

Importantly, there is commonly a legal requirement for organizations to communicate with their workers. In Europe, for example, the EU has made very specific provision about workers' rights to be informed and consulted with Directive 94/45/EC (Works Council).

Effective internal communications is commonly understood by practitioners to improve employee engagement (see, e.g., the UK government-sponsored Macleod Report ⁴[4]) and therefore to add significant value to organizations on metrics from productivity to customer research.
As noted in Quirke (2008):[5] “Traditionally, internal communications has focused on the announcement of management conclusions and the packaging of management thinking into messages for mass distribution to the ‘troops’”. Research indicates a limit to the value of this ‘broadcasting’ model of IC. Without feedback loops and harnessing the active involvement and mediation skills of frontline supervisors or team leaders, broadcasting tends to be more effective at influencing senior and middle managers than frontline employees - see, e.g., Larkin and Larkin (1994).[6] As the IC function matures within the organization, then, it may come to play a wider role in facilitating conversations “upwards”, “downwards” and “across” the organization, per Stohl (1995).[7] Organizations increasingly see IC as playing a role in external reputation management. Joep Cornelissen in his book Corporate Communications'[8] touches on the relationship between reputation and internal conversations. This trend reaches its full potential with the arrival of new ‘norms’ and customer expectations around social media, for example in the work of Scoble and Israel.[9] Market researchers MORI'[10] have likewise highlighted the effects of employee advocacy on an organisation’s external reputation.

IC managers try to get senior leaders to think strategically about how management decisions can be perceived internally and externally. The focus of IC is often to ensure that employees can support a decision and understand how it impacts their work.

96.3 Internal communication strategy

There are two sides to strategy in internal communications. In the first instance there is the organization’s strategy —what it hopes to achieve and how it plans to go about achieving it. That strategy will be supported and, to some extent, delivered through effective internal communications. In this context internal communication can help on several different levels:

- Tell: simply informing people of the direction, non-negotiable
- Sell: anticipating some form of backlash, requiring some persuasion
- Consult: seeking specific areas of input to the decision-making process
- Involve: seeking varying degrees of involvement and co-creation

Secondly, and more importantly, internal communications needs a strategy of its own. It should be positioned more than a simple plan of tactical interventions in support of business activities. The strategy should consider the following:

- Market: What does the organization know about its audiences’ needs? How should its audiences be segmented?
- Message: What is it the organization’s message is trying to achieve? In what tone should it be conveyed?
- Media: Which channels work best for the different audience segments? How will it maximize reach and cut-through? Are there clear editorial guidelines for each?
- Measurement: Are there clearly defined success criteria? What are the leading and lagging measures? As well as informing all of the other three M’s, it should be used to demonstrate value and measures of performance (ROI, message penetration, hit rates, quality of feedback, etc.)

The strategy will inform the best way to organize effective communications.

Five general modes of IC practice are itemised below, ranked loosely according to their position along a spectrum from tactical to strategic activities.

96.3.1 Message distribution

Formal channels typically fall into one of four broad categories:

- **Electronic**: - Communications that are delivered and/or accessed electronically, either by computer, telephone, television or other devices. Examples include email, intranet, video and webcasts, DVD, electronic newsletters, podcasts, blogs, wikis, voicemail, conference calls, SMS text messaging, screen saver messaging, Desktop alert messages, desktop news feeds and internal social media tools (e.g.: internal Twitter-style sites such as Yammer)
CHAPTER 96. INTERNAL COMMUNICATIONS

The modes of IC practice, arranged along a spectrum from the tactical to the strategic

- **Print**: Paper-based communications. Examples include magazines, newsletters, brochures, postcards and other ‘desk drops’, posters, memos, communication packs or ‘toolkits’ for line managers, etc.

- **Face-to-face**: One-to-one and one-to-many forums where people are physically present. Examples include a ‘cascade’ of team meetings or briefings, conferences, site visits, ‘back to the floor’, consultation forums, ‘brown bag’ lunches, round-table discussions, ‘town meetings’, etc.

- **Workspace**: the working environment. Examples include notice boards, plasma and LCD screens, accessories (e.g.: mousemats), window decals, etc.

Informal channels reflect the non-linear dynamics of a social network and can be as influential, if not more so, than official channels, often more likely to stimulate and create discussion and dialogue. The channels may manifest themselves via the rumour-mill, water-cooler conversations, social networking, graffiti, spoof newsletters, etc.

**Selecting channels**

One of the key challenges any internal communicator will face is how to select the right channels - and the right mix of channels - for both the audience and the message. Bill Quirke’s [5] offers a simplistic guide; See Weick’s [11] for some theoretical grounds for this basic insight.

The practical considerations are:

- **Availability**: what channels either already exist within the organisation or can be introduced effectively?
• **Audience**: who are they, where are they based, how do they prefer to access information and how effective will the proposed channel be in reaching them and engaging them?

• **Objectives**: what does the organisation want people to learn, think, feel or do as a result of the message?

• **Content**: what is the context and substance of the message? (For example, sensitive messages may need to be communicated face-to-face, rather than by, say, SMS text message.)

• **Timing**: how urgent is the message? (For example, communications in times of crisis which require quick dissemination of important messages.)

**Traffic control**

A typical large organisation IC function will be concerned to monitor and limit the *quantity* of information flowing through each internal channel, prioritising according to the relevance of a given message to the audience implicated in that channel, as well as the urgency and impact of the message. Such organisations typically face a risk that channels (such as intranet news, or email) are over-used for inappropriate, low value messages, causing vital audience groups to filter them out.

**Channel development and administration**

IC teams will often (but not always) hold responsibility for the administration and development of several of the organisation’s communications channels. The range of media available is wide - and growing fast with new electronic media. Initially, IC tends to focus on the existing resources of the organisation, typically an intranet, email distributions, and newsletters.

One common element of channel development and administration involves managing supplier relationships - agencies external to the organization typically specialise in one main channel area, such as audiovisual, or print production.

**Line manager ‘cascade’**

Sending information down the line to local supervisors, expecting them to deliver it without any corruption, interpretation or deviation has long been the main focus of ‘cascaded’ internal communications (for example, UK guidance from The Industrial Society, now the Work Foundation, focused on giving managers very clear instructions about what to say and how to say it). However, in recent years thinking has evolved and literature now concentrates on empowering managers to facilitate discussion rather than cascade management of messages which will have little authority or impact. This is a particularly strong theme in the writing of TJ and Sandar Larkin. *Clampitt (2005)* lists three approaches managers use to communicate with their employees. *[12]*

Employee communication is an important skill for all line managers, irrespective of their seniority. Like any skill it requires training and development. Often, organisations do not invest the appropriate amount of time and effort in developing managers’ communications skills. Too often this leads to managers abdicating responsibility for communications to their ‘internal communications department’ and a lack of confidence in facilitating discussion in their teams. This raises debate around the following issues:

- The nature of supervisory relationships and organisational communication
- The potency of managers as a channel of official communications
- How best to support managers in their roles

FitzPatrick and Valskov argue that strong manager communication systems attempt to address five essential issues:

- Do managers understand that communication is part of their role - in general and on specific occasions or topics?
- Do managers have access to more detailed background or context - rather than just be supplied with the same material as their teams?
- Have managers received training or development to support their role?
- Are managers supplied with materials to make their task easier?
- What attention is given to their feedback? *[13]

Social Media

Social media is becoming increasingly discussed in the field of Internal communication. However, there is little documented, academic, evidence of where it is being used successfully as part of a planned campaign of employee communications and it is often confused with digital media. There are case studies published on a number of commercial websites including www.simply-communicate.com and www.melcrum.com (other publishers exist) and there is a useful chapter on the subject by Tracy Playle in Ruck's 'Exploring Internal Communication'.

96.3.2 Message design and production

Basic IC services to an organization begin with editorial services - either fine-tuning messages drafted by participants in the organization, or drafting new material on their behalf. IC practitioners might simply correct basic grammar, etc., especially in organisations where many participants may be operating in their second or third language. Or they might re-work it to conform to house style or its branded equivalent, 'tone of voice'. The skillset involved relates closely to media professions such as journalism, copywriting and film or print production. Message design may be iterative, or involve a range of participants in an approvals process.

96.3.3 Project communications

IC practitioners may be seconded to a specific project team, to support the stages of the project that carry a communications or engagement component. Project communicators might produce a schedule of communication objectives and milestones for the project; a map of vital stakeholders (senior individuals or large groups / segments of the overall population); and a message framework to guide project participants towards a single, coherent message about their work. They might also contribute to the project’s aggregate risks ‘log’ on the reputational risks, and work-up contingency plans covering unintended situations.

Change communications

Organisations are increasingly turning to communications to help implement change. It is useful to distinguish between change - the act of altering something within an organisation (such as the introduction of a new IT system or the closure of an office) and 'transition' - the process through which an individual passes as part of the process of coping with change. The use of the two terms interchangeably causes some confusion. Change communication is often focused on logistical matters - making sure that people understand a change and how it will impact on their work and lives. Transitional communications (for want of a better term) will often draw heavily on HR thinking and practice and may reflect psychological models such as that proposed by grieving, by Elisabeth Kübler-Ross).

There are important contributions made to the debate about practice in this area by Herrero *[14] and Quike.*[15]

Crisis communications

Organizations occasionally face unplanned reputational crises which can destroy brand value or even finish the organization. At such moments, the support of the internal constituency becomes especially valuable, as employees' friends and relatives seek their account of events, and as talented and motivated participants consider whether or not to remain with the organization.

As with Media relations and PR, the role IC plays in a crisis can be decisive for the success or failure of an organization, as it responds to a critical challenge. Organizations with a mature IC function may have contingency planning in place, ready to be tailored to the particulars of the situation. They are also more likely to have 'well flexed', well-rehearsed line management communications capability, etc., making crisis communications more effective. Less mature IC
functions may find it difficult to bring senior leaders’ attention to the internal audience, when critical stakeholders such as investors or customers appear more likely to desert the organization.

Although unplanned and usually under-resourced, the quality of an IC function’s response in a crisis often has a decisive impact in the maturing of an IC function within an organization. Effective responses bring IC up the list of priorities for senior leaders, following the crisis.

96.3.4 Internal communication roles

In recent years the practice of internal communications has professionalised.

In common with the Ulrich model for Human resources practice, IC may be delivered via a ‘business partnering’ relationship, acting as adviser to a given function or unit on IC issues relevant to the delivery of their strategic plans and projects. As a representative of the audiences with a stake in the developments under discussion, this can be both an awkward and a privileged position to occupy, requiring skills of diplomacy and objectivity.

96.4 IC associations and accreditation

There is not yet a globally recognised internal communication qualification, though various training courses and formal qualifications have been established to create and maintain standards.

In the UK, the accreditation bodies representing the profession offer competing qualifications. The UK’s Chartered Institute of Public Relations offers training and qualifications in internal communications including Diploma and Certificate courses.[16] There are also postgraduate Diploma or Masters programmes in Internal Communications Management at Kingston University in London.[17]

In Europe, related courses are available at the University of Lugano in Switzerland and Rotterdam School of Management in the Netherlands.[18]

Professional IC associations include Melcrum,[19] the Institute of Internal Communication, the International Association of Business Communicators (IABC), and others. In 2013, IABC closed its Accredited Business Communicator qualification, but planned to launch a Certification Programme for Strategic Communicators in Autumn 2014.

96.5 Synonyms

IC may variously be referred to as: employee communications, employee engagement, employee relations, internal marketing, company communications, staff communication. Responsibility for IC may sit within various established functions, including marketing, corporate communications, transformation, HR and the CEO office. Internal communications functions can require several skills, e.g.: writing, marketing, event organisation, web production, facilitation, advertising, stakeholder management, corporate social responsibility, branding and communications training.

96.6 See also

- Brand engagement
- Employee engagement
- Corporate communications

96.7 Notes

96.8 References

- Quirke, B (2003) Making the Connections, Gower
- Wright, M ed (2009) The Gower handbook of internal communication, Gower
Chapter 97

Job analysis

Job analysis (also known as Work analysis\[1\]) is a family of procedures to identify the content of a job in terms of activities involved and attributes or job requirements needed to perform the activities. Job analyses provide information to organizations which helps to determine which employees are best fit for specific jobs. Through job analysis, the analyst needs to understand what the important tasks of the job are, how they are carried out, and the necessary human qualities needed to complete the job successfully. The process of job analysis involves the analyst describing the duties of the incumbent, then the nature and conditions of work, and finally some basic qualifications. After this, the job analyst has completed a form called a job psychograph, which displays the mental requirements of the job.\[2\] The measure of a sound job analysis is a valid task list. This list contains the functional or duty areas of a position, the related tasks, and the basic training recommendations. Subject matter experts (incumbents) and supervisors for the position being analyzed need to validate this final list in order to validate the job analysis.\[3\] Job analysis is crucial for first, helping individuals develop their careers, and also for helping organizations develop their employees in order to maximize talent. The outcomes of job analysis are key influences in designing learning, developing performance interventions, and improving processes.\[4\] The application of job analysis techniques makes the implicit assumption that information about a job as it presently exists may be used to develop programs to recruit, select, train, and appraise people for the job as it will exist in the future.\[5\]

Job analysts are typically industrial-organizational (I-O) psychologists or human resource officers who have been trained by, and are acting under the supervision of an I-O psychologist. One of the first I-O psychologists to introduce job analysis was Morris Viteles. In 1922, he used job analysis in order to select employees for a trolley car company. Viteles' techniques could then be applied to any other area of employment using the same process.\[6\] Job analysis was also conceptualized by two of the founders of I-O psychology, Frederick Winslow Taylor and Lillian Moller Gilbreth in the early 20th century.\[1\] Since then, experts have presented many different systems to accomplish job analysis that have become increasingly detailed over the decades. However, evidence shows that the root purpose of job analysis, understanding the behavioral requirements of work, has not changed in over 85 years.\[7\]

97.1 Purpose

One of the main purposes of conducting job analysis is to prepare job descriptions and job specifications which in turn helps hire the right quality of workforce into an organization. The general purpose of job analysis is to document the requirements of a job and the work performed. Job and task analysis is performed as a basis for later improvements, including: definition of a job domain; description of a job; development of performance appraisals, personnel selection, selection systems, promotion criteria, training needs assessment, legal defense of selection processes, and compensation plans.\[8\] The human performance improvement industry uses job analysis to make sure training and development activities are focused and effective.\[3\] In the fields of human resources (HR) and industrial psychology, job analysis is often used to gather information for use in personnel selection, training, classification, and/or compensation.\[9\]

Industrial psychologists use job analysis to determine the physical requirements of a job to determine whether an individual who has suffered some diminished capacity is capable of performing the job with, or without, some accommodation. Edwin Flieshman, Ph.D. is credited with determining the underlying factors of human physical fitness.\[10\] Professionals developing certification exams use job analysis (often called something slightly different, such as “task analysis” or “work analysis”) to determine the elements of the domain which must be sampled.
in order to create a content valid exam. When a job analysis is conducted for the purpose of valuing the job (i.e.,
determining the appropriate compensation for incumbents) this is called “job evaluation.”

Job analysis aims to answer questions such as:

- Why does the job exist?
- What physical and mental activities does the worker undertake?
- When is the job to be performed?
- Where is the job to be performed?
- How does the worker do the job?
- What qualifications are needed to perform the job?

### 97.2 Procedures

As stated before, the purpose of job analysis is to combine the task demands of a job with our knowledge of human attributes and produce a theory of behavior for the job in question. There are two ways to approach building that theory, meaning there are two different approaches to job analysis.[11]

#### 97.2.1 Task-oriented

Task-oriented procedures focus on the actual activities involved in performing work.[8] This procedure takes into consideration work duties, responsibilities, and functions. The job analyst then develops task statements which clearly state the tasks that are performed with great detail. After creating task statements, job analysts rate the tasks on scales indicating importance, difficulty, frequency, and consequences of error. Based on these ratings, a greater sense of understanding of a job can be attained.[12] Task analysis, such as cognitively oriented task analysis (COTA), are techniques used to describe job expertise. For example, the job analysts may tour the job site and observe workers performing their jobs. During the tour the analyst may collect materials that directly or indirectly indicate required skills (duty statements, instructions, safety manuals, quality charts, etc.).[9] Functional job analysis (FJA) is a classic example of a task-oriented technique. Developed by Fine and Cronshaw in 1944, work elements are scored in terms of relatedness to data (0–6), people (0–8), and things (0–6), with lower scores representing greater complexity. Incumbents, considered subject matter experts (SMEs), are relied upon, usually in a panel, to report elements of their work to the job analyst. Using incumbent reports, the analyst uses Fine’s terminology to compile statements reflecting the work being performed in terms of data, people, and things. The Dictionary of Occupational Titles uses elements of the FJA in defining jobs.[12]

#### 97.2.2 Worker-oriented

Worker-oriented procedures aim to examine the human attributes needed to perform the job successfully.[8] These human attributes have been commonly classified into four categories: knowledge, skills, abilities, and other characteristics (KSAO). Knowledge is the information people need in order to perform the job. Skills are the proficiencies needed to perform each task. Abilities are the attributes that are relatively stable over time. Other characteristics are all other attributes, usually personality factors.[12] The KSAOs required for a job are inferred from the most frequently-occurring, important tasks. In a worker-oriented job analysis, the skills are inferred from tasks and the skills are rated directly in terms of importance of frequency. This often results in data that immediately imply the important KSAOs. However, it can be hard for SMEs to rate skills directly. The Fleishman Job Analysis System (F-JAS) developed by Edwin A. Fleishman represents a worker-oriented approach. Fleishman factor-analyzed large data sets to discover a common, minimum set of KSAOs across different jobs. His system of 73 specific scales measure three broad areas: Cognitive (Verbal Abilities; Idea Generation & Reasoning Abilities; Quantitative Abilities; Memory; Perceptual Abilities; Spatial Abilities; and Attentiveness),
Psychomotor (Fine Manipulative Abilities; Control Movement Abilities; and Reaction Time and Speed Abilities), and Physical (Physical Strength Abilities; Endurance; Flexibility, Balance, and Coordination; Visual Abilities; and Auditory and Speech Abilities).

JobScan is a measurement instrument which defines the personality dynamics within a specific type of job. By collecting PDP ProScan Survey results of actual performers and results of job dynamics analysis surveys completed by knowledgeable people related to a specific job, JobScan provides a suggested ideal job model for that position. Although it does not evaluate the intellect or experience necessary to accomplish a task, it does deal with the personality of the type of work itself.

97.3 Example

For the job of a snow-cat operator at a ski slope, a work or task-oriented job analysis might include this statement: Operates Bombardier Sno-cat, usually at night, to smooth out snow rutted by skiers and snowboard riders and new snow that has fallen. On the other hand, a worker-oriented job analysis might include this statement: Evaluates terrain, snow depth, and snow condition and chooses the correct setting for the depth of the snow cat, as well as the number of passes necessary on a given ski slope.

Job analysis methods have evolved using both task-oriented and worker-oriented approaches. Since the end result of both approaches is a statement of KSAOs, neither can be considered the "correct" way to conduct job analysis. Because worker-oriented job analyses tend to provide more generalized human behavior and behavior patterns and are less tied to the technological parts of a job, they produce data more useful for developing training programs and giving feedback to employees in the form of performance appraisal information. Also, the volatility that exists in the typical workplace of today can make specific task statements less valuable in isolation. For these reasons, employers are significantly more likely to use worker-oriented approaches to job analysis today than they were in the past.

97.4 Knowledge, skills, abilities and other characteristics (KSAOs)

Regardless of which approach to job analysis is taken, the next step in the process is to identify the attributes—the KSAOs that an incumbent needs for either performing the tasks at hand or executing the human behaviors described in the job analysis.

- **Knowledge**: “A collection of discrete but related facts and information about a particular domain...acquired through formal education or training, or accumulated through specific experiences.”

- **Skill**: “A practiced act”

- **Ability**: “The stable capacity to engage in a specific behavior”

- **Other characteristics**: “Personality variables, interests, training, and experiences”

97.5 Methods

Finally, once the appropriate KSAOs are identified, tests and other assessment techniques can be chosen to measure those KSAOs. Over the years, experts have presented several different systems and methods to accomplish job analysis. Many forms of systems are no longer in use, but those systems that still exist have become increasingly detailed over the decades with a greater concentration on tasks and less concentration on human attributes. That trend, however, has reversed in recent years for the better. Newer methods and systems have brought I-O psychology back to an examination of the behavioral aspects of work.

There are several ways to conduct a job analysis, including: interviews with incumbents and supervisors, work sampling, the repertory grid technique, questionnaires (structured, open-ended, or both), observation, critical incident investigations, hierarchical task analysis, and gathering background information such as duty statements or classification specifications. In job analyses conducted by HR professionals, it is common to use more than one of these methods. Traditional job analysis methods of analysis can be laborious and time consuming, and there is always a tendency on the part of management to over analyze some jobs and under analyze some others. These
traditional job analysis methods include: one-on-one interviewing; behavioral event interviews; phone interviews; surveys; work assessments; Developing a Curriculum (DACUM); job analysis worksheets; observations and procedural review. Job analysis at the speed of reality. Amherst, Mass.: HRD Press. All of these methods can be used to gather information for job analysis. The DACUM process developed in the late 1960s has been viewed as the fastest method used, but it can still take two or three days to obtain a validated task list.

1. **Observation**: This was the first method of job analysis used by I-O psychologists. The process involves simply watching incumbents perform their jobs and taking notes. Sometimes they ask questions while watching, and commonly they even perform job tasks themselves. Near the end of World War II, Morris Viteles studied the job of navigator on a submarine. He attempted to steer the submarine toward Bermuda. After multiple misses by over 100 miles in one direction or another, one officer suggested that Viteles raise the periscope, look for clouds, and steer toward them since clouds tend to form above or near land masses. The vessel reached Bermuda shortly after that suggestion. The more jobs one seriously observes, the better one’s understanding becomes of both the jobs in question and work in general.

2. **Interviews**: It is essential to supplement observation by talking with incumbents. These interviews are most effective when structured with a specific set of questions based on observations, other analyses of the types of jobs in question, or prior discussions with human resources representatives, trainers, or managers knowledgeable about jobs.

3. **Critical incidents and work diaries**: The critical incident technique asks subject matter experts to identify critical aspects of behavior or performance in a particular job that led to success or failure. For example, the supervisor of an electric utility repairman might report that in a very time-pressing project, the repairman failed to check a blueprint and as a result cut a line, causing a massive power loss. In fact, this is what happened in Los Angeles in September 2005 when half the city lost power over a period of 12 hours. The second method, a work diary, asks workers and/or supervisors to keep a log of activities over a prescribed period of time. They may be asked to simply write down what they were doing at 15 minutes after the hour for each hour of the work day. Or, they may list everything they have done up to a break.

4. **Questionnaires and surveys**: Expert incumbents or supervisors often respond to questionnaires or surveys as a part of job analysis. These questionnaires include task statements in the form of worker behaviors. Subject matter experts are asked to rate each statement form their experience on a number of different dimensions like importance to overall job success, frequency performance and whether the task must be performed on the first day of work or can be learned gradually on the job. Questionnaires also ask incumbents to rate the importance of KSAOs for performing tasks, and may ask the subject matter experts to rate work context. Unlike the results of observations and interviews, the questionnaire responses can be statistically analyzed to provide a more objective record of the components of the job. To a greater and greater extent, these questionnaires and surveys are being administered online to incumbents.

5. **Position Analysis Questionnaire**: The Position Analysis Questionnaire (PAQ) is a well-known job analysis instrument. Although it is labeled a questionnaire, the PAQ is actually designed to be completed by a trained job analyst who interviews the SMEs (e.g., job incumbents and their supervisors).[2] The PAQ was designed to measure job component validity of attributes presented in aptitude tests. Job component validity is the relationship between test scores and skills required for good job performance. There are 195 behavior-related statements in the PAQ divided into six major sections: information input, mental process, work output, relationships with others, job context, and other job characteristics.

6. **Checklists**: Checklists are also used as a job analysis method, specifically with areas like the Air Force. In the checklist method, the incumbent checks the tasks he or she performs from a list of task statements that describe the job. The checklist is preceded by some sort of job analysis and is usually followed by the development of work activity compilations or job descriptions. The scope of task statements listed depends upon the judgment of the checklist constructor.[17]

### 97.6 Six steps

1. Decide how to use the information since this will determine the data to collect and how to collect it. Some data collection techniques such as interviewing the employee and asking what the job entails are good for writing job descriptions and selecting employees for the job. Other techniques like the position analysis questionnaire
do not provide qualitative information for job descriptions. Rather, they provide numerical ratings for each job and can be used to compare jobs for compensation purposes.\[18\]

2. Review appropriate background information like organization charts, process charts, and job descriptions. Organization charts show the organization-wide work division, how the job in question relates to other jobs, and where the job fits in the overall organization. The chart should show the title of each position and, through connecting lines, show reports to whom and with whom the job incumbent communicates. A process chart provides a more detailed picture of the work flow. In its simplest, most organic form, a process chart shows the flow of inputs to and outputs from the job being analyzed. Finally, the existing job description (if there is one) usually provides a starting point for building the revised job description.

3. Select representative positions. This is because there may be too many similar jobs to analyze. For example, it is usually unnecessary to analyze jobs of 200 assembly workers when a sample of 10 jobs will be sufficient.

4. Actually analyze the job by collecting data on job activities, necessary employee behaviors and actions, working conditions, and human traits and abilities required to perform the job. For this step, one or more than one methods of job analysis may be needed.

5. Verify the job analysis information with the worker performing the job and with his or her immediate supervisor. This will help confirm that the information is factually correct and complete. This review can also help gain the employee's acceptance of the job analysis data and conclusions by giving that person a chance to review and modify descriptions of the job activities.

6. Develop a job description and job specification. These are two tangible products of the job analysis process. The job description is a written statement that describes the activities and responsibilities of the job as well as its important features such as working conditions and safety hazards. The job specification summarizes the personal qualities, traits, skills, and background required for completing a certain job. These two may be completely separate or in the same document.\[18\]

97.7 Uses of information

1. Recruitment and selection: Job analysis provides information about what the job entails and what human characteristics are required in order to perform these activities. This information, in the form of job descriptions and specifications, helps management officials decide what sort of people they need to recruit and hire and select.

2. Compensation: Job analysis information is crucial for estimating the value of each job and its appropriate compensation. Compensation (salary and bonus) usually depends on the job's required skill and education level, safety hazards, degree of responsibility, etc. -- all factors which can be assessed through job analysis. Also, many employers group jobs into classes. Job analysis provides the information to determine the relative worth of each job and its appropriate class.

3. Performance appraisal: A performance appraisal compares each employee's actual performance with his or her performance standards. Managers use job analysis to determine the job's specific activities and performance standards.

4. Training: The job description should show the activities and skills, and therefore training, that the job requires.

5. Discovering unassigned duties: Job Analysis can also help reveal unassigned duties. For example, a company's production manager says an employee is responsible for ten duties, such as production scheduling and raw material purchasing. Missing, however, is any reference to managing raw material inventories. On further study, it is revealed that none of the other manufacturing employees are responsible for inventory management, either. From review of other jobs like these, it is clear that someone should be managing raw material inventories. Therefore, an essential unassigned duty has been revealed.

6. EEO compliance: Job analysis plays a large role in EEO compliance. United States Federal Agencies' Uniform Guidelines on Employee Selection stipulate that job analysis is a necessary step in validating all major personnel activities. For example, employers must be able to show that their selection criteria and job performance are actually related. Doing this requires knowing what the job entails, which in turn requires job analysis.\[18\]
CHAPTER 97. JOB ANALYSIS

97.8 Job Analysis at the Speed of Reality (JASR)

The Job Analysis at the Speed of Reality (JASR) method for job analysis is a reliable, proven method to quickly create validated task lists. The end product, which can be used for many purposes, is the basis for many potential training opportunities. This method is a tested process that helps analysts complete a job analysis of a typical job with a group of subject matter experts and managers in two to three hours then deliver a validated task list. [19]

1. Job incumbents should know their jobs better than anyone else. They can provide accurate, timely content information about the job.

2. JASR participants want to spend a minimum amount of time providing job data during a session and business leadership wants to minimize disruption to business operations.

3. Since JASR participants do not spend as much time thinking about training as training professionals do, they do not require much orientation to the process.

4. JASR uses the quickest methods and best possible technology to complete the job analysis. [3]

97.9 Systems

For many years, the U.S. Department of Labor published the Dictionary of Occupational Titles, which was a comprehensive description of over 20,000 jobs. However, the Department replaced the DOT with O*NET online database, which includes all occupations from the DOT plus an additional 3,500. This makes O*NET very useful for job analysis.[20]

The O*Net [21] (an online resource which has replaced the Dictionary of Occupational Titles (DOT)) lists job requirements for a variety of jobs and is often considered basic, generic, or initial job analysis data. Everyone can use this database at no cost and is continually updated by observing workers from each occupation. O*Net also has a Career Exploration Tool which is an assessment to help workers and students who are searching for new careers. Data available from O*Net includes physical requirements, educational level, and some mental requirements. Task-based statements describing the work performed are derived from the functional job analysis technique. O*Net also provides links to salary data at the US national, state and city level for each job.

O*NET was designed with several features in mind, including:

- The inclusion of multiple descriptors and content domains to capture the range of ways that work can be described
- The development of cross-job descriptors in order to enable comparisons between various jobs
- The use of a taxonomic approach to occupational classification to enable full coverage within a content domain

Using these principles, a content model was developed that identified six content domains and specific categories within each domain. These six domains and categories within them include:

1. **Worker characteristics**: enduring individual attributes that influence the capacities workers can develop - abilities, occupational values and interests, and work styles

2. **Worker requirements**: general attributes developed through education and experience, thus are more amenable to change than worker characteristics - knowledge skills and education

3. **Occupational requirements**: descriptors of the work itself rather than the worker - Generalized work activities, work context, and organizational context

4. **Experience requirements**: types and quantities of experience required for specific occupations - worker experience in other jobs, related training, on-the-job training, and certification requirements

5. **Individual occupation characteristics**: reflects labor demand, supply, and other labor market information

6. **Occupation-specific requirements**: information unique to a particular job - occupation-specific skills and knowledge, tasks and duties, and equipment used [22]
97.10  In modern United States

Over the past years, the concept of job analysis has been changing dramatically. One observer put it: “The modern world is on the verge of another huge leap in creativity and productivity, but the job is not going to be part of tomorrow’s economic reality. There still is and will always be an enormous amount of work to do, but it is not going to be contained in the familiar envelopes we call jobs. In fact, many organizations are today well along the path toward being “de-jobbed.””[18]

Jobs and job descriptions, until recently, tended to follow their prescriptions and to be fairly detailed and specific. By the mid-1900s writers were reacting to what they viewed as “dehumanizing” aspects of pigeonholing workings into highly repetitive and specialized jobs; many proposed solutions like job enlargement, job rotation, and job enrichment. Job enlargement means assigning workers additional same-level tasks, thus increasing the number of activities they perform. Job rotation means systematically moving workers from one job to another. Psychologist Frederick Herzberg argued that the best way to motivate workers is to build opportunities for challenge and achievement into their jobs through job enrichment. Job enrichment means re-designing jobs in a way that increases the opportunities for the worker to experience feelings of responsibility, achievement, growth and recognition.[18]

Whether enriched, specialized or enlarged, workers still generally have specific jobs to do, and these jobs have required job descriptions. In many firms today, however, jobs are becoming more amorphous and difficult to define. In other words, the trend is toward dejobbing.

Dejobbing, broadening the responsibilities of the company’s jobs, and encouraging employees to not limit themselves to what’s on their job descriptions, is a result of the changes taking place in business today. Organizations need to grapple with trends like rapid product and technological changes, and a shift to a service economy. This has increased the need for firms to be responsive, flexible, and generally more competitive. In turn, the organizational methods managers use to accomplish this have helped weaken the meaning of JOB as a well-defined ad clearly delineated set of responsibilities. Here are some methods that have contributed to this weakening of JOB’s meaning:

- Flatter organizations: Instead of traditional pyramid-shaped organizations with seven or more management layers, flat organizations with only three or four levels are becoming more prevalent

- Work teams: Managers increasingly organize tasks around teams and processes rather than around specialized functions. In an organization like this, employees’ jobs change daily and there is an intentional effort to avoid having employees view their jobs as a specific set of responsibilities.

- The Boundaryless Organization: In a boundaryless organization, the widespread use of teams and similar structural mechanisms reduces and makes more permeable the boundaries that typically separate departments and hierarchical levels. These organizations foster responsiveness by encouraging employees to rid themselves of the ‘it’s not my job’ attitudes that typically create walls between one employee’s area and another’s. Instead, the focus is on defining the project or task at hand in terms of the overall best interests of the organization, therefore further reducing the idea of a job as a clearly defined set of duties.[18]

Most firms today continue to use job analysis and rely on jobs as traditionally defined. More firms are moving toward new organizational configurations built around jobs that are broad and could change daily. Also, modern job analysis and job design techniques could help companies implement high-performance strategies.[18]

97.11  See also

- Industrial & organizational psychology
- Task analysis
- Work sampling

97.12  References


[21] "O*Net"


97.13 Other sources


97.14 External links

- O*Net
Chapter 98

Job description management

*Job Description Management* is the creation and maintenance of job descriptions within an organization. A *job description* is a document listing the tasks, duties, and responsibilities of a specific job. Having up-to-date, accurate and professionally written job descriptions is critical to an organization's ability to attract qualified candidates, orient & train employees, establish job performance standards, develop compensation programs, conduct performance reviews, set goals and meet legal requirements.

98.1 Process

Prior to the development of the job description, a job analysis must be conducted. *Job analysis*, an integral part of HR management, is the gathering, analysis and documentation of the important facets of a job including what the employee does, the context of the job, and the requirements of the job.

Once the job analysis is complete, the job description including the job specification can be developed. A job description describes the activities to be performed and a job specification lists the knowledge, skills and abilities required to perform the job. A job description contains several sections including an identification section, a general summary, essential functions and duties, job specifications, and disclaimers and approvals.

Job descriptions are then used to develop effective EEO/ADA, HR planning, recruiting, and selection initiatives; to maintain clear continuity between compensation planning, training efforts, and performance management; and to identify job factors that may contribute to workplace safety and health and employee/labor relations.

98.2 Impact of the Internet

Job description management, as well as other facets of talent management, has been affected by the expansion of information technology. Prior to 2000, there were very few Internet-based human resource solutions available to human resource departments. HR departments often stored their printed job descriptions either in filing cabinets or Word-based job descriptions on computers or company servers. Today there are countless companies offering cloud-based talent management solutions to businesses allowing HR to easily store HR information, collaborate with other departments, and access files from any computer with Internet access.

Prior to 2009, job description management was a nominal feature of larger software applications used for recruiting, employee performance management and on-boarding. HRTMS, Inc., a North Carolina software company, developed and released HRTMS Jobs, the first stand-alone SaaS (Software as a Service) Job Description Management application. This product allowed organizations to separately manage their job descriptions independently from the other silos of information, and ensure that consistent and accurate details were shared across the enterprise. Larger organizations usually empower a core project team to manage and verify the job descriptions for all stakeholders, including employees, managers, recruiting, legal, performance management and compensation.
98.3 Benefits

The benefit of having an automated cloud-based system for the maintenance and management of job descriptions include:

- Effectively collaborate between HR, department heads, managers, and subject matter experts
- Easily create, edit and maintain job descriptions
- Retain an archive of job descriptions
- Maintain up-to-date and accurate job descriptions
- Help meet legal requirements for FLSA, ADA, OSHA and Joint Commission

98.4 Legality

Well organized and up-to-date job descriptions assist in legal and regulatory compliance. The 1978 Uniform Guidelines on Employee Selection Procedure was developed in order to standardize the employee selection process and makes it clear that HR requirements must be linked with job-related factors. The Americans with Disabilities Act of 1990 (ADA) requires organizations to identify essential job functions and document the steps taken to identify job responsibilities while FLSA (Fair Labor Standards Act) requires HR managers to determine if a job is to be classified as exempt or non-exempt.

Healthcare organizations not only have to comply with labor laws but also have to comply with healthcare laws and accreditation agencies. The Joint Commission (Joint Commission on accreditation of Healthcare Organizations) accredits and certifies thousands of healthcare organizations around the United States. Their mission is “To continuously improve health care for the public, in collaboration with other stakeholders, by evaluating health care organizations and inspiring them to excel in providing safe and effective care of the highest quality and value.” To meet Joint Commission guidelines, healthcare organizations must maintain up-to-date, accurate, complete and properly written job descriptions.

The above regulations require businesses to keep clear records of their job descriptions. Having a well-organized automated system helps eliminate some of the panic associated with a compliance audit.

98.5 References


- Construction Project Manager Job Description
Job design

Job design (also referred to as work design or task design) is the specification of contents, methods and relationship of jobs in order to satisfy technological and organizational requirements as well as the social and personal requirements of the job holder.\[1\] Its principles are geared towards how the nature of a person’s job affects their attitudes and behavior at work, particularly relating to characteristics such as skill variety and autonomy.\[2\] The aim of a job design is to improve job satisfaction, to improve through-put, to improve quality and to reduce employee problems (e.g., grievances, absenteeism).

99.1 Job characteristic theory

See also: Job characteristic theory

The job characteristic theory proposed by Hackman & Oldham (1976)\[3\] stated that work should be designed to have five core job characteristics, which engender three critical psychological states in individuals—experiencing meaning, feeling responsible for outcomes, and understanding the results of their efforts. In turn, these psychological states were proposed to enhance employees’ intrinsic motivation, job satisfaction, quality of work and performance, while reducing turnover.\[4\]

99.1.1 Core job dimensions

1. Skill variety —This refers to the range of skills and activities necessary to complete the job. The more a person is required to use a wide variety of skills, the more satisfying the job is likely to be.

2. Task identity —This dimension measures the degree to which the job requires completion of a whole and identifiable piece of work. Employees who are involved in an activity from start to finish are usually more satisfied.

3. Task significance —This looks at the impact and influence of a job. Jobs are more satisfying if people believe that they make a difference, and are adding real value to colleagues, the organization, or the larger community.

4. Autonomy —This describes the amount of individual choice and discretion involved in a job. More autonomy leads to more satisfaction. For instance, a job is likely to be more satisfying if people are involved in making decisions, instead of simply being told what to do.

5. Feedback —This dimension measures the amount of information an employee receives about his or her performance, and the extent to which he or she can see the impact of the work. The more people are told about their performance, the more interested they will be in doing a good job. So, sharing production figures, customer satisfaction scores etc. can increase the feedback levels.

99.1.2 Critical psychological states

The five core job dimensions listed above result in three different psychological states.
• Experienced meaningfulness of the work: The extent to which people believe that their job is meaningful, and that their work is valued and appreciated (comes from core dimensions 1-3).

• Experienced responsibility for the outcomes of work: The extent to which people feel accountable for the results of their work, and for the outcomes they have produced (comes from core dimension 4).

• Knowledge of the actual results of the work activity: The extent to which people know how well they are doing (comes from core dimension 5).

99.2 Techniques of job design

99.2.1 Job rotation

See also: Job rotation

Job rotation is a job design method which is able to enhance motivation, develop workers' outlook, increase productivity, improve the organization's performance on various levels by its multi-skilled workers, and provides new opportunities to improve the attitude, thought, capabilities and skills of workers. Job rotation is also process by which employees laterally mobilize and serve their tasks in different organizational levels; when an individual experiences different posts and responsibilities in an organization, ability increases to evaluate his capabilities in the organization.

99.2.2 Job enlargement

See also: Job enlargement

Hulin and Blood (1968) define Job enlargement as the process of allowing individual workers to determine their own pace (within limits), to serve as their own inspectors by giving them responsibility for quality control, to repair their own mistakes, to be responsible for their own machine set-up and repair, and to attain choice of method. Frederick Herzberg referred to the addition of interrelated tasks as 'horizontal job loading'.

99.2.3 Job enrichment

See also: Job enrichment

Job enrichment increases the employees' autonomy over the planning and execution of their own work. Job enrichment has the same motivational advantages of job enlargement, however it has the added benefit of granting workers autonomy. Frederick Herzberg viewed job enrichment as 'vertical job loading' because it also includes tasks formerly performed by someone at a higher level where planning and control are involved.

99.2.4 Scientific management

See also: Scientific management

Under scientific management people would be directed by reason and the problems of industrial unrest would be appropriately (i.e., scientifically) addressed. This philosophy is oriented toward the maximum gains possible to employees. Managers would guarantee that their subordinates would have access to the maximum of economic gains by means of rationalized processes. Organizations were portrayed as rationalized sites, designed and managed according to a rule of rationality imported from the world of technique.
99.2.5 Human Relations School

See also: Human relations movement

The Human Relations School takes the view that businesses are social systems in which psychological and emotional factors have a significant influence on productivity. The common elements in human relations theory are the beliefs that

- Performance can be improved by good human relations
- Managers should consult employees in matters that affect staff
- Leaders should be democratic rather than authoritarian
- Employees are motivated by social and psychological rewards and are not just "economic animals"
- The work group plays an important part in influencing performance*[11]

99.2.6 Socio-technical systems

See also: Sociotechnical systems

Socio-technical systems aims on jointly optimizing the operation of the social and technical system; the good or service would then be efficiently produced and psychological needs of the workers fulfilled. Embedded in Socio-technical Systems are motivational assumptions, such as intrinsic and extrinsic rewards.*[12]

99.2.7 Work reform

Work reform states about the workplace relation and the changes made which are more suitable to management and employee to encourage increased workforce participation.

99.2.8 Motivational work design

The psychological literature on employee motivation contains considerable evidence that job design can influence satisfaction, motivation and job performance. It influences them primarily because it affects the relationship between the employee's expectancy that increased performance will lead to rewards and the preference of different rewards for the individual.*[13]

Hackman and Oldman developed the theory that a workplace can be redesigned to greater improve their core job characteristics. Their overall concept consists of:

- Making larger work units by combining smaller, more specialized tasks.
- Mandating worker(s) to be responsible via having direct contact with clients.
- Having employee evaluations done frequently in order to provide feedback for learning.
- Allowing workers to be responsible for their job by giving them authority and control.*[14]

A similar theory was also mention earlier by Frederick Herzberg. Herzberg theory consist of a Two Factor Theory:

1. Hygiene Factors
2. Motivational Factors
99.3 See also

- Eric Trist
- Fred Emery
- Industrial and organizational psychology

99.4 References


Chapter 100

Job enlargement

**Job enlargement** means increasing the scope of a job through extending the range of its job duties and responsibilities generally within the same level and periphery. This contradicts the principles of specialisation and the division of labour whereby work is divided into small units, each of which is performed repetitively by an individual worker and the responsibilities are always clear. Some motivational theories suggest that the boredom and alienation caused by the division of labour can actually cause efficiency to fall. Thus, job enlargement seeks to motivate workers through reversing the process of specialisation. A typical approach might be to replace assembly lines with modular work; instead of an employee repeating the same step on each product, they perform several tasks on a single item. In order for employees to be provided with Job Enlargement they will need to be retrained in new fields which can prove to be a lengthy process.

However, results have shown that this process can see its effects diminish after a period of time, as even the enlarged job role become the mundane, this in turn can lead to similar levels of demotivation and job dissatisfaction at the expense of increased training levels and costs. The continual enlargement of a job over time is also known as 'job creep,' which can lead to an unmanageable workload.

Hulin and Blood (1968)'[1] define **Job enlargement** as the process of allowing individual workers to determine their own pace (within limits), to serve as their own inspectors by giving them responsibility for quality control, to repair their own mistakes, to be responsible for their own machine set-up and repair, and to attain choice of method. Frederick Herzberg'[2] referred to the addition of interrelated tasks as 'horizontal job loading'.

### 100.1 See also

- Job enrichment
- Personnel management
- Human resource management
- Job satisfaction

### 100.2 References


Chapter 101

Job enrichment

Job enrichment is an attempt to motivate employees by giving them the opportunity to use the range of their abilities. It is an idea that was developed by the American psychologist Frederick Herzberg in the 1950s. It can be contrasted to job enlargement which simply increases the number of tasks without changing the challenge. As such job enrichment has been described as 'vertical loading' of a job, while job enlargement is 'horizontal loading'. An enriched job should ideally contain:

- A range of tasks and challenges of varying difficulties (Physical or Mental)
- A complete unit of work - a meaningful task
- Feedback, encouragement and communication

Definition

- Job enrichment is defined as a way to motivate employees by giving them more responsibilities and variety in their jobs. The idea was first developed by American psychologist Frederick Herzberg in the 1950s and states that a well enriched job should contain a range of tasks and challenges of varying difficulties, meaningful tasks, and feedback, encouragement, and communication. While money is one way to motivate employees more and more workers want to be appreciated for the work they do. Allowing employees to have more control over their work taps into their natural desire to succeed.

101.1 Techniques

Job enrichment, as a managerial activity includes a three steps technique:

1. Turn employees' effort into performance:

   - Ensuring that objectives are well-defined and understood by everyone. The overall corporate mission statement should be communicated to all. Individual’s goals should also be clear. Each employee should know exactly how he/she fits into the overall process and be aware of how important their contributions are to the organization and its customers.

   - Providing adequate resources for each employee to perform well. This includes support functions like information technology, communication technology, and personnel training and development.

   - Creating a supportive corporate culture. This includes peer support networks, supportive management, and removing elements that foster mistrust and politicking.

   - Free flow of information. Eliminate secrecy.

   - Provide enough freedom to facilitate job excellence. Encourage and reward employee initiative. Flex-time or compressed hours could be offered.
• Provide adequate recognition, appreciation, and other motivators.

• Provide skill improvement opportunities. This could include paid education at universities or on the job training.

• Provide job variety. This can be done by job sharing or job rotation programmes.

• It may be necessary to re-engineer the job process. This could involve redesigning the physical facility, redesign processes, change technologies, simplification of procedures, elimination of repetitiveness, redesigning authority structures.

2. Link employees performance directly to reward:

• Clear definition of the reward is a must

• Explanation of the link between performance and reward is important

• Make sure the employee gets the right reward if performs well

• If reward is not given, explanation is needed

3. Make sure the employee wants the reward. How to find out?

• Ask them

• Use surveys (checklist, listing, questions)

4. How To increasing job satisfaction and performance is done by decreasing job dissatisfaction, caused by wages and working environment, and increasing opportunities for growth, responsibility and recognition for achievement. By rewarding employees you are showing them that their work matters and that you are taking note. Asking for employee input is the best way to begin implementing job enrichment techniques. Since these techniques do not work for everyone it is important that you provide workers with enrichment techniques that will be beneficial to both you and them.

101.2 See also

• Job enlargement

• Socio-technical systems

• Sociotechnical systems theory

• Two factor theory

101.3 Literature


• Mione, P. 2006, "Job Enrichment", Online paper.

101.4 References
Chapter 102

Job evaluation

A job evaluation is a systematic way of determining the value/worth of a job in relation to other jobs in an organization. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure.

Job evaluation needs to be differentiated from job analysis. Job analysis is a systematic way of gathering information about a job. Every job evaluation method requires at least some basic job analysis in order to provide factual information about the jobs concerned. Thus, job evaluation begins with job analysis and ends at that point where the worth of a job is ascertained for achieving pay equity between jobs.

102.1 Benefits

The payoffs from job evaluation may be stated thus:

- It tries to link pay with the requirements of the job.
- It offers a systematic procedure for determining the relative worth of jobs. Jobs are ranked on the basis of rational criteria such as skill, education, experience, responsibilities, hazards, etc., and are priced accordingly.
- An equitable wage structure is a natural outcome of job evaluation. An unbiased job evaluation tends to eliminate salary inequities by placing jobs having similar requirements in the same salary range.
- Employees as well as unions participate as members of job evaluation committees, while determining rate grades for different jobs. This helps in solving wage related grievances quickly.
- Job evaluation, when conducted properly and with care, helps in the evaluation of new jobs.
- It points out possibilities of more appropriate use of the plant’s labour force by indicating jobs that need more or less skilled workers than those who are manning these jobs currently.

102.2 Methods

There are three basic methods of job evaluation: (1) ranking, (2) classification, (3) factor comparison. While many variations of these methods exist in practice, the three basic approaches are described here.

102.2.1 Ranking method

Perhaps the simplest method of job evaluation is the ranking method. According to this method, jobs are arranged from highest to lowest, in order of their value or merit to the organization. Jobs can also be arranged according to the relative difficulty in performing them. The jobs are examined as a whole rather than on the basis of important
factors in the job; the job at the top of the list has the highest value and obviously the job at the bottom of the list will have the lowest value. Jobs are usually ranked in each department and then the department rankings are combined to develop an organizational ranking. The variation in payment of salaries depends on the variation of the nature of the job performed by the employees. The ranking method is simple to understand and practice and it is best suited for a small organization. Its simplicity however works to its disadvantage in big organizations because rankings are difficult to develop in a large, complex organization. Moreover, this kind of ranking is highly subjective in nature and may offend many employees. Therefore, a more scientific and fruitful way of job evaluation is called for.

102.2.2 Classification method (Grading method)

According to this method, a predetermined number of job groups or job classes are established and jobs are assigned to these classifications. This method places groups of jobs into job classes or job grades. Separate classes may include office, clerical, managerial, personnel, etc. Following is a brief description of such a classification in an office.

- Class I - Executives: Further classification under this category may be Office Manager, Deputy office manager, Office superintendent, Departmental supervisor, etc.
- Class II - Skilled workers: Under this category may come the Purchasing assistant, Cashier, Receipts clerk, etc.
- Class III - Semiskilled workers: Under this category may come Stenotypists, Machine-operators, Switchboard operator etc.
- Class IV - Unskilled workers: This category comprises Daftaris, File clerks, Office boys, etc.

The job grading method is less subjective when compared to the earlier ranking method. The system is very easy to understand and acceptable to almost all employees without hesitation. One strong point in favour of the method is that it takes into account all the factors that a job comprises. This system can be effectively used for a variety of jobs. The weaknesses of the Grading method are:

- Even when the requirements of different jobs differ, they may be combined into a single category, depending on the status a job carries.
- It is difficult to write all-inclusive descriptions of a grade.
- The method oversimplifies sharp differences between different jobs and different grades.
- When individual job descriptions and grade descriptions do not match well, the evaluators have the tendency to classify the job using their subjective judgements.

102.2.3 Factor comparison method

A more systematic and scientific method of job evaluation is the factor comparison method. Though it is the most complex method of all, it is consistent and appreciable. Under this method, instead of ranking complete jobs, each job is ranked according to a series of factors. These factors include mental effort, physical effort, skill needed, responsibility, supervisory responsibility, working conditions and other such factors (for instance, know-how, problem solving abilities, accountability, etc.). Pay will be assigned in this method by comparing the weights of the factors required for each job, i.e., the present wages paid for key jobs may be divided among the factors weighted by importance (the most important factor, for instance, mental effort, receives the highest weight). In other words, wages are assigned to the job in comparison to its ranking on each job factor.

The steps involved in factor comparison method may be briefly stated thus:

- Select key jobs (say 15 to 20), representing wage/salary levels across the organisation. The selected jobs must represent as many departments as possible.
- Find the factors in terms of which the jobs are evaluated (such as skill, mental effort, responsibility, physical effort, working conditions, etc.).
• Rank the selected jobs under each factor (by each and every member of the job evaluation committee) independently.

• Assign money value to each level of each factor (example: consider problem solving is one of the factor, what level of problem solving is required {basic, intermediate or advance}) and determine the wage rates for each key job.

• The wage rate for a job is apportioned along the identified factors.

• All other jobs are compared with the list of key jobs and wage rates are determined. An example of how the factor comparison method works is given below:

After the wage rate for a job is distributed along the identified and ranked factors, all other jobs in the department are compared in terms of each factor. Suppose the job of a ‘painter’ is found to be similar electrician in skill (15), fitter in mental effort (10), welder in physical effort (12) cleaner in responsibility (6) and labourer in working conditions (4). The wage rate for this job would be \((15+10+12+6+4)\) is 47.

102.2.4 Point method

This method is widely used currently. Here, jobs are expressed in terms of key factors. Points are assigned to each factor after prioritizing each factor in order of importance. The points are summed up to determine the wage rate for the job. Jobs with similar point totals are placed in similar pay grades. The procedure involved may be explained thus:

1. Select key jobs. Identify the factors common to all the identified jobs such as skill, effort, responsibility, etc.

2. Divide each major factor into a number of sub factors. Each sub factor is defined and expressed clearly in the order of importance, preferably along a scale.

The most frequent factors employed in point systems are (i) Skill (key factor); Education and training required, Breadth/depth of experience required, Social skills required, Problem-solving skills, Degree of discretion/use of judgment, Creative thinking (ii) Responsibility/Accountability: Breadth of responsibility, Specialized responsibility, Complexity of the work, Degree of freedom to act, Number and nature of subordinate staff, Extent of accountability for equipment/plant, Extent of accountability for product/materials; (iii) Effort: Mental demands of a job, Physical demands of a job, Degree of potential stress

The educational requirements (sub factor) under the skill (key factor) may be expressed thus in the order of importance.

3. Find the maximum number of points assigned to each job (after adding up the point values of all sub-factors of such a job).

This would help in finding the relative worth of a job. For instance, the maximum points assigned to an officer’s job in a bank come to 540. The manager’s job, after adding up key factors + sub factors points, may be getting a point value of say 650 from the job evaluation committee. This job is now priced at a higher level.

4. Once the worth of a job in terms of total points is expressed, the points are converted into money values keeping in view the hourly/daily wage rates. A wage survey is usually undertaken to collect wage rates of certain key jobs in the organization. Let’s explain this:

102.2.5 Market Pricing

Market pricing is the process for determining the external value of jobs, allowing you to establish wage and salary structures and pay rates that are market sensitive. Job matching session is conducted.

102.3 Merits and demerits

The point method is a superior and widely used method of evaluating jobs. It forces raters to look into all key factors and sub-factors of a job. Point values are assigned to all factors in a systematic way, eliminating bias at every stage. It is reliable because raters using similar criteria would get more or less similar answers. The methodology underlying
102.4 Limitations

1. Job evaluation is not exactly scientific.

2. The most of the techniques are difficult to understand, even for the supervisors.

3. The factors taken by the programme are not exhaustive.

4. There may be wide fluctuations in compensable factors in view of changes in technology, values and aspirations of employers, etc.

5. Employees, trade union leaders, management and the programme operators may assign different weight to different factors, thus creating grounds for dispute.

102.5 Concept of job design

What is job design? As we just explained, job analysis provides job-related data as well as the skills and knowledge required for the incumbent to perform the job. A better job performance also requires deciding on sequence of job contents. This is called ‘job design’. Job design is a logical sequence to job analysis. In other words, job design involves specifying the contents of a job, the work methods used in its performance and how the job relates to other jobs in the organisation.

A few definitions on job design are produced here with a view to help you understand the meaning of job design in a better manner. Michael Armstrong11 has defined job design as “the process of deciding on the contents of a job in terms of its duties and responsibilities, on the methods to be used in carrying out the job, in terms of techniques, systems and procedures, and on the relationships that should exist between the job holder and his superiors, subordinates and colleagues”.

Mathis and Jackson I2 have defined job analysis as “a process that integrates work content (tasks, functions, relationships), the rewards (extrinsic and intrinsic), and the qualifications required (skills, knowledge, abilities) for each job in a way that meets the needs of employees and organisations.”

Popplewell and Wildsmith13 define job design in these words: “...involves conscious efforts to organise tasks, duties, and responsibilities into a unit of work to achieve certain objectives”.

Having gone through the above definitions of job design, it can now be described as a deliberate attempt made to structure both technical and social aspects of the job to attain a fit between the individual (job holder) and the job. The very idea is that job should be designed in such a way as to enable employees to control over the aspects of their work. The underlying justification being that by doing this, it enhances the quality of the work life, harnesses the potential of the workers in a more effective manner and thereby improves employee performance.

102.6 Techniques for designing jobs

Basically, there are four techniques used in the design of jobs. These include Job simplification, Job enlargement, Job enrichment and Job rotation.
102.6.1 Job simplification

Job simplification is a design method whereby jobs are divided into smaller components and subsequently assigned to workers as whole jobs. Simplification of work requires that jobs be broken down into their smallest units and then analysed. Each resulting sub-unit typically consists of relatively few operations. These sub-units are then assigned to the workers as their total job. Many fast food restaurants such as McDonald’s, Burger King and Nirula’s use simplification because employees can learn tasks rapidly; short work cycles allow task performance with little or no mental effort and low-skilled and low-paid employees can be hired and trained easily.

On the negative side, job simplification results in workers experiencing boredom, frustration, alienation, lack of motivation and low job satisfaction. This, in turn, leads to lower productivity and increased cost.

102.6.2 Job enlargement

Job enlargement expands a job horizontally. It increases job scope; that is, it increases the number of different operations required in a job and the frequency with which the job cycle is repeated. By increasing the number of tasks an individual performs, job enlargement increases the job scope, or job diversity. Instead of only sorting the incoming mail by department, for instance, a mail sorter’s job could be enlarged to include physically delivering the mail to the various departments or running outgoing letters through the postage meter.

Efforts at job enlargement have met with less than enthusiastic results. As one employee who experienced such a redesign on his job remarked, “Before I had one lousy job. Now, through enlargement, I have three!” So while job enlargement attacks the lack of diversity in overspecialised jobs, it has done little to provide challenge or meaningfulness to a worker’s activities.

102.6.3 Job rotation

Job rotation refers to the movement of an employee from one job to another. Jobs themselves are not actually changed, only the employees are rotated among various jobs. An employee who works on a routine job moves to work on another job for some hours/days/months and returns to the first job. This measure relieves the employee from the boredom and monotony, improves the employee’s skills regarding various jobs and prepares worker’s self-image and provides personal growth. However, frequent job rotations are not advisable in view of their negative impact on the organisation and the employee.

102.6.4 Job enrichment

Job enrichment, as currently practiced in industry, is a direct outgrowth of Herzberg’s Two Factor Theory of motivation. It is, therefore, based on the assumption that in order to motivate personnel, the job itself must provide opportunities for achievement, recognition, responsibility, advancement and growth. The basic idea is to restore to jobs the elements of interest that were taken away under intensive specialisation. Job enrichment tries to embellish the job with factors that Herzberg characterised as motivators: achievement, recognition, increased responsibilities, opportunities for growth, advancement and increased competence. There is an attempt to build into jobs a higher sense of challenge and achievement, through vertical job loading. 6 Job enrichment has four unique aspects:

- It changes the basic relationship between employees and their work. Interesting and challenging work, as studies have proved, can be a source of employee satisfaction.

- It changes employee behaviours in ways that gradually lead to more positive attitudes about the organisation and a better self-image. Feeling of autonomy and personal freedom help employees view their jobs in a favourable way.

- It helps the employer to bring about organisational changes easily, securing employee cooperation and commitment.

- Job enrichment can humanise an organisation. ‘Individuals can experience the psychological that comes from developing new competencies and doing a job well. Individuals are encouraged to grow and push themselves.’
Many companies in India realised the importance of offering jobs having depth, variety and meaningfulness to their employees long back. ICICI, Procter & Gamble, Infosys, Bharat Petroleum, Asian Paints, HLL and Hughes Software have certain things in common: greater opportunities to grow vertically, open communication, flexible working hours, excellent reward schemes, employee-oriented work environment, sharing with and learning from others etc. The BT-Hewlett Associates study has clearly indicated the benefits of having such excellent practices.

- Employees in the above companies displayed tremendous pride in what their company does and in its products and services. They also believed in its future prospects.

- Employees in the above companies admired their leadership for making them feel 'safe and well-led'.

A job evaluation is a systematic way of determining the value/worth of a job in relation to other jobs in an organisation. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure.

Job evaluation needs to be differentiated from job analysis. Job analysis is a systematic way of gathering information about a job. Every job evaluation method requires at least some basic job analysis in order to provide factual information about the jobs concerned. Thus, job evaluation begins with job analysis and ends at that point where the worth of a job is ascertained for achieving pay equity between jobs.
Chapter 103

Job knowledge

*Job knowledge* measures one’s mastery of the concepts needed to perform certain work.

Job knowledge is a complex concept that includes elements of both ability (capacity to learn) and seniority (opportunity to learn). It is usually measured with a paper-and-pencil test. To develop a paper-and-pencil test to assess job knowledge, the content domain from which test questions will be constructed must be clearly identified. For example, a job knowledge test used to select sales managers from among salespeople must identify the specific knowledge necessary for being a successful sales manager.
Job performance is whether a person performs their job well. Job performance is studied in industrial and organizational psychology, the branch of psychology that deals with the workplace. Job performance is also part of human resources management. Performance is an important criterion for organizational outcomes and success.

John P. Campbell describes job performance as an individual level variable, or something a single person does. This differentiates it from more encompassing constructs such as organizational performance or national performance which are higher level variables.\(^1\)[2]

### 104.1 Features

There are several key features to Campbell's conceptualization of job performance which help clarify what job performance means.

#### 104.1.1 Outcomes

First, Campbell defines performance as behavior. It is something done by the employee. This concept differentiates performance from outcomes. Outcomes are the result of an individual's performance, but they are also the result of other influences. In other words, there are more factors that determine outcomes than just an employee's behaviors and actions.

Campbell allows for exceptions when defining performance as behavior. For instance, he clarifies that performance does not have to be directly observable actions of an individual. It can consist of mental productions such as answers or decisions. However, performance needs to be under the individual's control, regardless of whether the performance of interest is mental or behavioral.

The difference between individual controlled action and outcomes is best conveyed through an example. On a sales job, a favorable outcome is a certain level of revenue generated through the sale of something (merchandise, some service, insurance). Revenue can be generated or not, depending on the behavior of employees. When the employee performs this sales job well, he is able to move more merchandise. However, certain factors other than employees' behavior influence revenue generated. For example, sales might slump due to economic conditions, changes in customer preferences, production bottlenecks, etc. In these conditions, employee performance can be adequate, yet sales can still be low. The first is performance and the second is the effectiveness of that performance. These two can be decoupled because performance is not the same as effectiveness.\(^3\)[3]

Another closely related construct is productivity.\(^4\)[4] This can be thought of as a comparison of the amount of effectiveness that results from a certain level of cost associated with that effectiveness. In other words, effectiveness is the ratio of outputs to inputs—those inputs being effort, monetary costs, resources, etc.

Utility is another related construct which is defined as the value of a particular level of performance, effectiveness, or productivity. Utilities of performance, effectiveness, and productivity are value judgments.
104.1.2 Organizational goal relevance

Another key feature of job performance is that it has to be goal relevant. Performance must be directed toward organizational goals that are relevant to the job or role. Therefore, performance does not include activities where effort is expended toward achieving peripheral goals. For example, the effort put toward the goal of getting to work in the shortest amount of time is not performance (except where it is concerned with avoiding lateness).

104.1.3 Multidimensionality

Despite the emphasis on defining and predicting job performance, it is not a single unified construct. There are vastly many jobs each with different performance standards. Therefore, job performance is conceptualized as a multidimensional construct consisting of more than one kind of behavior. Campbell (1990) proposed an eight factor model of performance based on factor analytic research that attempts to capture dimensions of job performance existent (to a greater or lesser extent) across all jobs.

1. The first factor is task specific behaviors which include those behaviors that an individual undertakes as part of a job. They are the core substantive tasks that delineate one job from another.

2. On the other hand, non-task specific behaviors, the second factor, are those behaviors which an individual is required to undertake which do not pertain only to a particular job. Returning to the salesperson, an example of a task specific behavior would be showing a product to a potential customer. A non-task specific behavior of a salesperson might be training new staff members.

3. Written and oral communication tasks refer to activities where the incumbent is evaluated, not on the content of a message necessarily, but on the adeptness with which they deliver the communication. Employees need to make formal and informal oral and written presentations to various audiences in many different jobs in the workforce.

4. An individual's performance can also be assessed in terms of effort, either day to day, or when there are extraordinary circumstances. This factor reflects the degree to which people commit themselves to job tasks.

5. The performance domain might also include an aspect of personal discipline. Individuals would be expected to be in good standing with the law, not abuse alcohol, etc.

6. In jobs where people work closely or are highly interdependent, performance may include the degree to which a person helps out the groups and his or her colleagues. This might include acting as a good role model, coaching, giving advice or helping maintain group goals.

7. Many jobs also have a supervisory or leadership component. The individual will be relied upon to undertake many of the things delineated under the previous factor and in addition will be responsible for meting out rewards and punishments. These aspects of performance happen in a face to face manner.

8. Managerial and administrative performance entails those aspects of a job which serve the group or organization but do not involve direct supervision. A managerial task would be setting an organizational goal or responding to external stimuli to assist a group in achieving its goals. In addition a manager might be responsible for monitoring group and individual progress towards goals and monitoring organizational resources.

Another taxonomy of job performance was proposed and developed for the US Navy by Murphy (1994). This model is significantly broader and breaks performance into only four dimensions.

1. Task-oriented behaviors are similar to task-specific behaviors in Campbell's model. This dimension includes any major tasks relevant to someone's job.

2. Interpersonally oriented behaviors are represented by any interaction the focal employee has with other employees. These can be task related or non-task related. This dimension diverges from Campbell's taxonomy because it included behaviors (small talk, socializing, etc.) that are not targeting an organization's goal.

3. Down-time behaviors are behaviors that employees engage in during their free time either at work or off-site. Down-time behaviors that occur off-site are only considered job performance when they subsequently affect job performance (for example, outside behaviors that cause absenteeism).
4. Destructive/hazardous behaviors

In addition to these models dividing performance into dimensions, others have identified different types of behaviors making up performance.

104.2 Types

Another way to divide up performance is in terms of task and contextual (citizenship and counterproductive) behaviors.[5] Whereas task performance describes obligatory behaviors, contextual behaviors are behaviors that do not fulfill specific aspects of the job's required role. Citizenship behaviors are defined as behaviors which contribute to the goals of the organization through their effect on the social and psychological conditions. [6] Counterproductive behaviors, on the other hand, are intentional actions by employees which circumvent the aims of the organization. [7]

104.3 Determinants

A meta-analysis of selection methods in personnel psychology found that general mental ability was the best overall predictor of job performance and training performance. [8]

Campbell (1990) also suggested determinants of performance components. Individual differences on performance are a function of three main determinants: declarative knowledge, procedural knowledge and skill, and motivation.

Declarative knowledge refers to knowledge about facts, principles, objects, etc. It represents the knowledge of a given task's requirements. For instance, declarative knowledge includes knowledge of principles, facts, ideas, etc.

If declarative knowledge is knowing what to do, procedural knowledge and skill is knowing how to do it. For example, procedural knowledge and skill includes cognitive skill, perceptual skill, interpersonal skill, etc.

The third predictor of performance is motivation, which refers to “a combined effect from three choice behaviors —choice to expend effort, choice of level of effort to expend, and choice to persist in the expenditure of that level of effort” (Campbell, 1990). It reflects the direction, intensity, and persistence of volitional behaviors. [9] Campbell (1990) emphasized that the only way to discuss motivation as a direct determinant of behavior is as one or more of these choices. (See also Work motivation.)

Campbell (1990) also mentioned several performance parameters that may have important implications for the job performance setting and should be investigated by industrial and organizational psychologists.

The first one is the distinction between speed and accuracy. This distinction is similar to the one between quantity and quality.[10] Important questions that should be considered include: which is most valued by the organization, maximized speed, maximized accuracy, or some balance between the two? What kind of trade offs should an employee makes? The latter question is important because speed and accuracy for the same task may be independent of one another.

The second distinction is between typical and maximum performance. Sackett, Zedeck, and Fogli [11] did a study on supermarket cashiers and found that there was a substantial difference between scores reflecting their typical performance and scores reflecting their maximum performance. This study suggested the distinction between typical and maximum performance. Regular work situations reflect varying levels of motivation which result in typical performance. Special circumstances generate maximum employee motivation which results in maximum performance.

Additionally, the impact of organizational justice perceptions on performance is believed to stem from Equity Theory. This would suggest that when people perceive injustice they seek to restore justice. One way that employees restore justice is by altering their level of performance. Procedural justice affects performance as a result of its impact on employee attitudes. Distributive justice affects performance when efficiency and productivity are involved. [12] Improving justice perceptions improves productivity and performance. [13]

104.3.1 Detrimental impact of bullying

Main article: Workplace bullying
CHAPTER 104. JOB PERFORMANCE

Bullying results in a loss of productivity. In one study a moderate negative correlation was found between self-rated performance and bullying, with the “currently bullied” on average reporting a decrease of productivity of approximately 7% compared with those who were neither bullied nor had witnessed bullying taking place. 

104.4 Core self-evaluations

Job performance is a consistent and important outcome of core self-evaluations (CSE). The concept of core self-evaluations was first examined by Judge, Locke, and Durham (1997) as a dispositional predictor of job satisfaction, and involves four personality dimensions; locus of control, neuroticism, self-efficacy, and self-esteem. The way in which people appraise themselves using core self-evaluations has the ability to predict positive work outcomes, specifically, job satisfaction and job performance. The most popular theory relating the CSE trait to job performance argues that people with high CSE will be more motivated to perform well because they are confident they have the ability to do so. Motivation is generally the most accepted mediator of the core self-evaluations and job performance relationship. These relationships have inspired increasing amounts of research on core self-evaluations and suggest valuable implications about the importance this trait may have for organizations.

104.5 Role conflict

Main article: Role conflict

Role conflict can have many different effects on the work-life of an individual as well as their family-life. In a study in Taiwan, it was found that those suffering from role conflict also suffered greatly in their work performance, mainly in the form of lack of motivation. Those with role conflict did not do more than the bare minimum requirements at work. There was also a decline in the ability to assign tasks. Having multiple roles will often lead to job dissatisfaction. While there are many de-motivational effects of role conflict on work, there is also a positive. Those undergoing role conflict often had an increase in work creativity. Due to multiple roles, there is an increase in flexibility, different sources of information, and these people have many different perspectives to bring to the table.

Experiencing role conflict within the work place may also lead to workplace bullying. When companies undergo organizational change workers often experience either a loss or a gain in areas of a workers job, thus changing the expectations of the worker. Change is often very stressful for workers. Workers who might have lost a degree of power may feel like they lost their authority and begin to lash out at other employees by being verbally abusive, purposefully withholding work related items, or sometimes even physically to withhold their status.

104.6 Emotional intelligence

Main article: Emotional intelligence

Research of emotional intelligence (EI) and job performance shows mixed results: a positive relation has been found in some of the studies, in others there was no relation or an inconsistent one. This led researchers Cote and Miners (2006) to offer a compensatory model between EI and IQ, that posits that the association between EI and job performance becomes more positive as cognitive intelligence decreases, an idea first proposed in the context of academic performance (Petrides, Frederickson, & Furnham, 2004). The results of the former study supported the compensatory model: employees with low IQ get higher task performance and organizational citizenship behavior directed at the organization, the higher their EI.

A meta-analytic review by Joseph and Newman also revealed that both Ability EI and Trait EI tend to predict job performance much better in jobs that require a high degree of emotional labor (where ‘emotional labor’ was defined as jobs that require the effective display of positive emotion). In contrast, EI shows little relationship to job performance in jobs that do not require emotional labor. In other words, emotional intelligence tends to predict job performance for emotional jobs only.

A more recent study suggests that EI is not necessarily a universally positive trait. They found a negative correlation between EI and managerial work demands; while under low levels of managerial work demands, they found a negative relationship between EI and teamwork effectiveness. An explanation for this may suggest gender differences.
in EI, as women tend to score higher levels than men.\footnote{[23]} This furthers the idea that job context plays a role in the relationships between EI, teamwork effectiveness, and job performance.

Another study assessed a possible link between EI and entrepreneurial behaviors and success.\footnote{[25]} In accordance with much of the other findings regarding EI and job performance, they found that levels of EI only predicted a small amount of entrepreneurial behavior.

### 104.7 See also

- Core self-evaluations
- Goal orientation
- High commitment management
- Onboarding
- Organizational commitment
- Performance appraisal
- Typical versus maximum performance

### 104.8 References


Chapter 105

Job sharing

Job sharing or work sharing is an employment arrangement where typically two people are retained on a part-time or reduced-time basis to perform a job normally fulfilled by one person working full-time. Compensation is apportioned between the workers, thus leading to a net reduction in per-employee income.

105.1 History

The news media began reporting in earnest on job sharing in the 1970s and 1980s.¹ The practice was most often described as a solution tailored for women, as one Associated Press article summarized, “a compromise between full-time housework and full-time employment”.² Job sharing became even more prevalent during the 2000s, as women have succeeded professionally in greater numbers and proportionally seek out alternative work arrangements.³

The banking, insurance, teaching and library professions are cited as more commonly using job sharing. Some companies that use job sharing include New York Life Insurance Company, Fireman’s Fund Insurance Company, and Walgreens drugstores.⁴

105.2 Advantages and disadvantages

For employees seeking more free time for themselves, job sharing may be a way to take back more control of their personal lives.⁵ Employees who job share frequently attribute their decision to “quality of life” issues.⁶ Studies have shown that net productivity increases when two people share the same 40-hour job.⁷

However, there is an inherent challenge in making job sharing work for the rest of the company’s stakeholders. The “handoff” or “handover” communication between those sharing the job is essential, and co-workers must adapt to working with each other, for example, one person being responsible for a task on Monday, but another on Tuesday.

105.3 See also

- Short time (short-time working)
- Work-life balance

105.4 References


105. External links

Chapter 106

Joint employment

Joint employment, or co-employment, is the sharing of control and supervision of an employee’s activity among two or more business entities. Joint employment may occur by design, as when one firm engages a Professional Employer Organization (PEO) to handle payroll and benefits administration while retaining overall direction of the employee's work.\[1\] If the employees of its client hardly handle these administrations, A PEO will not sign a joint employment contact with them. A PEO would only become a joint employer with the client employer when a PEO has direct control of the client’s staff. They can decide whether or not they would like to be a joint employer with the client firms depending on all the facts based on the different situation. Outsourcing some of the HR responsibilities allows for ultimately better benefits, because the Employee Leasing Company can pool their clients. Joint employment may also arise unintentionally by misclassifying employees as independent contractors.

At present, no single definition of joint employment exists. Instead, various employment laws define situations in which joint employment may occur with respect to that law. An example is the Family and Medical Leave Act in the United States.\[2\] This Act defines joint employment in determining which business entity has the legal responsibility to provide an equivalent job for an employee returning from family or medical leave.

106.1  Background

Under the Fair Labor Standard Act of 1938, two or more employers can employ an individual employee at the same time, as the acts doesn’t prevent an employee have more than one employment relationship. If all the facts show that the two employers are not acting independently and yet the employee is jointly employed, all the work the employee do during the agree period is considered as one employment for purposes of the Act. Therefore, both employers are responsible, individually and jointly, to comply every provisions of the acts such as overtime condition with respect to the entire employment for the particular workweek. In discharging the joint obligation each employer may, of course, take credit toward minimum wage and overtime requirements for all payments made to the employee by the other joint employer or employers.\[3\]

106.2  Determination of joint employment

There are few main points to determinate whether a joint employment exists:

- Whether the two different practice employ the same member of staff
- whether each practice is associated with the other practice
- To what extend does the employer have the right to control or exercises control over the work of the employers

\[4\] \[5\] It can also look at the employment contract, if it clearly states that they have more than one employer, it is more likely to be a joint-employment contract. However, if the contract of employment is only with one particular employer, even if the contract declares that the employee is required to work for another practice, it is still not a
joint-employment. Moreover, if the practice exercises control over the employees, even though they do not formally employ them, the practices may still be a joint employer. * [6] The more control of both employers, no matter direct or indirect, the greater chance that the courts would generally claim the employee is jointly employed, they would look at the totality of circumstances to determine whether two entities will be considered as joint employers. In behalf of not causing any legal proceedings, the employers, should set out their responsibilities clearly in the agreement to avoid any uncertainty in the future and Contract language is very important. * [7] * [8] * [9] In fact, it's possible for several different businesses to be joint employers of a single employee. The greater the number of joint employers, the more difficult for the employers to overcome some practical problems such as the arrangement of the employee and assume their responsibilities. However, since these issues are legally complex, both employers and employees should ask the advice from experienced legal counsel. * [10]

Employees jointly employed by two employers must be counted by both employers, whether or not maintained on one of the employer’s payroll, in determining employer coverage and employee eligibility. For example, an employer who jointly employs 20 employees from a temporary placement agency and 60 permanent workers is covered by FMLA. An employee who is working for a secondary employer in a given period is considered employed by the secondary employer, and must be counted for coverage and eligibility purposes, as long as the employer has a reasonable expectation that that employee will return to employment with that employer. * [11]

Under the joint employment circumstances, only the primary employer has the responsibility to give required notices to the employees such as providing FMLA leave, health benefits, welfare and job restoration. The secondary employer is responsible for accepting the employee returning from FMLA leave in place of the replacement employee if the secondary employer continues to utilize an employee from the temporary placement agency, and the agency chooses to place the employee with the secondary employer. A secondary employer is also responsible for compliance with the prohibited acts provisions with respect to its jointly employed employees, whether or not the secondary employer is covered by FMLA. There are few factors determine which is the primary employer such as the authority to employ, assign different tasks for the staffs, provide employment welfare and make payroll. * [12]

### 106.3 Benefits and drawbacks of joint employment

#### 106.3.1 Benefits

The joint employers may be easier to hire the experts in some niche industries, people with specialist skills, or even replace their regular workforces. Due to the fact that joint employment is more flexible for an employee to work with different practices in a given period, they can decide which job should be spend more time on doing it. For instance, there are different deadlines for different projects, under the joint employment circumstances, the employee can adjust the pace of work for different projects, so the work can be completed before the deadlines, as well as building a good relations with other practices. In addition, some employees may also prefer working in full-time under a joint contract of employment instead of working in part-time for different practices, therefore the employers can easier to recruit new employees to address staff shortages. Furthermore, the joint employers have share control over the employee such as the work schedule. Some employers can also reduce the cost of labour and employee benefits by a joint employment contract because the payrolls costs split between the employers. * [13] * [14]

#### 106.3.2 Drawbacks

However, The number of unemployment can be increase as the reductions in labour demand due to joint employment, some practices might want to cut down the payroll cost by choosing a joint contract of employment. One potential risk is there could be confusion about the arrangement of an employee between two employers, so it is difficult to overcome these practical problems. In some circumstances, if two employers have completely different terms and conditions such as work schedule and sick pay, the employees might disagree on them. It is also questionable on who would the employee complain to about when they have been treated unfairly. When there is a dispute, even though it was only with one of the employer, the employment tribunal claims against both employers, so it is unfair to another employer. It is necessary to draw up an agreement between the two practices to avoid future dispute and misunderstanding. The joint employers also have to determine their responsibilities as well as manage the process and make decisions in any disciplinary situation. Besides, it is unpredictable what is going to happen when one of the employer decides to end the joint employment relationship due to various reasons such as he is no longer providing the same service, or he wants to sell his business, what will be the new arrangement? Will the other employer change the employee to the normal contract or they will take on full responsibility for the employee? It has to depends on
each circumstances. For many medium to large – sized companies, understanding the role of being a joint employer is very important. A lot of large companies such as Walmart, DHL, have been prosecute for unpaid overtime pay to the joint employer. Employers who do not fully understand joint complyer status would also be in a high risk for violate the law such as overtime pay.

106.4 VAT consequences of joint employment

A popular belief is that a joint employee has no VAT due to the payrolls costs split by the employers. When two practices jointly employ a member of staff, one employer can pay the employees their wage first, then the other employer can pass the money back to them without VAT as it is not considered to be a transaction. However, a recent VAT Tribunal decision may rise an unexpected VAT liability for joint contracts of employment. *[15]*

106.4.1 The case of CGI Group (Europe) Ltd (CGI)

The recent case of CGI Group (Europe) Limited demonstrate that, where an arrangement is structured in order to obtain a particular VAT treatment, it is important to ensure both the contractual documentation and the substance and reality of the arrangement support this treatment. Cox which is an insurance company, outsourced the running of its IT department to CGI. Under the outsourcing arrangements with CGI, the staffs became jointly employed by both Cox and CGI and a Master Services Agreement was also made between them. As Cox was an insurance company it had (like many other financial institutions) a limited ability to recover input VAT incurred on fees paid for outsourcing services. CGI believed that, the money pay for the shared wages would be excluded from VAT as the employees were under a joint employment contract. There were also a number of detailed arrangements regarding the employees under the master services agreement, including that CGI agreed not to take certain actions in relation to the transferred employees for a period of six months and to indemnify Cox in respect of all liabilities relating to them from the transfer date. *[16]*

106.4.2 The decision

Even though the Tribunal judge accepted that legally the employees were jointly employed by CGI and Cox, the staffs in reality were working for CGI only as CGI gave CGI highly control of the employees and and also overrode the joint employment contract. Cox still had a right to control the employees. Therefore the VAT was expected to pay in full amount.

From this case, the employers should to be more cautious under the joint employment circumstances, including the terms on the agreement and the arrangement of an employee between two employers, in order to minimize the risk of VAT being applied. WIt is also a reminder that the courts will look beyond the contract to decide the correct VAT analysis.*[17]* *[18]*

106.5 References


Chapter 107

Joint Personnel Administration

Joint Personnel Administration (JPA) is the intranet-based personnel administration system used by the British Armed Forces from April 2006 onwards, replacing the separate payment and administration teams from each of the three Services. Despite the ability to carry out over 40 formerly paper-based functions, from checking postings to payslips, the system has been heavily criticised.

107.1 Creation

JPA was created by Electronic Data Systems in partnership with the Ministry of Defence at an estimated cost of £269 million.[1] It is believed that JPA will save the MoD in excess of £100 million per year.[2]

107.2 Design

The system was designed around an Oracle Commercial off-the-shelf package, with an Oracle database as the back-end structure. JPA has essentially two parts: an online and an offline (deployed) application. The online application communicates directly with the main servers over the Restricted LAN Interconnect (RLI) (usually using the DII network, although JPA is also accessible via TAFMIS and other legacy systems) on a client-server basis. However, if communications are not stable enough for this configuration, the system can be used “in theatre” with a limited connection in offline mode with a local server recording all database updates/deletes/inserts. Once communications are restored, a synchronisation process amalgamates the changes held locally into the remote master server in the United Kingdom.

107.3 Implementation

JPA was rolled out to each of the three armed forces at separate, phased dates. The Royal Air Force came first, on 1 April 2006. This was both on time and on budget.[1] The Royal Navy followed in November 2006 with the British Army, most difficult of the three Services in terms of complexity of administration, completing the rollout in June 2007.[2] JPA is maintained by a core team of analyst developers in the Service Personnel and Veterans Agency (SPVA), formerly the Armed Forces Personnel Administration Agency (AFPAA).

107.4 Statistics

Administers more than 340,000 live pay records.
Maintains over 570,000 master personnel records.
Maintains more than 725,000 pension records.
Accounts for £5.7 billion in military pay and allowances.
Provides IT services and supports over 8,000 desktop PCs worldwide.[3]
107.5 Criticism and problems

From the rollout of JPA problems with pay have been well publicised. Teething problems upon rollout include users not being able to log onto the system due to high server demands, and others not receiving the correct pay or allowances.\footnote{1}

The rollout also came at the same time as the War on terror, which saw headlines such as “Anger As Our Boys Go Unpaid”.\footnote{4}

In February 2008 an RAF officer successfully sued the MoD for shortfalls in his pay packet as a result of JPA.\footnote{4}

Later in 2008, the then Chief of the Defence Staff General David Richards raised his concerns over the “prevalence of fraudulent behaviour” on the system.\footnote{5}

107.6 References

\footnote{2} Sarah Arnott (2007-04-12). “Army personnel to have HR access on the move”. IT Week. \\
Chapter 108

Kelly Services

Kelly Services, Inc. is an American temporary staffing agency that operates throughout the world.¹ It is headquartered in Troy, Michigan, and offers services that include temporary staffing services, outsourcing, vendor on-site and full-time placement.² Kelly operates in 41 countries and territories.³ Kelly employs more than 530,000 individuals annually, in areas including office services, accounting, engineering, information technology, law, science, marketing, creative services, light industrial, education, and health care. Revenue in 2011 was $5.3 billion.

108.1 History

William Russell Kelly founded Russell Kelly Office Service in 1946,⁴ initially providing office services performed at Kelly's offices, rather than providing temporary staffing at the client's location. However, customers asked for the work to be performed at their locations, and the temporary staffing concept was born out of responding to this type of request. It was in 1946 that the first 'Kelly Girls' came into scope and the first 'Kelly Girl' was Adelaide Hess Moran who was able to demonstrate that this new working sphere for women could be one to enjoy.

The temporary workers, who were usually female, became known as 'Kelly girls.'⁵ In recognition of this, the name of the company was changed to Kelly Girl Service, Inc. in 1957.⁶ The term 'Kelly girl' became a widely used term for a temporary worker, regardless of the worker's company affiliation or gender. In 1966 the name of the company was changed to Kelly Services, Inc., in order to reflect an expanding range of services.⁷ The current Chairman of the Board of Directors is Terence E. Adderley,⁸ and the CEO is Carl T. Camden.⁹

108.2 See also

- Manpower Inc.

108.3 References

[¹] "Kelly Services FORM 10-K". SECURITIES AND EXCHANGE COMMISSION. Retrieved 2013-07-08. "Kelly provides workforce solutions to a diversified group of customers in three regions: the Americas, Europe, the Middle East, and Africa ("EMEA"), and Asia Pacific ("APAC")."


### 108.4 External links

- Official company website
Chapter 109

Labour is not a commodity

Labour is not a commodity is the principle expressed in the preamble to the International Labour Organization's founding documents. It expresses the view that people should not be treated like inanimate commodities, capital, another mere factor of production, or resources. Instead, people who work for a living should be treated as human beings, and accorded dignity and respect.

109.1 Law

- Clayton Act 1914, which gave trade unions in the United States the freedom from paying penalties from courts for organising and taking collective action
- Versailles Treaty, establishing the International Labour Organization, Article 427
- Declaration of Philadelphia 1944, reestablishing the ILO under the United Nations, and reaffirming the first principle that labour is not a commodity.

109.2 References


109.3 External links

- International Labour Organization, Declaration of Philadelphia (1944)
Chapter 110

Leadership development

Leadership development refers to any activity that enhances the quality of leadership within an individual or organization. These activities have ranged from MBA style programs offered at university business schools to action learning, high-ropes courses and executive retreats.

110.1 Developing individual leaders

Traditionally, leadership development has focused on developing the leadership abilities and attitudes of individuals. Just as people are not all born with the ability or desire to play football (soccer) like Zinedine Zidane or to sing like Luciano Pavarotti, people are not all born with the ability to lead. Different personal traits and characteristics can help or hinder a person’s leadership effectiveness [1] and require formalized programs for developing leadership competencies [2].

Classroom-style training and associated reading is effective in helping leaders to know more about what is involved in leading well. However, knowing what to do and doing what one knows are two very different outcomes; management expert Henry Mintzberg is one person to highlight this dilemma. It is estimated that as little as 15% of learning from traditional classroom-style training results in sustained behavioral change within workplaces. [3]

The success of leadership development efforts has been linked to three variables: [4]

1. individual learner characteristics
2. the quality and nature of the leadership development program
3. genuine support for behavioral change from the leader’s supervisor

Military officer-training academies, such as the Royal Military Academy Sandhurst, go to great lengths to accept only candidates who show the highest potential to lead well. [5] Personal characteristics that are associated with successful leadership development include leader motivation to learn, a high achievement drive and personality traits such as openness to experience, an internal focus of control, and self-monitoring.

Development is also more likely to occur when the design of the development program:

- integrates a range of developmental experiences over a set period of time (e.g. 6–12 months). These experiences may include 360 degree feedback, experiential classroom style programs, business school style coursework, executive coaching, reflective journaling, mentoring and more.
- involves goal-setting, following an assessment of key developmental needs and then an evaluation of the achievement of goals after a given time period

Among key concepts in leadership development one may find:

- **experiential learning**: positioning the individual in the focus of the learning process, going through the four stages of experiential learning as formulated by David A. Kolb: 1. concrete experience 2. observation and reflection 3. forming abstract concept 4. testing in new situations.
110.2 Developing Leadership at a Collective Level

More recently, organizations have come to understand that leadership can also be developed by strengthening the connection between, and alignment of, the efforts of individual leaders and the systems through which they influence organizational operations. This has led to a differentiation between leader development and leadership development. Quinn’s 1996 book of the same title.

Leadership development can build on the development of individuals (including followers) to become leaders. In addition, it also needs to focus on the interpersonal linkages between the individuals in the team.

In the belief that the most important resource that an organization possesses is the people that comprise the organization, some organizations address the development of these resources (even including the leadership).

In contrast, the concept of "Employeeship" recognizes that what it takes to be a good leader is not too dissimilar to what it takes to be a good employee. Therefore, bringing the notional leader together with the team to explore these similarities (rather than focusing on the differences) brings positive results. This approach has been particularly successful in Sweden where the power distance between manager and team is small.

110.3 Succession Planning

The development of “high potentials” to effectively take over the current leadership when their time comes to exit their positions is known as succession planning. This type of leadership development usually requires the extensive transfer of an individual between departments. In many multinationals, it usually requires international transfer and experience to build a future leader. Succession planning requires a sharp focus on organization’s future and vision, in order to align leadership development with the future the firm aspires to create. Thus successive leadership development is based not only on knowledge and history but also on a dream. For such a plan to be successful, a screening of future leadership should be based not only on “what we know and have” but also on “what we aspire to become”.

Persons involved in succession planning should be current leadership representing the vision and HR executives having to translate it all into a program. According to Meir Jacob and Amit Cohen (1995) three critical dimensions should be considered: 1. Skills and knowledge 2. Role perception and degree of acceptance of leading role 3. Self-efficacy (Albert Bandura). These three dimensions should be a basis of any leadership succession programme.

110.4 See also

- Action learning
- Organization development
- Executive development
- Executive education
- Collaborative leadership
- Leadership Studies
- Trait Leadership
110.5 References


Chapter 111

Lego Serious Play

Lego Serious Play is a consultant service offered by a Lego Serious Play Certified Facilitator. Its goal is fostering creative thinking through team building metaphors of their organizational identities and experiences using Lego bricks. Participants work through imaginary scenarios using visual three-dimensional Lego constructions, hence the name “serious play.”[1]

The method is described as “a passionate and practical process for building confidence, commitment and insight.” The approach is based on research which suggests that hands-on, “minds-on” learning produces a deeper, more meaningful understanding of the world and its possibilities. It is claimed that participants come away with skills to communicate more effectively, to engage their imaginations more readily, and to approach their work with increased confidence, commitment and insight.”[2]

111.1 Origins of Lego Serious Play

Johan Roos and Bart Victor created the “serious play” concept and process in the mid-1990s as way to enable managers to describe, create and challenge their views of their business. Dr. Roos is now Dean, Professor and Managing Director of Jönköping International Business School (JIBS)[3] and Dr. Bart Victor is Cal Turner Professor of Moral Leadership at Vanderbilt University but when they created serious play they were both professors at IMD in Switzerland. The conceptual foundation of serious play combines ideas from constructivism (Piaget 1951), its subsequent version constructionism (Harel and Papert 1991), complex adaptive system theory (Holland 1995) and autopoietic corporate epistemology (von Krogh and Roos 1994; 1995) applied to the context of management and organizations.

The empirical foundation of the concept of serious play stems from Roos and Victor’s experiments with leadership teams in Tetra Pak, Hydro Aluminium and TFL and during an IMD program for the top 300 leaders in the Lego Company. They presented their early ideas in a short article published by IMD in 1998 entitled “In Search for Original Strategies: How About Some Serious Play?” and in the 1999 article “Towards Model of Strategy Making as Serious Play” published by European Management Journal. In 2004 the journal Long-Range Planning published their article “Playing Seriously with Strategy” (with Matt Statler), which serves as the foundation for the concept and practice of Lego Serious Play.

111.2 From experiment to product

Initially the owner of the Lego Company, Mr. Kjeld Kirk Kristiansen, was hesitant, but presented with the early findings he became convinced that Roos and Victor’s ideas had value and decided to encourage and sponsor a commercial application under the auspices of the Lego Company. As a first step he ensured Roos and Victor could use the talents of designer Paul H. Howells from the Lego Company in UK. This resulted in a company called Executive Discovery that is now a member of the Lego family of companies.

For the first few years Bart Victor led the product development and commercialization process of Serious Play through Executive Discovery, with which he invited Mr. Robert Rasmussen from the Lego Company and Professor Dave Owens from Vanderbilt University to help bring the first product to market. The first “Lego Serious Play” application
was labeled Real-Time Strategy and is based on the concepts Identity, Landscape and Simple Guiding Principles developed in Johan Roos’ 1999 book *The Next Common Sense* (with Michael Lissack). Later on, the Executive Discovery team developed and commercialized several other LSP applications. In the following years, Lego Serious Play was developed into a consulting method used by companies other than Lego, including Daimler Chrysler, Roche Pharmaceutical, SABMiller, Tupperware, Nokia and Orange. It has also been used in non-profit/NGO groups (e.g., SOS Children’s Villages), as well as in government (e.g., Danish Patent and Trademark Office and the Danish Agency for Governmental Management under the Ministry of Finance). Recently, the Lego company decided to go from a partner based community to opensource, releasing the methodology as under a Creative Commons licence.[4] The two main communities of people using LSP are: Serious Play Pro, [5] and Strategic Play Room.[6]

### 111.3 The research effort

Johan Roos decided to develop further the idea of playing seriously in organizations. Encouraged by an initial donation from Mr. Kristiansen and the Lego Company in 2000, Johan Roos resigned from his professorship at renowned IMD to establish the non-profit Imagination Lab Foundation. The foundation is neither affiliated to the Lego Company nor Executive Discovery in any way.

Over the next few years he led the theoretical and clinical research pursued by team of scholars with backgrounds in philosophy, anthropology, sociology, psychology, music and the management disciplines. During his leadership the foundation secured more than CHF 13 millions in donations from large corporations, including the Lego Company, Microsoft, EMC, Firmenich, Nokia and Orange and experimented with some 1,500 managers in a variety of organizations. Imagination Lab established a Working Paper series and a series of short publications for practitioners that report the findings from the research and bout and with serious play based ideas processes, broadly defined. In 2006 Roos established the annual Imagination Lab Award for Innovative Scholarship in collaboration with European Academy of Management (EURAM).

In 2006, Palgrave Macmillan published Roos’ book *Thinking from Within* that synthesizes a decade of conceptual and applied research on serious play-like processes with a range of materials in addition to Lego bricks. In this book Dr. Roos also introduces ideas and processes of socio-drama, collective virtuosity and practical wisdom that go beyond the initial ideas of serious play, hence the notion of thinking “from within”.

In 2009 the method was further developed for use in schools. Teachers are trained to use it with students from 6 years. The objectives are the same; to foster creative thinking and teamwork, with focus on facilitating a process that enables deeper reflection and constructive dialogue.

The method has also been adapted for use in Higher Education as a tool for teaching & learning, research, and ideation (Nolan 2009).

Research and experimentations lead to a derived method for one to one Legoviews - LSP interviews that has been developed in 2011 by P. Bertini and widely tested in several environments, i.e. Palestine, Israel, Occupy London, with filmmakers, artists, activists. Most interviews are published on the London Progressive Journal. [7]

The webatelier.net Lab of the Università della Svizzera italiana (University of Lugano, Switzerland) has further developed the methodology, releasing in 2011 URL - User Requirements with Lego (under the Creative Commons licence).[8]

### 111.4 Corner stones

The concept is based research in three areas of development.[9]

- **Play** - Play is defined as a limited, structured and voluntary activity that involves the imaginary. That is, it is an activity limited in time and space, structured by rules, conventions or agreements among the players, uncoerced by authority figures, and drawing on elements of fantasy and creative imagination.

- **Constructionism** - Based on the ideas of Seymour Papert, which built in turn on the Constructivist theories of Papert’s colleague Jean Piaget. Papert argued that learning happens especially well when people are engaged in constructing a product, something external to themselves such as a sand castle, a machine, a computer program or a book.
• **Imagination** - Throughout history, the term “imagination” has been given many different cultural and linguistic connotations. While all share the basic idea that humans have a unique ability to “form images” or to “imagine” something, the variety of uses of the term “imagination” implies not one, but at least three meanings: to describe something, to create something, to challenge something. From the point of view of Lego Serious Play, it is the interplay between these three kinds of imagination that make up strategic imagination – the source of original strategies in companies.

### 111.5 Academic publications


CHAPTER 111. LEGO SERIOUS PLAY


111.6 References


[2] "Serious Play official website".


[6] "Strategic Play Room".


[8] "URL: User Requirements with Lego website".


111.7 External links

- Official website

- Play Serious Gamification Plattform
Lego Serious Play in action
Chapter 112

Management by objectives

Management by objectives (MBO), also known as management by results (MBR), is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization in order to achieve them. The term “management by objectives” was first popularized by Peter Drucker in his 1954 book The Practice of Management.[1]

The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee’s actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities.

According to George S. Odiorne, the system of management by objectives can be described as a process whereby the superior and subordinate jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.[2]

112.1 Features and advantages

Behind the principle of MBO is for employees to have a clear understanding of the roles and responsibilities expected of them. Then they can understand how their activities relate to the achievement of the organization's goal. Also places importance on fulfilling the personal goals of each employee.

Some of the important features and advantages of MBO are:

1. Motivation – Involving employees in the whole process of goal setting and increasing employee empowerment. This increases employee job satisfaction and commitment.

2. Better communication and coordination – Frequent reviews and interactions between superiors and subordinates help to maintain harmonious relationships within the organization and also to solve problems.

3. Clarity of goals

4. Subordinates tend to have a higher commitment to objectives they set for themselves than those imposed on them by another person.

5. Managers can ensure that objectives of the subordinates are linked to the organization's objectives.

6. Common goal for whole organization means it is a directive principle of management.

112.2 Domains and leveltivities

Some objectives are collective, for a whole department or the whole company, others can be individualized. Managers must determine the mission and the strategic goals of the enterprise. The goals set by top-level managers are based on
an analysis of what can and should be accomplished by the organization within a specific period of time. The functions of these managers can be centralized by appointing a project manager who can monitor and control activities of the various departments. If this cannot be done or is not desirable, each manager’s contributions to the organizational goal should be clearly spelled out.

112.3 Practice

Objectives need quantifying and

112.4 Limitations

There are several limitations to the assumptive base underlying the impact of managing by objectives, including:

1. It over-emphasizes the setting of goals over the working of a plan as a driver of outcomes.

2. It under-emphasizes the importance of the environment or context in which the goals are set.

That context includes everything from the availability and quality of resources, to relative buy-in by leadership and stakeholders. As an example of the influence of management buy-in as a contextual influencer, in a 1991 comprehensive review of thirty years of research on the impact of Management by Objectives, Robert Rodgers and John Hunter concluded that companies whose CEOs demonstrated high commitment to MBO showed, on average, a 56% gain in productivity. Companies with CEOs who showed low commitment only saw a 6% gain in productivity.

When this approach is not properly set, agreed and managed by organizations, self-centered employees might be prone to distort results, falsely representing achievement of targets that were set in a short-term, narrow fashion. In this case, managing by objectives would be counterproductive.

The use of MBO must be carefully aligned with the culture of the organization. While MBO is not as fashionable as it was before, it still has its place in management today. The key difference is that rather than 'set' objectives from a cascade process, objectives are discussed and agreed upon. Employees are often involved in this process, which can be advantageous.

A saying around MBO – ‘What gets measured gets done’, ‘Why measure performance? Different purposes require different measures’ – is perhaps the most famous aphorism of performance measurement; therefore, to avoid potential problems SMART and SMARTER objectives need to be agreed upon in the true sense rather than set.

112.5 Arguments against

MBO has its detractors and attention notably among them W. Edwards Deming, who argued that a lack of understanding of systems commonly results in the misapplication of objectives. [3] Additionally, Deming stated that setting production targets will encourage resources to meet those targets through whatever means necessary, which usually results in poor quality. [4]

Point 7 of Deming’s key principles encourages managers to abandon objectives in favour of leadership because he felt that a leader with an understanding of systems was more likely to guide workers to an appropriate solution than the incentive of an objective. Deming also pointed out that Drucker warned managers that a systemic view was required [5] and felt that Drucker’s warning went largely unheeded by the practitioners of MBO.

112.6 See also

- Decision making software
112.7 References


Chapter 113

Management by observation

Management by observation has two unrelated meanings:

1. Managing diseases by observing the progress of patient over a period of time to determine if the observed would benefit from intervention.

2. Management of employees by observing that they are present at the physical work place during accepted working hours and appear to be doing expected work tasks. Without objective setting may lead to presenteeism.

113.1 See also

- Flextime
- Flexplace
- Management by objectives

113.2 References

- Research article of cancer treatment.
- Presenteeism from WebMD
- Myths about telecommuting.
Chapter 114

Management development

Management development is the process by which managers learn and improve their management skills. [1]

114.1 Background

In organisational development (OD), management effectiveness is recognized as a determinant of organisational success. Therefore investment in management development can have a direct economic benefit to the organisation. In 2004, the money spent per year per manager on management and leadership development was £1,035, an average of 6.3 days per manager. [2]

114.2 Approaches to management development

- Dysfunction analysis
- Mentoring
- Coaching
- Job rotation
- Professional development
- Business workflow analysis
- Upward feedback
- Executive education
- Supervisory training

114.3 Action Learning

Many management qualifications now have an action learning element. Action learning asserts that individuals learn best from hands-on experience rather than traditional instruction, so the process is structured to be interactive. Action learning allows individuals to try out different approaches to solving issues and problems. [1]

114.4 Coaching

Main articles: business coaching and Executive coaching

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Coaching, is a teaching, training or development process in which an individual is supported while achieving a specific personal or professional result or goal. Coaching is an effective learning tool that has an impact on the bottom line and productivity, as well as intangible benefits. It aids in the improvement of individual performance, tackles underperformance, and aids in the identification of personal learning needs.

114.5 Management Education

One of the biggest growth areas in UK education since the early 1980s has been the growth of university-level management education. In addition to weekly part-time attendance at college/university, many students employ distance learning. The number of UK business schools grew from two in the early 1970s, to over one hundred providers.

114.6 References

[2] Chartered Management Institute

114.7 See also

- Chartered Institute of Personnel and Development
- Chartered Management Institute
- Institute of Leadership & Management
- Leadership development
- Training & Development
Chapter 115

Managerial assessment of proficiency

The term managerial assessment of proficiency (MAP) describes a methodology for the assessment of managerial competence in human resource and training applications. MAP is designed for evaluation of a manager’s proficiency in 12 prescribed competencies, and other criteria. Assessments can be generated for an employee, as well as for a department or the organisation as a whole. Normative values, used for comparative purposes in each assessment, are based upon the performance of over 110,000 managers, across 17 countries, in more than 600 organisations that have used MAP, according to the UK-based company, Development Processes Group plc, that licenses the tool into organisations.

The 12 competencies are fundamental in determining the proficiency of an effective manager, according to the methodology. Implicit in the approach for developing managerial excellence is the definition of the competencies: a “group of related skills, knowledge, and attitudes that correlate with success in one’s job and can be improved through training.”

115.1 MAP assessment process

Dr. Scott Parry, creator of the tool and 1999 inductee into the HRD, Academy of Resource Development, Hall of Fame, developed the MAP competency framework by first analysing the results of a series of large competency studies conducted by a number of major organisations. Cliff Lansley, who leads the further development of MAP with fellow Director Cameron Robertson has used the tool in studies across 100's of major public and private sector organisations and he says “we now have powerful benchmarking data of leadership competencies across most organisational sectors. What is unique here, is that MAP is the only objective diagnostic tool for managerial and leadership competence measurement that exists in the world. All other tools are based merely on self-report, 360 degree opinion or subjective judgement by an assessor”.

The studies looked at a number of leading corporations to identify the competencies and attributes that were important to the performance of managers. IBM, AT&T, Henley Management College, Ford and Kodak came up with very similar managerial competencies and these were analysed. The developers of MAP selected 12 of the most frequently mentioned competencies, those common to most frameworks, and arranged them in 4 clusters and 2 broad categories: task-handling (left column) and people-handling (right column).

Dr. Scott Parry, developer of the MAP Assessment competency framework and tool, defines competencies as “a group of related skills, knowledge, and attitudes that correlate with success in one’s job and that can be improved through training”.

The assessment involves studying a series of real-life management situations covering a week in the life of a typical manager and his team and answering a series of questions about your judgement of what you’ve seen.

The situations covered include:

- team meetings
- time management
- delegating
Following each short scene the delegates answer a series of questions based on what they have been watching. They are then asked if, in their opinion, the management behaviour they have seen is good or bad practice.

The scenarios are very effective in getting managers to be a part of the assessment process because they are based on the real situations that they regularly have to deal with on a day to day basis, resulting in high face validity scores.

There are also two paper-based questionnaires that help determine their preferred styles of managing and communicating and the impact that can have in the workplace.

At the end of the day the assessment is scored online and a personal profile produced within minutes. This is in readiness for Day 2 of the MAP Assessment process.

The second day of the process is the interpretation of the assessment scores providing delegates with a development ‘roadmap’ for their ongoing development.

If a team is being assessed then a group profile is also produced to take into account the department or team’s training and development needs.

### 115.2 Validating the MAP assessment

Before making the assessment available to clients, the developers of MAP validated the methodology in 11 organisations. Managers were selected to cover the full range of proficiency at work from ‘excellent’ to ‘below average’. Working independently, three senior managers assigned ratings on a 5-point scale to each manager being assessed, thereby establishing a rank order.

A total of 253 managers from 11 organisations went through the video-based assessment. Their overall proficiency percentiles (average of the 12 competency scores) were compared with their senior managers’ ratings of their performance at work, using the Spearman’s rank order correlation analysis.

Correlations were positive, ranging from .71 to .92. This supported the following assumptions:-

1. the competencies that were assessed enabled the developers to discriminate between high performing managers and their less effective counterparts,

2. the assessment instrument could therefore be used as a predictive index of one’s performance on the job,

3. the process constituted the basis for a ‘needs analysis’ for identifying training and development opportunities.

Cliff Lansley, Director and owner of Development Processes Group plc, the lead organisation for MAP across the UK, is undertaking an extended research and validation exercise and the results will be referenced on completion.

The construct validity can be measured by the degree to which the developers’ assessment data agrees with the actual performance of managers at work. But participants are also concerned with face validity, the degree to which they can identify with the video episodes and accept their proficiency profile as accurate. On the post-assessment evaluation sheet, 92% said they had no difficulty relating to the episodes, and 86% said that the scores they received were probably accurate.

A further examination of the list of 12 competencies will support the assumption that they can all be improved via training. This is in contrast to the characteristics, qualities, and attributes that appear in some organisations’ lists of competencies¼ self-confidence, initiative, flexibility, ambition and so on. These are best defined as personality traits, not competencies, according to Dr. Scott Parry. They are typically formed early in life and, short of clinical intervention, are not subject to significant change through participation in a training programme. The developers of MAP restricted the assessment to competencies that can be developed through training.
115.3 The impact of MAP

Famous chef, Raymond Blanc, experienced the tool himself and he outlines in the link below how he used MAP within his organisation and found it to be a good predictor of managerial performance.

MAP has also been used as a central part of qualifications accredited by the Institute of Leadership and Management and the Chartered Management Institute.

MAP has been deployed across the UK by a range of Licenced Delivery Centres by Development Processes Group PLC. One of its centres, Metricate Ltd, have supported its work in assessing and researching competencies in the construction, engineering and logistics industry sectors. The goal was to identify the implications of any deficiencies for the businesses concerned and assess how and where they impacted upon the organisation. (‘Understanding the Real Skills Gap: Management and Leadership’ 2008, Metricate Ltd).

The specific management competencies in deficit on this study, according to a MAP analysis, were identified as:-

1. Training, coaching and delegating
2. Thinking clearly and analytically
3. Listening and organising

From follow-up interviews with managers at Company Board level, there were a number of strategic and operational problem areas for companies stemming from the deficit in the management competencies described:-

1. problems with succession planning for the business and key staff
2. low profitability: chasing turnover at the sacrifice of margin
3. poor productivity: unproductive use of staff at all levels
4. response to globalisation: failure to grow and compete with larger rivals
5. new environmental, technology, techniques, legislation: struggling to respond and develop commercial advantage
6. aging workforce: inability to recruit and retain sufficient new staff
7. skills gaps: staff lacked the management and technical skills to compete successfully

115.4 Specification of a development programme

The work of Metricate Ltd went on to confirm in their study that development programmes were most effective in resolving the deficiencies in competence where they met the following programme design specifications:-

1. A thorough needs analysis undertaken at the outset, to support an agreed understanding of the problems and desired outcomes
2. MAP measurement before and after the intervention, and against relevant industry and national benchmarks
3. The development programme should be led ‘from the top down’, with active endorsement by the directors
4. Training programme targeted at three levels simultaneously: the individual, teams and the organisation
5. Customised to organisational challenges and personalised to individuals’ needs: this is achieved through interviews, following MAP assessment
6. Modes of delivery matched to all learning styles: such as workshops, coaching and self-study
7. Development of a cross-functional approach involving different teams/ departments, to ensure an integrated understanding of the issues for the organisation
8. Establish self and organisational awareness, to embed a culture of autonomous development
9. Programme over an extended period – ‘little and often’ – up to 12 months, to ensure assimilation and minimise the disruption of training

10. Post development assessment to measure progression and ROI (Return on Investment)

115.5 See also

- Human resources

115.6 Websites and links

- studies and product details about MAP
- a round table discussion on MAP
- the national training and development organisation responsible for MAP, based in the UK
- the MAP tool explained in detail
- Raymond Blanc’s experience with the diagnostic tool
- HRD, Academy of Resource Development, Hall of Fame – the Award is presented to scholars in human resource development and related disciplines http://www.ahrd.org/mc/page.do?sitePageId=56783
- Metricate, one of the DPG plc Licenced Delivery Centres providing assessment and development programmes for the construction, engineering and logistics sectors
- Article: Performance management masterclass: the fifth TJ roundtable discussion hosted by DPG plc and Dr Peter Honey examined the impact performance assessment has had on the ever-changing role of the manager

115.7 Books

1. HRD Manager’s Route to Competence: Cliff Lansley; Developing a Strategic Approach to HRD v. 3 (Paperback); ISBN 1-86093-006-9

1. Design Learning Programmes: Cliff Lansley; (Paperback); ISBN 1-86093-007-7

1. Training for Results; Scott Parry; ASTD March 7, 2000; ISBN 1-56286-132-8
Chapter 116

Manpower Inc.

ManpowerGroup is an American multinational human resource consulting firm headquartered in Milwaukee, Wisconsin, USA. Manpower provides recruitment and assessment, training and development, career management, outsourcing, and workforce consulting. Founded by Elmer Winter and Aaron Scheinfeld in 1948, the company was acquired by Blue Arrow of Britain in 1987, but became independent again in 1991.

116.1 History

In 1948, Manpower was founded in Milwaukee, Wisconsin by attorneys Elmer Winter and Aaron Scheinfeld. The first offices were located in Milwaukee and Chicago, Illinois. In 1954, Manpower continued expanding in the United States by offering franchise business opportunities in addition to company owned branch offices. In 1956, The company became an international company:

- 1956 - offices in Montreal and Toronto, Canada.
- 1956 - offices in the UK
- 1957 - offices opened in France
- 1963 - opened in South America
- 1964 - presence in Asia

In 1962, Manpower launched the Employment Outlook Survey, which covers 39 countries.

In 1976, upon Elmer Winter's retirement, Manpower was sold to The Parker Pen Company. It became independent again in 1986, and a year later was acquired by Blue Arrow of the United Kingdom. It again became independent in 1991.

Elmer Winter died on October 22, 2009 at the age of 97.

On 30 March 2011, Manpower Inc. changed its name to ManpowerGroup to better reflect its offerings. Under the parent brand, ManpowerGroup's working brands became known as ManpowerGroup Solutions, Manpower, Experis and Right Management. ManpowerGroup also revamped its logos in an attempt to provide a uniform look and a better representation of how its brands fit together.

As of 2011, ManpowerGroup had over 3,900 offices in 82 countries and an “office” in web based online universe Second Life. In 2010, the company's total sales equaled US$19 billion worldwide. ManpowerGroup's customer base, which stands at approximately 400,000 companies, includes multinational corporations such as IBM, Monsanto Company, ntl and Danaher subsidiaries. The number of direct staff ManpowerGroup has is estimated at more than 30,000 and the agency employs more than 4.4 million workers each year. ManpowerGroup is a Fortune 500 company.[2]

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116.2 Subsidiaries

ManpowerGroup has several subsidiaries including: Manpower, Experis (a combined, consolidated, professional resourcing business to be rolled out over time), Right Management (outplacement company) and ManpowerGroup Solutions (human resources and outsourcing services, and outcome-based workforce initiatives). Experis was formed through merger of Elan (acquired in 2000). [3] Jefferson Wells and Manpower Professional. [4]
In 2007, it acquired Clarendon Parker, an employment business based in the Middle East; in April 2011 it acquired WDC, an IT services and staffing company in India.

116.3 See also

- Professional employer organization
- Employment agency
- Recruiter
- Recruitment
- Temporary work
- UK agency worker law

116.4 References


116.5 External links

- Official website
Chapter 117

Mechanical aptitude

According to Paul Muchinsky in his textbook *Psychology Applied to Work*, "Mechanical aptitude tests require a person to recognize which mechanical principle is suggested by a test item. The underlying concepts measured by these items include sounds and heat conduction, velocity, gravity, and force. One of the more popular tests of mechanical reasoning is the Bennett Test of Mechanical Comprehension. The test is a series of pictures that illustrate various mechanical concepts and principles. Other tests of mechanical comprehension have also been developed. Tests of mechanical ability are highly predictive of performance in manufacturing/production jobs. However, women traditionally perform worse than men on tests of mechanical ability. Recent attempts to include test questions pertaining to kitchen implements and other topics about which women are more familiar have reduced, but not eliminated, the male/female score differential." *[1]*

117.1 Background Information

117.1.1 Military Information

Aptitude tests have been used for military purposes since World War I to screen recruits for military service. The Army Alpha and Army Beta tests were developed in 1917-1918 so ability of personnel could be measured by commanders. The Army Alpha was a test that assessed verbal ability, numerical ability, ability to follow directions, and general knowledge of specific information. The Army Beta was its non-verbal counterpart used to evaluate the aptitude of illiterate, unschooled, or non-English speaking draftees or volunteers.

During World War II, the Army Alpha and Beta tests were replaced by the Army General Classification Test (AGCT) and Navy General Classification Test (NGCT). The AGCT was described as a test of general learning ability, and was used by the Army and Marine Corps to assign recruits to military jobs. About 12 million recruits were tested using the AGCT during World War II. The NGCT was used by the Navy to assign recruits to military jobs. About 3 million sailors were tested using the NGCT during World War II.

Additional classification tests were developed early in World War II to supplement the AGCT and the NGCT. These included:

- Specialized aptitude tests related to the technical fields (mechanical, electrical, and later, electronics)
- Clerical and administrative tests, radio code operational tests
- Language tests and driver selection tests.*[2]*

117.1.2 Mechanical Aptitude and Spatial Relations

Mechanical aptitude tests are often coupled together with spatial relations tests. Mechanical aptitude is a complex function and is the sum of several different capacities, one of which is the ability to perceive spacial relations. Some research has shown that spacial ability is, for some jobs, the most vital part of mechanical aptitude. Because of this, spacial relations tests are often given separately or in part with mechanical aptitude tests.*[3]*
117.1.3 Gender Differences

There is no evidence that states there is a general intelligence difference between men and women. However, there is a difference in the cognitive abilities between the two sexes. Males tend to do better on the quantitative tasks and the visual-spatial skills than females, and females tend to score much higher than men on the verbal sections of the test. Males have always performed very high on the mechanical aptitude tests; much higher than women. In recent years, another mechanical aptitude test was created. The main purpose of this test was to create a fair chance for women to perform higher than, or at the same level as men. Males still perform at a much higher level than women, but the scores between men and women have been drawn closer together. There is little research that has been devoted as to why men are able to complete the tests and perform much higher than women. [4]

117.2 Uses of Mechanical Aptitude Test

The major uses for mechanical aptitude testing are:

- Identify candidates with good spatial perception and mechanical reasoning ability
- Assess a candidate’s working knowledge of basic mechanical operations and physical laws
- Recognize an aptitude for learning mechanical processes and tasks
- Predict employee success and appropriately align your workforce

These tests are used mostly for industries involving:

- Manufacturing/Production
- Energy/Utilities

The major occupations that these tests are relevant to are:

- Automotive and Aircraft Mechanics
117.3 Types of Tests

117.3.1 Barron’s Test of Mechanical Aptitude

The Barron’s Test, which is also called the Armed Services Vocational Aptitude Battery (ASVAB), was the most widely used mechanical aptitude test in the world. The test consists of ten subject specific tests that measure your ability to perform separate job related areas and provides an indication of your level of academic ability. The ASVAB was used very often in the 1920s and 1930s, especially by the military. The military would ask that all recruits take this exam to help them be placed in the correct job while enrolled in the military. In the beginning, World War I, the U.S. Army developed the Army Alpha and Beta Tests, which grouped the draftees and recruits for military service. The Army Alpha test measured recruits’ knowledge, verbal and numerical ability, and ability to follow directions using 212 multiple-choice questions. However, during World War II, the U.S. Army had replaced the tests with a newer and improved one called the Army General Classification Test. The test had many different versions until they improved it enough to be used regularly. The current tests consist of three different versions, two of which are on paper and pencil and the other is taken on the computer. The scores from each different version are linked together, so each score has the same meaning no matter which exam you take. Some people find that they score higher on the computer version of the test than the other two versions, an explanation of this is due to the fact that the computer based exam is tailored to their demonstrated ability level. These tests are beneficial because they help measure your potential; it gives you a good indicator of where your talents are. By viewing your scores, you can make intelligent career decisions. The higher score you have, the more job opportunities that are available to you."[7]

117.3.2 Wiesen Test of Mechanical Aptitude

See also: Wiesen Test of Mechanical Aptitude

The Wiesen Test of Mechanical Aptitude is a measure of a person’s mechanical aptitude which is referred to as the ability use machinery properly and maintain the equipment in best working order. The test is 30-minutes and has 60-items that can help predict performance for specific occupations involving the operation, maintenance, and servicing of tools, equipment, and machinery. Occupations in these areas require and are facilitated by mechanical aptitude. The Wiesen Test of Mechanical Aptitude was designed with the intent to create an evolution of previous tests that helps to improve the shortcomings of these earlier mechanical aptitude tests, such as the Bennett Test of Mechanical Comprehension. This test was reorganized in order to lessen certain gender and racial biases. The reading level that is required for the Wiesen Test of Mechanical Aptitude has been estimated to be at a sixth-grade level, and it is also available in a Spanish-language version for Spanish speaking mechanical workers. Overall, this mechanical aptitude test has been shown to have less of an adverse impact than previous mechanical aptitude.

There are two scores given to each individual taking the test, a raw score and a percentile ranking. The raw score is a measure of how many questions (out of the 60 total) the individual answered correctly, and the percentile ranking is a relative performance score that indicates how the individual’s score rates in relation to others people who have taken this particular mechanical aptitude test and how they scored. Average test scores for the Wiesen Test of Mechanical Aptitude were determined by giving the test to a sample of 1,817 workers aged 18 and older working in specific industrial occupations that were mentioned previously. Using this sample of workers, it was determined that the Wiesen Test of Mechanical Aptitude has very high reliability (statistics) (.97) in determining mechanical aptitude in relation to performance of mechanical occupations. "[8]
117.3.3 Bennett Test of Mechanical Comprehension

The Bennett Mechanical Comprehension Test (BMCT) is an assessment tool for measuring a candidate’s ability to perceive and understand the relationship of physical forces and mechanical elements in practical situations. This aptitude is important in jobs and training programs that require the understanding and application of mechanical principles. The current BMCT Forms, S and T, have been used to predict performance in a variety of vocational and technical training settings and have been popular selection tools for mechanical, technical, engineering, and similar occupations for many years.

The BMCT is composed of 68 items, a 30-minute time-limited test, that are illustrations of simple, encountered mechanisms used in many different mechanisms. It is not considered a speeded time test, but a timed power test and the cut scores will provide the different job requirements for employers. The reading and exercise level of concentration for this test is below or at a sixth-grade reading level.

In current studies of internal consistency reliability, the range of estimates were compared from previous studies and found out the range was from .84 to .92. So this shows a high reliable consistency when taking and measuring the BMCT. Muchinsky (1993) evaluated the relationships between the BMCT, a general mental ability test, and an aptitude classification test focused on mechanics, and supervisory ratings of overall performance for 192 manufacturing employees. Of the three tests, he found the BMCT to be the best single predictor of job performance (r = .38, p < .01). He also found that the incremental gain in predictability from the other tests was not significant.

From a current employer standpoint, these people are typically using cognitive ability tests, aptitude tests, personality tests and etc. And the BMCT has been used for positions in positions such as electrical and mechanical positions. Also companies will use these tests for computer operators and operators in manufacturing. This test can also help eliminate any issues or variables to employers about who may need further training and instruction or not. This test will help show employers who is a master of the trade they are applying for, and will also highlight the applicants who still have some “catching up” to do. [9]

117.3.4 Stenquist Test of Mechanical Aptitude

The Stenquist Test consist of a series of problems presented in the form of pictures, where each respondent would try to determine which picture assimilates better with another group of pictures. The pictures are mostly common mechanical objects which do not have an affiliation with a particular trade or profession, nor does the visuals require any prior experience or knowledge. [10] Other variations of the test are used to examine a person’s keen perception of mechanical objects and their ability to reason out a mechanical problem. For example, The Stenquist Mechanical Assemblying Test Series III, which was created for young males, consisted of physical mechanical parts for the boys to individually construct items with." [11]

117.4 References


Chapter 118

Mentorship

“Mentors” redirects here. For the rock band, see Mentors (band). For the TV series, see Mentors (TV series). “Protégé” redirects here. For other uses, see Protégé (disambiguation).
For the Wikipedia essay, see Wikipedia:Mentorship.
See also: Youth mentoring

Mentorship is a personal developmental relationship in which a more experienced or more knowledgeable person helps to guide a less experienced or less knowledgeable person.
The person in receipt of mentorship may be referred to as a protégé (male), a protégée (female), an apprentice or, in recent years, a mentee.

“Mentoring” is a process that always involves communication and is relationship based, but its precise definition is elusive. One definition of the many that have been proposed, is

Mentoring is a process for the informal transmission of knowledge, social capital, and the psychosocial support perceived by the recipient as relevant to work, career, or professional development; mentoring entails informal communication, usually face-to-face and during a sustained period of time, between a person who is perceived to have greater relevant knowledge, wisdom, or experience (the mentor) and a person who is perceived to have less (the protégé).”[1]

Mentoring in Europe has existed since at least Ancient Greek times. Since the 1970s it has spread in the United States of America mainly in training contexts”[2] and it has been described as “an innovation in American management” .”[3]

118.1 Historical

The roots of the practice are lost in antiquity. The word itself was inspired by the character of Mentor in Homer’s Odyssey. Though the actual Mentor in the story is a somewhat ineffective old man, the goddess Athena takes on his appearance in order to guide young Telemachus in his time of difficulty.

Historically significant systems of mentorship include the guru - disciple tradition practiced in Hinduism and Buddhism, Elders, the discipleship system practiced by Rabbinical Judaism and the Christian church, and apprenticing under the medieval guild system.

118.2 Mentoring techniques

The focus of mentoring is to develop the whole person and so the techniques are broad and require wisdom in order to be used appropriately.”[5]

A 1995 study of mentoring techniques most commonly used in business”[6] found that the five most commonly used techniques among mentors were:
1. **Accompanying**: making a commitment in a caring way, which involves taking part in the learning process side-by-side with the learner.

2. **Sowing**: mentors are often confronted with the difficulty of preparing the learner before he or she is ready to
change. Sowing is necessary when you know that what you say may not be understood or even acceptable to
learners at first but will make sense and have value to the mentee when the situation requires it.

3. **Catalyzing**: when change reaches a critical level of pressure, learning can escalate. Here the mentor chooses to
plunge the learner right into change, provoking a different way of thinking, a change in identity or a re-ordering
of values.

4. **Showing**: this is making something understandable, or using your own example to demonstrate a skill or activity.
You show what you are talking about, you show by your own behavior.

5. **Harvesting**: here the mentor focuses on “picking the ripe fruit”: it is usually used to create awareness of what
was learned by experience and to draw conclusions. The key questions here are: “What have you learned?”,
“How useful is it?”.

Different techniques may be used by mentors according to the situation and the mindset of the mentee, and the
techniques used in modern organizations can be found in ancient education systems, from the Socratic technique of
harvesting to the accompaniment method of learning used in the apprenticeship of itinerant cathedral builders during
moments” in order to “expand or realize the potentialities of the people in the organizations they lead” and underline
that personal credibility is as essential to quality mentoring as skill.

### 118.3 Typology

There are two broad types of mentoring relationships: formal and informal. Informal relationships develop on their
own between partners. Formal mentoring, on the other hand, refers to a structured process supported by the organi-
zation and addressed to target populations. Youth mentoring programs assist at-risk children or youth who lack
role models and sponsors. In business, formal mentoring is part of talent management addressed to populations such
as key employees, newly hired graduates, high potentials and future leaders. The matching of mentor and mentee is
often done by a mentoring coordinator or by means of an (online) database registry.

There are formal mentoring programs that are values-oriented, while social mentoring and other types focus specifically
on career development. Some mentorship programs provide both social and vocational support. In well-designed
formal mentoring programs, there are program goals, schedules, training (for both mentors and protégés), and eval-
uation. In 2004 Metizo created the first mentoring certification for companies and business schools in order to
guarantee the integrity and effectiveness of formal mentoring. Certification is attributed jointly by the organization
and an external expert. [8]

There are many kinds of mentoring relationships from school or community-based relationships to e-mentoring re-
lationships. These mentoring relationships vary and can be influenced by the type of mentoring relationship that is
in effect. That is whether it has come about as a formal or informal relationship. Also there are several models have
been used to describe and examine the sub-relationships that can emerge. For example, Buell describes how mentor-
ing relationships can develop under a cloning model, nurturing model, friendship model and apprenticeship model.
The cloning model is about the mentor trying to “produce a duplicate copy of him or her self.” The nurturing model
takes more of a “parent figure, creating a safe, open environment in which mentee can both learn and try things for
him-or herself.” The friendship model are more peers “rather than being involved in a hierarchical relationship.”
Lastly, the apprenticeship is about less “personal or social aspects... and the professional relationship is the sole
focus”. [9]

### 118.4 Contemporary research and practice in the US

Research in the 1970s, partly in response to a study by Daniel Levinson,”[10] led some women and African Americans
to question whether the classic “white male” model was available or customary for people who are newcomers in
traditionally white male organizations. In 1978 Edgar Schein described multiple roles for successful mentors.”[11]

Two of Schein’s students, Davis and Garrison, undertook to study successful leaders of both genders and at least two
races. Their research presented evidence for the roles of: cheerleader, coach, confidant, counsellor, developer of
talent, “griot” (oral historian for the organization or profession), guardian, guru, inspiration, master, “opener of
doors”, patron, role model, pioneer, “seminal source”, “successful leader”, and teacher.”[12] They described
multiple mentoring practices which have since been given the name of “mosaic mentoring” to distinguish this kind of mentoring from the single mentor approach.

Mosaic mentoring is based on the concept that almost everyone can perform one or another function well for someone else—and also can learn along one of these lines from someone else. The model is seen as useful for people who are “non-traditional” in a traditional setting, such as people of color and women in a traditionally white male organization. The idea has been well received in medical education literature.[13] There are also mosaic mentoring programs in various faith-based organizations.

118.5 Corporate mentorship programs

Corporate mentoring programs are used by mid to large organizations to further the development and retention of employees. Mentoring programs may be formal or informal and serve a variety of specific objectives including acclimation of new employees, skills development, employee retention and diversity enhancement.

Formal mentoring programs

Formal mentoring programs offer employees the opportunity to participate in an organized mentoring program. Participants join as a mentor, protégé or both by completing a mentoring profile. Mentoring profiles are completed as written forms on paper or computer or filled out via an online form as part of an online mentoring system. Protégés are matched with a mentor by a program administrator or a mentoring committee, or may self-select a mentor depending on the program format.

Informal mentoring takes places in organizations that develop a culture of mentoring but do not have formal mentoring in place. These companies may provide some tools and resources and encourage managers to accept mentoring requests from more junior members of the organization.[14]

New-hire mentorship

New-hire mentoring programs are set up to help new employees acclimate more quickly into the organization. In new-hire mentoring programs, newcomers to the organization (protégés) are paired with more experienced people (mentors) in order to obtain information, good examples, and advice as they advance. It has been claimed that new employees who are paired with a mentor are twice as likely to remain in their job than those who do not receive mentorship.[15]

These mentoring relationships provide substance for career growth, and benefit both the mentor and the protégé. For example, the mentor gets to show leadership by giving back and perhaps being refreshed about their own work. The organization receives an employee that is being gradually introduced and shaped by the organization’s culture and operation because they have been under the mentorship of an experienced member. The person being mentored networks, becomes integrated easier in an organization, gets experience and advice along the way.[16] It has been said that “joining a mentor’s network and developing one’s own is central to advancement” and this is possibly why those mentored tend to do well in their organizations.[16]

In the organizational setting, mentoring usually “requires unequal knowledge”,[1] but the process of mentorship can differ. Bullis describes the mentoring process in the forms of phase models. Initially, the “mentee proves himself or herself worthy of the mentor’s time and energy”. Then cultivation occurs which includes the actual “coaching...a strong interpersonal bond between mentor and mentee develops”. Next, under the phase of separation “the mentee experiences more autonomy”. Ultimately, there is more of equality in the relationship, termed by Bullis as Redefinition.[17]

High-potential mentorship

High-potential mentoring programs are used to groom up-and-coming employees deemed to have the potential to move up into leadership roles. Here the employee (protégé) is paired with a senior level leader (or leaders) for a series of career-coaching interactions. These programs tend to be smaller than more general mentoring programs and mentees must be selected to participate.

A similar method of high-potential mentoring is to place the employee in a series of jobs in disparate areas of an organization, all for small periods of time, in anticipation of learning the organization’s structure, culture, and methods. A mentor does not have to be a manager or supervisor to facilitate the process.
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118.6 Matching Mentors and protégés

Matching by Committee

Protégés are matched with mentors by a designated mentoring committee or mentoring administrator usually consisting of senior members of the Training, Learning and Development and Human Resources departments. The matching committee reviews the mentoring profiles and makes matches based on areas for development, mentor strengths, overall experience, skill set, location and objectives for the mentorship.

Matching through Self-Match Technology

Mentoring technology can be used to facilitate matches allowing mentees to search and select a mentor based on their own development needs and interests. This mentee-driven methodology increases the speed in which matches are created and reduces the amount of administrative time required to manage the program.\footnote{18} The quality of matches increases as well with self-match programs because the greater the involvement of the mentee in the selection of their mentor, the better the outcome of the mentorship.\footnote{19} There are a variety of online mentoring technology programs available that can be utilized to facilitate this mentee-driven matching process.

Speed Mentoring

Speed mentoring closely follows the procedures of speed dating. Mentors and protégés are introduced to each other in short sessions, allowing each person to meet multiple potential matches in a very short timeframe. Speed mentoring occur as a one-time event in order for people “to meet potential mentors to see if there is a fit for a longer term engagement.”\footnote{20}

118.7 Mentorship in education

Main article: Peer mentoring

In many secondary and post-secondary schools, mentorship programs are offered to support students in program completion, confidence building and transitioning to further education or the workforce. There are also many peer mentoring programs designed specifically to bring under-represented populations into science and engineering. The Internet has brought university alumni closer to graduating students. Graduate university alumni are engaging with current students in career mentorship through interview questions and answers. The students with the best answers receive professional recommendations from industry experts build a more credible CV.

118.8 Blended mentoring

The blended mentoring is a mix of on-site and online events, projected to give to career counselling and development services the opportunity to adopt mentoring in their ordinary practice.

118.9 Reverse mentoring

In the reverse mentoring situation, the mentee has less overall experience (typically as a result of age) than the mentor (who is typically older), but the mentee has more knowledge in a particular area, and as such, reverses the typical constellation. Examples are when young internet or mobile savvy Millennial Generation teens train executives in using their high end Smart Phones. They in turn sometimes offer insight in business processes.

118.10 Business mentoring

The concept of mentoring has entered the business domain as well. This is different from being an \textit{apprentice}, a business mentor provides guidance to a business owner or an \textit{entrepreneur} on the entrepreneur’s business. An apprentice learns a trade by working on the job with the “employer”.\footnote{20}
A 2012 literature review by EPS-PEAKS investigated the practice of business mentoring, with a focus on the Middle-East and North Africa region. *[21]* The review found strong evidence to suggest that business mentoring can have real benefits for entrepreneurs, but highlights some key factors that need to be taken into account when designing mentoring programmes for this to be the case, such as the need to balance a formal and informal approach and to appropriately match mentors and mentees.

### 118.11 See also

- MENTOR
- Big Brothers Big Sisters of America
- Coaching
- Speed networking
- eMentors
- Maybach Foundation
- Father complex
- New Teacher Center
- Peer mentoring
- Youth mentoring

### 118.12 References


Further reading

- Project Blue Lynx, by Dan Ward. A journal article published by Defense Acquisition University, exploring an innovative approach to mentoring.
118.14 External links

- Mentoring at DMOZ
Chapter 119

Mergers and acquisitions

“Merger” redirects here. For other uses, see Merge (disambiguation).

Mergers and acquisitions (M&A) are both aspects of strategic management, corporate finance and management dealing with the buying, selling, dividing and combining of different companies and similar entities that can help an enterprise grow rapidly in its sector or location of origin, or a new field or new location, without creating a subsidiary, other child entity or using a joint venture.

M&A can be defined as a type of restructuring in that they result in some entity reorganization with the aim to provide growth or positive value. Consolidation of an industry or sector occurs when widespread M&A activity concentrates the resources of many small companies into a few larger ones, such as occurred with the automotive industry between 1910 and 1940.

The distinction between a “merger” and an “acquisition” has become increasingly blurred in various respects (particularly in terms of the ultimate economic outcome), although it has not completely disappeared in all situations. From a legal point of view, a merger is a legal consolidation of two companies into one entity, whereas an acquisition occurs when one company takes over another and completely establishes itself as the new owner (in which case the target company still exists as an independent legal entity controlled by the acquirer). Either structure can result in the economic and financial consolidation of the two entities. In practice, a deal that is an acquisition for legal purposes may be euphemistically called a "merger of equals" if both CEOs agree that joining together is in the best interest of both of their companies, while when the deal is unfriendly (that is, when the target company does not want to be purchased) it is almost always regarded as an “acquisition”.

119.1 Acquisition

Main article: Takeover

An acquisition or takeover is the purchase of one business or company by another company or other business entity. Such purchase may be of 100%, or nearly 100%, of the assets or ownership equity of the acquired entity. Consolidation occurs when two companies combine together to form a new enterprise altogether, and neither of the previous companies remains independently. Acquisitions are divided into “private” and “public” acquisitions, depending on whether the acquiree or merging company (also termed a target) is or is not listed on a public stock market. An additional dimension or categorization consists of whether an acquisition is friendly or hostile.

Achieving acquisition success has proven to be very difficult, while various studies have shown that 50% of acquisitions were unsuccessful. [1] The acquisition process is very complex, with many dimensions influencing its outcome. [2] "Serial acquirers” appear to be more successful with M&A than companies who only make an acquisition occasionally (see Douma & Schreuder, 2013, chapter 13). The new forms of buy out created since the crisis are based on serial type acquisitions known as an ECO Buyout which is a co-community ownership buy out and the new generation buy out of the MIBO (Management Involved or Management & Institution Buy Out) and MEIBO (Management & Employee Involved Buy Out).

Whether a purchase is perceived as being a “friendly” one or a “hostile” depends significantly on how the proposed
119.1. ACQUISITION

Acquisition is communicated to and perceived by the target company's board of directors, employees and shareholders. It is normal for M&A deal communications to take place in a so-called "confidentiality bubble" wherein the flow of information is restricted pursuant to confidentiality agreements."[3] In the case of a friendly transaction, the companies cooperate in negotiations; in the case of a hostile deal, the board and/or management of the target is unwilling to be bought or the target's board has no prior knowledge of the offer. Hostile acquisitions can, and often do, ultimately become "friendly", as the acquirer secures endorsement of the transaction from the board of the acquiree company. This usually requires an improvement in the terms of the offer and/or through negotiation.

"Acquisition" usually refers to a purchase of a smaller firm by a larger one. Sometimes, however, a smaller firm will acquire management control of a larger and/or longer-established company and retain the name of the latter for the post-acquisition combined entity. This is known as a reverse takeover. Another type of acquisition is the reverse merger, a form of transaction that enables a private company to be publicly listed in a relatively short time frame. A reverse merger occurs when a privately held company (often one that has strong prospects and is eager to raise financing) buys a publicly listed shell company, usually one with no business and limited assets. [4]

The combined evidence suggests that the shareholders of acquired firms realize significant positive "abnormal returns" while shareholders of the acquiring company are most likely to experience a negative wealth effect. The overall net effect of M&A transactions appears to be positive: almost all studies report positive returns for the investors in the combined buyer and target firms. This implies that M&A creates economic value, presumably by transferring assets to management teams that operate them more efficiently (see Douma & Schreuder, 2013, chapter 13).

There are also a variety of structures used in securing control over the assets of a company, which have different tax and regulatory implications:

- The buyer buys the shares, and therefore control, of the target company being purchased. Ownership control of the company in turn conveys effective control over the assets of the company, but since the company is acquired intact as a going concern, this form of transaction carries with it all of the liabilities accrued by that business over its past and all of the risks that company faces in its commercial environment.

- The buyer buys the assets of the target company. The cash the target receives from the sell-off is paid back to its shareholders by dividend or through liquidation. This type of transaction leaves the target company as an empty shell, if the buyer buys out the entire assets. A buyer often structures the transaction as an asset purchase to "cherry-pick" the assets that it wants and leave out the assets and liabilities that it does not. This can be particularly important where foreseeable liabilities may include future, unquantified damage awards such as those that could arise from litigation over defective products, employee benefits or terminations, or environmental damage. A disadvantage of this structure is the tax that many jurisdictions, particularly outside the United States, impose on transfers of the individual assets, whereas stock transactions can frequently be structured as like-kind exchanges or other arrangements that are tax-free or tax-neutral, both to the buyer and to the seller's shareholders.

The terms "demerger," "spin-off" and "spin-out" are sometimes used to indicate a situation where one company splits into two, generating a second company which may or may not become separately listed on a stock exchange.

As per knowledge-based views, firms can generate greater values through the retention of knowledge-based resources which they generate and integrate. [5] Extracting technological benefits during and after acquisition is ever challenging issue because of organizational differences. Based on the content analysis of seven interviews authors concluded five following components for their grounded model of acquisition:

1. Improper documentation and changing implicit knowledge makes it difficult to share information during acquisition.

2. For acquired firm symbolic and cultural independence which is the base of technology and capabilities are more important than administrative independence.

3. Detailed knowledge exchange and integrations are difficult when the acquired firm is large and high performing.

4. Management of executives from acquired firm is critical in terms of promotions and pay incentives to utilize their talent and value their expertise.

5. Transfer of technologies and capabilities are most difficult task to manage because of complications of acquisition implementation. The risk of losing implicit knowledge is always associated with the fast pace acquisition.
Preservation of tacit knowledge, employees and documentation are often difficult to achieve during and after acquisition. Strategic management of all these resources is a very important factor for a successful acquisition.

An increase in acquisitions in the global business environment requires enterprises to evaluate the key stakeholders of acquisition very carefully before implementation. It is imperative for the acquirer to understand this relationship and apply it to its advantage. Retention is only possible when resources are exchanged and managed without affecting their independence.”[6]

### 119.2 Legal structures

Corporate acquisitions can be characterized for legal purposes as either “asset purchases” in which the seller sells business assets to the buyer, or “equity purchases” in which the buyer purchases equity interests in a target company from one or more selling shareholders. Asset purchases are common in technology transactions where the buyer is most interested in particular intellectual property rights but does not want to acquire liabilities or other contractual relationships.”[7] An asset purchase structure may also be used when the buyer wishes to buy a particular division or unit of a company which is not a separate legal entity. There are numerous challenges particular to this type of transaction, including isolating the specific assets and liabilities that pertain to the unit, determining whether the unit utilizes services from other units of the selling company, transferring employees, transferring permits and licenses, and ensuring that the seller does not compete with the buyer in the same business area in the future.”[8]

Mergers, asset purchases and equity purchases are each taxed differently, and the most beneficial structure for tax purposes is highly situation-dependent. One hybrid form often employed for tax purposes is a **triangular merger**, where the target company merges with a shell company wholly owned by the buyer, thus becoming a subsidiary of the buyer. In a “forward triangular merger”, the buyer causes the target company to merge into the subsidiary; a “reversetriangular merger” is similar except that the subsidiary merges into the target company. Under the U.S. Internal Revenue Code, a forward triangular merger is taxed as if the target company sold its assets to the shell company and then liquidated, whereas a reverse triangular merger is taxed as if the target company’s shareholders sold their stock in the target company to the buyer.”[9]

### 119.3 Documentation

The documentation of an M&A transaction often begins with a letter of intent. The letter of intent generally does not bind the parties to commit to a transaction, but may bind the parties to confidentiality and exclusivity obligations so that the transaction can be considered through a due diligence process involving lawyers, accountants, tax advisors, and other professionals, as well as business people from both sides.”[8]

After due diligence is completed, the parties may proceed to draw up a definitive agreement, known as a “merger agreement”, “share purchase agreement” or “asset purchase agreement” depending on the structure of the transaction. Such contracts are typically 80 to 100 pages long and focus on five key types of terms.”[10]

- **Conditions**, which must be satisfied before there is an obligation to complete the transaction. Conditions typically include matters such as regulatory approvals and the lack of any material adverse change in the target’s business.

- **Representations and warranties** by the seller with regard to the company, which are claimed to be true at both the time of signing and the time of closing. Some agreements provide that if the representations and warranties by the seller prove to be false, the buyer may claim a refund of part of the purchase price, as is common in transactions involving privately held companies (although in most acquisition agreements involving public company targets, the representations and warranties of the seller do not survive the closing). Representations regarding a target company’s net working capital are a common source of post-closing disputes.”[11]

- **Covenants**, which govern the conduct of the parties, both before the closing (such as covenants that restrict the operations of the business between signing and closing) and after the closing (such as covenants regarding future income tax filings and tax liability or post-closing restrictions agreed to by the buyer and seller parties).

- **Termination rights**, which may be triggered by a breach of contract, a failure to satisfy certain conditions or the passage of a certain period of time without consummating the transaction, and fees and damages payable in
case of a termination for certain events (also known as breakup fees). In 2013, termination fees ranged from 1.0% to 9.4% of the total transaction value.\textsuperscript{[12]}

- Provisions relating to obtaining required shareholder approvals under state law and related SEC filings required under federal law, if applicable, and terms related to the mechanics of the legal transactions to be consummated at closing (such as the determination and allocation of the purchase price and post-closing adjustments (such as adjustments after the final determination of working capital at closing or earnout payments payable to the sellers), repayment of outstanding debt, and the treatment of outstanding shares, options and other equity interests).

### 119.4 Business valuation

The five most common ways to value a business are

- asset valuation,
- historical earnings valuation,
- future maintainable earnings valuation,
- relative valuation (comparable company and comparable transactions),
- discounted cash flow (DCF) valuation

Professionals who value businesses generally do not use just one of these methods but a combination of some of them, as well as possibly others that are not mentioned above, in order to obtain a more accurate value. The information in the balance sheet or income statement is obtained by one of three accounting measures: a Notice to Reader, a Review Engagement or an Audit.

Accurate business valuation is one of the most important aspects of M&A as valuations like these will have a major impact on the price that a business will be sold for. Most often this information is expressed in a Letter of Opinion of Value (LOV) when the business is being valued for interest’s sake. There are other, more detailed ways of expressing the value of a business. While these reports generally get more detailed and expensive as the size of a company increases, this is not always the case as there are many complicated industries which require more attention to detail, regardless of size.

As synergy plays a large role in the valuation of acquisitions, it is paramount to get the value of synergies right. Synergies are different from the “sales price” valuation of the firm, as they will accrue to the buyer. Hence, the analysis should be done from the acquiring firm's point of view. Synergy-creating investments are started by the choice of the acquirer, and therefore they are not obligatory, making them essentially real options. To include this real options aspect into analysis of acquisition targets is one interesting issue that has been studied lately.\textsuperscript{[13]}

### 119.5 Financing

Mergers are generally differentiated from acquisitions partly by the way in which they are financed and partly by the relative size of the companies. Various methods of financing an M&A deal exist:

#### 119.5.1 Cash

Payment by cash. Such transactions are usually termed acquisitions rather than mergers because the shareholders of the target company are removed from the picture and the target comes under the (indirect) control of the bidder's shareholders.

#### 119.5.2 Stock

Payment in the form of the acquiring company's stock, issued to the shareholders of the acquired company at a given ratio proportional to the valuation of the latter.
119.5.3 Financing options

There are some elements to think about when choosing the form of payment. When submitting an offer, the acquiring firm should consider other potential bidders and think strategically. The form of payment might be decisive for the seller. With pure cash deals, there is no doubt on the real value of the bid (without considering an eventual earnout). The contingency of the share payment is indeed removed. Thus, a cash offer preempts competitors better than securities. Taxes are a second element to consider and should be evaluated with the counsel of competent tax and accounting advisers. Third, with a share deal the buyer’s capital structure might be affected and the control of the buyer modified. If the issuance of shares is necessary, shareholders of the acquiring company might prevent such capital increase at the general meeting of shareholders. The risk is removed with a cash transaction. Then, the balance sheet of the buyer will be modified and the decision maker should take into account the effects on the reported financial results. For example, in a pure cash deal (financed from the company’s current account), liquidity ratios might decrease. On the other hand, in a pure stock for stock transaction (financed from the issuance of new shares), the company might show lower profitability ratios (e.g. ROA). However, economic dilution must prevail towards accounting dilution when making the choice. The form of payment and financing options are tightly linked. If the buyer pays cash, there are three main financing options:

- **Cash on hand:** it consumes financial slack (excess cash or unused debt capacity) and may decrease debt rating. There are no major transaction costs.
- **Issue of debt:** it consumes financial slack, may decrease debt rating and increase cost of debt. Transaction costs include underwriting or closing costs of 1% to 3% of the face value.
- **Issue of stock:** it increases financial slack, may improve debt rating and reduce cost of debt. Transaction costs include fees for preparation of a proxy statement, an extraordinary shareholder meeting and registration.

If the buyer pays with stock, the financing possibilities are:

- **Issue of stock** (same effects and transaction costs as described above).
- **Shares in treasury:** it increases financial slack (if they don’t have to be repurchased on the market), may improve debt rating and reduce cost of debt. Transaction costs include brokerage fees if shares are repurchased in the market otherwise there are no major costs.

In general, stock will create financial flexibility. Transaction costs must also be considered but tend to have a greater impact on the payment decision for larger transactions. Finally, paying cash or with shares is a way to signal value to the other party, e.g.: buyers tend to offer stock when they believe their shares are overvalued and cash when undervalued.” [14]

119.6 Specialist advisory firms

Although at present the majority of M&A advice is provided by full-service investment banks, recent years have seen a rise in the prominence of specialist M&A advisers, who only provide M&A advice (and not financing). These companies are sometimes referred to as Merchant Capital Advisors or Advisors, assisting businesses often referred to as “companies in selling.” To perform these services in the US, an advisor must be a licensed broker dealer, and subject to SEC (FINRA) regulation.

M&A advisers can assist dealmakers in eliminating administrative inefficiencies in their transaction, such as slow payments or poorly invested escrows. These inefficiencies cost merger parties over five billion annually.”[15]

119.7 Motivation

119.7.1 Improving financial performance

The dominant rationale used to explain M&A activity is that acquiring firms seek improved financial performance. The following motives are considered to improve financial performance:
119.7. MOTIVATION

- **Economy of scale**: This refers to the fact that the combined company can often reduce its fixed costs by removing duplicate departments or operations, lowering the costs of the company relative to the same revenue stream, thus increasing profit margins.

- **Economy of scope**: This refers to the efficiencies primarily associated with demand-side changes, such as increasing or decreasing the scope of marketing and distribution, of different types of products.

- **Increased revenue or market share**: This assumes that the buyer will be absorbing a major competitor and thus increase its market power (by capturing increased market share) to set prices.

- **Cross-selling**: For example, a bank buying a stock broker could then sell its banking products to the stock broker’s customers, while the broker can sign up the bank’s customers for brokerage accounts. Or, a manufacturer can acquire and sell complementary products.

- **Synergy**: For example, managerial economies such as the increased opportunity of managerial specialization. Another example is purchasing economies due to increased order size and associated bulk-buying discounts.

- **Taxation**: A profitable company can buy a loss maker to use the target’s loss as their advantage by reducing their tax liability. In the United States and many other countries, rules are in place to limit the ability of profitable companies to “shop” for loss making companies, limiting the tax motive of an acquiring company.

- **Geographical or other diversification**: This is designed to smooth the earnings results of a company, which over the long term smoothen the stock price of a company, giving conservative investors more confidence in investing in the company. However, this does not always deliver value to shareholders (see below).

- **Resource transfer**: resources are unevenly distributed across firms (Barney, 1991) and the interaction of target and acquiring firm resources can create value through either overcoming information asymmetry or by combining scarce resources.[16]

- **Vertical integration**: Vertical integration occurs when an upstream and downstream firm merge (or one acquires the other). There are several reasons for this to occur. One reason is to internalise an externality problem. A common example of such an externality is double marginalization. Double marginalization occurs when both the upstream and downstream firms have monopoly power and each firm reduces output from the competitive level to the monopoly level, creating two deadweight losses. Following a merger, the vertically integrated firm can collect one deadweight loss by setting the downstream firm's output to the competitive level. This increases profits and consumer surplus. A merger that creates a vertically integrated firm can be profitable.[17]

- **Hiring**: some companies use acquisitions as an alternative to the normal hiring process. This is especially common when the target is a small private company or is in the startup phase. In this case, the acquiring company simply hires (“acquires”) the staff of the target private company, thereby acquiring its talent (if that is its main asset and appeal). The target private company simply dissolves and little legal issues are involved.

- **Absorption of similar businesses under single management**: similar portfolio invested by two different mutual funds namely united money market fund and united growth and income fund, caused the management to absorb united money market fund into united growth and income fund.

- **Access to hidden or nonperforming assets (land, real estate).”**

119.7.2 Other types

However, on average and across the most commonly studied variables, acquiring firms’ financial performance does not positively change as a function of their acquisition activity.[18] Therefore, additional motives for merger and acquisition that may not add shareholder value include:

- **Diversification**: While this may hedge a company against a downturn in an individual industry it fails to deliver value, since it is possible for individual shareholders to achieve the same hedge by diversifying their portfolios at a much lower cost than those associated with a merger. (In his book *One Up on Wall Street*, Peter Lynch termed this “diworseification”.)

- **Manager’s hubris**: manager’s overconfidence about expected synergies from M&A which results in overpayment for the target company.
Empire-building: Managers have larger companies to manage and hence more power.

Manager's compensation: In the past, certain executive management teams had their payout based on the total amount of profit of the company, instead of the profit per share, which would give the team a perverse incentive to buy companies to increase the total profit while decreasing the profit per share (which hurts the owners of the company, the shareholders).

119.8 Different types

119.8.1 By functional roles in market

The M&A process itself is a multifaceted which depends upon the type of merging companies.

- A horizontal merger is usually between two companies in the same business sector. The example of horizontal merger would be if a health care system buys another health care system. This means that synergy can obtained through many forms including such as; increased market share, cost savings and exploring new market opportunities.

- A vertical merger represents the buying of supplier of a business. In the same example as above if a health care system buys the ambulance services from their service suppliers is an example of vertical buying. The vertical buying is aimed at reducing overhead cost of operations and economy of scale.

- Conglomerate M&A is the third form of M&A process which deals the merger between two irrelevant companies. The example of conglomerate M&A with relevance to above scenario would be if health care system buys a restaurant chain. The objective may be diversification of capital investment." [19]

119.8.2 Arm's length mergers

An arm’s length merger is a merger:

1. approved by disinterested directors and
2. approved by disinterested stockholders:

"The two elements are complementary and not substitutes. The first element is important because the directors have the capability to act as effective and active bargaining agents, which disaggregated stockholders do not. But, because bargaining agents are not always effective or faithful, the second element is critical, because it gives the minority stockholders the opportunity to reject their agents’ work. Therefore, when a merger with a controlling stockholder was: 1) negotiated and approved by a special committee of independent directors; and 2) conditioned on an affirmative vote of a majority of the minority stockholders, the business judgment standard of review should presumptively apply, and any plaintiff ought to have to plead particularized facts that, if true, support an inference that, despite the facially fair process, the merger was tainted because of fiduciary wrongdoing.” [20]

119.8.3 Strategic mergers

A Strategic merger usually refers to long term strategic holding of target (Acquired) firm. This type of M&A process aims at creating synergies in the long run by increased market share, broad customer base, and corporate strength of business. A strategic acquirer may also be willing to pay a premium offer to target firm in the outlook of the synergy value created after M&A process.

119.8.4 Acqui-hire

The term “acqui-hire” is used to refer to acquisitions where the acquiring company seeks to obtain the target company’s talent, rather than their products (which are often discontinued as part of the acquisition so the team can
focus on projects for their new employer). In recent years, these types of acquisitions have become common in the technology industry, where major web companies such as Facebook, Twitter, and Yahoo! have frequently used talent acquisitions to add expertise in particular areas to their workforces.\[21]\[22]

119.9 Research and statistics for acquired organizations

Given that the cost of replacing an executive can run over 100% of his or her annual salary, any investment of time and energy in re-recruitment will likely pay for itself many times over if it helps a business retain just a handful of key players that would have otherwise left.\[23]

Organizations should move rapidly to re-recruit key managers. It’s much easier to succeed with a team of quality players that one selects deliberately rather than try to win a game with those who randomly show up to play.\[24]

119.10 Brand considerations

Mergers and acquisitions often create brand problems, beginning with what to call the company after the transaction and going down into detail about what to do about overlapping and competing product brands. Decisions about what brand equity to write off are not inconsequential. And, given the ability for the right brand choices to drive preference and earn a price premium, the future success of a merger or acquisition depends on making wise brand choices. Brand decision-makers essentially can choose from four different approaches to dealing with naming issues, each with specific pros and cons:\[25]

1. Keep one name and discontinue the other. The strongest legacy brand with the best prospects for the future lives on. In the merger of United Airlines and Continental Airlines, the United brand will continue forward, while Continental is retired.

2. Keep one name and demote the other. The strongest name becomes the company name and the weaker one is demoted to a divisional brand or product brand. An example is Caterpillar Inc. keeping the Bucyrus International name.\[26]

3. Keep both names and use them together. Some companies try to please everyone and keep the value of both brands by using them together. This can create an unwieldy name, as in the case of PricewaterhouseCoopers, which has since changed its brand name to “PwC”.

4. Discard both legacy names and adopt a totally new one. The classic example is the merger of Bell Atlantic with GTE, which became Verizon Communications. Not every merger with a new name is successful. By consolidating into YRC Worldwide, the company lost the considerable value of both Yellow Freight and Roadway Corp.

The factors influencing brand decisions in a merger or acquisition transaction can range from political to tactical. Ego can drive choice just as well as rational factors such as brand value and costs involved with changing brands.\[26]

Beyond the bigger issue of what to call the company after the transaction comes the ongoing detailed choices about what divisional, product and service brands to keep. The detailed decisions about the brand portfolio are covered under the topic brand architecture.

119.11 History

Most histories of M&A begin in the late 19th century U.S. However, mergers coincide historically with the existence of companies. In 1708, for example, the East India Company merged with an erstwhile competitor to restore its monopoly over Indian trade. In 1784, the Italian Monte dei Paschi and Monte Pio banks were united as the Monti Reuniti.\[27] In 1821, the Hudson's Bay Company merged with the rival North West Company.
119.11.1 The Great Merger Movement: 1895–1905

The Great Merger Movement was a predominantly U.S. business phenomenon that happened from 1895 to 1905. During this time, small firms with little market share consolidated with similar firms to form large, powerful institutions that dominated their markets. It is estimated that more than 1,800 of these firms disappeared into consolidations, many of which acquired substantial shares of the markets in which they operated. The vehicle used were so-called trusts. In 1900 the value of firms acquired in mergers was 20% of GDP. In 1990 the value was only 3% and from 1998 to 2000 it was around 10–11% of GDP. Companies such as DuPont, US Steel, and General Electric that merged during the Great Merger Movement were able to keep their dominance in their respective sectors through 1929, and in some cases today, due to growing technological advances of their products, patents, and brand recognition by their customers. There were also other companies that held the greatest market share in 1905 but at the same time did not have the competitive advantages of the companies like DuPont and General Electric. These companies such as International Paper and American Chicle saw their market share decrease significantly by 1929 as smaller competitors joined forces with each other and provided much more competition. The companies that merged were mass producers of homogeneous goods that could exploit the efficiencies of large volume production. In addition, many of these mergers were capital-intensive. Due to high fixed costs, when demand fell, these newly merged companies had an incentive to maintain output and reduce prices. However more often than not mergers were “quick mergers” . These “quick mergers” involved mergers of companies with unrelated technology and different management. As a result, the efficiency gains associated with mergers were not present. The new and bigger company would actually face higher costs than competitors because of these technological and managerial differences. Thus, the mergers were not done to see large efficiency gains, they were in fact done because that was the trend at the time. Companies which had specific fine products, like fine writing paper, earned their profits on high margin rather than volume and took no part in Great Merger Movement.

Short-run factors

One of the major short run factors that sparked The Great Merger Movement was the desire to keep prices high. However, high prices attracted the entry of new firms into the industry. A major catalyst behind the Great Merger Movement was the Panic of 1893, which led to a major decline in demand for many homogeneous goods. For producers of homogeneous goods, when demand falls, these producers have more of an incentive to maintain output and cut prices, in order to spread out the high fixed costs these producers faced (i.e. lowering cost per unit) and the desire to exploit efficiencies of maximum volume production. However, during the Panic of 1893, the fall in demand led to a steep fall in prices.

Another economic model proposed by Naomi R. Lamoreaux for explaining the steep price falls is to view the involved firms acting as monopolies in their respective markets. As quasi-monopolists, firms set quantity where marginal cost equals marginal revenue and price where this quantity intersects demand. When the Panic of 1893 hit, demand fell and along with demand, the firm’s marginal revenue fell as well. Given high fixed costs, the new price was below average total cost, resulting in a loss. However, also being in a high fixed costs industry, these costs can be spread out through greater production (i.e. Higher quantity produced). To return to the quasi-monopoly model, in order for a firm to earn profit, firms would steal part of another firm’s market share by dropping their price slightly and producing to the point where higher quantity and lower price exceeded their average total cost. As other firms joined this practice, prices began falling everywhere and a price war ensued.[28]

One strategy to keep prices high and to maintain profitability was for producers of the same good to collude with each other and form associations, also known as cartels. These cartels were thus able to raise prices right away, sometimes more than doubling prices. However, these prices set by cartels only provided a short-term solution because cartel members would cheat on each other by setting a lower price than the price set by the cartel. Also, the high price set by the cartel would encourage new firms to enter the industry and offer competitive pricing, causing prices to fall once again. As a result, these cartels did not succeed in maintaining high prices for a period of more than a few years. The most viable solution to this problem was for firms to merge, through horizontal integration, with other top firms in the market in order to control a large market share and thus successfully set a higher price.

Long-run factors

In the long run, due to desire to keep costs low, it was advantageous for firms to merge and reduce their transportation costs thus producing and transporting from one location rather than various sites of different companies as in the past. Low transport costs, coupled with economies of scale also increased firm size by two- to fourfold during the second
half of the nineteenth century. In addition, technological changes prior to the merger movement within companies increased the efficient size of plants with capital intensive assembly lines allowing for economies of scale. Thus improved technology and transportation were forerunners to the Great Merger Movement. In part due to competitors as mentioned above, and in part due to the government, however, many of these initially successful mergers were eventually dismantled. The U.S. government passed the Sherman Act in 1890, setting rules against price fixing and monopolies. Starting in the 1890s with such cases as Addyston Pipe and Steel Company v. United States, the courts attacked large companies for strategizing with others or within their own companies to maximize profits. Price fixing with competitors created a greater incentive for companies to unite and merge under one name so that they were not competitors anymore and technically not price fixing.

The economic history has been divided into Merger Waves based on the merger activities in the business world as:”[29]

Objectives in more recent merger waves

During the third merger wave (1965–1989), corporate marriages involved more diverse companies. Acquirers more frequently bought into different industries. Sometimes this was done to smooth out cyclical bumps, to diversify, the hope being that it would hedge an investment portfolio.

Starting in the fifth merger wave (1992–1998) and continuing today, companies are more likely to acquire in the same business, or close to it, firms that complement and strengthen an acquirer’s capacity to serve customers.

Buyers aren’t necessarily hungry for the target companies’ hard assets. Some are more interested in acquiring thoughts, methodologies, people and relationships. Paul Graham recognized this in his 2005 essay “Hiring is Obsolete”, in which he theorizes that the free market is better at identifying talent, and that traditional hiring practices do not follow the principles of free market because they depend a lot upon credentials and university degrees. Graham was probably the first to identify the trend in which large companies such as Google, Yahoo! or Microsoft were choosing to acquire startups instead of hiring new recruits.”[30]

Many companies are being bought for their patents, licenses, market share, name brand, research staff, methods, customer base, or culture. Soft capital, like this, is very perishable, fragile, and fluid. Integrating it usually takes more finesse and expertise than integrating machinery, real estate, inventory and other tangibles.”[31]

119.12 Cross-border

In a study conducted in 2000 by Lehman Brothers, it was found that, on average, large M&A deals cause the domestic currency of the target corporation to appreciate by 1% relative to the acquirer’s local currency.

The rise of globalization has exponentially increased the necessity for agencies such as the Mergers and Acquisitions International Clearing (MAIC), trust accounts and securities clearing services for Like-Kind Exchanges for cross-border M&A. In 1997 alone, there were over 2,333 cross-border transactions, worth a total of approximately $298 billion. Due to the complicated nature of cross-border M&A and the additional burden of complying with the unique laws and regulations of a seller’s jurisdiction”[32], the vast majority of cross-border actions are unsuccessful as companies seek to expand their global footprint and become more agile at creating high-performing businesses and cultures across national boundaries.”[33] Nonetheless, the current surge in global cross-border M&A has been called the “New Era of Global Economic Discovery”.”[34]

Even mergers of companies with headquarters in the same country can often be considered international in scale and require MAIC custodial services. For example, when Boeing acquired McDonnell Douglas, the two American companies had to integrate operations in dozens of countries around the world (1997). This is just as true for other apparently “single-country” mergers, such as the 29 billion-dollar merger of Swiss drug makers Sandoz and Ciba-Geigy (now Novartis).

119.13 Failure

Despite the goal of performance improvement, results from mergers and acquisitions (M&A) are often disappointing compared with results predicted or expected. Numerous empirical studies show high failure rates of M&A deals. Studies are mostly focused on individual determinants. A book by Thomas Straub (2007) “Reasons for frequent failure in Mergers and Acquisitions” ”[35] develops a comprehensive research framework that bridges dif-
different perspectives and promotes an understanding of factors underlying M&A performance in business research and scholarship. The study should help managers in the decision making process. The first important step towards this objective is the development of a common frame of reference that spans conflicting theoretical assumptions from different perspectives. On this basis, a comprehensive framework is proposed with which to understand the origins of M&A performance better and address the problem of fragmentation by integrating the most important competing perspectives in respect of studies on M&A. Furthermore, according to the existing literature, relevant determinants of firm performance are derived from each dimension of the model. For the dimension strategic management, the six strategic variables: market similarity, market complementarities, production operation similarity, production operation complementarities, market power, and purchasing power were identified as having an important impact on M&A performance. For the dimension organizational behavior, the variables acquisition experience, relative size, and cultural differences were found to be important. Finally, relevant determinants of M&A performance from the financial field were acquisition premium, bidding process, and due diligence. Three different ways in order to best measure post M&A performance are recognized: synergy realization, absolute performance, and finally relative performance. Employee turnover contributes to M&A failures. The turnover in target companies is double the turnover experienced in non-merged firms for the ten years following the merger. [36] Modern M&A deals require efficient information technology (IT) integration in order to avoid failure. [37]

119.14 Major

119.14.1 1990s

Top 10 M&A deals worldwide by value from 1990 to 1999: [38]

119.14.2 2000s

Top 10 M&A deals worldwide by value from 2000 to 2010: [38]


Other notable M&A deals from 2010 to 2014 include: [50]

119.15 See also

119.16 References

[1] Investment banking explained pp. 223-224
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119.17 Further reading

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Chapter 120

Multicultural and diversity management

120.1 Introduction

Diversity management is the “recognition and valorization of individual differences”. The concept of diversity encompasses acceptance and respect. It means understanding that each individual is unique, and recognizing our individual differences. These can be along the dimensions of race, ethnicity, gender, sexual orientation, socioeconomic status, age, physical abilities, religious beliefs, political beliefs, or other ideologies. It is the exploration of these differences in a safe, positive, and nurturing environment. Moreover, it is about understanding each other and moving beyond simple tolerance to embracing and celebrating the rich dimensions of diversity in each individual, as opposed to a pure compliance to equality/affirmative action laws approach (Thomas, 1990). As seen from a US perspective, ‘Diversity management’ is supposed to represent a break from equality concepts such as equal opportunity and affirmative action (Thomas, 1990; Thomas and Ely, 1996). However, this distinction and implicit sequencing between diversity management and supposedly earlier equality and affirmative action laws may not hold in all countries around the globe. For instance, in the European Union, notions of diversity management and equality seem to be growing in parallel, and diversity management is sometimes seen as a vehicle towards the institutionalization of equality and/or positive action legislations (Klarsfeld, 2010). As an example, in France, debates about diversity management and discrimination grew simultaneously rather than in succession to one another (Klarsfeld, 2009).

120.2 History of diversity management

Diversity management should be understood as a historically situated concept. Diversity management as a concept appeared and gained momentum in the USA in the mid-1980s. At a time when President Ronald Reagan threatened to dismantle equality and affirmative action laws in the USA in the 1980s, equality and affirmative action professionals employed by US firms along with equality consultants, engaged in establishing the argument that a diverse workforce should be seen as a competitive advantage rather than just as a legal constraint. Basically, their message was: do not promote diversity because it is a legal mandate, but because it is good for business (Kelly and Dobbin, 1998). From then on, researchers started to test a number of hypotheses on the business benefits of diversity and of diversity management, known as the business case of diversity.

120.3 The Business Case for Diversity

There are many benefits to promoting diversity in the workplace. Higher innovation levels can be achieved with including workers from different backgrounds with different perspectives. Another key advantage is relationships with customers; customers are all diverse in their own way, more diversity creates a staff base that can relate with and serve all different types of customers. Appreciating diverse individuals will open up new avenues for talent to be unlocked and for the firm to really take advantage of all talent from different generations, ages, genders and backgrounds. Diversity management is becoming more common in the overall strategy of many successful companies today. If diversity is not managed the business may experience dysfunctional turnover; when a talented employee leaves because they feel as though they do not fit and are not being supported. Businesses can also experience many
legal complaints if diversity is not managed properly, as well as a lack in innovation and creativity in their new products and ideas. Ethnocentrism is common among managers who generally hire those who are similar to them. Bias is also common among people who have a traditional outlook on society. These perceptions and bias can be overcome by teaching managers and employees about the benefits of diversity and learn about the myths, stereotypes and stigmas attached to different groups in society.

120.4 Research

Research undertaken up to the present day provides only modest support to the proposal, that workforce diversity per se brings business benefits with it. Therefore, this idea remains open to debate and further research. In short, whether diversity pays off or not depends on environmental factors, internal or external to the firm. Dwyer, Richard & Chadwyck (2003) found that the effects of gender diversity at the management level are conditional on the firm's strategic orientation, the organizational culture and the multivariate interaction among these variables. Schäffner, Gebert, Schöler, & Kirch (2006) found that if the firm’s culture incorporates the normative assumption or belief that diversity is an opportunity, then age diversity becomes a predictor of team innovativeness, but not otherwise. Kearney & Gebert (2006) found that diversity in age, nationality, and functional background, have a positive effect on team innovativeness in a high transformational leadership context, but no effect in a low one. A curvilinear relationship between diversity and performance was identified by Richard, Barnett, Dwyer, & Chadwick (2004). Kochan, Bezrukova, Ely, Jackson, Joshi, Jehn et al. (2003), found few positive or negative direct effects of diversity on performance. In the cases that came under their scrutiny, a number of different aspects of the organizational context or group processes moderated the diversity-performance relationship. Failing to manage diversity properly or developing diversity per se leads to only mixed results (Bell & Berry, 2007; Klein & Harrison, 2007). Overall research suggests that diversity needs to be properly managed if any business benefits are to be reaped. If properly managed, diversity likely will hold its business promises. This does not preclude that diversity at all levels of society should be a goal 'per se'. Beyond business benefits, research should pay more attention to societal benefits attached to the promotion of more inclusive and diverse workforces.

120.5 Implication for managers

If diversity is to be managed properly in order to foster better organizational performance, it is important for managers to understand and value cognitive diversity. One of the reasons is that the problems of today's business activities are complex to a higher extent than multiple years ago. Understanding the concept of cognitive diversity therefore is highly desirable for good management. Moreover, research projects are larger and more expensive, partly due to the economic hard times. Another result of the economic downfall is the greater need for innovation. Since competition increased significantly, companies have to diversify and innovate on fields other than their direct and indirect opponents. A last point of attention would include the essence of predicting the future becoming more important in the years that lay ahead of us.

Beyond cognitive diversity, group-based diversity (i.e., diversity along ethnic, religious, gender, age, socio-economic status lines) is also important to understand, value and manage.

Implications of managers on the work level are can be seen as more practical than the concepts described above. This can be said to be a hand-on approach. To realize the potential of employees in businesses, managers should be open for individual differences. In several cases managers would like to see employees to behave in a different way, while this is not method that employees are used to and in which they are most efficient. To realize the potential of the employees, it often is helpful to build teams capable of solving complex problems and making better predictions. Since people think and act differently and moreover have different backgrounds, a broad range of ideas will be gathered. In this way the best possible solution can be reached easily. One can say that in this way, you tap into a diversity of perspectives, heuristics, interpretations and predictive models to create innovating organizations capable of sustaining competitive advantage.

Some critical managing diversity issues are summarized below:

- Creating an inclusive organization
- Working to change the corporate culture towards valuing diversity
- Demonstrating commitment through flexibility
Creating awareness and skills – learning and training
Measuring and creating incentives
Linking valuing diversity to strategic objectives
Assuring top management support
Clear and credible communication

120.6 Diverse and inclusive diverse organisations

Diverse organizations are characterized by a focus on employment profiles (i.e. workforce composition) and fair treatment. On the other hand, inclusive diverse organizations have policies and practices that facilitate the full utilization of human resources and enhance employees' abilities to contribute to their maximum potential. An organization however could go one step further, and become a truly inclusive organization. A truly inclusive organizations uses the diversity of knowledge and perspectives to shape their strategy, work, management and operating systems as well as its core values and norms of success.

120.7 References

1 Roosevelt, 2010.
2 Jones, 2011.
3 Kaminska, 2009.
Chapter 121

Multiculturalism

Monument to Multiculturalism by Francesco Perilli in Toronto, Canada—a city and country well known for its approach to multiculturalism. Four identical sculptures are located in Buffalo City, South Africa; Changchun, China; Sarajevo, Bosnia and Sydney, Australia

Multiculturalism is the cultural diversity of communities within a given society and the policies that promote this diversity. As a descriptive term, multiculturalism is the simple fact of cultural diversity and the demographic make-up of a specific place, sometimes at the organizational level, e.g., schools, businesses, neighborhoods, cities, or nations. As a prescriptive term, multiculturalism encourages ideologies and policies that promote this diversity or its institutionalization. In this sense, multiculturalism is a society “at ease with the rich tapestry of human life and the desire amongst people to express their own identity in the manner they see fit.” [1]

Multicultural ideologies or policies vary widely, [2] ranging from the advocacy of equal respect to the various cultures in a society, to a policy of promoting the maintenance of cultural diversity, to policies in which people of various ethnic and religious groups are addressed by the authorities as defined by the group they belong to. [3] [4]
Two main different and seemingly inconsistent strategies have developed through different government policies and strategies. The first focuses on interaction and communication between different cultures. Interactions of cultures provide opportunities for the cultural differences to communicate and interact to create multiculturalism. This approach is also often known as interculturalism. The second centers on diversity and cultural uniqueness. Cultural isolation can protect the uniqueness of the local culture of a nation or area and also contribute to global cultural diversity."[5][6] A common aspect of many policies following the second approach is that they avoid presenting any specific ethnic, religious, or cultural community values as central."[7]

Multiculturalism is often contrasted with the concepts of assimilationism and has been described as a "salad bowl" or "cultural mosaic" rather than a "melting pot"."[8]

121.1 In different countries

Multiculturalism centers on the thought in political philosophy about the way to respond to cultural and religious differences. It is closely associated with "identity politics," "the politics of difference," and "the politics of recognition." It is also a matter of economic interests and political power. (Stanford Encyclopedia of Philosophy). Despite the fact that multiculturalism has mainly been used as a term to define disadvantaged groups, including African Americans, women, gays and lesbians, and the disabled, many theorists tend to focus their arguments on immigrants who are ethnic and religious minorities, minority nations, and indigenous peoples.

Multiculturalism can refer to a demographic fact, a particular set of philosophical ideas, or a specific orientation by government or institutions toward a diverse population. Most of the debate over multiculturalism centers around whether or not public multiculturalism is the appropriate way to deal with diversity and immigrant integration. Recognition in the context of multicultural education is a demand not just for recognition of aspects of a group's actual culture but also for the history of group subordination and its entire experience.

The term multiculturalism is most often used in reference to Western nation-states, which had seemingly achieved a de facto single national identity during the 18th and/or 19th centuries."[9] Multiculturalism has been official policy in several Western nations since the 1970s, for reasons that varied from country to country,"[10][11][12] including the fact that many of the great cities of the Western world are increasingly made of a mosaic of cultures."[13]

The Canadian government has often been described as the instigator of multicultural ideology because of its public emphasis on the social importance of immigration."[14] The Canadian Royal Commission on Bilingualism and Multiculturalism is often referred to as the origins of modern political awareness of multiculturalism."[15] In the Western English-speaking countries, multiculturalism as an official national policy started in Canada in 1971, followed by Australia in 1973 where it is maintained today."[16][17][18][19] It was quickly adopted as official policy by most member-states of the European Union. Recently, right-of-center governments in several European states—notably the Netherlands and Denmark—have reversed the national policy and returned to an official monocolonialism."[20] A similar reversal is the subject of debate in the United Kingdom, among others, due to evidence of incipient segregation and anxieties over "home-grown" terrorism."[21] Several heads-of-state have expressed doubts about the success of multicultural policies: The United Kingdom's Prime Minister David Cameron, German Chancellor Angela Merkel, Australia's ex-prime minister John Howard, Spanish ex-prime minister Jose Maria Aznar and French ex-president Nicolas Sarkozy have voiced concerns about the effectiveness of their multicultural policies for integrating immigrants."[22][23]

Many nation-states in Africa, Asia, and the Americas are culturally diverse, and are 'multicultural' in a descriptive sense. In some, communalism is a major political issue. The policies adopted by these states often have parallels with multicultural-ist policies in the Western world, but the historical background is different, and the goal may be a multicultural or mono-ethnic nation-building - for instance in the Malaysian government's attempt to create a 'Malaysian race' by 2020."[24]

121.1.1 Australia

Main article: Multiculturalism in Australia

The next country to adopt an official policy of multiculturalism after Canada was Australia, a country with similar immigration situations and similar policies, for example the formation of the Special Broadcasting Service."[25] The Australian government retains multiculturalism in policy, and as a defining aspect of Australia today."[16][17][19][26]
The White Australia Policy was quietly dismantled after World War II by various changes to immigration policy, the full political introduction of official policies of multiculturalism was not until 1972. The election of John Howard’s Liberal-National Coalition government in 1996 was a major watershed for Australian multiculturalism. Howard had long been a critic of multiculturalism, releasing his One Australia policy in the late 1980s.

A Practical Reference to Religious Diversity for Operational Police and Emergency Services was a publication of the Australasian Police Multicultural Advisory Bureau designed to offer guidance to police and emergency services personnel on how religious affiliation can affect their contact with the public. The first edition was published in 1999. The first edition covered Buddhist, Hindu, Islamic, Jewish and Sikh faiths with participation of representatives of the various religions. The second edition added Christian, Australian Aboriginal and Torres Strait Islander religions and the Bahá’í Faith to the list of religions was published in 2002.

Contact between people of different cultures in Australia has been characterised by tolerance and engagement, but have also occasionally resulted in conflict and rifts.

Australia’s diverse migrant communities have brought with them food, lifestyle and cultural practices, which have been absorbed into mainstream Australian culture.

121.1.2 Argentina

Main article: Demographics of Argentina

Though not called Multiculturalism as such, the preamble of Argentina’s constitution explicitly promotes immigration, and recognizes the individual’s multiple citizenship from other countries. Though 97% of Argentina’s population self-identify as of European descent to this day a high level of multiculturalism remains a feature of Argentina’s culture, allowing foreign festivals and holidays (e.g. Saint Patrick’s Day), supporting all kinds of art or cultural expression from ethnic groups, as well as their diffusion through an important multicultural presence in the media; for instance it is not uncommon to find newspapers or radio programs in English, German, Italian or French in Argentina.
121.1.3 Canada

Main article: Multiculturalism in Canada

Canadian society is often depicted as being “very progressive, diverse, and multicultural”.[40] Multiculturalism (a

![Sikhs celebrating the Sikh new year in Toronto, Canada](image)

Just Society) was adopted as the official policy of the Canadian government during the premiership of Pierre Elliott Trudeau in the 1970s and 1980s.[41] Multiculturalism is reflected in the law through the Canadian Multiculturalism Act[42] and section 27 of the Canadian Charter of Rights and Freedoms.[43] The Broadcasting Act of 1991 asserts the Canadian broadcasting system should reflect the diversity of cultures in the country.[44][45]

In a 2002 interview with the *Globe and Mail*, Karīmal-Hussainī the 49th Aga Khan of the Ismaili Muslims described Canada as “the most successful pluralist society on the face of our globe”, citing it as “a model for the world”.[46] He explained that the experience of Canadian governance - its commitment to pluralism and its support for the rich multicultural diversity of its peoples - is something that must be shared and would be of benefit to all societies in other parts of the world.[46]

121.1.4 Continental Europe

The European Union is facing unprecedented demographic changes (an ageing population, low birth rates, changing family structures and migration). According to the European Commission, it is important, both at EU and national level, to review and adapt existing policies. Following a public debate, a 2006 EU policy paper identified five key policy responses to manage demographic change, among them receiving and integrating migrants into Europe.[48]

Historically, Europe has always been a mixture of Latin, Slavic, Germanic, Uralic, Celtic, Hellenic, Illyrian, Thracian and other cultures influenced by the importation of Hebraic, Christian, Muslim and other belief systems; although the continent was supposedly unified by the super-position of Imperial Roman Christianity, it is accepted that geographic and cultural differences continued from antiquity into the modern age.[49]

In the 19th century, the ideology of nationalism transformed the way Europeans thought about the state.[49] Existing states were broken up and new ones created; the new nation-states were founded on the principle that each nation is
entitled to its own sovereignty and to engender, protect, and preserve its own unique culture and history. Unity, under this ideology, is seen as an essential feature of the nation and the nation-state—unity of descent, unity of culture, unity of language, and, often unity of religion. The nation-state constitutes a culturally homogeneous society, although some national movements recognized regional differences.

Where cultural unity was insufficient, it was encouraged and enforced by the state. The 19th-century nation-states developed an array of policies—the most important was compulsory primary education in the national language. The language itself was often standardized by a linguistic academy, and regional languages were ignored or suppressed. Some nation-states pursued violent policies of cultural assimilation and even ethnic cleansing.

Some European Union countries have introduced policies for “social cohesion”, “integration”, and (sometimes) “assimilation”. The policies include:

- compulsory courses and/or tests on national history, on the constitution and the legal system (e.g., the computer-based test for individuals seeking naturalization in the UK named Life in the United Kingdom test)
- introduction of an official national history, such as the national canon defined for the Netherlands by the van Oostrom Commission, and promotion of that history (e.g., by exhibitions about national heroes)
- tests designed to elicit “unacceptable” values. In Baden-Württemberg immigrants are asked what they would do if their son says he is a homosexual. (The desired answer is that they would accept it).
- prohibitions on Islamic dress—especially the niqab (often misnamed as burqa).

Other countries have instituted policies which encourage cultural separation. The concept of “Cultural exception” proposed by France in the General Agreement on Tariffs and Trade (GATT) negotiations in 1993 was an example of a measure aimed at protecting local cultures.
Bulgaria

Since its establishment in 7th century Bulgaria has hosted many religions, ethnic groups and nations. The capital Sofia is a European city that has peacefully functioning, within walking distance, four Places of worship of the major religions: Eastern Orthodox (St Nedelya Church), Islam (Banya Bashi Mosque), Roman Catholicism (Cathedral of St Joseph, Sofia), and Orthodox Judaism (Sofia Synagogue, the third largest synagogue in Europe).

This unique arrangement has been called by historians a "multicultural cliche". It has also become known as "The Triangle of Religious Tolerance" and has initiated the construction of a 100-square-meter scale model of the site that is to become a symbol of the capital.

Furthermore, unlike some other Nazi Germany allies or German-occupied countries excluding Denmark, Bulgaria managed to save its entire 48,000-strong Jewish population during World War II from deportation to concentration camps. According to Dr Marinova-Christidi the main reason for the efforts of Bulgarian people to save the Bulgarian Jews during WWII is that within the region they "co-existed for centuries with other religions" —giving it a unique multicultural and multiethnic history.

Consequently, within the Balkan region Bulgaria has become an example for multiculturalism in terms of variety of religions, artistic creativity and ethnicity. Its largest ethnic minorities, Turks and Roma, enjoy wide political representation. In 1984, following a campaign by the communist regime for a forcible change of the Islamic names of the Turkish minority, an underground organization called «National Liberation Movement of the Turks in Bulgaria» was formed which headed the Turkish community's opposition movement. On January 4, 1990 the activists of the movement registered an organization with the legal name «Movement for Rights and Freedom» (in Bulgarian: Движение за права и свободи: in Turkish: Hak ve Özgürlükler Hareketi) in the Bulgarian city of Varna. At the moment of registration it had 33 members, at present, according to the organization's website, 68,000 members plus 24,000 in the organization's youth wing. In 2012 Bulgarian Turks were represented at every level of government: local, with MRF having mayors in 35 municipalities, at parliamentary level with MRF having 38 deputies (14% of the votes in Parliamentary elections for 2009-13) and at executive level, where there...
121.1. IN DIFFERENT COUNTRIES

Sofia Synagogue

Banya Bashi Mosque in Sofia
is one Turkish minister, Vezhdi Rashidov. Twenty one Roma political organizations were founded between 1997 and 2003 in Bulgaria. [74]

Germany

In October 2010, Angela Merkel told a meeting of younger members of her conservative Christian Democratic Union (CDU) party at Potsdam, near Berlin, that attempts to build a multicultural society in Germany had “utterly failed” .[75] stating: “The concept that we are now living side by side and are happy about it does not work” .[75][76] She continued to say that immigrants should integrate and adopt Germany’s culture and values. This has added to a growing debate within Germany[77] on the levels of immigration, its effect on Germany and the degree to which Muslim immigrants have integrated into German society. [78] The Ahmadiyya Muslim Community of Germany is the first Muslim group to have been granted “corporation under public law status ”, putting the Community on par with the major Christian churches and Jewish communities of Germany. [79]

Netherlands

Main article: Multiculturalism in the Netherlands

Multiculturalism in the Netherlands began with major increases in immigration during the mid-1950s and 1960s. [80]

As a consequence, an official national policy of multiculturalism was adopted in the early 1980s. [80] This policy subsequently gave way to more assimilationist policies in the 1990s. [80] Following the murders of Pim Fortuyn (in 2002) and Theo van Gogh (in 2004) there was increased political debate on the role of multiculturalism in the Netherlands. [81]

Lord Sacks, Chief Rabbi of the United Hebrew Congregations of the Commonwealth, made a distinction between tolerance and multiculturalism, citing the Netherlands as a tolerant, rather than multicultural, society. [82] In June 2011 the First Rutte cabinet said the Netherlands would turn away from multiculturalism: “Dutch culture, norms and values must be dominant” Minister Donner said. [83]
121.1.5 India

India is culturally, linguistically, religiously and to a certain extent, ethnically, one of the most diverse if not the most diverse country in the world. According to the 1961 Census of India, there are 1652 indigenous languages in the country.[84] The culture of India has been shaped by its long history, unique geography and diverse demography. India’s languages, religions, dance, music, architecture and customs differ from place to place within the country, but nevertheless possess a commonality. The culture of India is an amalgamation of these diverse sub-cultures spread all over the Indian subcontinent and traditions that are several millennia old.[85] The Indian caste system describes the social stratification and social restrictions in the Indian subcontinent, in which social classes are defined by thousands of endogamous hereditary groups, often termed jatis or castes.[86]

The term multiculturalism is not much used in India. Within Indian culture, the term unity in diversity is more commonly used.

Religiously, the Hindus form the majority, followed by the Muslims. The statistics are: Hindu (80.5%), Muslim (13.4%), Christian (2.3%), Sikh (2.1%), Buddhist, Bahá’í, Jain, Jew and Parsi populations.[87] Linguistically, the two main language families in India are Indo-Aryan (a branch of Indo-European) and Dravidian. In India’s northeast, people speaking Sino-Tibetan group of languages such as Manipuri (Meitei-lon) recognized by the Indian constitution and Austroasiatic languages are commonly found. India (officially) follows a three-language policy. Hindi (spoken in the form of Hindustani) is the official federal language, English has the federal status of associate/subsidiary official language and each state has its own state official language (in the Hindi sprachraum, this reduces to bilingualism). Further, India does not have any national language.[88][89] The Republic of India’s state boundaries are largely drawn based on linguistic groups; this decision led to the preservation and continuation of local ethno-linguistic sub-cultures, except for the Hindi sprachraum which is itself divided into many states. Thus, most states differ from one another in language, culture, cuisine, literary style, architecture, music and festivities. See Culture of India for more information.

Occasionally, however, India has encountered religiously motivated violence,[90] such as the Moplah Riots, the Bombay riots, the 1984 anti-Sikh riots, the 2002 Gujarat riots, and most recently the 2012 Assam violence. This has resulted from, traditionally disadvantaged communities in public employment (e.g.: policing of the same locality), apprehension of owners in giving properties for sell or rent[91] and of society in accepting inter-marriages.[92] On the other hand, perennial suspicion by communal and linguistic minorities of their constitutional guarantees (e.g.: minority institutions[93] and personal law) being tinkered with, doesn’t help matters either.

Largest population of non-Indian religions, such as Bahá’í Faith, Zoroastrianism resides in India.

In India, secularism means equal treatment of all religions. Religion in India continues to assert its political authority in matters of personal law.[94] The western model of secularism is criticized in India for being an outdated concept as Rajeev argued that since Western model was developed when society was more homogeneous but since in the era of globalization, society is becoming more heterogeneous therefore a new concept, suitable for the present situation, is needed. He even argued that since Europe itself is no more homogeneous hence West should also follow the principled distance model which on one hand respects the diversity and at the same time empowers the state to interfere in case of any discrimination in the name of religion.[95]

121.1.6 Indonesia

Further information: Bhinneka Tunggal Ika, Demographics of Indonesia, Ethnic groups in Indonesia and Indonesian culture

Pluralism, diversity and multiculturalism is a daily fact of life in Indonesia. There are over 300 ethnic groups in Indonesia.[96] 95% of those are of Native Indonesian ancestry.[97] The Javanese is the largest ethnic group in Indonesia who make up nearly 42% of the total population.[17] The Sundanese, Malay, and Madurese are the next largest groups in the country. [17] There are also more than 700 living languages spoken in Indonesia[98] and although predominantly Muslim the country also has large Christian and Hindu populations.

Indonesia’s national motto, Bhinneka Tunggal Ika ("Unity in Diversity" lit. “many, yet one”) enshrined in Pancasila national ideology, articulates the diversity that shapes the country.[99] The government nurture and promote the diversity of Indonesian local culture and adopting pluralism approach.

Due to migration within Indonesia (as part of government transmigration programs or otherwise), there are significant populations of ethnic groups who reside outside of their traditional regions. The Javanese for example, had reside out
of their traditional homeland in Java to the rest of the archipelago. The expansion of Javanese and their influences throughout Indonesia had risen the Javanization issues. While Minangkabau, Malay, Madurese, Bugis and Makassar people through their merantau (migrating) culture also quite widely distributed throughout Indonesian archipelago. Chinese Indonesians can be found in most of urban areas. Because of urbanization, major Indonesian cities such as Greater Jakarta, Surabaya, Bandung, Palembang, Medan and Makassar has attracted large numbers of Indonesians from various ethnics, cultural and religious background. Jakarta in particular, has almost all of Indonesian multi-ethnics represented.

However, this transmigration program and close interactions between people of different cultural backgrounds might caused socio-cultural problems, as the inter-ethnics interactions might not always conducted harmoniously. After the fall of Suharto in 1998 into the 2000s, there were numbers of inter-ethnics and inter-religions clashes erupted in Indonesia. Such as clashes between native Dayak tribes against Madurese transmigrants in Kalimantan during Sambas riots in 1999[100] and the Sampit conflict in 2001."[101] There were also clashes between Muslims and Christians, such as violence erupted in Poso between 1998 and into 2000,"[102] and violences in Maluku between 1999 and into 2002."[103] Nevertheless, Indonesia today still struggle and has managed to maintain unity and inter-cultural harmony, through national adherence of pro-pluralism policy of Pancasila promoted and enforced by the government and its people.

Chinese Indonesians is the largest foreign-origin minority that has been residing in Indonesia for generations. Despite centuries of acculturation with native Indonesians, because of their disproportionately influence on Indonesian economy, and alleged question of national loyalty, Chinese Indonesian had suffered discriminations. The Suharto’s New Order adopted a forced assimilation policy; which indicated that Chinese cultural elements were unacceptable. '104] Chinese Indonesians were forced to adopt native Indonesians sounding names, and the government was banned Chinese culture and language. The violence targeting Chinese Indonesian erupted during riots in 1998 as the looting and destructions took place, numbers of Chinese Indonesians as well as looters were died. The Chinese Indonesians were treated as the scapegoat of 1997 Asian Financial Crisis, and it was the result of ongoing discrimination and segregation policy enforced during Suharto's New Order regime. Soon after the fourth Indonesian President, Abdurrahman Wahid came into power in 1999, he quickly abolished some of the discriminatory laws in efforts to promote acceptance and to improve inter-racial relationships, such as abolished the ban on Chinese culture and allowed Chinese traditions to be practised freely. Two years later President Megawati Sukarnoputri declared that the Chinese New Year (Imlek) would be marked as a national holiday from 2003. [105] Today, Chinese Indonesians enjoy equal rights as the rest of Indonesians.

121.1.7 Japan

Main article: Ethnic issues in Japan

Japanese society, with its ideology of homogeneity, has traditionally rejected any need to recognize ethnic differences in Japan, even as such claims have been rejected by such ethnic minorities as the Ainu and Ryukyuan people."[106] In 2005, former Japanese Minister Taro Aso described Japan as a “one race” nation."[107] However, there are “International Society” NPOs funded by local governments throughout Japan."[108]

According to Harvard University professor Theodore Bestor, Japan does look very homogeneous from a distant perspective, but in fact there are a number of very significant minority groups —ethnically different minority groups—in Japan today."[109]

121.1.8 Malaysia

Main article: Ketuanan Melayu

Malaysia is a multiethnic country, with Malays making up the majority, close to 52% of the population. About 24.6% of the population are Malaysians of Chinese descent. Malaysians of Indian descent comprise about 7% of the population. The remaining 10% comprises:

- Native East Malaysians, namely Bajau, Bruneian, Bidayuh, Dusun, Iban, Kadazan, Kedayan, Melanau, Orang Ulu, Sarawakian Malays, etc.
- Other native tribes of Peninsular Malaysia, such as the Orang Asli and Siamese people, and
- Non-native tribes of Peninsular Malaysia such as the Chettiar, the Peranakan and the Portuguese.
The Malaysian New Economic Policy or NEP serves as a form of affirmative action (see Bumiputera).\[110] It promotes structural changes in various aspects of life from education to economic to social integration. Established after the 13 May racial riots of 1969, it sought to address the significant imbalance in the economic sphere where the minority Chinese population had substantial control over commercial activity in the country.

The Malay Peninsula has a long history of international trade contacts, influencing its ethnic and religious composition. Predominantly Malays before the 18th century, the ethnic composition changed dramatically when the British
introduced new industries, and imported Chinese and Indian labor. Several regions in the then British Malaya such as Penang, Malacca and Singapore became Chinese dominated. Until the riots 1969, co-existence between the three ethnicities (and other minor groups) was largely peaceful, although the three main racial groups for the most part lived in separate communities - the Malays in the villages, the Chinese in the urban areas, and the Indians in the towns and plantation. More Malays however have moved into the cities since the 1970s, and the proportion of the non-Malays have been decreasing continually, especially the Chinese, due in large part to lower birth-rate and emigration as a result of institutionalized discrimination.[111]

Preceding independence of the Federation of Malaya, a social contract was negotiated as the basis of a new society. The contract as reflected in the 1957 Malayan Constitution and the 1963 Malaysian Constitution states that the immigrant groups are granted citizenship, and Malays’ special rights are guaranteed. This is often referred to the Bumiputra policy.

These pluralist policies have come under pressure from racialist Malay parties, who oppose perceived subversion of Malay rights. The issue is sometimes related to the controversial status of religious freedom in Malaysia.

121.1.9 Mauritius

Multiculturalism has been a characteristic feature of the island of Mauritius.[112] Mauritian society includes people from many different ethnic and religious groups: Hindu, Muslim and Indo-Mauritians, Mauritian Creoles (of African and Malagasy descent), Buddhist and Roman Catholic Sino-Mauritians and Franco-Mauritians (descendants of the original French colonists).[113]

121.1.10 Mexico

Mexico has historically always been a multicultural country, with people of ethnic groups including those of indigenous background, various European backgrounds, Africans, and a small Asian community.[114] Mexico City has recently been integrating rapidly, doing much better than many cities in a sample conducted by the Intercultural Cities Index (being the only non-European city, alongside Montreal, on the index).[115]

121.1.11 Philippines

The Philippines ranks 8th among 240 countries in terms of ethnic diversity.[116] Among its several ethnic groups, the Philippines has 10 major distinct groups mainly the Bicolano, Ibanag, Ilocano, Kapampangan, Moro, Pangasinan, Sambal, Tagalog and Visayan. The Philippines also has several aboriginal stocks such as the Badjao, Igorot, Lumad, Mangyan and Negrito. The country also has considerable communities of American, Arabic, Chinese, Indian, and Hispanic descent, and other ethnicities from other countries. The Philippine government has various programs supporting and preserving the nation’s ethnic diversity.[117]

On the other hand, there have been many threats to the maintenance of interethnic solidarity in the country. Aside from economic and political dissatisfaction touting the capital as imperialist mostly among Visayans and Mindanaoans of the south, there have been longstanding concerns regarding the promulgation of the national language, Filipino. Amidst Filipino being heralded as the national language of the Philippines according to the 1987 National Constitution, many groups specifically from Cebuano-speaking regions resisted. [118] This is due to the fact that the said Filipino is no different from Tagalog although being justified by the regulating institution, Komisyon sa Wikang Filipino, as a different language that unites all peoples of the Philippines because of the significant difference in lexicon from its Tagalog base. Such enforcement of a national language based solely upon one language being spoken by one of the many ethnic groups that unites all peoples was seen as a form of ethnic marginalization and bias toward the Tagalog who have long enjoyed residence and proximity within the political and economic center, Manila. This was also seen as an injustice since a larger portion of the population speaks Visayan languages more than Tagalog during the time the national language was decided. Because of such disparities, there have been issues regarding discrimination particularly toward Visayans whose languages and cultures were seen as inferior if not unsophisticated. One recent example was the Filipino movie entitled Sakal, Sakali, Saklolo whereby one scene openly denigrates the use of Visayan as it was seen as “un-Filipino.”[119] Some Filipino politicians have aired their criticism toward this act of intolerance; however, there had been no concrete actions done to resolve the issue.[120]

Although there had been no ethnic-based incidents of aggression between many Christian and animist groups, religion still plays a role in further fractionating Philippine society. The enduring war in Mindanao is one of the most promi-
nent examples of religious conflicts pestering the economically frail southern Philippines. Since the 1899 Moro Rebellion, Muslim groups across Mindanao have bolstered armed offensives against foreign colonizers due to aspirations of self-determination. However, these efforts have failed resulting to the annexation of Islamic regions particularly the Sultanate of Sulu to the Philippines.

121.1.12 Singapore

Besides English, Singapore recognizes three other languages, namely, Mandarin Chinese, Tamil and Malay as its official languages, with English being the national language. Besides being a multilingual country, Singapore also acknowledges festivals celebrated by these three ethnic communities.

During the British colonial rule, there are areas which are enclaves containing a large population of certain ethnic groups exist in areas such as Chinatown, Geylang and Little India in Singapore. Presently *(2010)*, remnants of the colonial ethnic concentration still exists but housing in Singapore is governed by the Ethnic Integration Policy.*[121]* The current Indian/Others ethnic limits are 10% and 13%, the limits for Malays are 22% and 25%, the limits for Chinese are 84% and 87% for the maximum ethnic limits for a neighborhood and a block respectively.

121.1.13 South Korea

*People in Seoul, South Korea*

South Korea remains a relatively homogenous country ethnically and racially.*[122]* Foreigners and immigrants are often rejected by the Korean society or face discrimination.*[123]*

However, the word “multiculturalism” is increasingly heard in South Korea. In 2007, Han Geon-Soo, Professor of Cultural Anthropology at Kangwon National University, published an article entitled "Multicultural Korea: Celebration or Challenge of Multiethnic Shift in Contemporary Korea?", noting: “As the increase of foreign migrants in Korea transforms a single-ethnic homogeneous Korean society into multiethnic and multicultural one, Korean government and the civil society pay close attention to multiculturalism as an alternative value to their policy and social
movement.” He argued, however, that “the current discourses and concerns on multiculturalism in Korea” lacked “the constructive and analytical concepts for transforming a society”.[124]

The same year, Stephen Castles of the International Migration Institute argued:

“Korea no longer has to decide whether it wants to become a multicultural society. It made that decision years ago – perhaps unconsciously – when it decided to be a full participant in the emerging global economy. It confirmed that decision when it decided to actively recruit foreign migrants to meet the economic and demographic needs of a fast-growing society. Korea is faced by a different decision today: what type of multicultural society does it want to be?”[125]

The Korea Times suggested in 2009 that South Korea was likely to become a multicultural society.[126] In 2010, JoongAng Daily reported: “Media in Korea is abuzz with the new era of multiculturalism. With more than one million foreigners in Korea, 2 percent of the population comes from other cultures.” It added:

“If you stay too long, Koreans become uncomfortable with you. [...] Having a 2 percent foreign population unquestionably causes ripples, but having one million temporary foreign residents does not make Korea a multicultural society. [...] In many ways, this homogeneity is one of Korea’s greatest strengths. Shared values create harmony. Sacrifice for the nation is a given. Difficult and painful political and economic initiatives are endured without discussion or debate. It is easy to anticipate the needs and behavior of others. It is the cornerstone that has helped Korea survive adversity. But there is a downside, too. [...] Koreans are immersed in their culture and are thus blind to its characteristics and quirks. Examples of group think are everywhere. Because Koreans share values and views, they support decisions even when they are obviously bad. Multiculturalism will introduce contrasting views and challenge existing assumptions. While it will undermine the homogeneity, it will enrich Koreans with a better understanding of themselves.”[127]

Although many debates still take place as to whether Korea really is a multicultural society or not, it is generally agreed that Korea has probably entered a stage of multiculturalism and has moved away from its homogeneous identity. Around 35~40% of Korean men in the rural area outside Seoul are engaged with wives from different countries. According to the Dongponews, an online media that connects migrants and immigrants of Korea, the number of foreigners residing in Korea reached 1.43 million by 2012, and is likely to increase more and more, reaching to the scale that cannot be undermined. More than that, Korea is going through a serious stage of low birthrate, leading to an aging society in shortage of labor forces. Another big changing factor is that Korea already has multi-ethnic, multi-cultural families appearing in great numbers, as one in every ten marriage is between a Korean and a foreigner, and in the rural side this portion is greater.[128] As such change takes place in such short period of time, it can be understood that many conflicts arise among different groups of people; the immigrants, government, and the rest of Korean society. Recently a lot of media attention is given to these people: documentaries on the lives of wives and their children are often shown, as well as talk shows that portray struggles and conflicts these people go through such as Love in Asia; a talk show hosting foreign wives, sharing their experience of marriage and family life, broadcast by the national broadcasting channel, KBS. Many Koreans nowadays do recognize the change that the society is going through due to these media attention. Government policies have also changed very recently; a lot of welfare programs and extracurricular activities are launched under the name of “multicultural policy.” The policy is quite recent phenomenon.

121.1.14 United Arab Emirates

Although Arabic is the official language of the country, English, Malayalam, Hindi, Urdu, Tagalog, Bengali, Indonesian, Persian and many other languages are widely spoken and understood, particularly in the main cities of Dubai and Abu Dhabi. The UAE hosts expatriate workers from 200 countries, with a majority coming from the Indian subcontinent. Despite being an Islamic state, the UAE has widely accepted all other religions, granting them permission to have their temples or churches. Foreigners make up about 85% of the population. However, the UAE does not have an open immigration policy and Emirati citizens form a largely homogeneous Arab society; all foreigners reside in the country as temporary workers.

121.1.15 United Kingdom

Multicultural policies"[129] were adopted by local administrations from the 1970s and 1980s onwards. In 1997 the New Labour government committed to a multiculturalist approach at a national level,"[130] but after 2001 there
was something of a backlash, led by centre-left commentators such as David Goodhart and Trevor Phillips. The government then embraced a policy of community cohesion instead. In 2011 Prime Minister and Conservative Party leader David Cameron said in a speech that “state multiculturalism has failed”.[131]

After the beheading of James Foley by a British member of the Islamic State of Iraq and the Levant in 2014, George Carey blamed multiculturalism for British people joining ISIL, and bringing about honour killings, female genital mutilation and implementation of Sharia law into the country.”[132] Allison Pearson blamed the culture of avoiding “rocking the multicultural boat” .[133] and Leo McKinstry blamed multiculturalism itself,”[134] for the Rotherham child abuse scandal in 2014.

121.1.16 United States

See also: Multicultural education

In the United States, multiculturalism is not clearly established in policy at the federal level, but ethnic diversity is common in both rural and urban areas; see Race and ethnicity in the United States.

Continuous mass immigration was a feature of the United States economy and society since the first half of the 19th century.¹ [135] The absorption of the stream of immigrants became, in itself, a prominent feature of America's national myth. The idea of the Melting pot is a metaphor that implies that all the immigrant cultures are mixed and amalgamated without state intervention."[136] The Melting Pot implied that each individual immigrant, and each group of immigrants, assimilated into American society at their own pace which, as defined above, is not multiculturalism as this is opposed to assimilation and integration."[137] An Americanized (and often stereotypical) version of the original nation’s cuisine, and its holidays, survived. The Melting Pot tradition co-exists with a belief in national unity, dating from the American founding fathers:

“Providence has been pleased to give this one connected country to one united people — a people descended from the same ancestors, speaking the same language, professing the same religion, attached to the same principles of government, very similar in their manners and customs... This country and this people seem to have been made for each other, and it appears as if it was the design of Providence, that an inheritance so proper and convenient for a band of brethren, united to each other by the strongest ties, should never be split into a number of unsocial, jealous, and alien sovereignties.” ¹[138]

As a philosophy, multiculturalism began as part of the pragmatism movement at the end of the nineteenth century in Europe and the United States, then as political and cultural pluralism at the turn of the twentieth."[139] It was partly
in response to a new wave of European imperialism in sub-Saharan Africa and the massive immigration of Southern and Eastern Europeans to the United States and Latin America. Philosophers, psychologists and historians and early sociologists such as Charles Sanders Peirce, William James, George Santayana, Horace Kallen, John Dewey, W. E. B. Du Bois and Alain Locke developed concepts of cultural pluralism, from which emerged what we understand today as multiculturalism. In Pluralistic Universe (1909), William James espoused the idea of a "plural society." James saw pluralism as "crucial to the formation of philosophical and social humanism to help build a better, more egalitarian society."[140]

The educational approach to multiculturalism has since spread to the grade school system, as school systems try to rework their curricula to introduce students to diversity earlier—often on the grounds that it is important for minority students to see themselves represented in the classroom. [141][142] Studies estimated 46.3 million Americans ages 14 to 24 to be the most diverse generation in American society. [143] In 2009 and 2010, controversy erupted in Texas as the state's curriculum committee made several changes to the state's requirements, often at the expense of minorities. They chose to juxtapose Abraham Lincoln's inaugural address with that of Confederate president Jefferson Davis;[144] they debated removing Supreme Court Justice Thurgood Marshall and labor-leader Cesar Chavez[145] and rejected calls to include more Hispanic figures, in spite of the high Hispanic population in the state.[146]

121.2 Support

Multiculturalism is seen by its supporters as a fairer system that allows people to truly express who they are within a society, that is more tolerant and that adapts better to social issues. [147] They argue that culture is not one definable thing based on one race or religion, but rather the result of multiple factors that change as the world changes.

Historically, support for modern multiculturalism stems from the changes in Western societies after World War II, in what Susanne Wessendorf calls the "human rights revolution", in which the horrors of institutionalized racism and ethnic cleansing became almost impossible to ignore in the wake of the Holocaust; with the collapse of the European colonial system, as colonized nations in Africa and Asia successfully fought for their independence and pointed out the discriminatory underpinnings of the colonial system; and, in the United States in particular, with the rise of the Civil Rights Movement, which criticized ideals of assimilation that often led to prejudices against those
Harmony Day is dedicated to celebrating Australia’s cultural diversity.

who did not act according to Anglo-American standards and which led to the development of academic ethnic studies programs as a way to counteract the neglect of contributions by racial minorities in classrooms. [148] [149] As this history shows, multiculturalism in Western countries was seen as a useful set of strategies to combat racism, to protect minority communities of all types, and to undo policies that had prevented minorities from having full access to the opportunities for freedom and equality promised by the liberalism that has been the hallmark of Western societies since the Age of Enlightenment. The contact hypothesis in sociology is a well documented phenomenon in which cooperative interactions with those from a different group than one’s own reduce prejudice and inter-group hostility.

C. James Trotman argues that multiculturalism is valuable because it “uses several disciplines to highlight neglected aspects of our social history, particularly the histories of women and minorities [...and] promotes respect for the dignity of the lives and voices of the forgotten.” [150] By closing gaps, by raising consciousness about the past, multiculturalism tries to restore a sense of wholeness in a postmodern era that fragments human life and thought.” [150]

Tariq Modood argues that in the early years of the 21st century, multiculturalism “is most timely and necessary, and [...] we need more not less”, since it is “the form of integration” that (1) best fits the ideal of egalitarianism, (2) has “the best chance of succeeding” in the “post-9/11, post 7/7” world, and (3) has remained “moderate [and] pragmatic”. [151]

Bhikhu Parekh counters what he sees as the tendencies to equate multiculturalism with racial minorities “demanding special rights” and to see it as promoting a “thinly veiled racis[m]”. Instead, he argues that multiculturalism is in fact “not about minorities” but “is about the proper terms of relationship between different cultural communities”, which means that the standards by which the communities resolve their differences, e.g., “the principles of justice” must not come from only one of the cultures but must come “through an open and equal dialogue between them.” [152]

121.3 Opposition

Main article: Criticism of multiculturalism

Critics of multiculturalism often debate whether the multicultural ideal of benignly co-existing cultures that interrelate and influence one another, and yet remain distinct, is sustainable, paradoxical, or even desirable. [153] [154] [155]
It is argued that Nation states, who would previously have been synonymous with a distinctive cultural identity of their own, lose out to enforced multiculturalism and that this ultimately erodes the host nations’ distinct culture."[156] Harvard professor of political science Robert D. Putnam conducted a nearly decade long study how multiculturalism affects social trust."[157] He surveyed 26,200 people in 40 American communities, finding that when the data were adjusted for class, income and other factors, the more racially diverse a community is, the greater the loss of trust. People in diverse communities “don’t trust the local mayor, they don’t trust the local paper, they don’t trust other people and they don’t trust institutions,” writes Putnam."[158] In the presence of such ethnic diversity, Putnam maintains that

[W]e hunker down. We act like turtles. The effect of diversity is worse than had been imagined. And it’s not just that we don’t trust people who are not like us. In diverse communities, we don’t trust people who do look like us."[157]

Ethologist Frank Salter writes:

Relatively homogeneous societies invest more in public goods, indicating a higher level of public altruism. For example, the degree of ethnic homogeneity correlates with the government’s share of gross domestic product as well as the average wealth of citizens. Case studies of the United States, Africa and South-East Asia find that multi-ethnic societies are less charitable and less able to cooperate to develop public infrastructure. Moscow beggars receive more gifts from fellow ethnics than from other ethnies [sic]. A recent multi-city study of municipal spending on public goods in the United States found that ethnically or racially diverse cities spend a smaller portion of their budgets and less per capita on public services than do the more homogeneous cities."[159]

Dick Lamm, former three-term Democratic governor of the US state of Colorado, wrote in his essay “I have a plan to destroy America”:

“Diverse peoples worldwide are mostly engaged in hating each other - that is, when they are not killing each other. A diverse, peaceful, or stable society is against most historical precedent.”[160]

Balibar characterizes criticisms of multiculturalism as “differentialist racism”, which he describes as a covert form of racism that does not purport ethnic superiority as much as it asserts stereotypes of perceived “incompatibility of life-styles and traditions”.[161]

In New Zealand (Aotearoa), which is officially bi-cultural, multiculturalism has been seen as a threat to the Maori, and possibly an attempt by the New Zealand Government to undermine Maori demands for self determination."[162]
REFERENCES

- Intercultural competence
- List of countries ranked by ethnic and cultural diversity level
- Miscegenation
- *Multiculturalism without Culture* (book)
- Multicultural art
- Multikulti
- Multinational state
- Parallel society
- Pluriculturalism
- Polyethnicity
- Rainbow Nation
- Racial integration
- Multi-Ethnic Literature of the United States
- *Unrooted Childhoods* (book)
- Whiteness studies
- Xenocentrism

121.5 References


CHAPTER 121. MULTICULTURALISM


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[133] "Rotherham: In the face of such evil, who is the racist now?”. Telegraph. 2014-08-27.


[144] Historians speak out against proposed Texas textbook changes Michael Birnbaum, March 18, 2010.


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### Further reading


121.7 External links

• Multiculturalism In Modern Discourse

• Multiculturalism - Internet Encyclopedia of Philosophy

• Multiculturalism - Stanford Encyclopedia of Philosophy

• Multiculturalism in Canada debated - CBC video archives (Sept. 14, 2004 - 42:35 min)

• Canadian Multiculturalism Act
Chapter 122

National human resource development

National human resource development (NHRD also known as human resources development) is the planned and coordinated process of enhancing human resources in one or more political states or geographic regions for economic and/or social purposes.¹ [1] NHRD has been recognized as a policy priority and undertaken as an activity by various divisions of the United Nations,² [2] national country governments (see list of NHRD efforts by country below), organizations involved in international development,³ [3] [4] Specific human resources targeted by NHRD policy or practice typically include personal characteristics like knowledge, skills, and learned abilities and aspects of physical and psychological wellbeing; examples of NHRD interventions include ensuring that general education curricula include knowledge critical to employability and wellbeing, assisting employers in implementing effective on-the-job training programs that promote both greater effectiveness and workplace empowerment, and working to benefit specific populations by, for example, aligning vocational education and training with maternal health services and nutritional support.² [5] [6]

122.1 Terminology and related concepts

The first country to refer to its integrated approach to human resource development as “national human resource development” was India in the mid-1980s.⁵ [5] Especially when a particular national context is implied, NHRD is often referred to as “human resource development” or “human resources development” (HRD). For example, South Africa has established a Human Resource Development Council (HRDC) which coordinates efforts from multiple governmental departments with the aim of stimulating “a culture of training and lifelong learning at individual, organisational and national levels...” ⁷ [7]

NHRD is sometimes thought of as a sub-topic of human resource development (HRD) which concerns the issues of training and development on a predominately organizational level of analysis.⁸ [8] NHRD has been highlighted as distinct from HRD not just in terms of its level of analysis, but because it deals with social and intuitional issues often not considered by HRD practitioners (for example, maternal health and international policymaking) and because national governments, international development actors like the United Nations, and other civil society organizations both use the term and at times conceptualize NHRD separately from issues of either employee-related training or development.² [8]

Because of its interdisciplinary nature, NHRD carries with it influences from other fields that focus on issues of the development of human resources including training and development, human resource management, and industrial and organizational psychology. For example, industrial and organizational psychology has considered entrepreneurship skills⁹ [9] and the process of skills development in lower-income nations.⁶ [6] As an activity or process, HRD on a national or regional level relates closely to and sometimes overlaps with issues in workforce development and the development of human capital within broader economic development efforts; however, NHRD is arguably distinct from workforce/human-capital development because of its emphases on economic and non-economic considerations, dynamics, and outcomes.² [10] [11] [12]
CHAPTER 122. NATIONAL HUMAN RESOURCE DEVELOPMENT

122.2 History and major developments

While the planned development of human resources on a regional level has arguably existed since at least the Middle Ages,[5] the first known use of the term “human resource development” in reference to an entire region or nation was in Harbison and Myers’s (1964) publication entitled Education, Manpower, and Economic Growth: Strategies of Human Resource Development which considered the issue of the development of human resources on a societal scale.[13] Crucial steps in this international progression have been the work by the Economic and Social Commission for Asia and the Pacific towards integrated human resources policy provisions in national public policy in that region as expressed in the 1988 Jakarta Plan of Action[14] and subsequently a 1994 report by the United Nations Expert Group Meeting on Human Resources Development in the Public Sector[15]

122.2.1 NHRD efforts on a national or regional level

Notable efforts toward promoting NHRD on a country level have included the establishment of policies, programs, and departments by a number of national or regional governments (see below for examples of how countries have engaged with NHRD).

One of the earliest human resources development projects on a national scale in Western countries was carried out in the United States in the 1970s by the National and State Occupational Coordinating Committees (NOICC-SOICC). These bodies were set up to regularly prepare and update labor-market and occupational information to assist career development, to support educational program design, and to meet employers’ information and training needs. The United States continued engagement in NHRD via the creation and maintenance of nationally representative occupational information in the Department of Labor’s Dictionary of Occupational Titles (DOT) and the Occupational Information Network (O*NET) which replaced the DOT.

Outside of the United States, NHRD initiatives include the nationwide vocational education and training systems of Germany and other European nations (see below). In addition to efforts by individual countries, efforts to understand and develop human resources across countries in the European Union (EU) have been undertaken by the European Centre for the Development of Vocational Training (CEDFOP). For example, CEDEFOP has worked to develop profiles of the skills involved in occupations across the EU.[18]

Outside of Western nations, India established the first Ministry of Human Resource Development in the Asia/Pacific region in 1985.[19] In addition, a number of lower-income countries and emerging economies have often established NHRD departments, platforms, and plans that combine efforts from stakeholders involved in basic education, higher education and training, adult and continuing education, vocational education and training, labor advocacy, commerce, and/or various industries and professions (see below).

122.2.2 NHRD efforts on an international level

As early as 1965, international actors, including the United Nations, identified the development of “human resources” as an international policy priority.[20] Beginning in the 1980s, over 20 reports of the United Nations Secretary-General and the General Assembly have addressed aspects of the development of human resources.[21] Beginning in the 1990s, the use of an “s” was often added to the word “resource” in United Nations documentation in order to emphasize that human resources are diverse and important parts of an individual’s unique identity, to avoid implying that human resources are undifferentiated commodities to be traded in exchange for monetary compensation or economic growth, and that coordination among stakeholders from a diverse array of sectors and concerns (for example, health, education, and private industry) are of relevance to the development of human resources.[2]

Other notable international considerations of NHRD include declarations emerging from the 1995 Copenhagen World Summit for Social Development,[22] the International Labour Organization’s 2004 Human Resource Development Recommendation,[23] and the 2013 United Nations Secretary-General’s report on Human Resources Development, which tied the issue of NHRD to sustainable development priorities, information and communication technologies, and education in science, technology, engineering, and mathematics.[24]

122.3 Trends and approaches
122.3.1 International skills development

A number of NHRD-related efforts by international and national stakeholders have been focused on a particular form of human resources—namely, skills. These efforts have been undertaken both for the purpose of promoting economic and workforce development, but also for the sake of meeting important psychological needs, enhancing people’s empowerment at work, and promoting greater participation in a country’s political processes. Efforts to accelerate skills development within a given region include active labor-market programs that, for example, provide income assistance alongside vocational education and training. A particular challenge to skills development in lower-income countries, especially within the informal economy, is properly understanding current skill proficiencies, skill demand, and the most effective methods of skills development. The World Bank, the International Labour Organization (ILO), the Organization for Economic Co-Operation and Development (OECD), the European Training Foundation (ETF), the United Nations Educational, Scientific, and Cultural Organization (UNESCO), the G20, and the United Nations Development Programme (UNDP) have undertaken efforts to better understand and improve the skills of key populations, countries, and regions—prominently including people affected by poverty in lower-income countries. In order to overcome the limitations of existing information about skills and the difficulty of estimating skills in the informal economies of lower-income countries, scholars and international development practitioners have innovated with ways of directly measuring and indirectly estimating skills. For example, the World Bank has begun to directly measure skill levels instead of inferring them from existing labor-market information in urban centers in lower-income countries. In addition, researchers have combined both occupational employment figures and data on countries’ exports with information about occupations to estimate countries’ skill levels.

122.3.2 Country/economy-specific NHRD approaches

NHRD efforts, and models for NHRD initiatives and systems have at time been tailored to the economic, cultural, historical, and political realities of different nations. For example, Alagaraja and Wang (2012) proposed nine different models for a country’s approach to NHRD. In addition, Oh, Choi, and Choi (2013) have highlighted considerations for measuring NHRD systems, including supply conditions (for example, the percentage of a population with tertiary education), demand conditions (for example, a region’s unemployment rate), and supporting systems (for example, government expenditure on research and development).

As an example of the customization of NHRD approaches to the realities of certain countries, specific approaches to NHRD have been highlighted in countries that rely in large part upon natural resource extraction. In order to avoid and/or overcome social and economic issues resulting from overreliance on resource extraction, also known as the “resource curse”, Azerbaijan launched an initiative known as Converting Black Gold to Human Gold (BGHG) which refers to the conversion of petroleum resources into human resources. The BGHG approach to NHRD has emphasized, among other things, multi-sector partnerships, empirically-based skill measurement and projections, and the creation of a community college model of vocational education and training.

122.4 Criticisms and controversies

Critics have argued that current NHRD scholarship lacks a rigorous and cohesive theoretical basis. In response, some have highlighted the importance of developing inductive and constructivist understandings of NHRD and efforts to develop NHRD theory have been featured in academic literature. Other critics have claimed that the idea of the development of a population’s “human resources” can be dehumanizing if it overemphasizes economic outcomes because such an emphasis might imply that people and their characteristics are only commodities to be acquired, utilized, and/or improved for economic profit and growth. Others have emphasized the potential for NHRD to be a participatory process by which people’s agency and “resourcefulness” are enhanced.

122.5 List of NHRD efforts by country

Below is a list of NHRD bodies, programs, and plans listed by country. This list represents both a small sample of NHRD efforts undertaken by national governments and an attempt to create a growing list of NHRD efforts worldwide. Countries are listed alphabetically by titles used in Wikipedia (for example, “South Africa” is used instead of the formal title “Republic of South Africa” because the former is the title of the Wikipedia page devoted to that country).
Examples do not necessarily involve the words “national” and/or “human resource” but they do pertain to the focus and scope of NHRD.

Azerbaijan
- Converting Black Gold into Human Gold Initiative

Bhutan
- Ministry of Labour and Human Resources

Botswana

Germany
- Federal Institute for Vocational Education and Training

Grenada
- Ministry of Education and Human Resource Development

India
- Ministry of Human Resource Development

Japan
- Ministry of Health, Labour and Welfare – Human Resources Development Measures Overview

Kiribati
- Ministry of Labour and Human Resource Development

Malaysia
- Ministry of Human Resources

Mauritius
- Human Resource Development Council of South Africa

Pakistan
- Ministry of Overseas Pakistanis & Human Resource Development

Saint Lucia

South Africa
- Human Resource Development Council

United States
- State of Hawaii – Department of Human Resources Development
- State of Montana – Human Resource Development Councils
- National Science Foundation - Division of Human Resources Development
122.6 Further reading

- Summary of major human resources development reports and resolutions at the United Nations

122.7 References


122.8  See also

- Human resource management
- International development
- Human capital
- Economic development
- Industrial and organizational psychology
Chapter 123

Nenko System

The **seniority-wage system** (年功序列 Nenkō joretsu) is the Japanese system of promoting an employee in order of his or her proximity to retirement. The advantage of the system is that it allows older employees to achieve a higher salary level before retirement and that it usually brings more experience to the executive ranks. The disadvantage of the system is that it does not allow new talent to be merged with the experience and those with specialized skills cannot be promoted to the already crowded executive ranks. It also does not guarantee or even attempt to bring the “right person for the right job”. The labor turnover rate in Japan is less than half the US level. The seniority-wage system can also be seen in Japanese government. Japanese parliament seats are usually filled with the older members from each party.

After the economic bubble burst in Japan in the late 80s and the venture capital (dot-com) shock of the 90s, the seniority-wage system has become less popular amongst business as they could not afford to keep older employees with high salaries on the payroll. Many mid-level executives that climbed the corporate ladder with the Nenko system fell victim to corporate restructuring. Without knowing how to compete for a high wage position unlike the younger talents, in the 21st century, the seniority-wage system is seen as a decadent system that has spoiled the older generations.

123.1 See also

- Seniority
- Simultaneous Recruiting of New Graduates

123.2 External links

- LABOR TURNOVER IN THE USA AND JAPAN: A TALE OF TWO COUNTRIES
Chapter 124

North Carolina Public Schools Human Resource Management System

North Carolina Public School's Human Resource Management System (HRMS) is a part of the North Carolina Department of Public Instruction which is overseen by the North Carolina State Board of Education.

In the summer of 2000, the HRMS Steering Committee initiated the HRMS Web Project. The goal was to replace the legacy “green screen” software with a completely web-based system. Actual coding began in October of that year, and the initial phase was deployed two years later, in the fall of 2002. Work to replace all components of the legacy system is ongoing, and new features required by federal and state law are now implemented only in HRMS Web.

HRMS Web is a full-featured Human Resources Management System tailored specifically to the needs of North Carolina schools. It accommodates the complete HR cycle, from the applicant process, through employment, benefits, and evaluation. It also allows for a tight integration with vendor-supplied payroll systems in use by LEAs, eliminating the need for redundant data entry and maintenance.

124.1 References

- http://hrms.dpi.state.nc.us
- http://schooljobs.dpi.state.nc.us
Chapter 125

O-ring theory of economic development

The O-ring theory of economic development is a model of economic development put forward by Michael Kremer in 1993, which proposes that tasks of production must be executed proficiently together in order for any of them to be of high value. The key feature of this model is positive assortative matching, whereby people with similar skill levels work together.

The name comes from the 1986 Challenger shuttle disaster, a catastrophe caused by the failure of a single O-ring.

Kremer thinks that the O-ring development theory explains why rich countries produce more complicated products, have larger firms and much higher worker productivity than poor countries.

125.1 Model

There are five major assumptions of this model: firms are risk-neutral, labor markets are competitive, workers supply labor inelastically, workers are imperfect substitutes for one another, and there is a sufficient complementarity of tasks.

Production is broken down into n tasks. Laborers can use a multitude of techniques of varying efficiency to carry out these tasks depending on their skill. Skill is denoted by q, where 0≤q≤1. The concept of q differs depending on interpretation. It could mean: the probability of a laborer successfully completing a task, the quality of task completion expressed as a percentage, or the quality of task completion with the condition of a margin of error that could reduce quality.

Output is determined by multiplying the q values of each of the n tasks together and then multiplying this result by another term (let’s say, B) denoting the individual characteristics of the firm. B is positively correlated with the number of tasks. The production function here is simple:

\[ BF(q_1q_2) = q_1q_2 \]

The important implication of this production function is positive assortative matching. We can observe this through a hypothetical four-person economy with two low skill workers (qL) and two high skill workers (qH). This equation dictates the productive efficiency of skill matching:

\[ qH^2+qL^2 > 2qHqL \]

By this equation total product is maximized by pairing those with similar skill levels.

125.2 Conclusions

There are several implications one can derive from this model:

1. Workers performing the same task earn higher wages in a high-skill firm than in a low-skill firm;
2. Wages will be more than proportionately higher in developed countries than would be assumed by measure-
ments of skill levels;

3. Workers will consider human capital investments in light of similar investments by those around them;

4. This model magnifies the effect of local bottlenecks which also reduce the expected returns to skill;

5. O-ring effects across firms can create national low-production traps.

This model helps to explain brain drain and international economic disparity. As Kremer puts it, “If strategic
complementarity is sufficiently strong, microeconomically identical nations or groups within nations could settle into
equilibria with different levels of human capital”.[1]

125.3 References


ISBN 9780511805615.

Chapter 126

Occupational burnout

This article is about short-term burnout. For long-term loss of focus (over many years), see burnout (psychology).

**Occupational burnout** or **job burnout** is characterized by exhaustion, lack of enthusiasm and motivation, feeling 'drained',[1] and also may have the dimension of frustration and/or negative emotions and cynical behaviour,[1][2] and as a result reduced professional efficacy within the workplace.[3]

More accurately defined, “Burnout is a state of emotional, mental, and physical exhaustion caused by excessive and prolonged stress”,[4] thus in the emotional plan exhaustion refers to the depletion or draining of emotional resources, from which cynicism stem and cynicism refers to the indifference or distant attitude of work, and reduced professional efficacy refers to the lack of satisfaction with past/present expectations.[5]

Occupational burnout is typically and particularly found within human service professions. Such jobs that naturally experience high levels of occupational burnout include: social workers, nurses, teachers, lawyers, engineers, physicians, customer service representatives, and police officers.[6] One reason why burnout is so prevalent within the human services field is due in part, to the high stress work environment and emotional demands that might be independent of the effort exerted by the individual.

The individuals who are most vulnerable to occupational burnout are ones who are strongly motivated, dedicated, and involved in the work in which they partake.[7] As work for these individuals is the source of importance in which they derive meaning in life, it is significant that they find meaning by achieving their goals and expectations. At the same time occupational burnout is a type of stress condition and as such results in concentration problems or decreased problem solving abilities.[8] Thus the desire to achieve these high goals and expectations may collide with physical, emotional and mental exhaustion resulting from an inability to achieve them, which can lead to a type of burnout that may involve even a reflection on the failure to find meaning and growth in life.[7]

Usually occupational burnout is associated with increased work experience, increased workload, but also absences and time missed from work, it shows up as an impaired empathy and cynical attitudes toward clientele and/or colleagues, and thoughts of quitting.[9]

Occupational burnout affects also social relationships and attitudes making interactions at home and at work difficult either because of the social withdrawal of the burned-out person or of making him more prone to conflict.[1] Withdrawing is a type of defense mechanism but in fact this has a negative effect because of the importance of social interactions for one's well being.[1] Burnout problems may lead to general health problems because of the stress becoming chronic, symptoms like headaches, colds, insomnia may appear together with overall tiredness.[1]

At this point the person may attempt self-medication like drinking alcohol, smoking, taking sleep pills, stimulants like coffee, mood elevators, etc. which may pose a further risk for his health.[1] However burnout itself is not an ailment and is not recognized as a neurosis.[1]

### 126.1 Causes

Among the causes of occupational burnout are:[1]

- critical boss
126.2. PREVENTION

- perfectionism
- lack of recognition
- inadequate pay
- under-employment
- tasks with no end
- impossible tasks / nearly impossible problems for solving
- difficult clients (e.g. for social workers)
- incompatible demands (many demands that may not be achieved together)
- bureaucracy

also

- conflicting roles (home, family)
- value conflicts (personal / workplace values)
- meaninglessness of achieved goals (the success type of burnout)
- social and emotional skills deficit

126.2 Prevention

For the purpose of preventing occupational burnout, various stress management interventions have been shown to help improve employee health and wellbeing in the workplace and lower stress levels. Training employees in ways to manage stress in the workplace have also proven effective in prevention of burnout.\[10\] One study suggest that social-cognitive processes such as commitment to work, self-efficacy, learned resourcefulness and hope may insulate individuals from experiencing occupational burnout.\[11\] Increased job control is another intervention shown to help counteract exhaustion and cynicism in the workplace.\[12\]

Burnout prevention programs have traditionally focused on cognitive-behavior, cognitive restructuring, didactic stress management, and relaxation.\[7\] These types of prevention programs rely upon reducing the exhaustion component of occupational burnout. However, recent research indicates that, at the individual level, cognitive-behavioral strategies have the best potential for success.\[13\] It is more complicated at the organizational level where reducing or removing job stressors have been shown to decrease burnout.\[14\] Burnout experts believe that in order to reduce occupational burnout, a strategy of combining both organizational and individual level activities may be the most beneficial approach to reduce the three main symptoms. Improving upon job-person fit by focusing attention on the relationship between the person and the job situation appears to be a promising way to deal with burnout.\[15\]

In order to quell occupational burnout, it is important to reduce or remove the negative aspects of the three main components that make up occupational burnout. However, it is difficult to treat all three components as the three burnout symptoms react to the same preventive or treatment activities in different ways.\[16\] Exhaustion is more easily treated than cynicism and professional efficacy, which tend to be more resistant to treatment. Research shows that intervention actually may worsen the professional efficacy of one who originally had low professional efficacy.\[17\]

Employee rehabilitation is defined as a tertiary preventive intervention which means the strategies used in rehabilitation are meant to alleviate, as well as prevent, burnout symptoms.\[16\] Such rehabilitation of the working population includes multidisciplinary activities with the intent of maintaining and improving employees' working ability and ensuring a supply of skilled and capable labor in society.
126.3 Responder apathy syndrome

Responder apathy syndrome (RAS) is a controversial psychological diagnosis connected to occupational burnout that is not recognized by most physicians or psychologists.[18] Originally developed to explain the apathy seen in paramedics[19] and firefighters toward those calling for their help, the definition has generally been expanded to include nurses, respiratory therapists and other health care workers involved in direct patient care. Generally diagnosticians term the symptoms as generalized burnout[20] and ignore the occupation specific burnout termed RAS.

126.4 See also

- Burnout (psychology)
- Industrial and organizational psychology
- Occupational stress
- Occupational health psychology
- Organizational communication
- Perceived organizational support
- Perceived psychological contract violation
- Work–life balance
- Compassion fatigue

126.5 References


126.6 FURTHER READING


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126.6 Further reading


Chapter 127

Occupational Information Network

The Occupational Information Network (O*NET) is a free online database that contains hundreds of occupational definitions to help students, job seekers, businesses and workforce development professionals to understand today’s world of work in the United States. It was developed under the sponsorship of the US Department of Labor/Employment and Training Administration (USDOL/ETA) through a grant to the North Carolina Employment Security Commission (now part of the NC Commerce Department) during the 1990s. [1] John L. Holland’s vocational model, often referred to as the Holland Codes, is used in the “Interests” section of the O*NET. [2] [3]

127.1 History

From 1938 to the 1990s, vocational lists and employment matching offered by the U.S. government were available through the book, The Dictionary of Occupational Titles or the DOT. The DOT was first published in 1938 and “emerged in an industrial economy and emphasized blue-collar jobs. Updated periodically, the DOT provided useful occupational information for many years. But its usefulness waned as the economy shifted toward information and services and away from heavy industry.” [2] With the shift in the economy, plans developed to replace the book format of the DOT with an online database. A limited use, preliminary version was released in December 1997, followed by a public edition in December 1998. [2] The O*NET thus, “supersedes the seventy-year-old Dictionary of Occupational Titles with current information that can be accessed online or through a variety of public and private sector career and labor market information systems.” [4] The decision to move from the DOT to O*NET, “remains controversial (e.g., Gibson, Harvey, & Harris, 2007; Harvey, 2009; Harvey & Hollander, 2002), even as we approach the 20-year anniversary of its inception (e.g., APDOT, 1992). Many applied psychologists have praised O*NET (e.g., Peterson, Mumford, Borman, Jeanneret, Fleishman, Levin, Campion, Mayfield, Morgeson, Pearlman, Gowing, Lancaster, Silver, & Dye, 2001).” [5]

127.2 Overview

The O*NET system varies from the DOT in a number of ways. It is a digital database which offers a “flexible system, allowing users to reconfigure data to meet their needs” as opposed to the “fixed format” of the DOT; it reflects the employment needs of an Information society rather than an Industrial society; costs the government and users much less than a printed book would, and is easier to update as new data is collected. [2] The US Department of Labor/Employment and Training Administration (USDOL/ETA) describes the O*NET as: “a database of occupational requirements and worker attributes. It describes occupations in terms of the skills and knowledge required, how the work is performed, and typical work settings. It can be used by businesses, educators, job seekers, human resources professionals, and the publicly funded Workforce Investment System to help meet the talent needs of our competitive global economy. O*NET information helps support the creation of industry competency models.” [4] For each job, O*NET provides the following information:

- Personal requirements: the skills and knowledge required to perform the work
- Personal characteristics: the abilities, interests and values needed to perform the work

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• Experience requirements: the training and level of licensing and experience needed for the work
• Job requirements: the work activities and context, including the physical, social, and organizational factors involved in the work
• Labor market: the occupational outlook and the pay scale for the work[6]

127.3 Further reading

• Mariana, Matthew. "Replace with a database: O*NET replaces the Dictionary of Occupational Titles.” Occupational Outlook Quarterly Online, Spring 1999 Vol. 43, Number 1.

127.4 References

[1] About O*NET

127.5 See also

• Dictionary of Occupational Titles
• Holland Codes

127.6 External links

• O*NET Resource Center
• My Next Move - O*NET partner
• O*NET Holland Codes Interests matched to careers - Occupational Information Network (O*NET): US Department of Labor/Employment and Training Administration (USDOL/ETA)
• O*NET Holland Codes Interest Profiler - Occupational Information Network (O*NET): US Department of Labor/Employment and Training Administration (USDOL/ETA)
Chapter 128

On-ramping

On-ramping is the process of re-entering the workforce after taking a career break (usually to care for family). It is paired with the term “off-ramping”, or exiting the workforce as a temporary career break.

The Hidden Brain Drain, a taskforce led by economist Sylvia Ann Hewlett, defined the term as “many professional women in the US do not drop out of their careers altogether, but they do take breaks. However, they often find it difficult to re-enter the workforce. This has been called ‘off-ramping’ (taking time out of a career for one reason or another) and ‘on-ramping’ (rejoining the career path). Women in the US, on average, spend a relatively short amount of time off-ramped (around 2.2 years), but even this can incur financial penalties. Women who spend around three years off-ramp see their earning power decrease by 37 per cent.” [1] A study by the Center for Work-Life Policy found that more than 90 percent of those women who off-ramp eventually wish to on-ramp back into the work force.


Sylvia Ann Hewlett, as the likeliest originator of the term (in Hewlett & Luce (2005), [7]) has developed a career site (YourOnRamp) to capitalize on it and is a supporter of the entrepreneurial networking organization LadiesWhoLaunch.

128.1 References

[1] Elaine Aarons, Hidden Brain Drain Taskforce, as reported in http://www.thelawyer.com/cgi-bin/item.cgi?id=114645&d= pndpr&h=phpr&f=pfpr
[3] ”We Can Stop the Female Brain Drain,” by Sylvia Ann Hewlett, March 6, 2005
[5] Sue Shellenbarger of the Wall Street Journal writes about the efforts of Lehman Bros and other Employers to help high achieving women reenter the workforce.
Chapter 129

Onboarding

Onboarding, also known as organizational socialization, refers to the mechanism through which new employees acquire the necessary knowledge, skills, and behaviors to become effective organizational members and insiders.\(^1\) Tactics used in this process include formal meetings, lectures, videos, printed materials, or computer-based orientations to introduce newcomers to their new jobs and organizations. Research has demonstrated that these socialization techniques lead to positive outcomes for new employees such as higher job satisfaction, better job performance, greater organizational commitment, and reduction in occupational stress and intent to quit.\(^2\)\(^3\)\(^4\) These outcomes are particularly important to an organization looking to retain a competitive advantage in an increasingly mobile and globalized workforce. In the United States, for example, up to 25% of workers are organizational newcomers engaged in an onboarding process.\(^5\)

129.1 Antecedents of success

Onboarding is a multifaceted operation influenced by a number of factors pertaining to both the individual newcomer and the organization. Researchers have separated these factors into three broad categories: new employee characteristics, new employee behaviors, and organizational efforts.\(^6\) New employee characteristics are individual differences across incoming workers, ranging from personality traits to previous work experiences. New employee behaviors re-
fer to the specific actions carried out by newcomers as they take an active role in the socialization process. Finally, organizational efforts help facilitate the process of acclimating a new worker to an establishment through activities such as orientation or mentoring programs.

129.1.1 New employee characteristics

Research has shown evidence that employees with certain personality traits and experiences adjust to an organization more quickly. These are a proactive personality, the "Big Five", curiosity, and greater experience levels. "Proactive personality" refers to the tendency to take charge of situations and achieve control over one's environment. This type of personality predisposes some workers to engage in behaviors such as information seeking that accelerate the socialization process, thus helping them to adapt more efficiently and become high-functioning organizational members. Empirical evidence also demonstrates that a proactive personality is related to increased levels of job satisfaction and performance.

The Big Five personality traits—openness, conscientiousness, extraversion, agreeableness, and neuroticism—have been linked to onboarding success, as well. Specifically, new employees who are proactive or particularly open to experience are more likely to seek out information, feedback, acceptance, and relationships with co-workers. They also exhibit higher levels of adjustment and tend to frame events more positively.

Curiosity also plays a substantial role in the newcomer adaptation process and is defined as the "desire to acquire knowledge" that energizes individual exploration of an organization's culture and norms. Individuals with a curious disposition tend to frame challenges in a positive light and eagerly seek out information to help them make sense of their new organizational surroundings and responsibilities, leading to a smoother onboarding experience.

Employee experience levels also affect the onboarding process such that more experienced members of the workforce tend to adapt to a new organization differently from, for example, a new college graduate starting his or her first job. This is because seasoned employees can draw from past experiences to help them adjust to their new work settings and therefore may be less affected by specific socialization efforts because they have (a) a better understanding of their own needs and requirements at work and (b) are more familiar with what is acceptable in the work context. Additionally, veteran workers may have used their past experiences to seek out organizations in which they will be a better fit, giving them an immediate advantage in adapting to their new jobs.

129.1.2 New employee behaviors

Certain behaviors enacted by incoming employees, such as building relationships and seeking information and feedback, can help facilitate the onboarding process. Newcomers can also quicken the speed of their adjustment by demonstrating behaviors that assist them in clarifying expectations, learning organizational values and norms, and gaining social acceptance.

Information seeking occurs when new employees ask questions of their co-workers and superiors in an effort to learn about their new job and the company's norms, expectations, procedures, and policies. Miller and Jablin (1991) developed a typology of information sought after by new hires. These include referent information, understanding what is required to function on the job (role clarity); appraisal information, understanding how effectively the newcomer is able to function in relation to job role requirements (self-efficacy); and finally, relational information, information about the quality of relationships with current organizational employees (social acceptance). By actively seeking information, employees can effectively reduce uncertainties about their new jobs and organizations and make sense of their new working environments.

Newcomers can also passively seek information via monitoring their surroundings or simply viewing the company website or handbook. Research has shown that information seeking by incoming employees is associated with social integration, higher levels of organizational commitment, job performance, and job satisfaction in both individualistic and collectivist cultures.

Feedback seeking is similar to information seeking, but it is focused on a new employee's particular behaviors rather than on general information about the job or company. Specifically, feedback seeking refers to new employee efforts to gauge how to behave in their new organization. A new employee may ask co-workers or superiors for feedback on how well he or she is performing certain job tasks or whether certain behaviors are appropriate in the social and political context of the organization. In seeking constructive criticism about their actions, new employees learn what kinds of behaviors are expected, accepted, or frowned upon within the company or work group, and when they incorporate this feedback and adjust their behavior accordingly, they begin to blend seamlessly into the organization.

Instances of feedback inquiry vary across cultural contexts such that individuals high in self-assertiveness and cultures
low in power distance report more feedback seeking than newcomers in cultures where self-assertiveness is low and power distance is high." [19]

Also called networking, relationship building involves an employee’s efforts to develop camaraderie with co-workers and even supervisors. This can be achieved informally through simply talking to their new peers during a coffee break or through more formal means such as taking part in pre-arranged company events. Research has shown relationship building to be a key part of the onboarding process, leading to outcomes such as greater job satisfaction and better job performance," [2] as well as decreased stress." [4]

129.1.3 Organization socialization efforts

Organizations also invest a great amount of time and resources into the training and orientation of new company hires. Organizations differ in the variety of socialization activities they offer in order to integrate productive new workers. Possible activities include their socialization tactics, formal orientation programs, recruitment strategies, and mentorship opportunities.

Socialization tactics

Socialization tactics, or orientation tactics, are designed based on an organization’s needs, values, and structural policies. Some organizations favor a more systematic approach to socialization, while others follow a more “sink or swim” approach in which new employees are challenged to figure out existing norms and company expectations without guidance.

Van Maanen and Schein model (1979)

John Van Maanen and Edgar H. Schein have identified at least six major tactical dimensions that characterize and represent all of the ways in which organizations may differ in their approaches to socialization.

Collective versus Individual socialization

Collective socialization refers to the process of taking a group of recruits who are facing a given boundary passage and putting them through the same set of experiences together. Examples of this include: basic training/ boot camp for a military organization, pledging for fraternities/sororities, education in graduate schools, and so forth. Socialization in the Individual mode allows newcomers to accumulate unique experiences separate from other newcomers. Examples of this process include: Apprenticeship programs, specific internships, “on-the-job” training, etc. [20]

Formal vs. Informal socialization

Formal socialization refers to those tactics in which newcomers are more or less segregated from others and trained on the job. These processes can be witnessed with such socialization programs as police academies, internships, and apprenticeships. Informal socialization processes, on the other hand, involve little separation between newcomers and the existing employees, nor is there any effort made to distinguish the newcomer’s role specifically. Informal tactics provides a non-interventional environment for recruits to learn their new roles via trial and error. Examples of informal socialization include on-the-job training assignments, apprenticeship programs with no clearly defined role, and more generally, any situation in which a newcomer is placed into a work group with no recruit role." [20]

Sequential vs. Random socialization

Sequential socialization refers to the degree to which an organization or occupation specifies discrete and identifiable steps for the newcomers to know what phases they need to go through. Random socialization occurs when the sequences of steps leading to the targeted role are unknown, and the entire progression is quite ambiguous. In other words, while there are numerous steps or stages leading to specific organizational roles, there is necessarily no specific order in which the steps should be taken." [20]

Fixed vs. Variable socialization
This dimension refers to the extent to which the steps have a timetable developed by the organization and communicated to the recruit in order to convey when the socialization process is complete. Fixed socialization provides a recruit with the exact knowledge of the time it will take to complete a given passage. For instance, some management trainees can be put on “fast tracks” where they are required to accept new rotational assignment on an annual basis despite their own preferences. Variable socialization processes gives a newcomer no specific timetable, but a few clues as to when to expect a given boundary passage. This type of socialization is commonly associated upwardly mobile careers within business organizations because of several uncontrollable factors such as the state of the economy or turnover rates which determine whether any given newcomer will be promoted to a higher level or not.\[20\

Serial vs. Disjunctive socialization

A serial socialization process refers to experienced members of the organization grooming the newcomers who are about to occupy similar positions within the organization. These experience members essentially serve as role models for the inexperienced newcomers. A prime example of serial socialization would be a rookie police officer getting assigned patrol duties with an experienced veteran who has been in law enforcement for a lengthy period of time. Disjunctive socialization, in contrast, refers to when newcomers are not following the guidelines of their predecessors, and there are no role models to inform new recruits on how to fulfill their duties.\[20\

Investiture vs. Divestiture socialization

This tactic refers to the degree to which a socialization process either affirms or disaffirms the identity of the newly entering recruit. Investiture socialization processes sanction and document for newcomers the viability and efficacy of the personal characteristics that they bring to the organization. When organizations use this socialization process it prefers that the recruit remains the exact way that he or she naturally behaves and the organization merely makes use of the skills, values, and attitudes that the recruit is believed to have in their possession. Divestiture socialization, on the other hand, is a process that organizations use to reject and remove the certain personal characteristics of a recruit. Many occupations and organizations require newcomers to sever previous ties, and forget old habits in order to create a new self-image based upon new assumptions.\[20\

Thus, tactics influence the socialization process by defining the type of information newcomers receive, the source of this information, and the ease of obtaining it.\[20\

Jones’ model (1986)

Building upon the work of Van Maanen and Schein, Jones (1986) proposed that the previous six dimensions could be reduced to two categories: institutionalized and individualized socialization. Companies that use institutionalized socialization tactics implement structured step-by-step programs, enter into an orchestrated orientation as a group, and receive help from an assigned role model or mentor. Examples of organizations using institutionalized tactics include the military, in which new recruits undergo extensive training and socialization activities through a participative cohort, as well as incoming freshmen at universities, who may attend orientation weekends before beginning classes.

On the opposite end of the spectrum, other organizations use individualized socialization tactics in which the new employee immediately starts working on his or her new position and figures out company norms, values, and expectations along the way. In this orientation system, individuals must play a more proactive role in seeking out information and initiating work relationships.\[21\

Formal orientations

Regardless of the socialization tactics utilized, formal orientation programs can facilitate understanding of company culture, and introduces new employees to their work roles and the organizational social environment. Formal orientation programs may consist of lectures, videotapes, and written material, while other organizations may rely on more usual approaches. More recent approaches such as computer-based orientations and Internets have been used by organizations to standardize training programs across branch locations. A review of the literature indicates that orientation programs are successful in communicating the company's goals, history, and power structure.
Recruitment events

Recruitment events play a key role in identifying which prospective employees are a good fit with an organization. Recruiting events allow employees to gather initial information about an organization's expectations and company culture. By providing a realistic job preview of what life inside the organization is like, companies can weed out potential employees who are clearly a misfit to an organization and individuals can identify which employment agencies are the most suitable match for their own personal values, goals, and expectations. Research has shown that new employees who receive a great amount of accurate information about the job and the company tend to adjust better.\[22]\] Organizations can also provide realistic job previews by offering internship opportunities.

Mentorship

Mentorship has demonstrated importance in the socialization of new employees.\[23]\][24] Ostroff and Kozlowski (1993) discovered that newcomers with mentors become more knowledgeable about the organization than did newcomers without mentors. Mentors can help newcomers better manage their expectations and feel comfortable with their new environment through advice-giving and social support.\[25] Chatman (1991) found that newcomers are more likely to have internalized the key values of their organization's culture if they had spent time with an assigned mentor and attended company social events. Literature has also suggested the importance of demographic matching between organizational mentors and protégés.\[23]\] Enscher & Murphy (1997) examined the effects of similarity (race and gender) on the amount of contact and quality of mentor relationships. Results indicate that liking, satisfaction, and contact were higher in conditions of perceived mentor-protégé similarity.\[26] But what often separates rapid on-boarders from their slower counterparts is not the availability of a mentor but the presence of a “buddy,” someone of whom the newcomer can comfortably ask questions that are either trivial ( "How do I order office supplies?") or politically sensitive ( "Whose opinion really matters here?").\[27] Like mentors, buddies can be people who are officially assigned by a manager or who simply emerge informally (a nearby co-worker, for instance) as an easily accessible resource and confidant.\[28] Furthermore, buddies can help establish relationships with co-workers in ways that can't always be facilitated by a newcomer's manager or mentor.\[29]\]

129.2 Employee adjustment

In order to increase the success of an onboarding program, it is important for an organization to monitor how well their new hires are adjusting to their new roles, responsibilities, peers, supervisors, and the organization at large. Researchers have noted that role clarity, self-efficacy, social acceptance, and knowledge of organizational culture are particularly good indicators of well-adjusted new employees who have benefitted from an effective onboarding system.

129.2.1 Role clarity

Role clarity describes a new employee's understanding of his or her job responsibilities and organizational role. One of the goals of an onboarding process is to aid newcomers in reducing ambiguity and uncertainty so that it is easier for them to get their jobs done correctly and efficiently. Because there often is a disconnect between the chief responsibilities listed in a job description and the specific, repeatable tasks that employees must complete to be successful in their roles, it's vital that managers are trained to discuss exactly what they expect from their employees.\[30] A poor onboarding program, for example, may produce employees who exhibit sub-par productivity because they are unsure of their exact roles and responsibilities. On the other hand, a strong onboarding program would produce employees who are especially productive because they know exactly what is expected of them in their job tasks and their organizational role. Given this information, it is easy to see why an organization would benefit substantially from increasing role clarity for a new employee. Not only does role clarity imply greater productivity, but it has also been linked to both job satisfaction and organizational commitment.\[31]\]

129.2.2 Self-efficacy

Self-efficacy is the degree to which new employees feel capable of successfully completing their assigned job tasks and fulfilling their responsibilities. It makes logical sense that employees who feel as though they can get the job done
would fare better than those who feel overwhelmed in their new positions, and unsurprisingly, researchers have found that job satisfaction, organizational commitment, and turnover are all correlated with feelings of self-efficacy.\(^3\)

### 129.2.3 Social acceptance

Social acceptance gives new employees the support needed to be successful. While role clarity and self-efficacy are important to a newcomer’s ability to meet the requirements of a job, the feeling of “fitting in” can do a lot for one’s perception of the work environment and has been demonstrated to increase commitment to an organization and decrease turnover.\(^3\) If an employee feels well received by his or her peers, a personal investment in the organization develops, and leaving becomes less likely.

### 129.2.4 Knowledge of organizational culture

Knowledge of organizational culture refers to how well a new employee understands a company’s values, goals, roles, norms, and overall organizational environment. For example, some organizations may have very strict, yet unspoken, rules of how interactions with superiors should be conducted or whether overtime hours are the norm and an expectation. Knowledge of one’s organizational culture is important for the newcomer looking to adapt to a new company, as it allows for social acceptance and aids in completing work tasks in a way that meets company standards. Overall, knowledge of organizational culture has been linked to increased satisfaction and commitment, as well as decreased turnover.\(^32\)

### 129.3 Outcomes

Historically, organizations have overlooked the influence of business practices in shaping enduring work attitudes and thus have continually underestimated their impact on financial success.\(^33\) Employees’ job attitudes are particularly important from an organization’s perspective because of their link to employee engagement and performance on the job. Employee engagement attitudes, such as satisfaction with one’s job and organizational commitment or loyalty, have important implications for an employee’s work performance and intentions to stay with or quit an organization. This translates into strong monetary gains for organizations as research has demonstrated that individuals who are highly satisfied with their jobs and who exhibit high organizational commitment are likely to perform better and remain in an organization, whereas individuals who have developed negative attitudes (are highly dissatisfied and unattached to their jobs) are characterized by low performance and high turnover rates.\(^33\)\(^34\) Unengaged employees are very costly to organizations in terms of slowed performance and rehiring expenses. Since, attitudinal formations begin from the initial point of contact with an organization, practitioners would be wise to take advantage of positive attitudinal development during socialization periods in order to ensure a strong, productive, and dedicated workforce.

### 129.4 Limits and criticisms of onboarding theory

Although the outcomes of socialization organization have been positively associated with the process of uncertainty reduction, they may not necessarily be desirable to all organizations. Jones (1986) as well as Allen and Meyer (1990) found that socialization tactics were related to commitment, but they were negatively correlated to role clarity.\(^21\)\(^35\) Because formal socialization tactics insulate the newcomer from their full responsibilities while “learning the ropes”, there is a potential for role confusion once expected to fully enter the organization. In some cases though, organizations may even desire a certain level of person-organizational misfit in order to achieve outcomes via innovative behaviors.\(^6\) Depending on the culture of the organization, it may be more desirable to increase ambiguity despite the potentially negative connection with organizational commitment.

Additionally, socialization researchers have had major concern over the length of time that it takes newcomers to adjust. There has been great difficulty determining the role that time plays, but once the length of the adjustment is determined, organizations can make appropriate recommendations regarding what matters most in various stages of the adjustment process.\(^6\)

Further criticisms include the use of special orientation sessions to educate newcomers about the organization and strengthen their organizational commitment. While these sessions have been found to be often formal and ritualistic, several studies have found them unpleasant or traumatic.\(^36\) Orientation sessions are a frequently used socialization
tactic, however, employees have not found them to be helpful, nor has any research provided any evidence for their benefits.\[37\]\[38\]\[39\]\[40\]\[41\]

129.5 Executive onboarding

Executive onboarding is the application of general onboarding principles to helping new executives become productive members of an organization. Practically, executive onboarding involves acquiring, accommodating, assimilating and accelerating new executives.\[42\] Proponents emphasize the importance of making the most of the “honeymoon” stage of a hire, a period which has been described by various sources as either the first 90 to 100 days or the first full year.\[43\]\[44\]\[45\]

Effective onboarding of new executives can be one of the most important contributions any hiring manager, direct supervisor or human resources professional can make to long-term organizational success, because executive onboarding done right can improve productivity and executive retention, and build shared corporate culture. A study of 20,000 searches revealed that 40 percent of executives hired at the senior level are pushed out, fail, or quit within 18 months.\[46\]

Onboarding may be especially valuable for externally recruited executives transitioning into complex roles, because it may be difficult for those individuals to uncover personal, organizational, and role risks in complicated situations when they don’t have formal onboarding assistance.\[47\] Onboarding is also an essential tool for executives promoted into new roles and/or transferred from one business unit to another.\[48\]

It is often valuable to have new executives start some onboarding activities in the “Fuzzy Front End” even before their first day.\[49\] This is one of ten steps executives can follow to accelerate their onboarding.\[50\]

1. Position yourself for success
2. Choose how to engage the context and culture
3. Embrace and leverage the Fuzzy Front End before day one
4. Take control of day one: Make a powerful first impression
5. Drive action by activating and directing ongoing communication
6. Embed a strong burning imperative
7. Exploit key milestones to drive team performance
8. Over-invest in early wins to build team confidence
9. Secure adept people in the right roles and deal with the inevitable resistance
10. Evolve people, plans, and practices to capitalize on changing circumstances.

129.6 Recommendations for practitioners

Some suggest that practitioners should seek to design an onboarding strategy that takes individual newcomer characteristics into consideration and encourages proactive behaviors, such as information seeking, that help facilitate the development of role clarity, self-efficacy, social acceptance, and knowledge of organizational culture. Research has consistently shown that doing so produces valuable outcomes such as high job satisfaction (the extent to which one enjoys the nature of his or her work), organizational commitment (the connection one feels to an organization), and job performance in employees, as well as lower turnover rates and decreased intent to quit.

In terms of structure, empirical evidence indicates that formal institutionalized socialization is the most effective onboarding method. New employees who complete these kinds of programs tend to experience more positive job attitudes and lower levels of turnover in comparison to those who undergo individualized tactics.\[51\] Some evidence suggests that in-person onboarding techniques are more effective than virtual ones. Though it may initially appear to be less expensive for a company to use a standard computer-based orientation program to introduce their new employees to the organization, research has demonstrated that employees learn more about their roles and company culture through face-to-face orientation.\[52\]
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129.7 See also

129.8 References


129.9 Further reading


Chapter 130

Open plan

The team-oriented 'bullpen' – an example of open plan in use.

Open plan is the generic term used in architectural and interior design for any floor plan which makes use of large, open spaces and minimizes the use of small, enclosed rooms such as private offices. The term can also refer to landscaping of housing estates, business parks, etc., in which there are no defined property boundaries, such as hedges, fences or walls. In residential design, open plan or open concept (the term used mainly in Canada) describes the elimination of barriers such as walls and doors that traditionally separated distinct functional areas, such as kitchen, living room, and dining room.
CHAPTER 130. OPEN PLAN

130.1 Homes

In the 1880s, small public rooms of the home with specific functions began to be replaced by larger rooms that would fulfill multiple uses; with the kitchen, bedrooms and bathrooms still being enclosed private spaces. [2] Larger rooms were made possible by advances in centralized heating that allowed larger spaces to be kept at comfortable temperatures. [2]

Frank Lloyd Wright was one of the early advocates for open plan design in houses, [3] expanding on the ideas of Charles and Henry Greene and shingle style architecture. [4] Wright's designs were based on a centralized kitchen which opened to other public spaces of the home where the housewife would be "more hostess officio", operating in gracious relation to her home, instead of being a kitchen mechanic behind closed doors." [5]

130.2 Office spaces

130.2.1 Development of open plan workspace types

Prior to the 1950s, open plan offices mostly consisted of large regular rows of desks or benches where clerks, typists, or technicians performed repetitive tasks. [6] Such designs were rooted in the work of industrial engineers or efficiency experts such as Frederick Winslow Taylor and Henry Ford. In the 1950s, a German team named Quickborner developed office landscape which used conventional furniture, curved screens, large potted plants, and organic geometry to create work groups on large, open floors. Office landscape was quickly supplanted by office furniture companies which developed cubicles based on panel-hung or systems furniture. Many terms (mostly derisive) have been used over time for offices using the old-style, large arrays of open cubicles.

An increase in knowledge work and the emergence of mobile technology during the late 20th Century led to an evolution in open plan offices. [7] [8] Many companies are experimenting with designs which provide a mix of cubicles, open workstations, private offices, and group workstations. In some cases, these are not assigned to one particular individual, but are available to any employee of the company on either a reservable or "drop-in" (first come, first served) basis. Terms for this strategy include office hotelling and alternative officeing. [9]

Michael Bloomberg used a team-oriented bullpen style, where employees can see and hear each other freely, but desks are grouped into teams at his media company Bloomberg L.P. and for his staff while Mayor of New York City. [10]

130.2.2 Advantages and disadvantages

A systematic survey of research upon the effects of open plan offices found frequent negative effects in some traditional workplaces: high levels of noise, stress, conflict, high blood pressure and a high staff turnover. [11] The noise level greatly reduces the productivity, which drops to one third relative to what it would be in quiet rooms. [12] Open plan offices have frequently been found to reduce the confidential or private conversations employee engage in, reduce job satisfaction, concentration and performance, whilst increasing auditory and visual distractions. [8] [13]

Neither open or closed plan offices are perfect for any one situation or individual. The right balance is required. Any office design is likely to involve trade-offs for the workers, with some positives and negatives. [13]

Architect Frank Duffy developed a taxonomy to classify the form of office space that would suit different types of workers. [6] How much interaction individuals require, the work design (i.e., the amount of job autonomy), together with the information technology available, predict the office design that may best suit the worker.

130.3 References

[1] Definition of open-concept at Dictionary.com


13.0.4. See also

- Panopticon
CHAPTER 130. OPEN PLAN

A sea of cubicles, one type of open plan.
An office landscape floor plan, another type of open plan.
Chapter 131

Open-book management

**Open-book management** (OBM) is a management phrase coined by John Case of Inc. magazine, who began using the term in 1993 (Aggarwal & Simkins, 2001). However, the concept's most visible success was by Jack Stack and his team at SRC Holdings (Davis, 1997; Kidwell & Scherer, 2001).

The basis of open-book management is that the information received by employees should not only help them do their jobs effectively, but help them understand how the company is doing as a whole (Kidwell & Scherer, 2001). According to Case, “a company performs best when its people see themselves as partners in the business rather than as hired hands” (Case, 1998 as cited in Pascarella, 1998). The technique is to give employees all relevant financial information about the company so they can make better decisions as workers. This information includes, but is not limited to, revenue, profit, cost of goods, cash flow and expenses.

Stack and Case conceptualize open-book principles in similar ways. Stack uses three basic principles in his management practice called, *The Great Game of Business*

His basic rules for open-book management are:

- **Know and teach the rules:** every employee should be given the measures of business success and taught to understand them
- **Follow the Action & Keep Score:** Every employee should be expected and enabled to use their knowledge to improve performance
- **Provide a Stake in the Outcome:** Every employee should have a direct stake in the company’s success - and in the risk of failure

(1992)

Similarly, in 1995, Case made sense of open-book with three main points:

- The company should share finances as well as critical data with all employees
- Employers are challenged to move the numbers in a direction that improves the company
- Employees share in company prosperity

In a company fully employing open-book management employees at all levels are very knowledgeable about how their job fits into the financial plan for the company. However taking a company from “normal” to open is not as easy as just sharing financial statements with employees. The true success of open-book management is when companies allow numbers to come bottom-up (as opposed to traditional top-down management) (Johnson, 1992 as cited in Aggarwal & Simkins, 2001). While employees need to be trained to understand income statements and balance sheets; open-book’s true triumphs are when employees understand the numbers to a level that they are able to report predictions to upper-management (Stack, 1992). In order to motivate employees to strive for change, open-book management focuses on a “Critical Number”. The number is different for every company but it is a number that represents a prime indicator of profitability or break-even point. Discovering this Critical Number is a key component of creating an open-book company. Once discovered then a “Scoreboard” is developed that brings together all the numbers
needed to calculate the critical number. The Scoreboard is open for all to see and meetings take place to discuss how individuals can influence the direction of the “Score” and therefore, ultimately, the performance against the Critical Number. Finally a Stake in the Outcome is provided which can be a bonus plan that is tied to Critical Number performance or it can include Equity sharing or both.

The National Gathering of Games, held annually in St. Louis, Missouri, is a coming together of open-book management’s minds and practices. The Gathering of Games is the only practitioner led conference on creating a culture of ownership by teaching employees to feel, think and act like owners. At the event, business leaders learn from people who have used open-book management to increase the size, profitability and employee engagement in their companies. The conference consists of sessions, keynote speakers and workshops that are specifically targeted to each phase of open-book management.

131.1 Notes and references


- Open-source radio interview of a CEO explaining how his company functions under open-book management. *Interview*
Organizational behavior and human resources

Organizational behavior and human resources (OBHR) is a field of study housed in most business schools that has evolved from the overlap in offerings and objectives from courses taught in organizational behavior and human resource management.[1]

Organizational Behavior studies human behavior in social settings with an emphasis on explaining, predicting, and understanding behavior in organizations. Empirical generalizations and theories emanating from the cognitive and reinforcement paradigms and models of social influence are examined as the basis for analysis and understanding of topics such as motivation, leadership behavior, task performance, problem solving and decision making, group functioning, and other classes of behavior relevant to organizational effectiveness.[2]

Human Resource Management emphasizes human resource systems, design and implementation of various personnel tests, collection and validation of employee demographic data, job classification techniques, examination of psychometric requirements in compensation programming, training impact analysis, and issues in performance appraisal systems.[2]

The Society for Human Resource Management reports that there are at least 190 OBHR graduate programs worldwide, including both masters and doctoral programs.[3]

132.1 References


[2]

[3] SHRM Foundation – List Your Undergraduate HR Program
Chapter 133

Organizational chart

An organizational chart (often called organization chart, org chart, organigram(me), or organogram) is a diagram that shows the structure of an organization and the relationships and relative ranks of its parts and positions/jobs. The term is also used for similar diagrams, for example ones showing the different elements of a field of knowledge or a group of languages.

133.1 Overview

The organization chart is a diagram showing graphically the relation of one official to another, or others, of a company. It is also used to show the relation of one department to another, or others, or of one function of an organization to another, or others. This chart is valuable in that it enables one to visualize a complete organization, by means of the
A company's organizational chart typically illustrates relations between people within an organization. Such relations might include managers to sub-workers, directors to managing directors, chief executive officer to various departments, and so forth. When an organization chart grows too large it can be split into smaller charts for separate departments within the organization. The different types of organization charts include:

- Hierarchical
- Matrix
- Flat (also known as Horizontal)

There is no accepted form for making organization charts other than putting the principal official, department or function first, or at the head of the sheet, and the others below, in the order of their rank. The titles of officials and sometimes their names are enclosed in boxes or circles. Lines are generally drawn from one box or circle to another to show the relation of one official or department to the others.¹

### 133.2 History

**Organization Chart of Tabulating Machine Co., 1917**

The French *Encyclopédie* published in France between 1751 and 1772 had one of the first organizational charts of knowledge in general.² The Scottish-American engineer Daniel McCallum (1815–1878) is credited for creating the first organizational charts of American business³ around 1854.⁴ This chart was drawn by George Holt Henshaw.⁶

The term “organization chart” came into use in the early twentieth century. In 1914 Brinton⁷ declared “organization charts are not nearly so widely used as they should be. As organization charts are an excellent example of the division of a total into its components, a number of examples are given here in the hope that the presentation of organization charts in convenient form will lead to their more widespread use.” In those years industrial engineers promoted the use of organization charts. In the 1920s they were still not common among ordinary business concerns, but were beginning to find their way into administrative and business enterprises.⁸

The term “organigram” originates in the 1960s.⁹
133.3 Limitations

There are several limitations of organizational charts:

- If updated manually, organizational charts can very quickly become out-of-date, especially in large organizations that change their staff regularly.
- They only show “formal relationships” and tell nothing of the pattern of human (social) relationships which develop. They also often do not show horizontal relationships.
- They provide little information about the managerial style adopted (e.g. "autocratic", "democratic" or an intermediate style)
- In some cases, an organigraph may be more appropriate, particularly if one wants to show non-linear, non-hierarchical relationships in an organization.
- They often do not include customers.

133.4 Examples

A military example chart for explanation purposes.

The example on the right shows a simple hierarchical organizational chart.

An example of a “line relationship” (or chain of command in military relationships) in this chart would be between the general and the two colonels - the colonels are directly responsible to the general.

An example of a “lateral relationship” in this chart would be between “Captain A”, and “Captain B” who both work on level and both report to the “Colonel B”.

Various shapes such as rectangles, squares, triangles, circles can be used to indicate different roles. Color can be used both for shape borders and connection lines to indicate differences in authority and responsibility, and possibly formal, advisory and informal links between people. A department or position yet to be created or currently vacant
might be shown as a shape with a dotted outline. Importance of the position may be shown both with a change in size of the shape in addition to its vertical placement on the chart.

133.5 See also

- Organizational structure

133.6 References


[2] See Figurative system of human knowledge


133.7 External links

- Organizational Charts
Chapter 134

Organizational culture

Organizational culture is the behavior of humans within an organization and the meaning that people attach to those behaviors. Culture includes the organization’s vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders.

Ravasi and Schultz (2006) stated that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. Although a company may have its “own unique culture”, in larger organizations there are sometimes conflicting cultures co-existing owing to the characteristics of different management teams. Organizational culture may affect employees' identification with an organization.

Schein (1992), Deal and Kennedy (2000), and Kotter (1992) advanced the idea that organizations often have very differing cultures as well as subcultures.

According to Needle (2004), organizational culture represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, and strategy, type of employees, management style, and national culture. Corporate culture on the other hand refers to those cultures deliberately created by management to achieve specific strategic ends.

134.1 Usage

Organizational culture refers to culture in any type of organization including that of schools, universities, not-for-profit groups, government agencies, or business entities. In business, terms such as corporate culture and company culture are sometimes used to refer to a similar concept.

The term corporate culture became widely known in the business world in the late 1980s and early 1990s. Corporate culture was already used by managers, sociologists, and organizational theorists by the beginning of the 80s.

The related idea of organizational climate emerged in the 1960s and 70s, and the terms are now somewhat overlapping.

134.2 Part of or equivalent to

134.2.1 As a part of organization

When one views organizational culture as a variable, one takes on the perspective that culture is something possessed by an organization. Culture is just one entity that adds to the organization as a whole. Culture can be manipulated and altered depending on leadership and members. This perspective believes in a strong culture where everyone buys into it.
134.2.2 The same as the organization

Culture as root metaphor sees the organization as its culture, created through communication and symbols, or competing metaphors. Culture is basic with personal experience producing a variety of perspectives.\[13\]

The organizational communication perspective on culture views culture in three different ways:

- Traditionalism: views culture through objective things such as stories, rituals, and symbols
- Interpretivism: views culture through a network of shared meanings (organization members sharing subjective meanings)
- Critical-interpretivism: views culture through a network of shared meanings as well as the power struggles created by a similar network of competing

134.3 Types

Several methods have been used to classify organizational culture. While there is no single “type” of organizational culture and organizational cultures vary widely from one organization to the next, commonalities do exist and some researchers have developed models to describe different indicators of organizational cultures. Some are described below:

134.3.1 Hofstede

Main: Hofstede's cultural dimensions theory

Hofstede (1980) looked for differences between over 160 000 IBM employees in 50 different countries and three regions of the world, in an attempt to find aspects of culture that might influence business behavior. He suggested things about cultural differences existing in regions and nations, and the importance of international awareness and multiculturalism for the own cultural introspection. Cultural differences reflect differences in thinking and social action, and even in “mental programs”, a term Hofstede uses for predictable behaviour. Hofstede relates culture to ethnic and regional groups, but also organizations, profession, family, to society and subcultural groups, national political systems and legislation, etc.

Hofstede suggests the need for changing “mental programs” with changing behaviour first, which will lead to value change. Though certain groups like Jews, Gypsies and Basques have maintained their identity through centuries, their values show adaptation to the dominant cultural environment.

Hofstede demonstrated that there are national and regional cultural groupings that affect the behavior of organizations and identified four dimensions of culture (later five\[14\]) in his study of national cultures:

- **Power distance** (Mauk Mulder, 1977) - Different societies find different solutions on social inequality. Although invisible, inside organizations power inequality of the “boss-subordinates relationships” is functional and according to Hofstede reflects the way inequality is addressed in the society. “According to Mulder's Power Distance Reduction theory subordinates will try to reduce the power distance between themselves and their bosses and bosses will try to maintain or enlarge it”, but there is also a degree to which a society expects there to be differences in the levels of power. A high score suggests that there is an expectation that some individuals wield larger amounts of power than others. A low score reflects the view that all people should have equal rights.

- **Uncertainty avoidance** is the coping with uncertainty about the future. Society copes with it with technology, law and religion (however different societies have different ways of addressing it), and according to Hofstede organizations deal with it with technology, law and rituals or in two ways - rational and non-rational, where rituals being the non-rational. Hofstede listed as rituals the memos and reports, some parts of the accounting system, large part of the planning and control systems, and the nomination of experts.

- **Individualism vs. collectivism** - disharmony of interests on personal and collective goals (Parsons and Shils, 1951). Hofstede brings that society's expectations of Individualism/Collectivism will be reflected by the employee inside the organization. Collectivist societies will have more emotional dependence of members on their
organizations, when in equilibrium - organization is expected to show responsibility on members. Extreme individualism is seen in the US, in fact in US collectivism is seen as “bad”. Other cultures and societies than the US will therefore seek to resolve social and organizational problems in ways different from the American one. Hofstede says that a capitalist market economy fosters individualism and competition and depends on it but individualism is also related to the development of middle class. Research indicates that some people and cultures might have both high individualism and high collectivism, for example, and someone who highly values duty to his or her group does not necessarily give a low priority to personal freedom and self-sufficiency.

- **Masculinity vs. femininity** - reflect whether certain society is predominantly male or female in terms of cultural values, gender roles and power relations.

- Long- Versus Short-Term Orientation [14] which he describes as “The long-term orientation dimension can be interpreted as dealing with society’s search for virtue. Societies with a short-term orientation generally have a strong concern with establishing the absolute Truth. They are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results. In societies with a long-term orientation, people believe that truth depends very much on situation, context and time. They show an ability to adapt traditions to changed conditions, a strong propensity to save and invest, thriftiness, and perseverance in achieving results.” [15]

These dimensions refer to the impact of national cultures on management, and can be used to adapt policies to local needs. In a follow up study, described in [14] another model is suggested for organisational culture.

### 134.3.2 O’Reilly, Chatman, and Caldwell

Two common models and their associated measurement tools have been developed by O’ Reilly et al. and Denison. O’ Reilly, Chatman & Caldwell (1991) developed a model based on the belief that cultures can be distinguished by values that are reinforced within organizations. Their Organizational Cultural Profile (OCP) is a self-reporting tool which makes distinctions according seven categories - Innovation, Stability, Respect for People, Outcome Orientation, Attention to Detail, Team Orientation, and Aggressiveness. The model is also suited to measure how organizational culture effects organizational performance, as it measures most efficient persons suited in an organization and as such organizations can be termed as good organizational culture. Employee values are measured against organizational values to predict employee intentions to stay, and predict turnover. [16] This is done through instrument like Organizational Culture Profile (OCP) to measure employee commitment. [16]

Daniel Denison’s model (1990) asserts that organizational culture can be described by four general dimensions – Mission, Adaptability, Involvement and Consistency. Each of these general dimensions is further described by the following three sub-dimensions:

- **Mission** - Strategic Direction and Intent, Goals and Objectives and Vision
- **Adaptability** - Creating Change, Customer Focus and Organizational Learning
- **Involvement** - Empowerment, Team Orientation and Capability Development
- **Consistency** - Core Values, Agreement, Coordination/Integration

Denison’s model also allows cultures to be described broadly as externally or internally focused as well as flexible versus stable. The model has been typically used to diagnose cultural problems in organizations.

### 134.3.3 Deal and Kennedy

Deal and Kennedy (1982) [4] defined organizational culture as the way things get done around here. Deal and Kennedy created a model of culture that is based on 4 different types of organizations. They each focus on how quickly the organization receives feedback, the way members are rewarded, and the level of risks taken. [17]

1. **Work-hard, play-hard culture**: This has rapid feedback/reward and low risk resulting in: Stress coming from quantity of work rather than uncertainty. High-speed action leading to high-speed recreation. Examples: Restaurants, software companies. [17]
2. **Tough-guy macho culture**: This has rapid feedback/reward and high risk, resulting in the following: Stress coming from high risk and potential loss/gain of reward. Focus on the present rather than the longer-term future. Examples: police, surgeons, sports.\[17\]

3. **Process culture**: This has slow feedback/reward and low risk, resulting in the following: Low stress, plodding work, comfort and security. Stress that comes from internal politics and stupidity of the system. Development of bureaucracies and other ways of maintaining the status quo. Focus on security of the past and of the future. Examples: banks, insurance companies.\[4]\[17\]

4. **Bet-the-company culture**: This has slow feedback/reward and high risk, resulting in the following: Stress coming from high risk and delay before knowing if actions have paid off. The long view is taken, but then much work is put into making sure things happen as planned. Examples: aircraft manufacturers, oil companies.

### 134.3.4 Edgar Schein

According to Schein (1992),\[3\] culture is the most difficult organizational attribute to change, outlasting organizational products, services, founders and leadership and all other physical attributes of the organization. His organizational model illuminates culture from the standpoint of the observer, described by three cognitive levels of organizational culture.

At the first and most cursory level of Schein’s model is organizational attributes that can be seen, felt and heard by the uninitiated observer - collectively known as **artifacts**. Included are the facilities, offices, furnishings, visible awards and recognition, the way that its members dress, how each person visibly interacts with each other and with organizational outsiders, and even company **slogans**, **mission statements** and other operational **creeds**. Artifacts comprise the physical components of the organization that relay cultural meaning. Daniel Denison (1990) describes artifacts as the tangible aspects of culture shared by members of an organization. Verbal, behavioral and physical artifacts are the surface manifestations of organizational culture.

Rituals, the collective interpersonal behavior and values as demonstrated by that behavior, constitute the fabric of an organization’s culture. The contents of myths, stories, and sagas reveal the history of an organization and influence how people understand what their organization values and believes. Language, stories, and myths are examples of verbal artifacts and are represented in rituals and ceremonies. Technology and art exhibited by members or an organization are examples of physical artifacts.

The next level deals with the professed culture of an organization’s members - the **values**. Shared values are individuals’ preferences regarding certain aspects of the organization’s culture (e.g. loyalty, customer service). At this level, local and personal values are widely expressed within the organization. Basic beliefs and assumptions include individuals’ impressions about the trustworthiness and supportiveness of an organization, and are often deeply ingrained within the organization’s culture. Organizational behavior at this level usually can be studied by interviewing the organization’s membership and using questionnaires to gather attitudes about organizational membership.

At the third and deepest level, the organization’s **tacit assumptions** are found. These are the elements of culture that are unseen and not cognitively identified in everyday interactions between organizational members. Additionally, these are the elements of culture which are often taboo to discuss inside the organization. Many of these ‘**unspoken rules**’ exist without the conscious knowledge of the membership. Those with sufficient experience to understand this deepest level of organizational culture usually become acclimatized to its attributes over time, thus reinforcing the invisibility of their existence. Surveys and casual interviews with organizational members cannot draw out these attributes—rather much more in-depth means is required to first identify then understand organizational culture at this level. Notably, culture at this level is the underlying and driving element often missed by organizational behaviorists.

Using Schein’s model, understanding paradoxical organizational behaviors becomes more apparent. For instance, an organization can profess highly aesthetic and moral standards at the second level of Schein’s model while simultaneously displaying curiously opposing behavior at the third and deepest level of culture. Superficially, organizational rewards can imply one organizational norm but at the deepest level imply something completely different. This insight offers an understanding of the difficulty that organizational newcomers have in assimilating organizational culture and why it takes time to become acclimatized. It also explains why organizational change agents usually fail to achieve their goals: underlying tacit cultural norms are generally not understood before would-be change agents begin their actions. Merely understanding culture at the deepest level may be insufficient to institute cultural change because the dynamics of interpersonal relationships (often under threatening conditions) are added to the dynamics of organizational culture while attempts are made to institute desired change.
134.3. Types

134.3.5 Factors and elements

Gerry Johnson (1988) described a cultural web, identifying a number of elements that can be used to describe or influence organizational culture:

- **The paradigm**: What the organization is about, what it does, its mission, its values.
- **Control systems**: The processes in place to monitor what is going on. Role cultures would have vast rulebooks. There would be more reliance on individualism in a power culture.
- **Organizational structures**: Reporting lines, hierarchies, and the way that work flows through the business.
- **Power structures**: Who makes the decisions, how widely spread is power, and on what is power based?
- **Symbols**: These include organizational logos and designs, but also extend to symbols of power such as parking spaces and executive washrooms.
- **Rituals and routines**: Management meetings, board reports and so on may become more habitual than necessary.
- **Stories and myths**: build up about people and events, and convey a message about what is valued within the organization.

These elements may overlap. Power structures may depend on control systems, which may exploit the very rituals that generate stories which may not be true.

According to Schein (1992), the two main reasons why cultures develop in organizations is due to external adaptation and internal integration. External adaptation reflects an evolutionary approach to organizational culture and suggests that cultures develop and persist because they help an organization to survive and flourish. If the culture is valuable, then it holds the potential for generating sustained competitive advantages. Additionally, internal integration is an important function since social structures are required for organizations to exist. Organizational practices are learned through socialization at the workplace. Work environments reinforce culture on a daily basis by encouraging employees to exercise cultural values. Organizational culture is shaped by multiple factors, including the following:

- External environment
- Industry
- Size and nature of the organization’s workforce
- Technologies the organization uses
- The organization’s history and ownership

134.3.6 Communicative Indicators

There are many different types of communication that contribute in creating an organizational culture:

- Metaphors such as comparing an organization to a machine or a family reveal employees’ shared meanings of experiences at the organization.
- Stories can provide examples for employees of how to or not to act in certain situations.
- Rites and ceremonies combine stories, metaphors, and symbols into one. Several different kinds of rites that affect organizational culture:
  - Rites of passage: employees move into new roles
  - Rites of degradation: employees have power taken away from them
  - Rites of enhancement: public recognition for an employee’s accomplishments
  - Rites of renewal: improve existing social structures
  - Rites of conflict reduction: resolve arguments between certain members or groups
**Rites of integration:** reawaken feelings of membership in the organization

**Reflexive comments** are explanations, justifications, and criticisms of our own actions. This includes:

- Plans: comments about anticipated actions
- Commentaries: comments about action in the present
- Accounts: comments about an action or event that has already occurred

Such comments reveal interpretive meanings held by the speaker as well as the social rules they follow.

- **Fantasy Themes** are common creative interpretations of events that reflect beliefs, values, and goals of the organization. They lead to rhetorical visions, or views of the organization and its environment held by organization members.

**Schemata**

*Schemata* (plural of schema) are knowledge structures a person forms from past experiences, allowing the person to respond to similar events more efficiently in the future by guiding the processing of information. A person's schemata are created through interaction with others, and thus inherently involve communication.

Stanley G. Harris (1994) argues that five categories of in-organization schemata are necessary for organizational culture:

1. **Self-in-organization schemata:** a person's concept of oneself within the context of the organization, including her/his personality, roles, and behavior.

2. **Person-in-organization schemata:** a person's memories, impressions, and expectations of other individuals within the organization.

3. **Organization schemata:** a subset of person schemata, a person's generalized perspective on others as a whole in the organization.

4. **Object/concept-in-organization schemata:** knowledge an individual has of organization aspects other than of other persons.

5. **Event-in-organization schemata:** a person's knowledge of social events within an organization.

All of these categories together represent a person's knowledge of an organization. Organizational culture is created when the schematas (schematic structures) of differing individuals across and within an organization come to resemble each other (when any one person's schemata come to resemble another person's schemata because of mutual organizational involvement), primarily done through organizational communication, as individuals directly or indirectly share knowledge and meanings.

**134.3.7 Strong/weak**

*Strong culture* is said to exist where staff respond to stimulus because of their alignment to organizational values. In such environments, strong cultures help firms operate like well-oiled machines, engaging in outstanding execution with only minor adjustments to existing procedures as needed.

Conversely, there is *weak culture* where there is little alignment with organizational values, and control must be exercised through extensive procedures and bureaucracy.

Research shows that organizations that foster strong cultures have clear values that give employees a reason to embrace the culture. A “strong” culture may be especially beneficial to firms operating in the service sector since members of these organizations are responsible for delivering the service and for evaluations important constituents make about firms. Research indicates that organizations may derive the following benefits from developing strong and productive cultures:

- Better aligning the company towards achieving its vision, mission, and goals
134.3. TYPES

- High employee motivation and loyalty

- Increased team cohesiveness among the company’s various departments and divisions

- Promoting consistency and encouraging coordination and control within the company

- Shaping employee behavior at work, enabling the organization to be more efficient

Where culture is strong, people do things because they believe it is the right thing to do, and there is a risk of another phenomenon, groupthink. "Groupthink" was described by Irving Janis. He defined it as "a quick and easy way to refer to a mode of thinking that people engage when they are deeply involved in a cohesive in-group, when the members' strivings for unanimity override their motivation to realistically appraise alternatives of action." (Irving Janis, 1972, p. 9) This is a state in which even if they have different ideas, do not challenge organizational thinking, and therefore there is a reduced capacity for innovative thoughts. This could occur, for example, where there is heavy reliance on a central charismatic figure in the organization, or where there is an evangelical belief in the organization' values, or also in groups where a friendly climate is at the base of their identity (avoidance of conflict). In fact, groupthink is very common and happens all the time, in almost every group. Members that are defiant are often turned down or seen as a negative influence by the rest of the group because they bring conflict.

134.3.8 Healthy

Organizations should strive for what is considered a “healthy” organizational culture in order to increase productivity, growth, efficiency and reduce counterproductive behavior and turnover of employees. A variety of characteristics describe a healthy culture, including:

- Acceptance and appreciation for diversity

- Regard for and fair treatment of each employee as well as respect for each employee’s contribution to the company

- Employee pride and enthusiasm for the organization and the work performed

- Equal opportunity for each employee to realize their full potential within the company

- Strong communication with all employees regarding policies and company issues

- Strong company leaders with a strong sense of direction and purpose

- Ability to compete in industry innovation and customer service, as well as price

- Lower than average turnover rates (perpetuated by a healthy culture)

- Investment in learning, training, and employee knowledge

Additionally, performance oriented cultures have been shown to possess statistically better financial growth. Such cultures possess high employee involvement, strong internal communications and an acceptance and encouragement of a healthy level of risk-taking in order to achieve innovation. Additionally, organizational cultures that explicitly emphasize factors related to the demands placed on them by industry technology and growth will be better performers in their industries.

According to Kotter and Heskett (1992),[5] organizations with adaptive cultures perform much better than organizations with unadaptive cultures. An adaptive culture translates into organizational success; it is characterized by managers paying close attention to all of their constituencies, especially customers, initiating change when needed, and taking risks. An unadaptive culture can significantly reduce a firm’s effectiveness, disabling the firm from pursuing all its competitive/operational options.
134.3.9 Charles Handy

Charles Handy (1976), popularized Roger Harrison (1972) with linking organizational structure to organizational culture. The described four types of culture are: [19]

1. **Power culture**: concentrates power among a small group or a central figure and its control is radiating from its center like a web. Power cultures need only a few rules and little bureaucracy but swift decisions can ensue.

2. **Role culture**: authorities are delegated as such within a highly defined structure. These organizations form hierarchical bureaucracies, where power derives from the personal position and rarely from an expert power. Control is made by procedures (which are highly valued), strict roles descriptions and authority definitions. These organizations have consistent systems and are very predictable. This culture is often represented by a “Roman Building” having pillars. These pillars represent the functional departments.

3. **Task culture**: teams are formed to solve particular problems. Power is derived from the team with the expertise to execute against a task. This culture uses a small team approach, where people are highly skilled and specialized in their own area of expertise. Additionally, these cultures often feature the multiple reporting lines seen in a matrix structure.

4. **Person culture**: formed where all individuals believe themselves superior to the organization. It can become difficult for such organizations to continue to operate, since the concept of an organization suggests that a group of like-minded individuals pursue organizational goals. However some professional partnerships operate well as person cultures, because each partner brings a particular expertise and clientele to the firm.

134.3.10 Kim Cameron and Robert Quinn

See also: Archetype.

Kim Cameron and Robert Quinn (1999) made a research on organizational effectiveness and success. Based on the Competing Values Framework, they developed the Organizational Culture Assessment Instrument that distinguishes four culture types.

Competing values produce polarities like flexibility vs. stability and internal vs. external focus - these two polarities were found to be most important in defining organizational success. The polarities construct a quadrant with four types of culture:

- **Clan culture** (internal focus and flexible) - A friendly workplace where leaders act like father figures.
- **Adhocracy culture** (external focus and flexible) - A dynamic workplace with leaders that stimulate innovation.
- **Market culture** (external focus and controlled) - A competitive workplace with leaders like hard drivers
- **Hierarchy culture** (internal focus and controlled) - A structured and formalized workplace where leaders act like coordinators.

Cameron & Quinn designated six key aspects that will form organizational culture which can be assessed in the Organizational Culture Assessment Instrument (OCAI) thus producing a mix of the four archetypes of culture. Each organization or team will have its unique mix of culture types.

Cultures are most strongly associated with positive employee attitudes and product and service quality, whereas market cultures are most strongly related with innovation and financial effectiveness criteria. The primary belief in market cultures that clear goals and contingent rewards motivate employees to aggressively perform and meet stakeholders’ expectations; a core belief in clan cultures is that the organization’s trust in and commitment to employees facilitates open communication and employee involvement. These differing results suggest that it is important for executive leaders to consider the match between strategic initiatives and organizational culture when determining how to embed a culture that produces competitive advantage. By assessing the current organizational culture as well as the preferred situation, the gap and direction to change can be made visible as a first step to changing organizational culture.
134.3.11 Robert A. Cooke

Robert A. Cooke defines culture as the behaviors that members believe are required to fit in and meet expectations within their organization. The Organizational Culture Inventory measures twelve behavioral norms that are grouped into three general types of cultures:

- **Constructive cultures**, in which members are encouraged to interact with people and approach tasks in ways that help them meet their higher-order satisfaction needs.
- **Passive/defensive cultures**, in which members believe they must interact with people in ways that will not threaten their own security.
- **Aggressive/defensive cultures**, in which members are expected to approach tasks in forceful ways to protect their status and security.

**Constructive cultures**

In constructive cultures people are encouraged to be in communication with their co-workers, and work as teams, rather than only as individuals. In positions where people do a complex job, rather than something simple like a mechanic one, this culture is efficient.[20]

1. **Achievement**: completing a task successfully, typically by effort, courage, or skill (pursue a standard of excellence) (explore alternatives before acting) - Based on the need to attain high-quality results on challenging projects, the belief that outcomes are linked to one's effort rather than chance and the tendency to personally set challenging yet realistic goals. People high in this style think ahead and plan, explore alternatives before acting and learn from their mistakes.

2. **Self-actualizing**: realization or fulfillment of one's talents and potentialities - considered as a drive or need present in everyone (think in unique and independent ways) (do even simple tasks well) - Based on needs for personal growth, self-fulfillment and the realisation of one's potential. People with this style demonstrate a strong desire to learn and experience things, creative yet realistic thinking and a balanced concern for people and tasks.

3. **Humanistic-encouraging**: help others to grow and develop (resolve conflicts constructively) - Reflects an interest in the growth and development of people, a high positive regard for them and sensitivity to their needs. People high in this style devote energy to coaching and counselling others, are thoughtful and considerate and provide people with support and encouragement.

4. **Affiliative**: treat people as more valuable than things (cooperate with others) - Reflects an interest in developing and sustaining pleasant relationships. People high in this style share their thoughts and feelings, are friendly and cooperative and make others feel a part of things.

Organizations with constructive cultures encourage members to work to their full potential, resulting in high levels of motivation, satisfaction, teamwork, service quality, and sales growth. Constructive norms are evident in environments where quality is valued over quantity, creativity is valued over conformity, cooperation is believed to lead to better results than competition, and effectiveness is judged at the system level rather than the component level. These types of cultural norms are consistent with (and supportive of) the objectives behind empowerment, total quality management, transformational leadership, continuous improvement, re-engineering, and learning organizations.[5][21][22]

**Passive/defensive cultures**

Norms that reflect expectations for members to interact with people in ways that will not threaten their own security are in the Passive/Defensive Cluster.

The four Passive/Defensive cultural norms are:

- Approval
- Conventional
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- Dependent
- Avoidance

In organizations with Passive/Defensive cultures, members feel pressured to think and behave in ways that are inconsistent with the way they believe they should in order to be effective. People are expected to please others (particularly superiors) and avoid interpersonal conflict. Rules, procedures, and orders are more important than personal beliefs, ideas, and judgment. Passive/Defensive cultures experience a lot of unresolved conflict and turnover, and organizational members report lower levels of motivation and satisfaction.

Aggressive/defensive cultures

This style is characterized with more emphasis on task than people. Because of the very nature of this style, people tend to focus on their own individual needs at the expense of the success of the group. The aggressive/defensive style is very stressful, and people using this style tend to make decisions based on status as opposed to expertise. [23]

1. **Oppositional** - This cultural norm is based on the idea that a need for security that takes the form of being very critical and cynical at times. People who use this style are more likely to question others work; however, asking those tough question often leads to a better product. Nonetheless, those who use this style may be overly-critical toward others, using irrelevant or trivial flaws to put others down.

2. **Power** - This cultural norm is based on the idea that there is a need for prestige and influence. Those who use this style often equate their own self-worth with controlling others. Those who use this style have a tendency to dictate others opposing to guiding others’ actions.

3. **Competitive** - This cultural norm is based on the idea of a need to protect one’s status. Those who use this style protect their own status by comparing themselves to other individuals and outperforming them. Those who use this style are seekers of appraisal and recognition from others.

4. **Perfectionistic** - This cultural norm is based on the need to attain flawless results. Those who often use this style equate their self-worth with the attainment of extremely high standards. Those who often use this style are always focused on details and place excessive demands on themselves and others.

Organizations with aggressive/defensive cultures encourage or require members to appear competent, controlled, and superior. Members who seek assistance, admit shortcomings, or concede their position are viewed as incompetent or weak. These organizations emphasize finding errors, weeding out “mistakes” and encouraging members to compete against each other rather than competitors. The short-term gains associated with these strategies are often at the expense of long-term growth. [23]

134.3.12 Entrepreneurial

Stephen McGuire (2003) defined and validated a model of organizational culture that predicts revenue from new sources. An Entrepreneurial Organizational Culture (EOC) is a system of shared values, beliefs and norms of members of an organization, including valuing creativity and tolerance of creative people, believing that innovating and seizing market opportunities are appropriate behaviors to deal with problems of survival and prosperity, environmental uncertainty, and competitors’ threats, and expecting organizational members to behave accordingly.

**Elements**

- People and empowerment focused
- Value creation through innovation and change
- Attention to the basics
- Hands-on management
- Doing the right thing
134.4 Bullying culture

Main articles: Bullying culture and Workplace bullying

Bullying is seen to be prevalent in organisations where employees and managers feel that they have the support, or at least implicitly the blessing, of senior managers to carry on their abusive and bullying behaviour. Furthermore, new managers will quickly come to view this form of behaviour as acceptable and normal if they see others get away with it and are even rewarded for it."[25]

When bullying happens at the highest levels, the effects may be far reaching. That people may be bullied irrespective of their organisational status or rank, including senior managers, indicates the possibility of a negative domino effect, where bullying may be cascaded downwards as the targeted supervisors might offload their own aggression on their subordinates. In such situations, a bullying scenario in the boardroom may actually threaten the productivity of the entire organisation."[26]

134.5 Culture of fear

Main article: Culture of fear

Ashforth discussed potentially destructive sides of leadership and identified what he referred to as petty tyrants, i.e. leaders who exercise a tyrannical style of management, resulting in a climate of fear in the workplace."[27] Partial or intermittent negative reinforcement can create an effective climate of fear and doubt."[28] When employees get the sense that bullies “get away with it”, a climate of fear may be the result."[26] Several studies have confirmed a relationship between bullying, on the one hand, and an autocratic leadership and an authoritarian way of settling conflicts or dealing with disagreements, on the other. An authoritarian style of leadership may create a climate of fear, where there is little or no room for dialogue and where complaining may be considered futile."[29]

In a study of public-sector union members, approximately one in five workers reported having considered leaving the workplace as a result of witnessing bullying taking place. Rayner explained these figures by pointing to the presence of a climate of fear in which employees considered reporting to be unsafe, where bullies had “got away with it” previously despite management knowing of the presence of bullying."[26]

134.6 Tribal culture

David Logan and coauthors have proposed in their book Tribal Leadership that organizational cultures change in stages, based on an analysis of human groups and tribal cultures. They identify five basic stages:"[30]

1. *Life sucks* (a subsystem severed from other functional systems like tribes, gangs and prison—2 percent of population);
2. *My life sucks* (I am stuck in the Dumb Motor Vehicle line and can't believe I have to spend my time in this lost triangle of ineffectiveness—25 percent of population);
3. *I'm great* (and you're not, I am detached from you and will dominate you regardless of your intent—48 percent of population);
4. *We are great, but other groups suck* (citing Zappo's and an attitude of unification around more than individual competence—22 percent of population) and
5. *Life is great* (citing Desmond Tutu's hearing on truth and values as the basis of reconciliation—3 percent of population).
This model of organizational culture provides a map and context for leading an organization through the five stages.

### 134.7 Personal culture

**Main: Personality psychology, Identity (social science)**

Organizational culture is taught to the person as culture is taught by his/her parents thus changing and modeling his/her personal culture. Indeed employees and people applying for a job are advised to match their “personality to a company’s culture” and fit to it. Some researchers even suggested and have made case studies research on personality changing.

### 134.8 National culture

Corporate culture is used to control, coordinate, and integrate of company subsidiaries. However differences in national cultures exist contributing to differences in the views on the management. Differences between national cultures are deep rooted values of the respective cultures, and these cultural values can shape how people expect companies to be run, and how relationships between leaders and followers should be resulting to differences between the employer and the employee on expectations. (Geert Hofstede, 1991) Perhaps equally foundational; observing the vast differences in national copyright (and taxation, etc.) laws suggests deep rooted differing cultural attitudes and assumptions on property rights and sometimes; the desired root function, place, or purpose of corporations relative to the population.

#### 134.8.1 Multiplicity

*See also: Biculturalism*

Xibao Zhang (2009) carried out an empirical study of culture emergence in the Sino-Western international cross-cultural management (SW-ICCM) context in China. Field data were collected by interviewing Western expatriates and Chinese professionals working in this context, supplemented by non-participant observation and documentary data. The data were then analyzed in grounded fashion to formulate theme-based substantive theories and a formal theory.

The major finding of this study is that human cognition contains three components, or three broad types of “cultural rules of behavior”, namely, Values, Expectations, and Ad Hoc Rules, each of which has a mutually conditioning relationship with behavior. The three cognitive components are different in terms of the scope and duration of their mutual shaping with behavior. Values are universal and enduring rules of behavior; Expectations, on the other hand, are context-specific behavioral rules; while Ad Hoc Rules are improvised rules of behavior that the human mind devides contingent upon a particular occasion. Furthermore, they need not be consistent, and frequently are not, among themselves. Metaphorically, they can be compared to a multi-carriage train, which allows for the relative lateral movements by individual carriages so as to accommodate bumps and turns in the tracks. In fact, they provide a “shock-absorber mechanism”, so to speak, which enables individuals in SW-ICCM contexts to cope with conflicts in cultural practices and values, and to accommodate and adapt themselves to cultural contexts where people from different national cultural backgrounds work together over extended time. It also provides a powerful framework which explains how interactions by individuals in SW-ICCM contexts give rise to emerging hybrid cultural practices characterized by both stability and change.

One major theoretical contribution of this “multi-carriage train” perspective is its allowance for the existence of inconsistencies among the three cognitive components in their mutual conditioning with behavior. This internal inconsistency view is in stark contrast to the traditional internal consistency assumption explicitly or tacitly held by many culture scholars. The other major theoretical contribution, which follows logically from the first one, is to view culture as an overarching entity which is made of a multiplicity of Values, Expectations, and Ad Hoc Rules. This notion of one (multiplicity) culture to an organization leads to the classification of culture along its path of emergence into nascent, adolescent, and mature types, each of which is distinct in terms of the pattern of the three cognitive components and behavior.
134.9 Impacts

Research suggests that numerous outcomes have been associated either directly or indirectly with organizational culture. A healthy and robust organizational culture may provide various benefits, including the following:

- Competitive edge derived from innovation and customer service
- Consistent, efficient employee performance
- Team cohesiveness
- High employee morale
- Strong company alignment towards goal achievement

Although little empirical research exists to support the link between organizational culture and organizational performance, there is little doubt among experts that this relationship exists. Organizational culture can be a factor in the survival or failure of an organization - although this is difficult to prove considering the necessary longitudinal analyses are hardly feasible. The sustained superior performance of firms like IBM, Hewlett-Packard, Procter & Gamble, and McDonald’s may be, at least partly, a reflection of their organizational cultures.

A 2003 Harvard Business School study reported that culture has a significant impact on an organization’s long-term economic performance. The study examined the management practices at 160 organizations over ten years and found that culture can enhance performance or prove detrimental to performance. Organizations with strong performance-oriented cultures witnessed far better financial growth. Additionally, a 2002 Corporate Leadership Council study found that cultural traits such as risk taking, internal communications, and flexibility are some of the most important drivers of performance, and may impact individual performance. Furthermore, innovativeness, productivity through people, and the other cultural factors cited by Peters and Waterman (1982) also have positive economic consequences.

Denison, Haaland, and Goelzer (2004) found that culture contributes to the success of the organization, but not all dimensions contribute the same. It was found that the impacts of these dimensions differ by global regions, which suggests that organizational culture is impacted by national culture. Additionally, Clarke (2006) found that a safety climate is related to an organization’s safety record.

Organizational culture is reflected in the way people perform tasks, set objectives, and administer the necessary resources to achieve objectives. Culture affects the way individuals make decisions, feel, and act in response to the opportunities and threats affecting the organization.

Adkins and Caldwell (2004) found that job satisfaction was positively associated with the degree to which employees fit into both the overall culture and subculture in which they worked. A perceived mismatch of the organization’s culture and what employees felt the culture should be is related to a number of negative consequences including lower job satisfaction, higher job strain, general stress, and turnover intent.

It has been proposed that organizational culture may impact the level of employee creativity, the strength of employee motivation, and the reporting of unethical behavior, but more research is needed to support these conclusions.

Organizational culture also has an impact on recruitment and retention. Individuals tend to be attracted to and remain engaged in organizations that they perceive to be compatible. Additionally, high turnover may be a mediating factor in the relationship between culture and organizational performance. Deteriorating company performance and an unhealthy work environment are signs of an overdue cultural assessment.

134.10 Change

When an organization does not possess a healthy culture or requires some kind of organizational culture change, the change process can be daunting. One major reason why such change is difficult is that organizational cultures, and the organizational structures in which they are embedded, often reflect the “imprint” of earlier periods in a persistent way and exhibit remarkable levels of inertia.[36] Culture change may be necessary to reduce employee turnover, influence employee behavior, make improvements to the company, refocus the company objectives and/or rescale the organization, provide better customer service, and/or achieve specific company goals and results. Culture change is impacted by a number of elements, including the external environment and industry competitors, change in industry standards, technology changes, the size and nature of the workforce, and the organization’s history and management.
There are a number of methodologies specifically dedicated to organizational culture change such as Peter Senge’s *Fifth Discipline*. These are also a variety of psychological approaches that have been developed into a system for specific outcomes such as the *Fifth Discipline*’s “learning organization” or *Directive Communication*’s “corporate culture evolution.” Ideas and strategies, on the other hand, seem to vary according to particular influences that affect culture.

Burman and Evans (2008) argue that it is ‘leadership’ that affects culture rather than ‘management’, and describe the difference. When one wants to change an aspect of the culture of an organization one has to keep in consideration that this is a long term project. Corporate culture is something that is very hard to change and employees need time to get used to the new way of organizing. For companies with a very strong and specific culture it will be even harder to change.

Prior to a cultural change initiative, a needs assessment is needed to identify and understand the current organizational culture. This can be done through employee surveys, interviews, focus groups, observation, customer surveys where appropriate, and other internal research, to further identify areas that require change. The company must then assess and clearly identify the new, desired culture, and then design a change process.

Cummings & Worley (2004, p. 491–492) give the following six guidelines for cultural change, these changes are in line with the eight distinct stages mentioned by Kotter (1995, p. 2):

1. Formulate a clear strategic vision (stage 1, 2, and 3). In order to make a cultural change effective a clear vision of the firm’s new strategy, shared values and behaviors is needed. This vision provides the intention and direction for the culture change (Cummings & Worley, 2004, p. 490).

2. Display top-management commitment (stage 4). It is very important to keep in mind that culture change must be managed from the top of the organization, as willingness to change of the senior management is an important indicator (Cummings & Worley, 2004, page 490). The top of the organization should be very much in favor of the change in order to actually implement the change in the rest of the organization. De Caluwé & Vermaak (2004, p 9) provide a framework with five different ways of thinking about change.

3. Model culture change at the highest level (stage 5). In order to show that the management team is in favor of the change, the change has to be notable at first at this level. The behavior of the management needs to symbolize the kinds of values and behaviors that should be realized in the rest of the company. It is important that the management shows the strengths of the current culture as well, it must be made clear that the current organizational does not need radical changes, but just a few adjustments. (See for more: Deal & Kennedy, 1982;[4] Sathe, 1983; Schall; 1983; Weick, 1985; DiTomaso, 1987). This process may also include creating committee, employee task forces, value managers, or similar. Change agents are key in the process and key communicators of the new values. They should possess courage, flexibility, excellent interpersonal skills, knowledge of the company, and patience. As McCune (May 1999) puts it, these individual should be catalysts, not dictators.

4. Modify the organization to support organizational change. The fourth step is to modify the organization to support organizational change. This includes identifying what current systems, policies, procedures and rules need to be changed in order to align with the new values and desired culture. This may include a change to accountability systems, compensation, benefits and reward structures, and recruitment and retention programs to better align with the new values and to send a clear message to employees that the old system and culture are in the past.

5. Select and socialize newcomers and terminate deviants (stage 7 & 8 of Kotter, 1995, p. 2). A way to implement a culture is to connect it to organizational membership, people can be selected and terminate in terms of their fit with the new culture (Cummings & Worley, 2004, p. 491). Encouraging employee motivation and loyalty to the company is key and will also result in a healthy culture. The company and change managers should be able to articulate the connections between the desired behavior and how it will impact and improve the company’s success, to further encourage buy-in in the change process. Training should be provided to all employees to understand the new processes, expectations and systems.

6. Develop ethical and legal sensitivity. Changes in culture can lead to tensions between organizational and individual interests, which can result in ethical and legal problems for practitioners. This is particularly relevant for changes in employee integrity, control, equitable treatment and job security (Cummings & Worley, 2004, p. 491). It is also beneficial, as part of the change process, to include an evaluation process, conducted periodically to monitor the change progress and identify areas that need further development. This step will also identify obstacles of change and resistant employees and to acknowledge and reward employee improvement,
which will also encourage continued change and evolvement. It may also be helpful and necessary to incorporate new change managers to refresh the process. Outside consultants may also be useful in facilitating the change process and providing employee training. Change of culture in the organizations is very important and inevitable. Culture innovations is bound to be because it entails introducing something new and substantially different from what prevails in existing cultures. Cultural innovation \[37\] is bound to be more difficult than cultural maintenance. People often resist changes hence it is the duty of the management to convince people that likely gain will outweigh the losses. Besides institutionalization, deification is another process that tends to occur in strongly developed organizational cultures. The organization itself may come to be regarded as precious in itself, as a source of pride, and in some sense unique. Organizational members begin to feel a strong bond with it that transcends material returns given by the organization, and they begin to identify with it. The organization turns into a sort of clan.

### 134.10.1 Mergers and cultural leadership

One of the biggest obstacles in the way of the merging of two organizations is organizational culture. Each organization has its own unique culture and most often, when brought together, these cultures clash. When mergers fail employees point to issues such as identity, communication problems, human resources problems, ego clashes, and inter-group conflicts, which all fall under the category of “cultural differences”.

One way to combat such difficulties is through cultural leadership. Organizational leaders must also be cultural leaders and help facilitate the change from the two old cultures into the one new culture. This is done through cultural innovation followed by cultural maintenance.

- **Cultural innovation includes:**
  - Creating a new culture: recognizing past cultural differences and setting realistic expectations for change
  - Changing the culture: weakening and replacing the old cultures
- **Cultural maintenance includes:**
  - Integrating the new culture: reconciling the differences between the old cultures and the new one
  - Embodying the new culture: Establishing, affirming, and keeping the new culture

### 134.11 Corporate subcultures

Corporate culture is the total sum of the values, customs, traditions, and meanings that make a company unique. Corporate culture is often called “the character of an organization”, since it embodies the vision of the company’s founders. The values of a corporate culture influence the ethical standards within a corporation, as well as managerial behavior.\[38\]

Senior management may try to determine a corporate culture. They may wish to impose corporate values and standards of behavior that specifically reflect the objectives of the organization. In addition, there will also be an extant internal culture within the workforce. Work-groups within the organization have their own behavioral quirks and interactions which, to an extent, affect the whole system. Roger Harrison’s four-culture typology, and adapted by Charles Handy, suggests that unlike organizational culture, corporate culture can be ‘imported’. For example, computer technicians will have expertise, language and behaviors gained independently of the organization, but their presence can influence the culture of the organization as a whole.

### 134.12 Legal aspects

Corporate culture can legally be found to be a cause of injuries and a reason for fining companies in the US, e.g. when the US Department of Labor Mine Safety and Health Administration levied a fine of more than 10.8 million US dollars on Performance Coal Co. following the Upper Big Branch Mine disaster in April 2010. This was the largest fine in the history of this U.S. government agency.\[39\]
134.13 Critical views

Criticism of the usage of the term by managers began already in its emergence in the early 80s. * [10] Most of the criticism comes from the writers in critical management studies who for example express skepticism about the functionalist and unitarist views about culture that are put forward by mainstream management writers. They stress the ways in which these cultural assumptions can stifle dissent management and reproduce propaganda and ideology. They suggest that organizations do not have a single culture and cultural engineering may not reflect the interests of all stakeholders within an organization.

Parker (2000) has suggested that many of the assumptions of those putting forward theories of organizational culture are not new. They reflect a long-standing tension between cultural and structural (or informal and formal) versions of what organizations are. Further, it is reasonable to suggest that complex organizations might have many cultures, and that such sub-cultures might overlap and contradict each other. The neat typologies of cultural forms found in textbooks rarely acknowledge such complexities, or the various economic contradictions that exist in capitalist organizations.

Among the strongest and widely recognized writers on corporate culture with a long list of articles on leadership, culture, gender and their intersection is Linda Smircich, as a part of the of critical management studies, she criticises theories that attempt to categorize or 'pigeonhole' organizational culture. * [9] * [40] She uses the metaphor of a plant root to represent culture, describing that it drives organizations rather than vice versa. Organizations are the product of organizational culture, we are unaware of how it shapes behavior and interaction (also recognized through Scheins (2002) underlying assumptions) and so how can we categorize it and define what it is?

134.14 See also

- Cultural capital
- Cultural identity
- Diversity
- Inclusive business
- Inclusiveness
- Lifestyle (sociology)
- Multiculturalism
- Narcissism in the workplace
- Organizational behavior
- Organizational studies
- Organizational psychology
- Power (social and political)
- Psychological capital
- Psychopathy in the workplace
- Working class culture
- Workplace diversity
134.15 References


[7] “’Culture is everything,’” said Lou Gerstner, the CEO who pulled IBM from near ruin in the 1990s.”. *Culture Clash: When Corporate Culture Fights Strategy, It Can Cost You*, knowmgmt, Arizona State University, March 30, 2011

[8] Unlike many expressions that emerge in business jargon, the term spread to newspapers and magazines. Few usage experts object to the term. Over 80 percent of usage experts accept the sentence The new management style is a reversal of GE's traditional corporate culture, in which virtually everything the company does is measured in some form and filed away somewhere.”, *The American Heritage® Dictionary of the English Language, Fourth Edition copyright ©2000 by Houghton Mifflin Company. Updated in 2009. Published by Houghton Mifflin Company.*


[10] “The term "Corporate Culture" is fast losing the academic ring it once had among U.S. manager. Sociologists and anthropologists popularized the word "culture" in its technical sense, which describes overall behavior patterns in groups. But corporate managers, untrained in sociology jargon, found it difficult to use the term unselfconsciously.” in Phillip Farish, *Career Talk: Corporate Culture, Hispanic Engineer*, issue 1, year 1, 1982


[16] Becky H. Takeda, *Investigation of employee tenure as related to relationships of personality and personal values of entrepreneurs and their perceptions of their employees*, ProQuest, 2007, p. 2

[17] Deal and Kennedy's cultural model, ChangingMinds.org


[24] Dr. Lindle Hatton, Elements of an Entrepreneurial Culture (.ppt), College Of Business Administration, California State University, Sacramento


[31] Cindy Gordon, Cashing in on corporate culture, CA magazine, January–February 2008


[33] Christophe Lejeune, Alain Vas, Comparing the processes of identity change: A multiple-case study approach.


[35] Li Dong, Keith Glaister, National and corporate culture differences in international strategic alliances: Perceptions of Chinese partners (RePeC), Asia Pacific Journal of Management, 24 (June 2007), pp. 191-205


134.16 Notes

Further reading

- Mulder, Mauk (1977) *The daily power game*, Martinus Nijhoff Social Sciences Division
- Stoykov, Lubomir (1995). Фирмената култура и комуникация (Bulgarian) (Company culture and communication), Stopanstvo, Sofia.

Further reading


### 134.18 External links

- [Organizational Culture and Institutional Transformation (pdf)](https://www2庆典.教育资源中心.教育资源中心) - From the Education Resources Information Center Clearinghouse on Higher Education Washington, DC.

Corporate executives providing their views on the importance of organizational culture, and strategies and tactics for building a culture

1. Organizational Culture, Joel Peterson (Chairman of Jet Blue Corporation and managing partner of Trammell Crow Company), *Stanford Graduate School of Business*.
3. Organizational Culture, Isadore Sharp (founder and chairman of Four Seasons Hotels and Resorts), *Stanford Graduate School of Business*. 
Chapter 135

Organizational diagnostics

In the field "Corporate diagnosis is a process that involves the three steps of publicly entering a human system, collecting valid data about experiences, and feeding back to the system toward promoting corporate performance (Zarei et al. (2014))".

The effective diagnosis of organizational culture, and structural and operational strengths and weaknesses are fundamental to any successful organizational development intervention. As Beckhard [1] said in the preface to his seminal work...

... in our rapidly changing environment, new organization forms must be developed; more effective goal-setting and planning processes must be learned, and practiced teams of independent people must spend real time improving their methods of working, decision-making and communicating. Competing or conflicting groups must move towards a collaborative way of work. In order for these changes to occur and be maintained, a planned, managed change effort is necessary - a program of organizational development.

This was written in 1969 and while much has been learnt it is just as true today.

Since the beginnings of organizational development as a profession, diagnosis has moved from the purely behavioral towards a strategic and holistic business diagnostic approach. Moving away from looking at human interventions in isolation, to exploring the interactions of people in the context in which they operate. equally as organizations are increasingly collaborative in nature, the traditional silo approach to diagnostics is becoming increasingly rare. Organizational development and in particular the diagnostic phase of activities is spreading from the occupational psychologists towards main stream business. This is important for OD practitioners as the role is increasingly holistic

135.1 The organizational diagnosis models


135.2 The Consulting Process

The organizational Diagnostic phase is often integrated within an overall OD process, commonly called 'a consulting process'. An example of such a process is:

Entry --> Diagnosis --> Action Planning --> Implementation --> Termination" [2]
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As the second phase in the consulting cycle, it is also the first fully operational phase of the consulting process or cycle. The purpose of the diagnosis is to examine the problem faced by the organization in detail, to identify factors and forces that are causing the problem and to prepare the collected information to decide how to implement possible solutions to the identified problems.

The diagnosis of the problem is a separate phase from the solutions themselves.

135.3 Notes


135.4 References

- Cameron & Quinn; Diagnosing and Changing Organizational Culture, 1999
- Harrison, Michael I. Diagnosing Organizations: Methods, Models, and Processes, 2005
- Levinson, Harry; Organizational Diagnosis, 1972
- Organizational Diagnosis - A practical approach to company problem solving and growth, 1988
- Weisbord, Marvin R; Organizational Diagnosis - A workbook of theory and Practice, 1978

135.5 See also

- Managing change
- Organizational Communication
- Organizational culture
- Organizational Development
- Organizational learning
- Organizational performance
- Performance improvement
- Sociomapping
- SWOT Analysis
Chapter 136

Organizational ethics

Organizational ethics is the ethics of an organization, and it is how an organization responds to an internal or external stimulus. Organizational ethics is interdependent with the organizational culture. Although, it is akin to both organizational behavior (OB) and industrial and organizational psychology as well as business ethics on the micro and macro levels, organizational ethics is neither OB or I/O psychology, nor is it solely business ethics (which includes corporate governance and corporate ethics). Organizational ethics express the values of an organization to its employees and/or other entities irrespective of governmental and/or regulatory laws.

136.1 Overview

The Foreign Corrupt Practices Act (FCPA) restricts the United States business firms from engaging in bribery and other illegal practices internationally. There are laws that have the same type of prohibition for European companies which create a disadvantage competitively for both European and U.S. firms. Such laws are not a restricting element to organizations that have highly elevated ethical behavior as part of their values. Organizations that lack ethical practices as a mandatory basis of their business structure and corporate culture, have commonly been found to fail due to the absence of business ethics. Corporate downfalls would include, but are not limited to, the recent Enron and WorldCom scandals, are two primary examples of unethical business practices concerning questionable accounting transactions.

Organizations focusing on encouraging ethical practices are commonly viewed with respect by employees, the community, and corresponding industries. Ethical business practices of organizations has resulted in a solid financial bottom-line. This has been seen through greater sales and increased revenue by companies retaining talented personnel and attracting newly skilled employees. More importantly, an ethical organization will have the ability to retain employees that are experienced and knowledgeable (generally referred to as human capital). This human capital results in less employee turnover, less training time for new employees, and greater output regarding services (or production of goods).

136.2 Basic Ethical Elements

There are at least four elements that aim to create an ethical culture and behavior of employees within an organization. These elements are:
1) a written code of ethics and standards (ethical code)
2) ethics training for executives, managers, and employees
3) the availability of ethical situational advice (i.e. advice lines or offices)
4) confidential reporting systems

Organizations are constantly striving for a better ethical atmosphere within the business climate and culture. Businesses must create an ethical business climate in order to develop an ethical organization. Otherwise saying, companies must focus on the ethics of employees in order to create an ethical business. Employees must know the difference between what is acceptable and unacceptable in the workplace. These standards are found within the written code of ethics or may be referred to as the employee handbook. These standards are a written form of employee conduct and performance expectations.
Employee handbooks also commonly include rules concerning expectations and consequences that follow misconduct. Handbooks normally will clearly state the rules, guidelines, and standards of an organization as well as possible rules, regulations, and laws that they are bound by. Many company handbooks will include laws regarding sexual harassment, alcohol abuse, and drug/substance abuse.

For more information regarding situational ethical principles, refer to "Situational Ethics."

### 136.3 Intrinsic and Extrinsic Organizational Rewards

The intrinsic and extrinsic rewards of an ethical organization are bound to an organization's culture and ethics. Based upon the reliability and support structure of each of the four areas needed for ethical behavior, the organizational ethics will be evident throughout the organization. The organization including the employees, managers, suppliers, customers, and other entities, will receive intrinsic and extrinsic rewards. Actions of employees can range from whistle blowing (intrinsic) to the extraordinary actions of hourly employee purchasing all the recently produced peanut butter (as produced by his employer), that has no resale value due to mislabeled jars. This employee was aware that his employer (extrinsic) would reimburse him in full for purchasing the mislabeled peanut butter. \[4\]

For more information regarding intrinsic and extrinsic motivation, see "Intrinsic and Extrinsic Motivation."

### 136.4 Ethical Theory and Leadership Empowerment

There are many theories and organizational studies that are related to “organizational ethics,” but "organizations" and “ethics” are wide and varied in application and scope. These theories and studies can range from individual(s), team(s), stakeholder, management, leadership, human resources, group(s) interaction(s), as well as the psychological framework behind each area to include the distribution of job tasks within various types of organizations. As among these areas, the influence of leadership in any organization cannot go unexamined, because a clear understanding of the organization’s vision, goals (to include immediate and long-term strategic plans), and values. Leadership sets the tone for organizational management (strategic actions taken by an organization to create a positive image to both internal and external publics). In turn, leadership directly influences the organizational symbolism (which reflects the culture, the language of the members, any meaningful objects, representations, and/or how someone may act or think within an organization). The values and ideals within an organization generally center upon "values for business" as the theoretical approach most leaders use to present to their “co-members” (which in truth maybe subordinates).

In fact, an examination of business reveals that most leaders approach the X(?) from the perspective of values for the business. \[5\] \[6\] Alongside presenting the vision, values, and goals of the organization, the leader should infuse empowerment and motivation to its members. Leaders using empowerment to motivate their subordinates, is based upon the view of: “Achieving organizational ownership of company values is a continuous process of communication, discussion, and debate throughout all areas of the organization.” \[7\] as.

For more information about organization theory, refer to "Organizational Theory."

### 136.5 Stakeholder Theory

Whether it is a team, small group, or a large international entity, the ability for any organization to reason, act rationally, and respond ethically is paramount. Leaders must have the ability to recognize the needs and desires of members (or called “stakeholders” in some theories or models), and how they correspond to the organization. It is the stakeholder theory that implies that all stakeholders (or individuals) must be treated equally, regardless of the fact that some individuals will contribute more than others to the organization.\[8\]

Leaders who motivate others must present the goals of an organization to the stakeholders with respect to particular benefits of the stakeholders. Leaders must set aside individual (or personal) ambitions (along with any prejudice) in order to present these goals properly. Furthermore, it is leadership that influences stakeholders towards ethical behavior for the organization. They must step behind a veil of ignorance and treat every stakeholder as a means with equal weight. Importantly, the leader (or stakeholder management) must possess the necessary skills and rank to ensure that each stakeholders voice is respected and heard within the organization to ensure that other voices are not expressing views (or needs as in respects to Maslow's Hierarchy of Needs). Therefore, stakeholder management must ensure an ethical system for their own management styles, personalities, systems, performances, plans, policies, strategies, productivity, openness, and even risk(s) within their cultures or industries.
136.6 Ethical System Implementation

The function of developing and implementing business ethics into an organization is difficult. Due to each organization’s culture and atmosphere being different, there is no clear or specific way to implement a code of ethics to an existing business. The implementation should be performed to the entirety of the business including all areas of operations. If it is not implemented pragmatically and with caution for the needs, desires, and personalities (consider the Big Five personality traits) of the stakeholders, the culture, and the employees, then problems may arise. Although a great deal of time may be required, stakeholder management should consider the Rational Decision-Making Model for implementation of various aspects, details, and standards of an ethical system to the stakeholders. If implementation has been performed successfully, then all stakeholders have accepted the newly designed ethics system for the organization.

136.7 Theories and Models

Refer to the following theories and models for more information:

- Stakeholder Theory
- Maslow’s Hierarchy of Needs
- Rational Decision-Making Model
- Big Five Personality Traits

136.8 See also

- Economics
- Ethic of reciprocity
- Functional leadership model
- Golden Rule
- Group Emotion
- Human Factors
- Human Resources Development
- Human Resource Management
- Industrial Engineering
- Industrial Sociology
- Organization design
- Organizational development

136.9 References


[3] Clark, Margaret M.,JD.,SPHR, “Corporate Ethics Programs Make a Difference, but not the only difference”, HR Magazine, July 1, 2003, page 36.


136.10 External links

- Organizational Ethics and Integrity
- Organizational Ethics Articles
- ethicsweb.ca

136.11 Notes


Chapter 137

Organizational orientations

Organizational orientation is defined as an individual’s predisposition toward work, motivation to work, job satisfaction, and ways of dealing with peers, subordinates, and supervisors on the job (Papa 2008). It can also be referred to the different ways people approach their roles in an organization and the different approaches people have toward work and the place of work in their lives (organizational orientations). Three organizational orientations have been identified as, upward mobile, indifferent, and ambivalent (Goodboy 2007). These three types of orientations are associated with organizational communication behavior and organizational outcomes such as employee job satisfaction and motivation. Presthus believed that these orientations result in employees having different orientations toward work itself, motivation to work, and job satisfaction (McCroskey 1998). These orientations are also believed to be traits, people will have these orientations regardless of the organization they are working for.

137.1 Brief history

The organizational orientation concept was advanced decades ago in the field of management by Presthus in 1962. He believed that the different types of orientations result in employees having different views about their job satisfaction, motivation to work, and ways of dealing with coworkers or supervisors. He viewed his theory of organizational behavior. He believed that people learned their traits through experiences while working in an organization. His theory produced three different traits that employees would have; upward mobile, indifferent, and ambivalent (McCroskey 1998). Recently the organizational orientation concept has drawn the attention of quantitative researchers in the field of communication. McCroskey conducted research that explained a large amount about the relevance of this concept to organizational communication (McCroskey 2004).

137.2 Different types of organizational orientations

137.2.1 Upward mobile

This type of orientation is the most recognized. These are individuals within an organization who desire advancement within the organization hierarchy. These individuals see their work as the central part of their lives and are very devoted to their career (Goodboy 2007). They are very self-motivated and believe in the rules and the procedures of the organization. They are procedure-oriented and identify strongly with the organization and have a desire to secure high status rewards. An upward mobile has a high level of job satisfaction, a feeling of attachment to the organization and an exceptional drive for power (Pruden). These workers are also believed to identify with whatever organization they are employed at and are more than willing to defend their organization against people that may attack it. Upward mobiles have strong decision making skills and are also willing to take risks to keep the success of the organization and their own (McCroskey 2005). They are able to make positive contributions through their willingness to work hard and achieve goals. The people with this type of orientation are highly concerned with their own success then gaining approval from their peers. They do not like associating with people who don't have the same career path that they desire. Many organizations are looking to hire these type of people, this is because they know that they can rely on these people to do what is asked of them (Organizational orientations and communication traits).
137.2.2 Indifferents

This refers to workers who are committed to their job as a way of earning a living. They work to live, and they see their live existing separate from their work. Their life begins when work is over (Goodboy 2007). They are mostly concerned with the paychecks that they will be receiving and are not interested in their job or the organization (McCroskey 1998). To them working is a necessity in life. Work is separated from the meanings of life and his/her relationship with the organization is strictly economic based (Presthus). These people make up a large portion of the employees in an organization. Indifferent's only work to satisfy the basic needs of their loved ones. These type of people do not like to participate in organizational routines that occur on a daily basis. They would also never volunteer to do more work then they have to, they come to work to do the job they were assigned to do, and then go home (McCroskey 2004). When communicating they often talk more about their family and life at home instead of organizational matters that are going on in the workplace. Other characteristics of indifferents are that they have a high level of job satisfaction and not many upward mobility aspirations. Highly indifferent people are worried about being accepted by their peers at work (organizational orientations and communication traits). All organizations needs these type of people in the workplace because they can be assigned to do routine tasks that require very little thought. They do the tasks that others would not enjoy doing (D. Russ). They don't mind doing these types of jobs because they get a paycheck out of it. It is easy to get along with these type of people as long as you don't push them to do extra work. A good way to get along with them is to talk to them about other things besides work. Talking to them about their family and their life outside of work is a good idea (organizational orientations and communication traits).

137.2.3 Ambivalents

This refers to workers who tend to be highly critical of any job and seem to find problems with any organization. They are very unpredictable and change jobs very often in order to find the perfect organization because they are never truly comfortable in an organization (Goodboy 2007). They also do not adapt well to organizations. Ambivalent people tend to be introverts who also do not like rules or authority and do not fit into the roles that the organizations assigns them (McCroskey 2004). They do not see themselves as part of the organization and do not accept the organization or the people within the organization for what they are (Pruden). Ambivalent people tend to be very moody, therefore it makes it hard to work with them or for them, they can be very supportive one day and then can be very discouraging the next. Ambivalents need some type of security, in which the organization can provide but they are unable to obtain it (Presthus). These type of people are very skilled, but since they don't like authority they will try to turn others against the organization, and will also openly chastise the organization. Communicating with ambivalents can be very difficult, the only topic that you might be able to communicate with them is on criticizing the organization (organizational orientations and communication traits).

137.3 Research in organizational orientation

137.3.1 Presthus

Presthus created an ideal pattern of accommodation for upward mobiles, indifferents, and ambivalents which is derived from the theory that he constructed (McCroskey 1998). It showed that upward mobiles have a high job satisfaction, high upward-downward career mobility orientation, low alienation, low cosmopolitanism and high organizational rank. For indifferents it shows that they have a high job satisfaction, low upward-downward career mobility orientation, medium alienation, medium cosmopolitanism and low organizational rank. For ambivalents it shows that they have a low job satisfaction, medium upward-downward career mobility, high alienation, high cosmopolitanism, and medium organizational rank.

137.3.2 Pruden (1978)

Pruden conducted a study of 150 U.S businessmen designed to validate expected outcomes based on Presthus's theoretical typology. His study confirmed the hypothesis expected on the three orientations with regard to the five outcome variables. His results showed that the three orientations are in fact distinct from one another. Pruden's research was qualitative in nature (McCroskey 2004).
James C. McCroskey

McCroskey did two studies putting different variables into each study to see the effect on the three different types of orientations, ambivalent, indifferent, and upward mobile (Papa 2008). The outcome variables in study 1 were job satisfaction, communication apprehension, nonverbal immediacy, assertiveness, and responsiveness. For ambivalents the result showed that they had a negative strong relationship for job satisfaction, positive weak relationship for communication apprehension, negative moderate relationship for nonverbal immediacy, no relationship for assertiveness, and negative weak relationship for responsiveness. For the indifferents it showed that they had a negative moderate relationship for job satisfaction, no relationship for communication apprehension, no relationship for nonverbal immediacy, a negative weak relationship for assertiveness and no relationship for responsiveness. For the upward mobile it showed that there was a positive weak relationship for job satisfaction, negative weak relationship for communication apprehension, positive moderate relationship for nonverbal immediacy, positive moderate relationship for assertiveness, and a positive moderate relationship for responsiveness (Pruden). For study 2 the outcome variables were job satisfaction, competence, caring, trustworthiness, extraversion, neuroticism and psychoticism. For the ambivalent it showed a negative moderate relationship for job satisfaction, negative moderate relationship for competence, negative strong relationship for caring, negative moderate relationship for trustworthiness, negative weak relationship for extraversion, positive weak relationship for neuroticism, and positive moderate relationship for psychoticism. For the indifferent it showed negative weak relationship for job satisfaction, negative weak relationship for competence, negative weak relationship for caring, negative weak relationship for trustworthiness, no relationship for extraversion, positive weak relationship for neuroticism, and positive moderate relationship for psychoticism. Lastly for the upward mobile it showed positive weak relationship for job satisfaction, positive WR for competence, positive WR for caring, Positive WR for trustworthiness, positive WR for extraversion, negative weak relationship for neuroticism, and negative moderate relationship for psychoticism (Pruden).

References


5. “Organizational orientations and communication traits.” 83–93.


Chapter 138

Pay in lieu of notice

In employment law, **payment in lieu of notice** or PILON is a payment made to an employee by the employer, for a notice period that they have been told by the employer they do not have to work. Even an employee dismissed for gross misconduct is entitled to be paid their notice period and any statutory leave they have accumulated.^[1]

’In lieu of’ means ‘in place of’, or ‘instead of’.^[2]

If a notice period -for example, one month- is required for an employer to terminate a contract, a ‘payment in lieu of notice’ is immediate compensation at an amount equal to that an employee would have earned as salary or wages if they worked through the whole notice period -for example, one month’s salary. A payment in lieu will include payment for holiday entitlements, if the employee has them.

PILON can either be set out in the contract as an option for the employer or it may simply be paid to cover any potential damages for breach of contract.

If there is a pay in lieu of notice clause in the employee’s contract, the amount the employee will get will normally be set out there. If not, it is up to the employee to agree to an amount. Sometimes the employee may be willing to accept a small amount if it is in his interests to leave early. The amount to be paid will normally cover all salaries that would have been earned during the notice period.

This will normally cover basic pay and may include other things like commission and compensation for the loss of benefits, like personal use of a company car, phone, or medical insurance. The employer might instead decide to give the use of the benefits for the notice period. If the employee doesn’t think the amount the employer is offering covers what he would have earned, he can still consider making a breach of contract claim.’^[3]

### 138.1 See also

- Employment Rights Act 1996
- UK labour law

### 138.2 References


### 138.3 External links

- HMRC - Termination payments and benefits

500
• Payments in lieu of notice: When to say “No, thank you” - JamaicaObserver.com
Chapter 139

Perceived organizational support

Perceived organizational support (POS) is the degree to which employees believe that their organization values their contributions and cares about their well-being and fulfills socioemotional needs. \[1\] [2] POS is generally thought to be the organization's contribution to a positive reciprocity dynamic with employees, as employees tend to perform better to reciprocate received rewards and favorable treatment. \[2\] This idea bloomed from Eisenberger and Rhoades' organizational support theory. \[1\]

139.1 Overview

According to the POS website: \[2\]
Research on POS began with the observation that managers' concern with their employees' commitment to the organization is positively correlated with employees' focus on the organization's commitment to them. For employees, organizations serve as important sources of socioemotional resources like respect and care, as well as tangible benefits like wages and medical benefits.

- Being regarded highly by the organization helps to meet employees' needs for approval, esteem, and affiliation.
- Positive evaluation by the organization also provides an indication that increased effort will be noted and rewarded.
- Employees, therefore, take an active interest in the regard with which they are held by their employer.

POS can also be used to offer an explanation for organizational cynicism. Organizational cynicism is related to job satisfaction; it is an attitude toward an organization reflecting one's beliefs about his or her experience as part of the organization. Just as POS explains employees' feelings of value, meaning, identity, etc., it explains employees' feelings of discouragement and distance from their organization. \[3\] Psychologist James Dean studied employees and found that the biggest cause of cynicism was change that was perceived to be out of the employee's control. Eisenberger and Rhoades found that changes made within the organization were less supported by employees when the changes were perceived to be out of their control. \[1\]

POS is also related to employee commitment, which can be negatively affected by a sense of helplessness in the event of change. \[4\] In fact, organizational commitment, increased performance, and reduced withdrawal behaviors were found to be the most strongly related to POS in Levy's study. By studying the relationship between OC and POS, Byrne and Hochwarter found that people who feel high OC may "negatively construe" POS. \[5\]

POS is higher when employees think that they will benefit directly from an organizational change. Changes and improvements to outside facets of the organization can be under-appreciated if the benefits are indirectly related to the organization in which the employee works. \[1\] There is a certain value that comes from a tangible benefit.

Organizational support theory \[6\] says that in order to meet socioemotional needs and to assess the benefits of increased work effort, employees form a general perception concerning the extent to which the organization values their contributions and cares about their well-being. Such POS would increase employees' felt obligation to help the organization reach its objectives, increase their identification with the organization, and contribute to their expectation that improved performance would be rewarded. Behavioral outcomes of POS would include increased
in-role and extra-role performance, increased organizational commitment, and decreased withdrawal behaviors such as absenteeism and turnover.

Although there were relatively few studies of POS until the mid-1990s, research on the topic has burgeoned in the last few years. Rhoades and Eisenberger’s [1] meta-analysis covered some 70 POS studies carried out through 1999, and over 300 studies have been performed since. The meta-analysis found clear and consistent relationships of POS with its predicted antecedents and consequences.

### 139.2 Common antecedents

The three common antecedents of perceived organizational support are fairness, supervisor support, and organizational rewards and job condition. When employees perceive that they are receiving fair treatment in comparison to their coworkers, they perceive more support. The equity theory says that employees feel entitled to what they are given as workers based on their inputs to the job. Therefore, fairness can be perceived even if the rewards differ in size, based on employee rank. Fairness can also be described as procedural justice, or the fairness of happenings in the organization. The politics of the organization, or the promoting of self-interest, are often related to employees’ perceptions of procedural justice.

Supervisor support was found by Eisenberger and Rhoades to be strongly related to employees’ perception of support. Typically, people view their employer’s actions, morals, and beliefs to be indicative and representative of the organization’s actions, morals, and beliefs. POS tends to be higher when the supervisor or higher employer is thought to care about the employee’s experience at work and does what he or she can to show appreciation for the work done.

Organizational rewards and job conditions play a large role in perceived organizational support as well. Sometimes, extrinsic motivation can mean more to an employee than intrinsic motivation because perceived appreciation has the power to turn a bitter employee into a content employee. Eisenberger and Rhoades discuss the many ways that employers can show appreciation and reward their employees. A few examples are paying their employees fairly; recognizing their employees for new ideas, exceptional work, etc.; promoting their employees when they deserve it; providing job security as incentive to remain with the organization; encouraging autonomy to correspondingly increase production and morale; reduce stress when made aware of it; and to provide proper training, to ensure employees’ confidence in their jobs. Some of these factors carry less weight than others do. Being autonomous increases an employee’s desire to continue to remain loyal to his or her organization because if he feels competent and confident in his ability to do well, he will be less likely to give up or lose faith.

### 139.3 Common consequences

There are many possible consequences of POS discussed in Eisenberger and Rhoades’s meta-analysis of studies done on POS. The first is organizational commitment. There are three kinds of organizational commitment: affective commitment, continuance commitment, and normative commitment. Affective commitment, or feeling an emotional tie to one’s organization, is important in employees because it demonstrates a deeper meaning for work than simply earning money. Continuance commitment, or knowing that staying with one’s organization will be less costly in the end than leaving, is telling of extrinsic motivation to remain wherever one will profit the most. Normative commitment, or feeling compelled to stay because everyone else is, is less significant than the first two but is still considered to have an effect on employees. Some other consequences of POS include changes in withdrawal behavior, the desire to remain, strains on employees, performance, job related affect, and job related involvement.

There is a relationship between POS and OC. Usually, this relationship is an inverse one, meaning that if one is high, the other is low. However, there are circumstances in which both POS and OC can be high simultaneously. This generally happens because POS is usually related to the direct supervisor, whereas OC is with the company as a whole. Feelings about each can be separate. A few studies have shown that high levels of OC can have negative effects on POS. Other studies have shown that the level of an employer’s organizational cynicism is not effected by the level of perceived organizational support.

POS can be positive if reciprocation of support and respect occurs between employer and employee. If the reciprocation does occur and the employee feels that he or she is being appreciated and respected for the work that he or she is doing, the POS is increased. If the respect and appreciation is either not present or is not expressed
adequately, then the employee may begin to harbor suspicion, which may increase organizational cynicism. Organizational commitment may, at that point, be lessened; thus jeopardizing the stability of the organization. Reciprocation can include a wide array of things, such as pleasing pay and benefits, a promotion, mutual respect between employer and employee, etc."

139.4 Effects on performance

According to an experiment done by a group led by Wayne Hochwarter, there is a non-linear relationship between POS and performance. Predicted was that high POS was correlated with high performance. Of course, perfect correlations happen infrequently. Just as POS does not always positively correlate with performance, neither does job satisfaction. "Although POS probably does have an effect on many employees’ performance, it does not necessarily cause performance to increase or decrease in productivity."

A low perception of organizational support can result in employees being wary of reciprocation. "Reciprocation wariness can be caused by events that are perceived as not being beneficial to the employee, for example, not receiving payment seemed necessary, or not receiving a good payment for the appropriate length of time."

Authors Lynch and Armeli wrote that "fewer companies today than in the past implicitly guarantee long-term employment, provide generous pay increments and comprehensive health benefits, or subsidize general education courses.” Examples like these are possible sources for reciprocation wariness to bloom amongst employees, potentially lowering their perceptions of organizational support.

139.5 Socioemotional effects

Emotional support is just as important in employee health as it is in non-work related circumstances. It is important for POS to be high because an employee’s feeling of belonging, respect, and support raises his or her morale, which has a positive effect on performance. It is similar to the feeling of support from family and friends. However, although each employee most likely has some need to be fulfilled, those needs are not necessarily all the same. Also, some employees might need more support than others. Some might have higher socioemotional needs. An example given in an article on POS was about police officers. The police officers who needed more “approval, esteem, emotional support, or affiliation” issued more speeding tickets and arrested more people for driving under the influence when their POS was high.

Accordingly, strain is affected by POS. When POS is low, strain tends to be perceived in greater intensity. When POS is high, strain is generally perceived as lower, even if it is just as present.

139.5.1 Measurement items

The Survey of Perceived Organizational Support was originally constructed with 32 items. Subsequent versions, however, have displayed adequate psychometric properties using 8 or as few as 3 items. Respondents are asked to indicate the extent to which they agree with the following statements on a seven-point scale.

Example items include:

1. My organization cares about my opinions.
2. My organization really cares about my well-being.
3. My organization strongly considers my goals and values.
4. Help is available from my organization when I have a problem.
5. My organization would forgive an honest mistake on my part.
6. If given the opportunity, my organization would take advantage of me. (item is reverse-coded)
7. My organization shows very little concern for me. (item is reverse-coded)
8. My organization is willing to help me, if I need a special favor.
By using specific facets in the survey, respondents are able to provide specific answers about problems that may be unknown to employers. If aware of a general problem, employers might be unable to take action because they do not know how to fix specific issues. The Job Descriptive Index (JDI) is the most frequently used measure of job satisfaction that does not specifically measure perceived organizational support but does have the ability to make clear areas that are in need of improvement.”[4]

139.6 See also

- Emotional exhaustion
- Misplaced loyalty
- Norm of reciprocity
- Perceived psychological contract violation

139.7 References

[2] Perceived Organizational Support website
Chapter 140

Performance domain

A performance domain is a construct of all the essential behaviors that should be exhibited by someone on specific job to achieve the goals set by the organization. It is determined by the judgments of the decision-makers of the organization after they have conducted a thorough job analysis. It may be thought of as a blueprint, outlining the ideal behaviors that an employee should exhibit on the job. Because the performance domain is subjectively determined, it varies between similar jobs, depending on the goals of the organization. A performance domain can be constructed to outline all the behaviors and outcomes on a job or only a subset of behaviors and outcomes. Organizations’ analysts can draw from the performance domain to infer personal characteristics that will lead to the essential behaviors and valued outcomes.

140.1 References


100 storey building in India
Chapter 141

Performance-linked incentives

A performance-linked incentive (PLI) is a form of payment from an employer to an employee, which is directly related to the performance output of an employee and which may be specified in an employment contract. PLI may either be open-ended (does not have a fixed ceiling) or close-ended (has an upper ceiling which is normally stipulated in the employment contract).

Open-ended incentives are normally applicable to revenue-generating activities (e.g., sales), while close-ended incentives are associated with support functions (e.g., operations, human resources, administration, etc.)

141.1 PLI vs other financial remuneration

141.1.1 PLI vs salary

Salary is paid for the efforts that one puts in and PLI is paid for the results. Salary is paid in short, definitive cycles (e.g., weekly, monthly, fortnightly etc.) while PLI is paid in a longer cycle of monthly, quarterly or half-yearly, yearly.

141.1.2 PLI vs bonus

Bonus is paid for the performance of the organization while PLI is paid for the individual’s performance. Bonus is normally paid yearly or half-yearly. This is normally paid as a percentage of one’s salary, or as a fixed amount, of the employee’s individual performance.

141.1.3 PLI vs retention bonus

Some organizations give a retention bonus which is payable for the period that an employee stays back in the organization. This is paid for the value added by the employee by virtue of mere presence and not necessary for the efforts or work output. Normally retention bonus is paid yearly or half-yearly which will incentivise the employee to stay back in the organization for the payment

141.2 Method of calculating PLI

PLI, by virtue of being sanctified in the employment contract, is paid for objective, measurable and visible results. Management by objectives is generally used to define the output which determines the payment of PLI. Since PLI is paid for the results and not merely for the efforts, the objects should be chosen to reflect those activities whose results are visible immediately after the effort.

Also, in calculating PLI, only the performance and not the potential of the employee should be considered. Potential of the employee is normally subjective and can be contested. PLI should be based on metrics which are absolutely objective and clearly perceived as fair by both employee and employer.
141.3 PLI vs Appraisal

Appraisals, normally conducted half-yearly or annually, are used to decide on the salary increments and promotions of the employee. These, being permanent increases, take both the performance and potential of the employee into account.

141.4 See also

- Executive compensation
- List of single-digit salary earners
- List of largest sports contracts
- List of highest paid baseball players
- Medical specialties, includes salaries respectively
- Salaryman (Japan)
- Peak earning years

141.5 References

141.6 External links

- 17 Things Explanation of salary requirements and how to establish these.
Chapter 142

Person specification

The person specification is to extend the job analysis. It is a profile of the candidate required for the work and is submitted with the job.

A person specification is written by the firm and outlines the type of person the firm wants. It might contain the educational qualifications, previous experience, general intelligence, specialised skills, interests, personality and physical requirements.

A person specification is used to match the right person to the job. It describes the desirable personal attributes of the job holder. The specification should specify the person’s:

1. skills on the job
2. knowledge of and for the job
3. length of experience for the job
4. attitude for the job
5. preferences
6. presentability

142.1 See also

- Human resource management
- Personnel
- Recruitment process
- Job description
- Employment contract
- Business

142.2 References

- acas.gov.uk
- businesslink.gov.uk
Chapter 143

Personal development planning

Personal development planning is the process of creating an action plan based on awareness, values, reflection, goal-setting and planning for personal development within the context of a career, education, relationship or for self-improvement.

The PDP (personal development plan), also called an IDP (individual development plan) or PEP (personal enterprise plan), usually includes a statement of one’s aspirations, strengths or competencies, education and training, and stages or steps to indicate how the plan is to be realized. Personal development plans may also include a statement of one’s career and lifestyle priorities, career positioning, analysis of opportunities and risks, and alternative plans (Plan B), and a curriculum vitae.

In higher education, personal development plans typically include a portfolio containing evidence of the skills gathered over a particular timeframe. It is presumed in education that undertaking PDP will assist in creating self-directed independent learners who are more likely to progress to higher levels of academic attainment. It is also used in Human resource management.

Personal developments plans are often a requirement for employee CVs. Employees who are participating in business training are often asked to complete a personal development plan.

A five year personal development plan can often be developed by an individual to organize personal goals and make them achievable within a certain time period.

143.1 External links

- QAA Guidelines for Progress Files
- ISLE Project
Chapter 144

Position analysis questionnaire

Position analysis questionnaire or “PAQ” is a method of Job analysis questionnaire that evaluates job skill level and basic characteristics of applicants for a set match of employment opportunity. The position analysis questionnaire has been developed at Purdue University by McCormick, E.J., & Jeanneret, and Meche in 1972. The Position analysis questionnaire involves a series of detail questioning to produce many analysis reports. [1] This method is high in use within Industrial and Organizational Psychology also Individual psychological assessment the Human Resource department or any individual trained in Job analysis take part in “PAQ”.

144.1 Purpose of PAQ

The PAQ was developed with the hope that it could be used with a minimum of training on the part of the individual who uses it in analyzing a job. [2] Compared to many other methods in Job analysis PAQ has been created to be more effective becoming easy to use for Human resource and trainees, they are less time consuming to conduct and inexpensive. This questionnaire’s purpose is to further define the duties and responsibilities of a position in order to determine the appropriateness of the position classification, essential functions and/or whether or not the position is exempt from overtime. Position analysis Questionnaire contains 194 items called “job elements” and consists of six different divisions:

- 1. Information input
- 2. Mental processes
- 3. Work Output
- 4. Relationships with other persons
- 5. Job context
- 6. Job related variables

144.2 Advantages and Disadvantages

The Position analysis questionnaire is inexpensive and takes little time conduct. It is one of the most standardized job analysis methods, it has levels of reliability, its position can be compared through computer analysis. [3] PAQ elements apply to a various number of jobs across-the-board, as diverged with job assignments. Position Analysis Questionnaire can be used for individuals repairing automobile generators, serving food to patrons in a restaurant, taking samples of blood from patients or with worker characteristics general learning ability, verbal aptitude, numerical aptitude, manual dexterity, stamina and reaction time. [4] PAQ used simple wording and less complex questions to apply to the various of jobs it can attract through the method. Through exceptional research PAQ has been shown to be an easier and effective method for Human resource and other departments for hiring process. In 1975 Ekkehart Frieling criticized the Position analysis through extensive research stating it is not possible one method to be used to differentiate and classify equally all conceivable occupations. [5] Other findings stated, the PAQ has been written in

511
the college level while the incumbents had the education of 10th to 12th grade level. In addition the PAQ has been
developed for all jobs but has been shown that it is limited to 194 jobs and six dimensions.

144.3 PAQ Revision

The three basic steps to conduct a Position analysis questionnaire.

1. Human resources and other staff attend a PAQ Job Analysis Training Course. PAQ Questionnaires are filled out
   by trained professionals, not job incumbents.

2. Trained PAQ Job Analysts then use the Position Analysis Questionnaire to analyze selected jobs.

3. The PAQ Questionnaires are submitted to PAQ for scoring, with the results then used to analyze by Human
   resource or other trained managers. [6]

Patrick and Moore have revised the PAQ and developed a couple of changes which is called Job Structure Profile
(JSP). JSP included item content style and new items to increase the discriminatory of the decision making dimension.
This method is designed to be used more by Job analyst then by job incumbent. Another alternative to the Position
analysis questionnaire was developed by Cornelius and Hackel in 1978 called Job Element Inventory “JEI” and it
is very similar to the tradition PAQ but it is constructed to be easier to read for both incumbent, job analyst, and
applicants. [7]

144.4 References


   30, 485.

   635-646.


   &sig=QxizVDkm-rPPb4lZsHKkDfHEU&hl=en&sa=X&ei=A6t0U_mTEI2hsAT3kICgBA&ved=0CEUQ6AewBA#
   v=onepage&q=jeannert%20paq&f=false

144.5 See also

- Job analysis
- Industrial and organizational psychology
- Human Resource
Chapter 145

Potential analysis

Potential analysis describes the structural examination of specific characteristics and competencies. Potential analysis provides information about abilities of employees, future events, methods or organizations. Due to that the analysis of the branch of production, the financial sphere, the research & development and the Human resources is differentiated.

A company might analyze its own potential (productivity, market position) by comparing it to those of the competitors (Benchmarking). A market can be analyzed to estimate its potential for a certain product. Processes can be structurally analyzed due to their optimization.[1]

145.1 Quality criteria of a potential analysis

The bases of a qualitative potential analysis are the following quality criteria that need to be fulfilled for any kind of potential analysis.

- Validity

Validity should show that the used potential analysis tool is suitable and whether the significance of the examination of future executives is established or not.

- Reliability

Reliability in potential analysis means to make tests comparable. The potential analysis tools should have the same result after being carried out several times.

- Objectivity

The quality criteria objectivity should ensure that the results of potential analysis were not disturbed by personal influences.[2]

145.2 Potential Analysis in the Talent Management

145.2.1 Importance of the potential analysis

The Potential Analysis in Human resources is pioneering as a part of a goal- and future-oriented talent management. Talent Management characterizes the acquisition, development and long-term retention of qualified employees. Due to the future demographic change the “war for talents”, which is searching and retaining future talents/executives will be intensified. Furthermore employers have to offer certain attractivity. Nowadays transparent career paths and conveying processes are more important than solely high wages. Talents or “High potentials” need to have a
professional perspective, otherwise they will leave the company they are working for or even the country. Every year a high number of well-educated persons leave their home country. This knowledge-migration needs to be avoided and thus the potential analysis becomes even more important. Talents need to be acquired, their skills must be developed and in the end talents should be retained in companies. [3] [4]

145.2.2 Objectives of potential analysis

The objectives of potential analysis are mainly based on the punctual identification, development and retention of talents or future high potentials. Potential analysis’ are used to identify talents, who cannot be identified by school or college grades but for example in terms of social competence, flexibility or emotional behavior. Using potential analysis, companies intend to achieve the optimal fit of individual – job and organization. This means, an employee has to fit his job and purpose, and the company and its corporate culture. Concerning costs, miscasts should furthermore be avoided. For professionals, costs due to miscast amount to 50% of the annual salary plus wage labor costs whereas for executives costs are a total of 75% – 100% of the annual salary plus wage labor costs. In addition, the company’s future competitiveness and efficiency should be improved as well as the attractiveness as employer in the mentioned “war for talents”. [5] [6] [7]

145.2.3 Employee selection criteria

Subsequent selection criteria of potential analysis’ are going to be explained. The selection criteria of employees are based on characteristics such as methodological expertise, social competence, professional competence as well as critical thinking and competence in modification. All these characteristics are regarded as a part of an employee’s potential. Because of the fact that these characteristics are difficult to measure, subordinate criteria are assigned. Due to a multitude of criteria, the division into cognitive, motivational and social interaction criteria is used to make this multitude comprehensible. Cognitive criteria describe criteria that can be observed like organization, problem-solving and flexibility. Leadership motivation, stress-coping and self-confidence characterize motivational criteria whereas communication, teamwork and empathy belong to social-interactive criteria. The choice of the selection criteria is substantial to what extent potential analysis is accomplished carefully. The professional differentiation of criteria out of future strategic requirements should be done by Human resource management. Conclusively, the careful selection of criteria is founded on the knowledge about the target group. In cases of a university graduate other criteria should be examined in comparison to a professional who wants to become an executive. [5]

145.2.4 Quality features of potential analysis

In the preceding part quality criteria of potential analysis’ were described. In the following features which have to be fulfilled to ensure a qualitative and professional implementation of potential analysis’ in Human Resources are pronounced. First of all Human Resource managers should combine various methods to identify more specific characteristics and skills of a candidate. To achieve the already mentioned optimal fit of individual – job and organization, an orientation of the candidates target profile and the competencies are needed for a job. Therefore it is significant that a precise definition of the examined competencies is given. A qualitatively good potential analysis is based on a solid preparation, requiring a certain period of time. Potential analyses of single candidates require one day whereas the analysis of a group needs up to three days. According to the mentioned time and preparation aspect, it becomes obvious that both the Human resources and the candidates need to be prepared and introduced to the topic of potential analysis. Furthermore it is important that candidates have the possibility to get feedback and an explanation where their strengths and weaknesses are situated. [6]

145.2.5 Risks

Companies, which ignore the demographic and social changes and do not recognize that their future economic competitiveness and efficiency is based on talented and highly qualified employees, are risk-prone. Not identifying “High potentials” and developing their skills, leads to an insufficient and unsatisfying succession planning and in the end to failed employee retention. Employees, who are aware of their competencies and who do not have the possibility to develop those by taking the next step on career paths, will leave a company immediately. In association with a failed retention and high fluctuation companies are facing enormous costs due to the already mentioned miscast of employees. Potential analysis and transparent career paths can avoid this problem. Companies with a good reputation have
less problems with obtaining young and skilled employees, while companies with a negative image are confronted with the problem of requiring but not getting talented, highly qualified employees. A problem that might cause risks, considering the future "war for talents"

145.3 Potential Analysis Tools

Potential Analysis in Human resources uses numerous tools to examine a person’s potential. On this occasion it is important to know that potential analysis are always target-group specific and business-specific. Banks use other tools and selection criteria than an advertising agency.

145.3.1 Tests

Tests are the simplest and most standardized procedures for potential evaluation. They are considered to be observer-neutral and objective. For this reason test are the most commonly used potential analysis tools. Tests can be distinguished into intelligence tests, performance tests and personality tests.

- Intelligence test

Intelligence tests measure intellectual abilities like mathematical analogies in which the quality and quickness of question-solving is crucial. Intelligence tests belong to the tests with a high validity.

- Performance test

Performance tests are used to determine special abilities such as the ability to concentrate and responsiveness. These types of tests are used for the potential evaluation for jobs with high, specific requirements..

- Personality test

Measuring emotional, motivational and interpersonal characteristics is the purpose of personality tests. The results of this test are compared to those of a reference-population."[5]

145.3.2 Interviews

In potential analysis interviews are largely distributed and are highly accepted by all persons who are involved. The validity of interviews varies substantially in dependence of the used method. Interviews can be divided into biographical and multimodal interviews.

- Biographical Interview

By using this kind of biographical interviews the self-interpretation of one owns biography is essential. The interviewed person should evaluate its own strengths and weaknesses. By that the behavioral pattern of the interviewed should be determined.

- Multimodal Interview

A multimodal interview is a semi-structured type of interview which combines a series of standardized and un concealed interview sections."[8]

145.3.3 Assessment Center

Assessment-Center are highly-structured procedures which are characterized by independent exercises. By using this tool, a realistic simulation of important professional tasks is given. Assessment-Center are usually group-processes with high validity and acceptance of the involved people.
• Single-Assessment and Hearing

Single-Assessments are structured procedures which combine various instruments and last several hours. It is mainly used to select junior-specialist or experts. After passing the single-assessment the candidate speak to a committee of future superiors, colleagues and the board of directors.

• Self-Assessment

By using the self-assessment type a candidate can try to examine his own knowledge, potential and tendencies. The self-assessment method is based on an IT-supported questionnaire and is mostly used in case of applications. [9]

145.3.4 360° Feedback

The 360° Feedback is a feedback method in which colleagues, superiors, customers and suppliers and other employees participate. The comparison of the own valuation and the valuation of others is essential. Due to this procedure deviations between the own valuation and the valuation of the others can arise and been used for improvements. Therefore 360° Feedback method is supposed to be repeated after a certain period of time. [10][11]

145.3.5 Management Audit

A Management Audit is an evaluation process which estimates the leadership qualities/management skills of the existing manpower. External consultants examine employee’s skills and potential with different tests. After that an interview is used to present the employees experience, competencies and leadership-qualities. The result of management audits is communicated by a recommendation. [12]

145.4 References

[1] Resch, Martin, Personalführung
[6] Hahn, Dr. Manfred, Potenzialanalyse - über die Kunst, Begabungen zu entdecken
[7] Hutter, Sabine (14 January 2010), Mit der Potentialanalyse Spezialisten im Unternehmen identifizieren
Chapter 146

Principle of no-work-no-pay (dies non)

According to Merriam-Webster's Dictionary of Law, Dies non is a part of the Latin phrase literally meaning “a day when courts do not sit or carry on business”. [1] Dies non juridicum is the full Latin phrase literally meaning "Day without judiciary." [2]

According to Webster's New World College Dictionary, the expression dies non (juridicus) was used for defining a day which is not a (court) day or a day on which no legal business is carried on. [3] Literally, dies non (juridicus) is “a not juridical day”. [4] Dictionary.com estimates that the word might have originated in 1600-10.

146.1 Doctrine of “no-work-no-pay”

The doctrine of “no-work-no-pay” is a fundamental axiom in industrial relations. The philosophy is very simple. When a person is employed, it is expected that the work assigned will be carried out. When this work is not done, the employee is not eligible for payment of any salary. [5]

Even when a general strike or countrywide ban disrupts public transport systems, and consequently employees are unable to reach their workplaces, the same principle prevails. Even die-hard trade union leaders respect this principle of equity and natural justice. “No work, no pay” lays a strong foundation to industrial peace and harmony in the long run.” [5]

146.2 See also

- dies non juridicum

146.3 Notes


[2] Dies non juridicum#dies non juridicum


517
146.4 External links


- The Hindu: New Delhi News: No work no pay: High Court

- Strike still on: AI declares no work, no pay - Rediff.com Business
Chapter 147

Professional employer organization

A **professional employer organization** (PEO) is a firm that provides a service under which an employer can outsource employee management tasks, such as employee benefits, payroll and workers' compensation, recruiting, risk/safety management, and training and development. The PEO does this by hiring a client company’s employees, thus becoming their employer of record for tax purposes and insurance purposes. This practice is known as joint employment or co-employment.

As of 2010, there were more than 700 PEOs operating in the United States, covering 2-3 million workers.[1] PEOs operate in all fifty U.S. states. Similar services are described in Sweden[2] and Germany.[3]

147.1 Business model

In co-employment, the PEO becomes the employer of record for tax purposes, filing paperwork under its own tax identification numbers. The client company continues to direct the employees’ day-to-day activities. PEOs charge a service fee for taking over the human resources and payroll functions of the client company; typically, this is from 3 to 15% of total gross payroll.[4] This fee is in addition to the normal employee overhead costs, such as the employer's share of FICA, Medicare, and unemployment insurance withholding.

One key service usually provided by a PEO is to secure workers’ compensation insurance coverage at a lower cost than client companies can obtain on an individual basis. Essentially, a PEO obtains workers’ compensation coverage for its clients by negotiating insurance coverage that covers not just the PEO, but also the client companies. This is allowed because legally the PEO is the co-employer of the workers at the client companies. There have been instances of PEOs using improper means to lower their workers’ compensation insurance costs and some principals of PEOs have been found criminally liable for fraud. PEOs can also offer basic levels of background & drug screening.

Use of a PEO saves time and staff that would be used to prepare payroll and administer benefits plans, and may reduce legal liabilities or obligations to employees that it would otherwise have. The client company may also be able to offer a better overall package of benefits, and thus attract more skilled employees. The PEO model is therefore attractive to small and mid-sized businesses and associations, and PEO marketing is typically directed toward this segment.[4]

Several variations on the PEO model exist, differing in the nature of the relationship formed between PEO and client company.

- **Administrative services organizations** (ASO) are similar to PEOs, but do not create a co-employment relationship. Employees remain solely under the control of the client company. Tax and insurance filings are done by the ASO, but under the client company’s Employer Identification Number.

- **Umbrella companies**, found primarily in the UK, act as employer of record for independent contractors instead of permanent employees. The contractors become employees of the umbrella company, but do not also become employees of the client. The growth in umbrella companies in the UK is attributed to legislation targeting “disguised income” by contractors performing the same duties as employees but hired via intermediaries.[5] The press release announcing the legislation, IR35, is often used to refer to the legislation itself.
Pass-through agencies are staffing firms that act as the employer of record for independent contractors, but do not obtain work for them. Like umbrella companies in the UK, the contractors do not become employees of the client.\[6\]

Global PEO services are now being offered by companies such as PEO worldwide. Although the translation of applicable rules and regulations vary from country to country (The USA being the only country to formally recognize the PEO industry in statute.) such companies are able to deliver PEO services in 160 countries.

Financial intermediaries, also called fiscal intermediaries, act as an employer of record for home healthcare workers who serve disabled persons. This streamlines the process of hiring such workers, because neither the household hiring them nor government units that provide funding need to take on the duties of an employer.\[7\] They are part of the self-determination movement in disability care.

PEOs can benefit companies differently. For example, a blue collar organization may see more value in workers’ compensation insurance and vice versa. A variation of a PEO model without co-employment is an administrative services organization.\[8\]

147.2 Early history

Employee leasing in the United States began in the late 1960s by three businessmen, Eugene Boffa, Louis Calmare, and Joseph Martinez. The concept was popularized by Marvin R. Selter, who leased the employees of a doctor’s office in Southern California.\[9\] The Employee Retirement Income Security Act of 1974 (ERISA) contained an exemption for multiple employer welfare arrangements (MEWA), which provided a loophole for employers with leased employees to claim they were exempt from the ERISA requirements. Passage of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) further encouraged employee leasing by providing a tax shelter for employers who contributed a minimum amount to employee plans. More stringent guidelines in the Tax Reform Act of 1986 later eliminated most of the TEFRA incentive, however.

By 1985, there were approximately 275 staff leasing companies in the United States.\[10\]

A new business has also developed recently, in which a marketing or brokering company serves to connect businesses with professional employer organizations. Many of these sites receive a commission if they arrange a contract between a PEO and a new business client. These sites earn their money by “brokering” for various PEOs and receiving compensation for contracting PEO relationship.

147.3 Abuses

State Unemployment Tax (SUTA) arbitrage, commonly referred to as “SUTA dumping,” occurs when an employer with a high unemployment insurance rate transfers or “dumps” employees to purchased subsidiaries with lower unemployment insurance rates. However in any PEO relationship the client company would take the Professional Employer Organization’s SUTA rate by law, in effect many times lowering their SUTA through SUTA Arbitrage, however the only time this wouldn’t apply is in client reporting states.\[11\]

Owners of professional employer organizations are in a position to commit fraud by keeping the funds deducted from employee paychecks instead of paying the insurance and government entities for whom the deductions were made. In a case in San Antonio, Texas \[12\] four executives were convicted of siphoning $133 million from the three PEOs they owned and operated.

147.4 Regulation

Each state in the U.S. has differing regulations for workers’ compensation insurance and state unemployment insurance, so PEOs are typically regulated at the state level.\[13\]

In 2004, President George W. Bush signed into law the SUTA Dumping Protection Act of 2004, which requires that all 50 states enact anti-SUTA-dumping legislation by 2007.\[14\] Most states have now done so;\[15\] however, federal law does not prohibit companies from using a PEO to obtain more favorable SUTA rates.\[16\]
The staff leasing industry itself has also taken steps to address abuses. It formed its first trade association, the National Staff Leasing Association, in 1985. The association changed its name to the National Association of Professional Employer Organizations in 1994 to reflect the term in current usage.

As part of the industry's efforts to self regulate, an independent accreditation body, Employer Services Assurance Corporation (ESAC), was formed in 1995. ESAC's purpose is to verify PEO compliance with important ethical, financial, and operational standards and to provide financial assurance backing the performance of its accredited PEOs. [17]

PEOs may also undergo a certification process conducted by the independent Certification Institute (CI) formed in 2002. This certification verifies that a PEO's workers' compensation (WC) program is meeting proven insurance industry risk management best practices to reduce work-related accidents and health exposures and control WC insurance losses. [18]

147.5 Updated Changes

In 1985 there were approximately 275 staff leasing companies in operation. In 2012, according to NAPEO, there are now approximately 700 PEO's operating in all 50 states. They were responsible for approximately $81 billion in gross revenue in 2010. [19]

147.6 NCCI impact on PEO's

A recent change in 2013 regarding the way companies Experience Modifier is calculated has caused companies with previously good modifiers to get better, while companies whose modifiers had struggled previously have gotten worse. The Experience Rating Plan, as NCCI refers to it, will be undergoing a change that NCCI believes will more accurately reflect individual employers’ claims experience. NCCI, the National Council on Compensation Insurance, sees this as a “Mod Neutral” action since the median average does not change. While some companies get better, some get worse. Overall, however, the “center” stays in essentially the same spot. While this will assist the good companies to improve their position, this will cause the companies in dire straights to get worse. Many of these companies may be forced out of the “standard” market and into secondary markets such as PEO's and other “options of last resort” such as state pools. This may lead to a further increase in the number of PEO's, or it may lead to an increase in state pools, or possibly both. [20]

NCCI views this action as having two primary benefits. The first is that it “tails the cost prediction and final net premium cost to the individual insured” making the calculation more accurate. The second benefit is that “it provides added incentives for loss reduction.” [20]

147.7 See also

- Agency worker law
- Manpower Inc.
- Precarious work
- Contingent workforce

147.8 References

[1] Industry Facts, NAPEO


CHAPTER 147. PROFESSIONAL EMPLOYER ORGANIZATION


[7] FAQ #5: What is a Fiscal Intermediary?


[12] ”Four Sentenced in $133 Million Fraud Scheme”. February 2014.


[17] Employer Services Assurance Corporation

[18] Certification Institute WC Risk Management Best Practices

[19] National Association of Professional Employer Organizations

Chapter 148

Progress, plans, problems

_Progress, plans, problems_ (PPP) is a management technique for recurring (daily, weekly or monthly) status reporting. A person reports 3-5 achievements, goals and challenges from the reporting period. It is used in organizations in situations like employee to manager, team member to team or CEO to board, investors and advisors reporting.

Each report consists of three sections:

**Progress.** Employee's accomplishments, finished items and closed tasks for the period ending.

**Plans.** Goals and objectives for the next reporting period.

**Problems.** Items that are stuck and can’t be finished. Problems often need help from someone else, not just the employee.

PPP reporting has been used in companies like Skype *[1]* and startup accelerators like Seedcamp as their internal reporting process.

148.1 References


148.2 External links

- PPP overview by Weekdone
- Description by Emi Gal, co-founder of Brainient
- Description by Colin Nederkoorn, co-founder of Customer.io
- by Cleve Gibbon Planning, Productivity and Progress – The Power of P
- What is and how to implement PPP?
Chapter 149

Progressive discipline

Progressive Discipline is a system of discipline where the penalties increase upon repeat occurrences. This term is often used in an employment or human resources context where rather than terminating employees for first or minor infractions, there is a system of escalating responses intended to correct the negative behaviour rather than to punish the employee.

The typical stages of progressive discipline in a workplace are:

1. Counselling or a verbal warning;
2. A written warning;
3. Suspension or demotion; and
4. Termination.

The stage chosen for a particular infraction will depend on a variety of factors that include the severity of the infraction, the previous work history of the employee and how the choice will affect others in the organization.

Also inherent in Progressive Discipline is regression to previous stages once enough time passes.

149.1 References

149.2 See also

- disciplinary probation
Chapter 150

Public service motivation

Public service motivation (PSM) is a theorized attribute of government employees that provides them with a desire to serve the public. The existence and extent of this service ethic have been examined many times in scholarly literature. PSM is important because it explains why some people choose careers in the government and non-profit sectors despite the potential for more financially lucrative careers in the private sector.

Early authors in the field of public administration described differences between public and private employees and concerns over motivating public sector employees. [1] Paul Van Riper described the issue in his 1952 history of the U.S. civil service system. [2] Even Woodrow Wilson's seminal 1882 essay that founded the field of public administration expressed concern over the performance of civil servants. Much of Max Weber's work on bureaucracy focused on similar issues. [1] Kaufman's The Forest Ranger introduced the idea of an organizational culture unique to government employees in the 1960s, which contributed significantly to the field of study. [3]

The concept of Public Service Motivation was formalized in the late 1970s and early 1980s by authors like Buchanan, Mosher, Perry, Porter, and Rainey. [4][5][6][7] Since then, it has gained international prominence. [8] PSM varies between employees and it is difficult to generalize the motivations of everyone who works in the public sector. With that said, PSM is an important driver in public sector employment. [9]

150.1 References


Chapter 151

Randstad Holding

Randstad Holding nv is a Dutch multinational human resource consulting firm headquartered in Diemen, Netherlands. Randstad is the world's second-largest HR service provider after Adecco. [2] It was founded in the Netherlands in 1960 by Frits Goldschmeding and operates in around 39 countries. [3] In 2013, the company achieved a turnover of €16.6 billion and a net income of €230.7 million. [4] Randstad employs around 28,000 staff. Globally, Randstad has 4,587 branches. [5]

Randstad Holding nv is listed as RAND on the AEX of Euronext Amsterdam. Founder Frits Goldschmeding is still the biggest shareholder. Randstad’s head office is in Diemen, in the Netherlands.

151.1 Core activities

Randstad specializes in human resource services for temporary and permanent jobs, including contract staffing of professionals and senior managers. [6]

In most of these countries, Randstad works according to a unit structure, whereby each unit consists of two consultants who are responsible for service provision to clients and selecting candidates. Randstad promotes these activities under two brand names: Randstad and Tempo Team.

A separate division of Randstad focuses on recruiting supervisors, managers, professionals, interim specialists and advisors. These people are deployed in temporary positions in middle and senior management, such as engineers, ICT specialists, or marketing & communication specialists.

In a number of countries, Randstad also has operating companies that select managers for permanent placements in middle and senior management. HR Solutions also involves a number of services such as selection processes, HR consultancy, outplacement and career support.

Brands under which Randstad promotes its activities include Randstad, Randstad Care, Tempo Team, Expectra and “Yacht.” In order to increase name recognition, Randstad has also become a sponsor of the British Formula 1 team Williams F1.

151.2 History *[7]

151.2.1 1960-1970: The company's launch

Randstad was founded in 1960 by Frits Goldschmeding and Ger Daleboudt, who were both studying economics at the time at VU University Amsterdam. The first flyers for the firm were typed in Goldschmeding’s attic room in the student house on Sloterkade in Amsterdam. The agency was called ‘Uitzendbureau Amstelveen’. The first financial year (1960) ended with a profit of 4.12 euros, growing to 7,866 euros the following year.

In the first years, Uitzendbureau Amstelveen mainly provided personnel for the insurance industry, banks and the health-care sector. The firm's first office was near the Vondelpark in Amsterdam.

In 1963, the agency also opened branches in Leiden and Rotterdam and changed its name from ‘Uitzendbureau
Amstelveen’ to ‘Randstad Uitzendbureau’. At that time, Goldschmeding and Daleboudt were still sure that the Randstad (the urban area between Amsterdam, Utrecht, The Hague and Rotterdam) represented their total reach. A new logo was created by designer Ben Bos from Total Design. This is still the logo used by Randstad in 2011.


151.2.2 1970-1980: search for recognition

After obtaining additional credit from the AMRO Bank to enable the company to grow further, in 1970 Randstad moved into a new head office on A.J. Ernstraat in Amsterdam. This was where all the branches sent their time sheets every week. In order to process everything, the first computer, the size of a large conference room, made its appearance at Randstad.

Criticism

As the number of temporary staffing agencies grew (ASB, Manpower Inc., Evro and Tempo-Team had also become important players on the market), the criticism increased. Temporary staffing agencies continued to have a bad image.
Trade unions and left-wing parties felt that the government should have a steering role on the labor market and also in the field of employment mediation. Trade unions felt that temporary staff had no rights and were afraid that temporary staff would earn more than permanent staff, and that employers would replace permanent jobs by temporary ones. In turn, Randstad felt that it was finding jobs for people who would not otherwise be active on the labor market. The unions also complained that it was only people who were relatively mobile who got temporary jobs and that temporary staff could only do dirty and heavy work.

The Dutch Ministry of Social Affairs also struggled with the concept of temporary staffing agencies and produced a whole series of restrictive measures. These went so far as to stipulate that the agencies could not expand any further. Moreover, each temporary employee had to be registered with the Ministry every few months and be granted permission. Nor were temporary staff allowed to earn more than permanent employees. The unintended effect was that demand for temporary staff soared, due to the low rates. Randstad had no other option than to comply with the government’s regulations, but it tried to get round the restrictions. Together with ABU, an association that promoted the interests of temporary staffing agencies, 22 court cases were initiated. This at least had the result of abolishing the regulation prohibiting expansion.

Consultant

In the 1970s, the consultant was also born. Whereas acquiring and serving clients on the one hand and selecting and placing temporary staff on the other used to be two different roles, these were now growing together. Randstad decided to integrate them in one person, at the time a unique development in the temporary staffing sector.

Whilst in the early years, the company had focused on supplying keypunch operators, typists, accountants, administrators and secretaries, from 1973 the company chose a broader approach. The consultants now had to target all kinds of personnel, from medical to industrial.

Holding

At the end of the 1970s, Randstad had several divisions, not just related to temporary staffing, but also cleaning work and security. In 1978, Randstad Holding nv was therefore founded to accommodate all the divisions. By now Randstad also needed a bigger head office. Its foundation stone was laid in Diemen in 1977.
151.2. HISTORY

Randstad consultants at work

Randstad building in Enschede
151.2.3 1980-1990: steady growth and stock market flotation

The period 1980-1990 started with a recession, as a result of which Randstad – totally contrary to its philosophy – had to make staff redundant. One hundred and sixty people had to leave, but eventually these were all voluntary redundancies.

However, by recognizing in time that the economy would recover, Randstad shifted its focus - sooner than its competitors - towards growth instead of cost reduction. Very soon many Dutch branches were experiencing steady growth again.

Tempo-Team

Competitor Tempo-Team was less successful in riding the recession and at the end of 1982 started looking for a take-over partner. It found it in Randstad, which bought Tempo-Team for 125,000 euros and the commitment to repay a large debt. From that moment, Randstad had a second brand name in the same market. From the start, Tempo-Team was marketed in a very different way from Randstad: instead of starters on the labor market, slightly older consultants were chosen, both men and women, with a specifically practical mentality. With first orange and later red, Tempo-Team’s house color was clearly different from Randstad’s house color.

CAO for temporary staff

The recession had a second consequence for Randstad: the trade union FNV decided it wanted to talk. During the economic crisis, employers had introduced so many random temporary contracts, that a temporary staffing contract seemed relatively favorable in contrast. From now on, the trade unions recognized that the labor market needed flex workers. Moreover, it had become evident that for many people temporary work constituted a step up to a permanent job. In 1986, the discussions resulted in a Collective Labor Agreement (CLA) for permanent employees in the temporary staffing sector and in 1987 in a CLA for all temporary staff.

Recognition

Even the government gradually changed course. From 1982, as a new government struggling with high unemployment figures, it realized that temporary staffing agencies actually helped people get jobs. Little by little, the rules were relaxed. Randstad experienced this as an epoch-changing landslide: instead of being considered part of the problem, the company was now seen to be part of the solution. During its 25th anniversary celebrations, founder Goldschmeding received a Royal Honor. For Randstad, this was the final step in its recognition.

Stock market flotation

Financially too, Randstad was very successful. Turnover rose from 204 million euros in 1983 to 518 million euros in 1985. In 1988, Randstad embarked on a long process that eventually terminated in its stock market flotation on 5 June 1990. For Randstad, this had a number of advantages: a listed company has greater name recognition, an option scheme allowed personnel to share in Randstad's success and the company gained access to new capital, which might be required in the future for possible acquisitions. Initially Randstad shares did not do as well as hoped, because the introductory price was too high. In 1991, however, following the publication of the figures for 1990 revealed the extent of Randstad's success, the shares became more popular. From mid March 1991, slowly but steadily the share prices rose.

151.2.4 1990-2000: internationalization

After the stock market flotation, there was a shift in Randstad’s management structure so that there was more focus on internationalization. Around the start of the decade, Randstad was primarily a Dutch company with branches in Belgium, Germany, France and England. Temporary staffing, cleaning and security were its main activities. Only a quarter of the turnover was generated by international activities.

This was something Randstad wanted to change, as it was becoming increasingly clear that big international companies preferred to do business with one supplier for their flex worker needs. Such a company would then have to be able to
supply temporary staff worldwide.

On 1 April 1992, Randstad acquired the Dutch temporary staffing agency Flex, which also had branches in Belgium and France, for instance. In the Netherlands, Werknet was acquired and integrated in Tempo-Team.

**United States**

However, the company’s dream was to establish itself in the United States. New board member Erik Vonk therefore set up a small office in Atlanta and went in search of a suitable candidate for a takeover. He found it in 1993 in TempForce, a local temporary staffing agency with twelve offices in Atlanta. Randstad changed the name from TempForce to Randstad Staffing Services. At the end of 1993, Randstad also acquired the American agency Jane Jones Enterprises. This marked the cautious start of the American growth: by mid-1994 Randstad had 32 branches in America generating a turnover of 30 million euros. 5,500 flex workers were deployed every day. However, that was still not much compared with Randstad’s turnover in the Netherlands, which was 909 million euros.

**Olympic Games**

It was around this time that Randstad also ventured into sport sponsoring, by becoming a sponsor in Atlanta of the 1996 Olympic Games. Moreover, Randstad supplied temporary staff to the Games: 16,000 in total. After the Games, Randstad’s name recognition in the Atlanta region rose from fifteen to 99.5 percent.

**Goldschmeding retires**

On Friday 16 May 1998, at the age of 65, Frits Goldschmeding retired from his company after 38 years. A huge party was organized for 1,500 guests. After a year’s rest, Goldschmeding took his seat on the Supervisory Board. Goldschmeding was succeeded by Hans Zwarts, who embarked on more acquisitions. In order to continue the internationalization process, temporary staffing chain Strategix was acquired in the United States, a company with 300 branches. In Switzerland, Life & Work was acquired, in Spain Tempo Grup and in Germany Time Power. However, these acquisitions and the difficult integration of the companies in Randstad took their toll. In 2000 and 2001, profits tumbled and share prices fell. Faced with these poor results, Zwarts resigned.

**151.2.5 2000-2010: recent history**

In October 2001, Cleem Farla succeeded Hans Zwarts as CEO. He saw it as his main task - together with the board – to reintroduce the old Randstad values, developing a better strategy for internationalization and to substantially cut costs. Significant lessons were learned from the past too. The company went back to basics: the consultant and the match between client and temporary staff were once again the main focus.

This was expressed in a new business strategy based on four strategic building blocks:

- strong concepts
- best people
- excellent execution
- superior brands

(See above for a detailed description of these four strategic building blocks).

The introduction of these pillars was seen as a new start for Randstad and the success of this strategy is largely due to the inspired leadership of Cleem Farla. But in August 2002, Farla was diagnosed with a serious illness. Ben Noteboom temporarily stepped into his shoes, and definitively assumed his role on 1 March 2003.
Best practices

In order to further standardize Randstad’s services, the company started to apply best practices. ‘You map out the market and enter the results in this database. We’ve turned these activities into a routine. […] We give it the rhythm and tone, but our staff make their own music,’ says CFO Robert-Jan van de Kraats.

As a result, it is easier to copy services from one market to another. Randstad has specialized in the recognition, recording and implementing of company processes worldwide.

Net profit rises

The new focus on the core activities and clear strategy were successful. In 2003, the net profit was 77.1 million euros, a 36% increase compared to 2002.

More countries

From 2005, Randstad's internationalization was further increased. In India, the company took over EmmayHR and Team4U. This immediately made Randstad the third player on the market. The company also took its first cautious steps in China. Randstad also ventured on the market in Portugal, Hungary, Turkey, Poland and Japan.

Vedior

On Monday 3 December 2007, Randstad and temporary staffing organization Vedior announced their merger.*[8] Randstad had been eyeing Vedior for some time. The takeover moved both companies up to number two in the world (after Adecco). Vedior had a higher proportion of higher-margin, faster growing professional staffing business than Randstad. Moreover, Vedior operated in strategic markets in which Randstad had not made much progress so far, such as Japan and Brazil. There were other differences too: Vedior had a decentralized structure, while Randstad was more centrally managed; Randstad concentrated on one strong brand, whereas Vedior adopted a multi-brand approach targeting niche staffing sectors. Yet the former competitors were ultimately successfully merged to form one and the same company.

50 years Randstad in 2010

In 2010, Randstad celebrated its fiftieth anniversary, marked by the publication of the book ‘Randstad Mensenwerk’ compiled by Professor Fred Emmer, professor emeritus at Leiden University. This book was internally distributed within Randstad under the title ‘Working on a dream’.

151.3 Facts and figures

151.3.1 Countries in which Randstad operates *[9]

Randstad operates in the following countries:

Africa

- South Africa (Alliance with Adcorp)

Asia and the Middle East

- China
- Hong Kong
- India
• Japan
• Malaysia
• Singapore
• Sri Lanka
• United Arab Emirates

Pacific
• Australia
• New Zealand

Europe
• Andorra
• Austria
• Belgium
• Czech Republic
• Denmark
• France
• Germany
• Greece
• Hungary
• Italy
• Luxembourg
• Monaco
• The Netherlands
• Norway
• Poland
• Portugal
• Slovakia
• Spain
• Sweden
• Switzerland
• Turkey
• United Kingdom

North America
• Canada
• United States
Latin America

- Argentina
- Brazil
- Chile
- Mexico
- Uruguay

151.3.2 Most important figures *[10]*

An overview of Randstad’s main figures:

**Turnover and profit**

- In 2013, Randstad achieved a turnover of €16.6 billion
- The net profit in 2013 was €230.7 million

**Global distribution of turnover and the different business areas of Randstad**

*Global distribution of turnover generated by temporary staffing*  See above for a description of this business area.

*Global distribution of turnover generated by professionals*  See above for a description of this business area.

*Global distribution of turnover generated by inhouse services*  See above for a description of this business area.

**Average number of own staff in 2013**

Own staff include flex workers working in the Randstad organization.

**Number of branches (including inhouse locations), end 2013**

**Number of inhouse locations, end 2013**

At inhouse locations, Randstad works at one location for a specific client.

151.3.3 Management *[11]*

**Executive board, composition in 2014*[12]**

**Supervisory Board, composition in 2012*[13]**

In March 2011, Frits Goldschmeding (1933, Dutch), original founder of Randstad, resigned as vice chairman of the Supervisory Board.*[14] His last term ran from 2007 to 2011.*
151.4 See also

- Professional employer organization
- Employment agency
- Recruiter
- Recruitment
- Temporary work
- UK agency worker law

151.5 References

[1] Financial statements of Randstad holding


[10] Value at work – abbreviated annual report, pages 1, 6, 7, 18, 19


151.6 External links

- Official website
Chapter 152

Recruitment

For other uses, see Recruitment (disambiguation).

Recruitment refers to the overall process of attracting, selecting and appointing suitable candidates for jobs within an organisation, either permanent or temporary. Recruitment can also refer to processes involved in choosing individuals for unpaid positions, such as voluntary roles or training programmes.

Recruitment may be undertaken in-house by managers, human resource generalists and/or recruitment specialists. Alternatively, parts of the process may be undertaken by either public-sector employment agencies, commercial recruitment agencies, or specialist search consultancies.

The use of internet-based services and computer technologies to support all aspects of recruitment activity and processes has become widespread.

152.1 Internal

Internal recruitment refers to the process of a candidate being selected from the existing workforce to take up a new job in the same organization, perhaps as a promotion, or to provide career development opportunity, or to meet a specific or urgent organizational need. Advantages of this approach include the organization's familiarity with the employee and their competencies (insofar as they are revealed in their current job), and their willingness to trust said employee. It can also be quicker and can have a lower cost to hire someone from another part of the same organization. 

*A temporary internal appointment for a period of a few months sometimes occurs, after which the employee would normally be expected to return to their previous job. This is known as a secondment; someone on a secondment is said to be seconded to the new team. Secondments may also take place between related organizations.*

152.2 Process

152.2.1 Job analysis

In situations where multiple new jobs are created and recruited for the first time, a job analysis might be undertaken to document the knowledge, skill, ability, and other personal characteristics required for the job. From these the relevant information is captured in such documents as job descriptions and job specifications. Often a company will already have job descriptions that represent a historical collection of tasks performed. Where already drawn up, these documents need to be reviewed or updated to reflect present day requirements. Prior to initiating the recruitment stages a person specification should be finalized to provide the recruiters commissioned with the requirements and objectives of the project. 

"[2]"
152.2.2 Sourcing

Sourcing is the use of one or more strategies to attract or identify candidates to fill job vacancies. It may involve internal and/or external advertising, using appropriate media, such as local or national newspapers, specialist recruitment media, professional publications, window advertisements, job centers, or in a variety of ways via the internet. Alternatively, employers may use recruitment consultancies or agencies to find otherwise scarce candidates who may be content in their current positions and are not actively looking to move companies. This initial research for so-called passive candidates, also called name generation, results in a contact information of potential candidates who can then be contacted discreetly to be screened and approached.\[2\]

152.2.3 Screening and selection

Suitability for a job is typically assessed by looking for that are required for a job. These can be determined via: screening résumés (also known as curriculum vitae or CV); job application; Biographical Information Blanks which is an assessment that asks for a more extensive background than an application; or a job interview. Various psychological tests can be used to assess a variety of KSAOs, including literacy. Assessments are available to measure physical ability. Many recruiters and agencies use applicant tracking systems to perform the filtering process, along with software tools for psychometric testing and performance based assessment.\[3\] In many countries, employers are legally mandated to ensure their screening and selection processes meet equal opportunity and ethical standards.\[2\]

In addition to the above selection assessment criteria, employers are likely to recognize the value of candidates who encompass “soft skills” such as interpersonal or team leadership, and have the ability to reinforce the company brand through behavior and attitude portrayal to customers and suppliers. Multinational organizations and those that recruit from a range of nationalities are also concerned candidates will fit into the prevailing company culture.\[4\] Though many hold attitudes that are more enlightened and informed than past years, the word “disability” carries few positive connotations for most employers. Research has shown that employer biases tend to improve through firsthand experience and exposure with proper supports for employee \[5\] and the employer making the hiring decisions, less influenced by the disabled applicant perceived contribution. As for most companies, money and job stability are two of the contributing factors to productivity, which in return equates to the growth and success of a business. Hiring disabled workers produce more advantages than disadvantages.\[6\] Disabled workers are more likely to stay with the company and make their a work a career than most due to the fact that they appreciate having a job and are more stable because they an work at high levels. There is no difference in the daily production of a disadvantaged worker. Given their situation, they are more likely to adapt to their environment surroundings and acquaint themselves with equipment, enabling them to solve problems and overcome adversity as other employees. Companies are granted Disable Access Credit.\[7\] Although there are eligibility requirements for these funds, it could assist with costs of accommodations and other expenses. Additional management to supervise and assist those who encounter problems are needed which causes employers to hire more qualified personnel (in case supervisor unavailable) and equate to higher wages, double shifts and incentives. Ensuring adequate space and property changes such as ramps, restricting parking spaces, and posting handicap signs can be fairly inexpensive, transformations still have to be in place and tedious. Sometimes companies lose skilled workers due to depth of responsibility entailed in overseeing employees that are less advantaged.

152.2.4 Lateral hiring

“Lateral hiring” refers to the hiring of someone into a position that is at the same organizational level or salary. It could mean hiring someone from another, similar organization, possibly luring them with a better salary and the promise of better career opportunities. An example is the recruiting of a partner of a law firm by another law firm. A lateral hire may also refer to an employee moving from one position to another within the same organization.

152.3 Approaches

There are a variety of recruitment approaches and most organizations will utilize a combination of two or more of these as part of a recruitment exercise or to deliver their overall recruitment strategy. There are six common models:

- In-house or human resources personnel may in some case still conduct all stages of the recruitment process. In smaller organizations, recruitment may be done by individual managers or recruiters. More frequently, whilst
A British Armed Forces recruitment centre in Oxford.
152.3. APPROACHES

managing the overall recruitment exercise and the decision-making at the final stages of the selection process, external service providers may undertake the more specialized aspects of the recruitment process.

- Social Media Recruitment is the new trend which can implement in the current recruitment process. Social media helps to drive passive candidates and indirectly helps to create brand awareness about the company. A few tools commonly used by social media recruiters are LinkedIn, Facebook, Twitter, Google+, etc.

- Outsourcing of recruitment to an external provider may be the solution for some small businesses and at times for large organizations.

- Employment agencies are established as both publicly funded services and as commercial private sector operations. Services may support permanent, temporary, or casual worker recruitment. They may be generic agencies that deal with providing unskilled workers through to highly skilled managerial or technical staff or so-called niche agencies that specialize in a particular industrial sector or professional group.

- Executive search firms recruit for executive and professional positions. These firms operate across a range of models such as contingency or retained approaches, and also hybrid models where advertising is also used to ensure a flow of candidates alongside relying on networking as their main source of candidates.

- Internet recruitment services include recruitment websites and job search engines used to gather as many candidates as possible by advertising a position over a wide geographic area. In addition, social network sourced recruitment has emerged as a major method of sourcing candidates.

152.3.1 In-house

Many employers undertake their own in-house recruitment, using their human resources department, front-line hiring managers and recruitment personnel who handle targeted functions and populations. In addition to coordinating with the agencies mentioned above, in-house recruiters may advertise job vacancies on their own website and other job boards, coordinate internal employee referrals, target and headhunt external candidates (much like an external agency or search firm), work with external associations, trade groups and/or focus on campus graduate recruitment. Some large employers choose to outsource all or some of their recruitment process (recruitment process outsourcing), however a more common approach is for employers to introduce referral schemes where employees are encouraged to source new staff from within their own network.

Internal recruiters

An internal recruiter (alternatively in-house recruiter or corporate recruiter) is member of a company or organization and typically works in the human resources department. Internal recruiters may be multifunctional, serving in an HR generalist role or in a specific role focusing all their time on recruiting. Activities vary from firm to firm but may include, screening CVs or résumés, conducting aptitude or psychological testing, interviewing, undertaking reference and background checks, hiring; administering contracts, advising candidates on benefits, onboarding new recruits and conducting exit interviews with employees leaving the organization. They can be permanent employees or hired as contractors for this purpose. Contract recruiters tend to move around between multiple companies, working at each one for a short stint as needed for specific hiring purposes. The responsibility is to filter candidates as per the requirements of each client.

Employee referral

For more details on this topic, see employee referral.

An employee referral program is a system where existing employees recommend prospective candidates for the job offered, and in some organizations if the suggested candidate is hired, the employee receives a cash bonus. [8] Job seekers may also be referred or recommended by a third-party affiliate within a particular field based on certain criteria resulting in a lead or interview with a potential future employer.
In some cases the organization provides the employee referral bonus only if the referred employee stays with the organization for stipulated time duration (most cases 3–6 months). Referral bonus depends on the grade of the referred employee, higher the grade then higher the bonus however, this method is not used for senior level hiring.

152.3.2 Outsourcing

An external recruitment provider may suit small organizations without the facilities to recruit. Typically in large organizations, a formal contract for services is negotiated with a specialist recruitment consultancy. These are known in the industry as Recruitment Process Outsourcing. Recruitment process outsourcing may involve strategic consulting for talent acquisition, sourcing for select departments or skills, or total outsourcing of the recruiting function.

152.3.3 On-campus

Sometimes companies send recruiters to colleges to interview prospective employees.

152.3.4 Employment agencies

For more details on this topic, see employment agencies.

Employment agencies operate in both the public and private sectors. Publicly funded services have a long history, often having been introduced to mitigate the impact of unemployment in economic downturns, such as those which form part of the New Deal program in the United States, and the Jobcentre Plus service in the UK.

The commercial recruitment industry is based on the goal of providing a candidate to a client for a price. At one end of the spectrum, there are agencies that are paid only if they deliver a candidate that successfully stays with the client beyond the agreed probationary period. On the other end, there are agencies that are paid a retainer to focus on a client's needs and achieve milestones in the search for the right candidate, and then again are paid a percentage of the candidate's salary when a candidate is placed and stays with the organization beyond the probationary period.
The agency recruitment industry is highly competitive, therefore agencies have sought out ways to differentiate themselves and add value by focusing on some area of the recruitment life cycle. Though most agencies provide a broader range of service offerings, at the two extremes are the traditional providers and the niche operators.

**Traditional agency**

Also known as employment agencies, recruitment agencies have historically had a physical location. A candidate visits a local branch for a short interview and an assessment before being taken onto the agency’s books. Recruitment consultants then work to match their pool of candidates to their clients’ open positions. Suitable candidates are short-listed and put forward for an interview with potential employers on a contract or direct basis.

**Recruitment Broker**

An agency / consultancy representing multiple 'Traditional agencies' with a physical location. A client employs the Broker to manage their recruitment process who supplies candidates from potentially multiple recruitment agencies. The agency recruitment consultants then work to match their pool of candidates to the Brokers’ open positions. Suitable candidates are short-listed and put forward for an interview with potential employers on a contract or direct basis. Typically the Broker fee is paid by the recruitment agency as a percentage of the placement rather than direct from the client.

**Niche recruiters**

'Specialized recruiters’ exist to seek staff with a very narrow specialty. Because of their focus, these firms can very often produce superior results due to their ability to channel all of their resources into networking for a very specific skill set. This specialization in staffing allows them to offer more jobs for their specific demographic, which in turn attracts more specialized candidates from that specific demographic over time building large proprietary databases. These niche firms tend to be more focused on building ongoing relationships with their candidates as is very common the same candidates are placed many times throughout their careers. Online resources have developed to help find niche recruiters. ’[9] Niche firms also develop knowledge on specific employment trends within their industry of focus (e.g., the energy industry) and are able to identify demographic shifts such as aging and its impact on the industry.’[10]

Financial arrangements operated by agencies take several forms, the most popular are:

- A contingency fee paid by the company when an agency introduced candidate accepts a job with the client company. Typical fees range from 15% to 35% based on the candidates first-year base salary (fees as low as 12.5% can be found online). This type of recruitment usually has a rebate or replacement guarantee should the candidate fail to perform or leave within a set period of time (often up to a three-month period and as much as a 100% rebate).

- An advance payment that serves as a retainer, also paid by the company, is non-refundable and paid in full depending on outcome and success (e.g., 40% up front, 30% in 90 days and the remainder once a search is completed). This form of compensation is generally reserved for high level executive search/headhunters

- Hourly charge for temporary workers and projects. A negotiated hourly fee in which the agency is paid and then pays the applicant as a consultant for services as a third party. Many contracts allow a consultant to transition to a full-time status upon completion of a certain number of hours with or without a conversion fee.

**152.3.5 Executive search firms or headhunters**

For more details on this topic, see executive search.

An executive search firm or “headhunter” are industry terms for a third-party recruiter who works on behalf of an employer and seeks out candidates on their behalf. Headhunters are generally considered more aggressive than in-house recruiters or may have existing industry experience and contacts. They may use advanced sales techniques. They may also purchase expensive lists of names and job titles but more often will generate their own lists. They may arrange a meeting or a formal interview between their client and the candidate and will usually prepare the candidate
for the interview, help negotiate the salary and conduct closure of the search. They are frequently members in good standing of industry trade groups and associations. Headhunters will often attend trade shows and other meetings nationally or even internationally that may be attended by potential candidates and hiring managers.

Headhunters are typically small operations that make high margins on candidate placements (sometimes more than 30% of the candidate’s annual compensation). Due to their higher costs, headhunters are usually employed to fill senior management and executive level roles. Headhunters are also used to recruit very specialized individuals; for example, in some fields, such as emerging scientific research areas, there may only be a handful of top-level professionals who are active in the field. In this case, since there are so few qualified candidates, it makes more sense to directly recruit them one-by-one, rather than advertise internationally for candidates. While in-house recruiters tend to attract candidates for specific jobs, headhunters will attract both candidates and actively seek them out as well. To do so, they may network, cultivate relationships with various companies, maintain large databases, purchase company directories or candidate lists and cold call prospective recruits.

Headhunters are increasingly using social media to find and research candidates. This approach is often called social recruiting.

Executive research and resourcing firms

These firms are the new hybrid operators in the recruitment world, able to combine the research aspects (discovering passive candidates) of recruiting and combine them with the ability to make hires for their clients. These firms provide competitive passive candidate intelligence to support companies’ recruiting efforts. Normally they will generate varying degrees of candidate information from those people currently engaged in the position a company is looking to fill. These firms usually charge a daily rate or fixed fee. Executive research can help companies uncover names that cannot be found through traditional recruitment methods and will allow internal recruitment and resourcing managers more time to deal with face to face interviews.

152.3.6 Internet recruitment services

Recruitment websites

Such sites have two main features: job boards and a résumé/curriculum vitae (CV) database. Job boards allow member companies to post job vacancies. Alternatively, candidates can upload a résumé to be included in searches by member companies. Fees are charged for job postings and access to search resumes. Since the late 1990s, the recruitment website has evolved to encompass end-to-end recruitment. Websites capture candidate details and then pool them in client accessed candidate management interfaces (also online). Key players in this sector provide e-recruitment software and services to organizations of all sizes and within numerous industry sectors, who want to e-enable entirely or partly their recruitment process in order to improve business performance.

The online software provided by those who specialize in online recruitment helps organizations attract, test, recruit, employ and retain quality staff with a minimal amount of administration. Online recruitment websites can be very helpful to find candidates that are very actively looking for work and post their resumes online, but they will not attract the “passive” candidates who might respond favorably to an opportunity that is presented to them through other means. Also, some candidates who are actively looking to change jobs are hesitant to put their resumes on the job boards, for fear that their companies, co-workers, customers or others might see their resumes.

Job search engines

There are meta-search engines which search across multiple websites.

Recruitment agency directories

The emergence of the Internet provided the functionality to provide recruitment agencies with a low-cost alternative to advertising. Unlike a standard directory, these niche directories have helped those searching for employment representation, a way to narrow down their requirements based on their own job-searching requirements. Recruitment agencies are then able to showcase their services directly to those looking. Omn Rudra Placement Services Badambadi, Cuttack" [11] [12]
Social recruiting

For more details on this topic, see Social recruiting.

Social recruiting is the use of social media for recruiting including sites like Facebook, Twitter, and LinkedIn. It is a rapidly growing sourcing technique, especially with middle-aged people. On Google+, the fastest-growing age group is 45-54. On Twitter, the expanding generation is people from ages 55–64. Mobile social recruiting is rapidly expanding. CareerBuilder ran a recent survey of the Fortune 500 companies and discovered that 39% of people in the United States uses tablet computers. Another recent survey done by Glassdoor.com revealed that 43% of candidates research company policy, culture, and history all within the fifteen minute time period before an interview begins. However, 80% of Fortune 500 companies fail to use mobile-optimized career sites.

Candidate paid recruiters

Some recruiters work by accepting payments from job seekers, and in return help them to find a job. Such recruiters often refer to themselves as “personal marketers” and “job application services” rather than as recruiters.

152.4 See also

- Applicant Tracking System
- Candidate Submittal
- Employment agency
- Ethnic penalty
- Executive search
- e-recruitment
- Firing
- Human resource management
- Human resources
- Human resource consulting
- Industrial and organizational psychology
- Job search
- Onboarding
- Personality-Job Fit Theory
- Recruitment advertising
- Recruitment process outsourcing
- Sourcing (personnel)
- Trends in pre-employment screening

152.4.1 Recruiting companies

- List of employment agencies
- List of executive search firms
- List of employment websites
- List of temporary employment agencies
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152.5 References


152.6 External links

- Media related to Recruitment at Wikimedia Commons
Chapter 153

Recruitment process outsourcing

Recruitment process outsourcing (RPO) is a form of business process outsourcing (BPO) where an employer outsources or transfers all or part of its recruitment activities to an external service provider.

The Recruitment Process Outsourcing Association defines RPO as follows: “when a provider acts as a company's internal recruitment function for a portion or all of its jobs. RPO providers manage the entire recruiting/hiring process from job profiling through the onboarding of the new hire, including staff, technology, method and reporting. A properly managed RPO will improve a company's time to hire, increase the quality of the candidate pool, provide verifiable metrics, reduce cost and improve governmental compliance”.[1]

The RPO Alliance, a group of the Human Resources Outsourcing Association (HROA), approved this definition in February 2009: “Recruitment Process Outsourcing (RPO) is a form of business process outsourcing (BPO) where an employer transfers all or part of its recruitment processes to an external service provider. An RPO provider can provide its own or may assume the company's staff, technology, methodologies and reporting. In all cases, RPO differs greatly from providers such as staffing companies and contingent/retained search providers in that it assumes ownership of the design and management of the recruitment process and the responsibility of results.”[2]

Occasional recruitment support, for example temporary, contingency and executive search services, is more analogous to out-tasking, co-sourcing or just sourcing. In this model, the service provider is just a source for certain types of recruitment activity.[3] The distinction between RPO and other types of staffing is that in RPO, the service provider assumes control of the process.

153.1 History

While temporary, contingency and executive search firms have operated for decades, the outsourcing of part or all of a company's recruiting process was first realized on a consistent basis in the 1970s. In Silicon Valley's highly competitive high-tech labor market, fast-growing high-tech companies were hard-pressed to locate and hire the technical specialists they required, and so found themselves required to pay large fees to specialized external recruiters. Over time, companies began to examine how they might reduce the growing expenses of recruitment fees while still hiring hard-to-find technical specialists, and began to examine the steps in the recruiting process with an eye toward outsourcing only those portions that they had the greatest difficulty with and that added the greatest value to them. Initial RPO programs typically consisted of companies purchasing lists of potential candidates from RPO vendors.

This “search/research” function, as it was called, generated names of competitors’ employees for a company and served to augment the pool of potential candidates from which that company could hire.

Over time, as business in general embraced the concept of outsourcing, RPO gained favor among human resource management, to reduce overhead costs from their budgets, and improve the company's competitive advantage in the labor market. As labor markets became more competitive, RPO became more of an acceptable option. Furthermore, through the advent in the 1980s and 1990s of human resources outsourcing (HRO) companies that began taking on the processes associated with benefits, taxes and payroll, companies began recognizing that recruiting should also be considered for outsourcing. In the early 2000s, more companies increasingly considered the outsourcing of recruitment for major portions of their recruiting need.

Fundamental changes in the US labor market also serve to reinforce the use of RPO: The labor market has become
CHAPTER 153. RECRUITMENT PROCESS OUTSOURCING

Increasingly dynamic, workers today change employers more often than in previous generations. De-regulated labor markets have also created a shift towards contract and part-time labor and shorter work tenures. These trends increase recruitment activity and may encourage the use of RPO.

In the UK, James Caan (also known for his Dragons’ Den role on BBC television) was the first to develop RPO in the 1990s and still offers global RPO solutions with his business partners Jon Bennett and Rachel McKenzie through his company, HB Retinue. RPO in the UK can now be considered to be in its third generation. With a much more flexible and consultative approach, RPO providers are increasing their ability to implement changes with much less disruption to client’s systems and processes, reducing risk whilst maintaining the values of an implementation.

Everest Group estimates the current size of the RPO market at US$1.4 billion in annualized spend with a growth rate of over 25% in 2010-11. [4] The process has moved beyond a nascent stage to a highly competitive environment with multiple service providers and more complex forms of RPO such as multi-country RPO and blended RPO (managing permanent and temporary hires within the same arrangement). Recruitment Process Outsourcing (RPO) refers to the process by which a company outsources part or all of its recruitment functions. This can include job postings, sourcing, screening, interview scheduling and logistics, offer execution, system compliance, and HRIS (human resources information systems) data entry.

It is important to note the distinction between RPO and HRO or Recruitment process outsourcing and Human Resources Outsourcing. While both fall under the Business Process Outsourcing (BPO) umbrella, HRO refers to the outsourcing of certain HR functions such as HR system input, paperwork processing, benefits management, compensation, and performance management.

Other business drivers include: • Quality and Speed of Delivery. Utilizing a team of experienced, professional recruiters can increase the quality of hire and the speed with which you fill open positions. • Anticipated or Unanticipated High Volume Staffing Needs. An RPO partner can help satisfy seasonal or cyclical hiring needs, and ramp your staff up or down at a fair cost. • Consistent Tracking and Compliance. An RPO partner can handle and assure adherence to all necessary compliance measures within the sourcing, recruiting, and hiring process. • Employment Brand. A candidate’s experience applying and interviewing for a job at your organization has a direct impact on it’s employment brand. Your internal HR department is likely being pulled in myriad directions at any given time. A dedicated RPO partner, however, can focus on ensuring a positive experience for candidates. Just one warning: If your company’s internal recruiting strategy is failing, it can’t be assumed that outsourcing the function will resolve the issues. It can’t be the mindset that an RPO will “do your mess for less.”

To truly be successful the RPO relationship must be a partnership in every sense of the word. All of a company’s key stakeholders need to be brought and bought into the arrangement and work together to accomplish the organization’s recruitment goals.

153.2 Benefits

RPO providers claim the method has lower costs because the economies of scale enables them to offer recruitment processes at lower cost while economies of scope allow them to operate as high-quality specialists. Those economies of scale and scope arise from a larger staff of recruiters, databases of candidate resumes, and investment in recruitment tools and networks. RPO solutions are also claimed to change fixed investment costs into variable costs that flex with fluctuation in recruitment activity. Companies may pay by transaction rather than by staff member, thus avoiding under-utilization or forcing costly layoffs of recruitment staff when activity is low.

They also claim higher quality, because the commercial relationship between an RPO provider and a client is likely to be based on specific performance targets. With remuneration dependent on the attainment of such targets, an RPO provider will concentrate their resources in the most effective way - at times to the exclusion of non-core activity. Traditional internal recruitment teams are less likely to have such clearly defined performance target.

153.3 Risks

RPO can only succeed together with a well-defined corporate staffing strategy. A company must manage its RPO activities, providing initial direction and continued monitoring to assure good results. An RPO solution may not work if the company’s existing recruitment processes are performing poorly, or if the service provider lacks the necessary recruitment processes or procedures to work with the client. In these situations, it is better for the company to undergo a recruitment optimization program.
Cost and quality can be issues. The cost of engaging an RPO provider may be more than with internal recruiting staff, as the outside provider is likely to have higher business overhead. Poorly implemented RPO could reduce the effectiveness of recruitment, if the provider does not understand the business situation. Service providers may fail to provide the quality or volume of staff required, especially in industry sectors where there are staff shortages. RPO providers do not necessarily act as custodians of their clients' employer brand in the way that a strongly aligned retained search firm or internal recruiting resource would. Many RPO organisations perform their staffing functions and service offsite or offshore, disconnecting the provider from the client company's growth and recruiting strategy, and some of the momentum and energy associated with the rapid upscaling of a workforce through recruitment may dissipate. Additionally, placing all recruitment in the hands of a single outside provider may discourage the competition that would arise if multiple recruitment providers were used.

153.4 See also

- Virtual assistance

153.5 References

[1] Rpoa Rfp
[3] differentiating between RPO and other types of staffing
Chapter 154

James A. Reed (entrepreneur)

James A. Reed MA MBA FCIPD (born April 1963 in Woking, Surrey) is the Chairman of the Reed group of companies, which comprises Reed Specialist Recruitment, Reed Learning, Reed in Partnership and Reed Online. He is the son of Sir Alec Reed, who founded the company in 1960.

154.1 Education

Reed attended Scaitcliffe prep school and St Paul’s. He graduated from Christ Church, Oxford in 1984 with a degree in Philosophy, Politics and Economics (PPE) and subsequently gained an MBA from the Harvard Business School, where his father briefly joined him to study.

At Oxford, Reed was Political Editor of Samizdat, a magazine for political science students. At Harvard he produced a case study and video about slum improvement works in Addis Ababa, Ethiopia. Titled In The Shadow of The City,* [1] the case study was taught at Harvard and other Universities. Reed was also travel editor of Harbus News, the Harvard Business School’s student news organisation.

154.2 Early career

Reed’s first job was as a cemetery worker, levelling graves at a burial site in Old Windsor. In an interview with The Independent newspaper in 2000 Reed said: “I got the job because an elderly lady asked my predecessor what he was doing digging up her husband’s grave. He wasn’t, but flippantly he said it was because her husband hadn’t been paying the rates lately - and he got fired. It was miserable, it was cold, it was horrible and hard - and I didn’t last very long at it.” * [2]

After graduating from Oxford in 1984, Reed sought to work for an entrepreneur. He wrote a speculative job application to Gordon and Anita Roddick of the Body Shop plc. The couple subsequently employed him as assistant to then-chairman Gordon. Reed has described his time at the Body Shop as his transition from University to the world of work. He has cited Anita Roddick as an influence, saying: “If a bottle of jojoba hand lotion wasn’t displayed properly on the shelf, she’d pull you up on it. And I really liked that — that combination of real drive and enthusiasm, and getting the details right.” * [3]

During 1985-1986 Reed worked as a media planner/buyer for Saatchi & Saatchi plc, where he planned and managed advertising campaigns for British Rail, Club 18-30, Eurotunnel and Procter and Gamble.

In 1987/1988 Reed worked for Afghanaid and Help the Aged, coordinating relief and development programmes in Bangladesh, Pakistan and Soviet-occupied Afghanistan. In Afghanistan he established a village assistance programme for farmers affected by regional conflict, coordinated fundraising, publicity and sponsorship services for Afghanaid and reported on the Afghan conflict for The Independent newspaper.* [4] In order to enter Afghanistan from Pakistan's border, Reed travelled disguised as an Afghan with a party of Mujahideen rebels.* [5]

Following his graduation from Harvard in 1990, Reed began a two-year production course at the BBC, where he worked as an Assistant Producer on documentaries and factual programmes. These included BBC TV’s ‘Business Matters’, for which Reed produced Crazy Ways for Crazy Days, a 50-minute documentary about management guru
Tom Peters, and *The Pros and The Cons*, an inside view of prison privatisation at Strangeways. After the Tom Peters documentary grossed £1m for the BBC, Reed requested funding to make a similar programme but was turned down, leading him to grow dissatisfied with his employment at the BBC. [6]

Reed became a non-executive director of Reed in 1992. In a 2014 radio interview, Reed spoke of the circumstances surrounding his decision to join his family's business full-time:

> Joining the family business wasn't a *fait accompli*. When my father got to 60 he said ‘James, there’s not much point having a family business if there isn’t anyone in the family in it, and I’m getting to the age where I have to think about these things’. I’d been sitting on the fence for some time. Then one day he said: ‘That job that I have been talking to you about? It’s going to be in *The Sunday Times Appointments* section next week - do you want to apply or not?’ That got me off the fence! To tell you the truth, I was fearful of following him. He was a very successful entrepreneur who’d set up this business and he was well loved in the business. I was worried about failing. That fear of failure probably kept me on the fence for longer than it should have done, and that was an early lesson.
>
> —James Reed, Jazz FM Business Shapers interview, 2014, 7m 07s

### 154.3 Reed Group

Reed joined the Reed Group full-time in April 1994, as director of operations. He became Chief Executive in February 1997. [7] To symbolise the handover of control of the company, Reed’s father presented him with a conductor’s baton mounted in a glass case. The baton now hangs on the wall of Reed’s personal office at the company’s headquarters in Victoria, London. [6]

In press interviews, Reed is often asked to respond to the accusation that his appointment to the family business was an act of nepotism; he has consistently offered unqualified agreement. In a 2010 *Guardian* interview he said ‘There is no other way of describing it’. [8] and in a 2013 interview with Associated Newspapers he said: ‘The family joke is that I had a 30-year interview and eventually got in’. [9] Reed’s father is quoted as believing that family-run businesses ‘...cut out a lot of company politics’.[10] Reed succeeded his father to the position of Chairman in 2004.[11]

Reed has said that he considers his three most significant contributions to the Reed Group to be the development of Reed.co.uk, the advent of Reed In Partnership and the globalisation of the company.[12]

#### 154.3.1 Welfare-to-work (Reed In Partnership)

In 1997 the-then Paymaster General Geoffrey Robinson invited Reed to bid for the inaugural contracts issued by the newly elected Blair Government which, as part of its New Deal programme, saw some of the traditional work of Job Centres outsourced to the private sector. As of 2011, Reed In Partnership employed 900 staff. Reed has expanded the business into Poland and Australia.

#### 154.3.2 De-listing

As chief executive, Reed delisted Reed Executive from the UK Stock Exchange in 2003, buying back the company for 140p per share, at a valuation of £62.6 million and at an 18% premium to the previous day’s closing price. Shares in Reed Executive rose 15% following the announcement.[8][13]

At the time, some financial commentators suggested that the Reed family were taking advantage of a lull in the firm’s share price, in the wake of both a cyclical downturn and the controversy over Reed’s decision to spin off Reed Health.”[14][15] (Two years later Reed would launch a £38m hostile takeover for Reed Health, following which the company eventually came back under the Reed family’s control).

Reed stated that the firm was delisted because it no longer had need of outside capital. In his autobiography, Reed’s father suggested that Reed’s motivation for de-listing was also due in part to the publication of the Higgs and Cadbury reports into public company governance, both of which called for wide-ranging restrictions upon directors and their appointments. [6]
154.3.3 Reed.co.uk

Reed.co.uk was the first recruitment website offered by a recruitment agency in the UK. It launched in 1995 with 40 vacancies. It now advertises 200,000 vacancies a day. In interview, Reed has made light of the fact that the company’s first website was suggested and built by a young IT contractor with a sideline business as a children’s entertainer named “Pancake the Clown”. In a 2014 interview with JazzFM, Reed said: “The truth of the matter is, I got Pancake the Clown to build our first prototype.” Reed has also spoken of being “horrified” at a suggestion made by a young, recently graduated member of staff that the firm should open up its website to vacancies offered by rival recruitment firms. The scheme began in May 2000; by November of the same year over 2000 rival firms had registered on the site. Reed would go on to credit the idea as being the foundation of the firm’s online strategy; the junior staff member was paid a £100,000 bonus.

154.3.4 Media commentary

Reed regularly comments in the media on employment issues, including zero-hours contracts, workplace skills, taxation reform for family businesses and improving opportunities for prisoners and ex-prisoners. Reed is a Fellow of the Chartered Institute of Personnel and Development (CIPD) and was formerly an Associate of the Prime Minister's Delivery Unit and a member of the Institute for Public Policy Research (IPPR)’s business-led Taskforce on Race Equality and Diversity in the Private Sector. In the run-up to the 2010 General Election, Reed conducted public video-interviews with the three Parliamentary candidates nominated for the role of Secretary of State (Steve Webb, Yvette Cooper and Theresa May), asking questions sent in by job hunters.

154.4 Television appearances

Since 2008, Reed has been depicted in a series of humorous TV adverts featuring the actor and comedian Rufus Jones. Some of these adverts have been directed by the previous year’s winners of Reed’s annual Short Film Competition.

The adverts begin with Jones introducing himself as James Reed. Jones’ portrayal of Reed is a knowingly over-acted caricature of a comic book superhero, one who has the superpower to transform job-hunters into their ideal vocation. In one advert Reed makes a cameo appearance as an ice cream seller transformed into an electro-funk DJ by the screen version of Reed himself. The adverts have received 8.5 million YouTube views.

154.5 Publications

154.5.1 Put Your Mindset to Work

Coauthored by Reed and Harvard lecturer Paul G. Stoltz, Put Your Mindset to Work was published by Portfolio Penguin in May 2011. The book offers research data underlining the importance of employee mindset, citing that 97% of employers would put mindset ahead of skill set when recruiting. The book goes on to identify and describe what employers consider to be a competitive employment mindset, which the authors summarise as “the 3Gs”, namely Global, Good and Grit.

Global is said by the authors to be a measure of an employees ability to set their actions and decisions in a global context; Good refers to an employee’s sensitivity to people and the desire to do good for others; Grit references an employees’ tenacity and intensity in the workplace.

Put Your Mindset to Work was awarded the CMI Management Book of the Year Award in the Commuters' Read category. The book entered the USA Today Bestseller list in June 2011. A second edition of the work was published in August 2013, with jacket endorsements from Timpson CEO James Timpson, Gordon Roddick and management author Jim Kouzes.
154.5.2 Why You: 101 Interview Questions You’ll Never Fear Again

Reed is writing a second book for Penguin Portfolio, to be published in December 2014. Titled “Why You: 101 Interview Questions You’ll Never Fear Again”, the book is said to feature examples of interview questions and strategies for answering them, based on research obtained from Reed’s network of hirers, recruiters and interviewees. [30]

154.6 Personal life

Reed is married to Nicola and they live in London and Wiltshire with their six children. His hobbies are said to include running, riding and driving horses, football and mountaineering.[3] He has participated in two of Reed’s annual Alpine Leadership Challenges led by the alpinist Stefan Gatt.

Reed has identified his father as the person he most admires in the recruitment industry, and King Alfred the Great as his boyhood hero.”[31]

154.7 References


[5] Jones, Lyndsey (April 22, 1988). “Behind Enemy Lines: Relief worker’s close-up view of the Afghan war”. “One of the officers told me to wear Afghan clothes and a turban and pretend to be asleep on the bus...so that’s what I did and it was quite easy”


[8] Teather, David (3 June 2010). “Alec and James Reed: recruitment is just the job for father and son”. The Guardian. “It was quite a big deal for me. I was only 34 and it was a bit sooner than I had expected”


[13] “Reed Executive to go private”. StockMarketWire.com. 4 April 2003. Retrieved 4 August 2014. “Due to negative market sentiment towards smaller quoted companies and the increasing illiquidity of the Reed Ordinary Shares, the directors of James Reed & Partners believe that the benefits to the company of maintaining its listing have been significantly eroded.”

[14] George, Jemma (4 April 2004). “Reed Executive jumps on MBO move”. Citywire.co.uk. Retrieved 4 August 2014. “There was nothing to suggest trading would improve in the short-term, which is in keeping with the message from others in the sector such as Robert Walters, Michael Page, PSD and Whitehead Mann...their share prices continue to languish at new lows creating opportunities for corporate action.”
Prynn, Jonathan (2 December 2002). “Reed sackings put Sawyer on spot” . This is Money. Associated Newspapers. Retrieved 31 July 2014. "In what is reckoned to be an unprecedented act...Alec Reed voted without warning to block the reappointment of chief executive Christa Echtle and finance director Desmond Doyle, effectively terminating their contracts on the spot. Echtle...believes Alec Reed intervened because of a resolution at the annual meeting to issue new shares to fund acquisitions. It is understood Alec Reed did not want a dilution of his controlling holding in the company.”


Owen, Vicki (3 August 2013). "I don't like the zero hours deal either - but it's better than no work at all: James Reed on controversial pay plans” . This Is Money. Associated Newspapers. Retrieved 31 July 2014. "‘I don’t like zero-hour jobs, don’t get me wrong, but they are part of the scene’”


Chynoweth, Carly (6 June 2011). “Attitude is worth more than skills” . SundayTimes.co.uk. News International. Retrieved 4 August 2014. "Back in the worst days of the financial crisis in 2008 I went to a seminar and one of the speakers said ‘the problem is we don’t know what skills will be most in demand in 10 years’. I remember thinking ‘no, of course we don’t, but I do know the people I will want to hire’, and it was all about mindset.”"


Jacobs, Emma (July 2011). “20 questions: James Reed” . FT.com. Pearson. Retrieved 31 July 2014. “My boyhood hero, King Alfred the Great. He wasn’t very good about the house but he transformed the country for the better and gave the Vikings a good thrashing.”

154.8 External links

- reed.co.uk
- Reed Global
- Reed Learning
- Reed in Partnership
- 3G Mindset
- Jobo Africa
- Keep Britain Working
- Ethiopiaid (see Ethiopiaid)
- The Big Give
Chapter 155

Resource-based view

[1] The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm’s disposal (Mwailu & Mercer, 1983 p142, Wernerfelt, 1984, p172; Rumelt, 1984, p557-558; Penrose, 1959[2]). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile (.[3] p105-106; Peteraf, 1993, p180). Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991;[3] p117). If these conditions hold, the bundle of resources can sustain the firm’s above average returns. The VRIO and VRIN (see below) model also constitutes a part of RBV. There is strong evidence that supports the RBV (Crook et al., 2008).

1. Identify the firm’s potential key resources.

2. Evaluate whether these resources fulfill the following criteria (referred to as VRIN):
   
   - **Valuable** – A resource must enable a firm to employ a value-creating strategy, by either outperforming its competitors or reduce its own weaknesses (.[3] p99;.[4] p36). Relevant in this perspective is that the transaction costs associated with the investment in the resource cannot be higher than the discounted future rents that flow out of the value-creating strategy (Mahoney and Pandian, 1992, p370; Conner, 1992, p131).
   
   - **Rare** – To be of value, a resource must be rare by definition. In a perfectly competitive strategic factor market for a resource, the price of the resource will be a reflection of the expected discounted future above-average returns (Barney, 1986a, p1232-1233; Dierickx and Cool, 1989, p1504;.[3] p100).
   
   - **In-imitable** – If a valuable resource is controlled by only one firm it could be a source of a competitive advantage (.[3] p107). This advantage could be sustainable if competitors are not able to duplicate this strategic asset perfectly (Peteraf, 1993, p183; Barney, 1986b, p658). The term isolating mechanism was introduced by Rumelt (1984, p567) to explain why firms might not be able to imitate a resource to the degree that they are able to compete with the firm having the valuable resource (Peteraf, 1993, p182-183; Mahoney and Pandian, 1992, p371). An important underlying factor of inimitability is causal ambiguity, which occurs if the source from which a firm’s competitive advantage stems is unknown (Peteraf, 1993, p182; Lippman and Rumelt, 1982, p420). If the resource in question is knowledge-based or socially complex, causal ambiguity is more likely to occur as these types of resources are more likely to be idiosyncratic to the firm in which it resides (Peteraf, 1993, p183; Mahoney and Pandian, 1992, p365;.[3] p110). Conner and Prahalad go so far as to say knowledge-based resources are “the essence of the resource-based perspective” (1996, p477).

   - **Non-substitutable** – Even if a resource is rare, potentially value-creating and imperfectly imitable, an equally important aspect is lack of substitutability (Dierickx and Cool, 1989, p1509;.[3] p111). If competitors are able to counter the firm’s value-creating strategy with a substitute, prices are driven down to the point that the price equals the discounted future rents (Barney, 1986a, p1233; Sheikh, 1991, p137), resulting in zero economic profits.

3. Care for and protect resources that possess these evaluations, because doing so can improve organizational performance (Crook, Ketchen, Combs, and Todd, 2008).
The VRIN characteristics mentioned are individually necessary, but not sufficient conditions for a sustained competitive advantage (Dierickx and Cool, 1989, p1506; Priem and Butler, 2001a, p25). Within the framework of the resource-based view, the chain is as strong as its weakest link and therefore requires the resource to display each of the four characteristics to be a possible source of a sustainable competitive advantage (:[3] 105-107).

155.1 Definitions

A subsequent distinction, made by Amit & Schoemaker (1993), is that the encompassing construct previously called “resources” can be divided into resources and capabilities. In this respect, resources are tradable and non-specific to the firm, while capabilities are firm-specific and are used to engage the resources within the firm, such as implicit processes to transfer knowledge within the firm (Makadok, 2001, p388-389; Hoopes, Madsen and Walker, 2003, p890). This distinction has been widely adopted throughout the resource-based view literature (Conner and Prahalad, 1996, p477; Makadok, 2001, p338; Barney, Wright and Ketchen, 2001, p630-31).

155.1.1 What constitutes a “capability”?

Makadok (2001) emphasizes the distinction between capabilities and resources by defining capabilities as “a special type of resource, specifically an organizationally embedded non-transferable firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm” ([5][p389]). “[R]esources are stocks of available factors that are owned or controlled by the organization, and capabilities are an organization’s capacity to deploy resources” :[4] p. 35. Essentially, it is the bundling of the resources that builds capabilities.

155.1.2 What constitutes “competitive advantage”?

A competitive advantage can be attained if the current strategy is value-creating, and not currently being implemented by present or possible future competitors (:[3] 102). Although a competitive advantage has the ability to become sustained, this is not necessarily the case. A competing firm can enter the market with a resource that has the ability to invalidate the prior firm’s competitive advantage, which results in reduced (read: normal) rents (Barney, 1986b, p658). Sustainability in the context of a sustainable competitive advantage is independent with regard to the time frame. Rather, a competitive advantage is sustainable when the efforts by competitors to render the competitive advantage redundant have ceased (:[3] p102; Rumelt, 1984, p562). When the imitative actions have come to an end without disrupting the firm’s competitive advantage, the firm’s strategy can be called sustainable. This is in contrast to views of others (e.g., Porter) that a competitive advantage is sustained when it provides above-average returns in the long run. (1985).

Why is “competitive survival” more important than striving for “competitive advantage”?  

The main difference between the resource-based view of the firm and dynamic capabilities view is the fact that the latter focuses more on the issue of competitive survival rather than achievement of sustainable competitive advantage. This focus appears to be closer to contemporary business realities, the latter being more “high-velocity” than the case in previous decades. The demise of companies like Nokia shows that the more pressing issue is competitive survival. Strategy scholars Dr. Gregory Ludwig and Dr. Jon Pemberton (2011), emphasize the need to focus on the actual process of dynamic capability building rather than generate further abstract definitions of dynamic capabilities. It is of key importance to focus on different industry contexts to further advance this emerging area of research. In many industries, changing the entire resource base in response to external changes is simply unrealistic. At the same time, ignoring external change altogether is not an alternative. Senior managers are therefore forced to engage with the complex task of dynamic capability building in order to facilitate competitive survival in the light of depreciating value of resource bases available within the firm.

Dynamic capabilities theory attempts to deal with two key questions:

1. How can senior managers of successful companies change their existing mental models and paradigms to adapt to radical discontinuous change?
2. Ultimately, how can companies maintain threshold capability standards and hence ensure competitive survival?

When senior managers are confronted with the task of building dynamic capabilities, they need to consider sometimes drastic fluctuations in the threshold capability definition standards, making it more and more complex for companies to understand the minimum requirements to remain in the game as an industry player. In turn, these fluctuations derive
from external change in the macro environments and the total resource sum available in an entire industry. Monitoring of these external and increasingly unpredictable parameters will then allow managers to tackle the internal process of adapting their resource base. Often, this is simply not possible because of strong path dependencies or practical feasibility constraints that apply to certain industries. For example, some industries rely on a certain manufacturing process. Once a new technology arrives, changing the manufacturing process at short notice is unrealistic. It is therefore more likely that adaptations are centered around managerial routines at the capability level, rather than apply to the resource base level. In other words, managers need to make the most of their existing resource material yet simultaneously understand the ongoing depreciation of this resource base.\[7\]

**155.2 History of the resource-based view**

Some aspects of theories are thought of long before they are formally adopted and brought together into the strict framework of an academic theory. The same could be said with regard to the resource-based view. While this influential body of research within the field of Strategic Management was named by Birger Wernerfelt in his article A Resource-Based View of the Firm (1984), the origins of the resource-based view can be traced back to earlier research. Retrospectively, elements can be found in works by Coase (1937), Selznick (1957), Stigler (1961), Chandler (1962, 1977), and Williamson (1975), where emphasis is put on the importance of resources and its implications for firm performance (Conner, 1991, p122; Rumelt, 1984, p557; Mahoney and Pandian, 1992, p263; Rugman and Verbeke, 2002). This paradigm shift from the narrow neoclassical focus to a broader rationale, and the coming closer of different academic fields (industrial organization economics and organizational economics being most prominent) was a particular important contribution (Conner, 1991, p133; Mahoney and Pandian, 1992).

Two publications closely following Wernerfelt’s initial article came from Barney (1986a, 1986b). Even though Wernerfelt was not referenced directly, the statements made by Barney about strategic factor markets and the role of expectations can clearly be seen within the resource-based framework as later developed by Barney (1991).\[3\]

Other concepts that were later integrated into the resource-based framework have been articulated by Lippman and Rumelt (uncertain imitability, 1982), Rumelt (isolating mechanisms, 1984) and Dierickx and Cool (imitability and its causes, 1989). Barney’s framework proved a solid foundation upon which others might build, and its theoretical underpinnings were strengthened by Conner (1991), Mahoney and Pandian (1992), Conner and Prahalad (1996) and Makadok (2001), who positioned the resource-based view with regard to various other research fields. More practical approaches were provided for by Amit and Shoemaker (1993),\[4\] while later criticism came from among others from Priem and Butler (2001a, 2001b) and Hoopes, Madsen and Walker (2003).

The resource based view has been a common interest for management researchers and numerous writings could be found for same. A resource-based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors, which ultimately creates a competitive barrier (Mahoney and Pandian 1992 cited by Hooley and Greenley 2005, p. 96, Smith and Rupp 2002, p. 48). RBV explains that a firm’s sustainable competitive advantage is reached by virtue of unique resources being rare, valuable, inimitable, non-tradable, and non-substitutable, as well as firm-specific (Barney 1999 cited by Finney et al. 2004, p. 1722, Makadok 2001, p. 94). These authors write about the fact that a firm may reach a sustainable competitive advantage through unique resources which it holds, and these resources cannot be easily bought, transferred, or copied, and simultaneously, they add value to a firm while being rare. It also highlights the fact that not all resources of a firm may contribute to a firm’s sustainable competitive advantage. Varying performance between firms is a result of heterogeneity of assets (Lopez 2005, p. 662, Helfat and Peteraf 2003, p. 1004) and RBV is focused on the factors that cause these differences to prevail (Grant 1991, Mahoney and Pandian 1992,\[3\]\[4\] cited by Lopez 2005, p. 662).

Fundamental similarity in these writings is that unique value-creating resources will generate a sustainable competitive advantage to the extent that no competitor has the ability to use the same type of resources, either through acquisition or imitation. Major concern in RBV is focused on the ability of the firm to maintain a combination of resources that cannot be possessed or built up in a similar manner by competitors. Further such writings provide us with the base to understand that the sustainability strength of competitive advantage depends on the ability of competitors to use identical or similar resources that make the same implications on a firm’s performance. This ability of a firm to avoid imitation of their resources should be analyzed in depth to understand the sustainability strength of a competitive advantage.
155.2.1 Barriers to imitation of resources

Resources are the inputs or the factors available to a company which helps to perform its operations or carry out its activities (Black and Boal 1996, Grant 1995 cited by Ordaz et al. 2003, p. 96). Also, these authors state that resources, if considered as isolated factors, do not result in productivity; hence, coordination of resources is important. The ways a firm can create a barrier to imitation are known as “isolating mechanisms”, and are reflected in the aspects of corporate culture, managerial capabilities, information asymmetries and property rights (Hooley and Greenlay 2005, p. 96, Winter 2003, p. 992). Further, they mention that except for legislative restrictions created through property rights, the other three aspects are direct or indirect results of managerial practices.

King (2007, p. 156) mentions inter-firm causal ambiguity may result in sustainable competitive advantage for some firms. Causal ambiguity is the continuum that describes the degree to which decision makers understand the relationship between organizational inputs and outputs (Ghinggold and Johnson 1998, p. 134, Lippman and Rumelt 1982 cited by King 2007, p. 156, MatthysSENS and Vandenbempt 1998, p. 46). Their argument is that inability of competitors to understand what causes the superior performance of another (inter-firm causal ambiguity), helps to reach a sustainable competitive advantage for the one who is presently performing at a superior level. Holley and Greenley (2005, p. 96) state that social context of certain resource conditions act as an element to create isolating mechanisms and quote Wernerfelt (1986) that tacitness (accumulated skill-based resources acquired through learning by doing) complexity (large number of inter-related resources being used) and specificity (dedication of certain resources to specific activities) and ultimately, these three characteristics will result in a competitive barrier.

Referring back to the definitions stated previously regarding the competitive advantage that mentions superior performance is correlated to resources of the firm (Christensen and Fahey 1984, Kay 1994, Porter 1980 cited by Chacarbaghi and Lynch 1999, p. 45) and consolidating writings of King (2007, p. 156) stated above, we may derive the fact that inter-firm causal ambiguity regarding resources will generate a competitive advantage at a sustainable level. Further, it explains that the depth of understanding of competitors—regarding which resources underlie the superior performance—will determine the sustainability strength of a competitive advantage. Should a firm be unable to overcome the inter-firm causal ambiguity, this does not necessarily result in imitating resources. As to Johnson (2006, p. 02) and Mahoney (2001, p. 658), even after recognizing competitors’ valuable resources, a firm may not imitate due to the social context of these resources or availability of more pursuing alternatives. Certain resources, like company reputation, are path-dependent and are accumulated over time, and a competitor may not be able to perfectly imitate such resources (Zander and Zander 2005, p. 1521, Santala and Parvinen 2007, p. 172).

They argue on the basis that certain resources, even if imitated, may not bring the same impact, since the maximum impact of the same is achieved over longer periods of time. Hence, such imitation will not be successful. In consideration of the reputation of fact as a resource and whether a late entrant may exploit any opportunity for a competitive advantage, Kim and Park (2006, p. 45) mention three reasons why new entrants may be outperformed by earlier entrants. First, early entrants have a technological know-how which helps them to perform at a superior level. Secondly, early entrants have developed capabilities with time that enhance their strength to out-perform late entrants. Thirdly, switching costs incurred to customers, if they decide to migrate, will help early entrants to dominate the market, evading the late entrants’ opportunity to capture market share. Customer awareness and loyalty is another rational benefit early entrants enjoy (Lieberman and Montgomery 1988, Porter 1985, Hill 1997, Yoffie 1990 cited by Ma 2004, p. 914, Agarwal et al. 2003, p. 117).

However, first mover advantage is active in evolutionary technological transitions, which are technological innovations based on previous developments (Kim and Park 2006, p. 45, Cottam et al. 2001, p. 142). The same authors further argue that revolutionary technological changes (changes that significantly disturb the existing technology) will eliminate the advantage of early entrants. Such writings elaborate that though early entrants enjoy certain resources by virtue of the forgone time periods in the markets, rapidly changing technological environments may make those resources obsolete and curtail the firm’s dominance. Late entrants may comply with the technological innovativeness and increased pressure of competition, seeking a competitive advantage by making the existing competencies and resources of early entrants invalid or outdated. In other words, innovative technological implications will significantly change the landscape of the industry and the market, making early movers’ advantage minimal. However, in a market where technology does not play a dynamic role, early mover advantage may prevail.

The above-developed framework for the RBV reflects a unique feature, namely, that sustainable competitive advantage is achieved in an environment where competition does not exist. According to the characteristics of the RBV, rival firms may not perform at a level that could be identified as considerable competition for the incumbents of the market, since they do not possess the required resources to perform at a level that creates a threat and competition. Through barriers to imitation, incumbents ensure that rival firms do not reach a level at which they may perform in a similar manner to the former. In other words, the sustainability of the winning edge is determined by the strength of not
letting other firms compete at the same level. The moment competition becomes active, competitive advantage becomes ineffective, since two or more firms begin to perform at a superior level, evading the possibility of single-firm dominance; hence, no firm will enjoy a competitive advantage. Ma (2003, p. 76) agrees stating that, by definition, the sustainable competitive advantage discussed in the RBV is anti-competitive. Further such sustainable competitive advantage could exist in the world of no competitive imitation (Peteraf 1993 cited by Ma 2003, p. 77, Ethiraj et al., 2005, p. 27).

Based on the empirical writings stated above, RBV provides the understanding that certain unique existing resources will result in superior performance and ultimately build a competitive advantage. Sustainability of such an advantage will be determined by the ability of competitors to imitate such resources. However, the existing resources of a firm may not be adequate to facilitate the future market requirement, due to volatility of the contemporary markets. There is a vital need to modify and develop resources in order to encounter the future market competition. An organization should exploit existing business opportunities using the present resources while generating and developing a new set of resources to sustain its competitiveness in the future market environments; hence, an organization should be engaged in resource management and resource development (Chaharbaghi and Lynch 1999, p. 45, Song et al., 2002, p. 86). Their writings explain that in order to sustain the competitive advantage, it is crucial to develop resources that will strengthen the firm’s ability to continue the superior performance. Any industry or market reflects high uncertainty and, in order to survive and stay ahead of competition, new resources become highly necessary. Morgan (2000 cited by Finney et al. 2005, p. 1722) agrees, stating that the need to update resources is a major management task since all business environments reflect highly unpredictable market and environmental conditions. The existing winning edge needed to be developed since various market dynamics may make existing value-creating resources obsolete. [8]

155.3 Criticism/Limitations

In 2001, one of the most interesting academic debates in strategic management was published in Vol.26 (1) of the Academy of Management Review. Priem and Butler (2001a) started off by their critique of Barney’s (1991) original article. Barney (2001) then responded and defended his research, followed by another critical comment by Priem and Butler (2001b).

Priem and Butler (2001) raised many key points of criticism:

- The RBV may be tautological, or self-verifying. Barney has defined a competitive advantage as a value-creating strategy that is based on resources that are, among other characteristics, valuable (1991, p106). This reasoning is circular and therefore operationally invalid (Priem and Butler, 2001a, p31). For more info on the tautology, see also Collis, 1994.
- According to Priem and Butler (2001a), Barney’s perspective does not constitute a theory of the firm. The conditions of lawlike generalizations (Rudner, 1966) of empirical content, nomic necessity and generalized conditionals are not met.
- Different resource configurations can generate the same value for firms and thus would not be competitive advantage
- The role of product markets is underdeveloped in the argument
- Limited focus on capabilities
- Retrospective causality issues: any current success could be attributed to a number of reasons (e.g. unique resources), but the causality is not always clear.
- The theory has limited prescriptive implications

However, Barney (2001) provided counter-arguments to these points of criticism. [3] For example, he said that any theory could be rephrased to appear tautological. He also stated that his theory applies to static (equilibrium) environments, but not to dynamic environments. As today’s business realities are clearly not static but dynamic and characterized by high velocity and rapid change, Barney (2001) thus admitted that his 1991 VRIN theory has little potential for applicability to the real world. It does, however, provide a good way for senior managers to better understand their resource base. Barney (2001) also suggested re-defining the criterion of “value” and pointed to different ways of describing “competitive advantage” as strategic advantage, above-average industry profits and
economic rents. The tone of his paper appears defensive at times, showing that Priem and Butler (2001a) have actually raised some important issues.

Priem and Butler (2001a; 2001b), however could be criticized for slightly missing the point. This is because they focus on the status of the RBV as a theory, the tautology allegation and sustainable competitive advantage. In business reality, senior managers are often not interested whether or not the RBV constitutes a real theory or not. Instead, they require guidance for achieving competitive survival. As Ludwig and Pemberton (2011) have shown, any firm operating in today’s dynamic external business environments needs to focus on competitive survival and their capabilities.

Furthermore, it is not difficult to retrospectively criticise a theory. Priem and Butler (2001a) were arguably ten years too late in their critique of Barney’s (1991) framework. In the process, they engaged in and instigated a rather superfluous debate instead of focussing on really important issues facing senior managers.

Further criticisms of the RBV are:

- There is insufficient focus on depreciating resource value, i.e. the negative effect of external change on the resource/asset base of the SBU.
- As described earlier, perhaps the entire focus of the RBV on achievement of sustainable competitive advantage should be re-considered. Competitive survival is more important.
- It is perhaps difficult (if not impossible) to find a resource which satisfies all of the Barney’s VRIN criteria.
- There is the assumption that a firm can be profitable in a highly competitive market as long as it can exploit advantageous resources, but this may not necessarily be the case. It ignores external factors concerning the industry as a whole; a firm should also consider Porter’s Industry Structure Analysis (Porter’s Five Forces).
- Long-term implications that flow from its premises: A prominent source of sustainable competitive advantages is causal ambiguity (Lippman & Rumelt, 1982, p420). While this is undeniably true, this leaves an awkward possibility: the firm is not able to manage a resource it does not know exists, even if a changing environment requires this (Lippman & Rumelt, 1982, p420). Through such an external change, the initial sustainable competitive advantage could be nullified or even transformed into a weakness (Priem and Butler, 2001a, p33; Peteraf, 1993, p187; Rumelt, 1984, p566).
- Premise of efficient markets: Much research hinges on the premise that markets in general or factor markets are efficient, and that firms are capable of precisely pricing in the exact future value of any value-creating strategy that could flow from the resource (Barney, 1986a, p1232). Dierickx and Cool argue that purchasable assets cannot be sources of sustained competitive advantage, just because they can be purchased. Either the price of the resource will increase to the point that it equals the future above-average return, or other competitors will purchase the resource as well and use it in a value-increasing strategy that diminishes rents to zero (Peteraf, 1993, p185; Conner, 1991, p137).
- The concept of rarity is obsolete: Although prominently present in Wernerfelt’s original articulation of the resource-based view (1984) and Barney’s subsequent framework (1991),[3] the concept that resources need to be rare to be able to function as a possible source of a sustained competitive advantage is unnecessary (Hoopes, Madsen and Walker, 2003, p890). Because of the implications of the other concepts (e.g. valuable, inimitable and nonsubstitutability) any resource that follows from the previous characteristics is inherently rare.
- Sustainable: The lack of an exact definition of sustainability makes its premise difficult to test empirically. Barney’s statement (p102-103) that the competitive advantage is sustained if current and future rivals have ceased their imitative efforts is versatile from the point of view of developing a theoretical framework, but is a disadvantage from a more practical point of view, as there is no explicit end-goal.

The relational view is an extension of the resource-based view for considering networks and dyads of firms as the unit of analysis to explain relational rents, i.e., superior individual firm performance generated within that network/dyad.[9]

155.4 Further reading


155.5 See also

• Core competency
• Delta Model
• Resource slack
• Knowledge-based theory of the firm
• Porter’s Five Forces
• Sustainable competitive advantage
• Theory of the firm
• Dynamic capabilities
• Nexus of contracts

155.6 References

[1] Resource-based view


Chapter 156

Restructuring

This article is about reorganizing business structures. For other uses, see Restructuring (disambiguation).

Restructuring is the corporate management term for the act of reorganizing the legal, ownership, operational, or other structures of a company for the purpose of making it more profitable, or better organized for its present needs. Other reasons for restructuring include a change of ownership or ownership structure, demerger, or a response to a crisis or major change in the business such as bankruptcy, repositioning, or buyout. Restructuring may also be described as corporate restructuring, debt restructuring and financial restructuring.

Executives involved in restructuring often hire financial and legal advisors to assist in the transaction details and negotiation. It may also be done by a new CEO hired specifically to make the difficult and controversial decisions required to save or reposition the company. It generally involves financing debt, selling portions of the company to investors, and reorganizing or reducing operations.

The basic nature of restructuring is a zero-sum game. Strategic restructuring reduces financial losses, simultaneously reducing tensions between debt and equity holders to facilitate a prompt resolution of a distressed situation.

Corporate debt restructuring is the reorganization of companies’ outstanding liabilities. It is generally a mechanism used by companies which are facing difficulties in repaying their debts. In the process of restructuring, the credit obligations are spread out over longer duration with smaller payments. This allows company’s ability to meet debt obligations. Also, as part of process, some creditors may agree to exchange debt for some portion of equity. It is based on the principle that restructuring facilities available to companies in a timely and transparent matter goes a long way in ensuring their viability which is sometimes threatened by internal and external factors. This process tries to resolve the difficulties faced by the corporate sector and enables them to become viable again.

Steps:

- Ensure the company has enough liquidity to operate during implementation of a complete restructuring
- Produce accurate working capital forecasts
- Provide open and clear lines of communication with creditors who mostly control the company’s ability to raise financing
- Update detailed business plan and considerations

156.1 Valuations in restructuring

In corporate restructuring, valuations are used as negotiating tools and more than third-party reviews designed for litigation avoidance. This distinction between negotiation and process is a difference between financial restructuring and corporate finance.

156.2 Restructuring in Europe
156.2.1 The “London Approach”

Historically, European banks handled non-investment grade lending and capital structures that were fairly straightforward. Nicknamed the “London Approach” in the UK, restructurings focused on avoiding debt write-offs rather than providing distressed companies with an appropriately sized balance sheet. This approach became impractical in the 1990s with private equity increasing demand for highly leveraged capital structures that created the market in high-yield and mezzanine debt. Increased volume of distressed debt drew in hedge funds and credit derivatives deepened the market—trends outside the control of both the regulator and the leading commercial banks.

156.3 Characteristics

- Cash management and cash generation during crisis
- Impaired Loan Advisory Services (ILAS)
- Retention of corporate management in the form of “stay bonus” payments or equity grants
- Sale of underutilized assets, such as patents or brands
- Outsourcing of operations such as payroll and technical support to a more efficient third party
- Moving of operations such as manufacturing to lower-cost locations
- Reorganization of functions such as sales, marketing, and distribution
- Renegotiation of labor contracts to reduce overhead
- Refinancing of corporate debt to reduce interest payments
- A major public relations campaign to reposition the company with consumers
- Forfeiture of all or part of the ownership share by pre-restructuring stock holders (if the remainder represents only a fraction of the original firm, it is termed a stub)
- Improving the efficiency and productivity through new investments, R&D and business engineering.

156.4 Results

A company that has been restructured effectively will theoretically be leaner, more efficient, better organized, and better focused on its core business with a revised strategic and financial plan. If the restructured company was a leverage acquisition, the parent company will likely resell it at a profit if the restructuring has proven successful.

156.5 References


156.6 External links

- Infoworld - “HP to slash 14,500 jobs in major restructuring move”
- CBC News - “Stelco unveils restructuring plan”
- Web site of the TRACE Project, a large scale European trade union project that has created a mass of resources, training materials, etc about restructuring
- Web site of the MIRE Project (Monitoring Innovative Restructuring in Europe) including thematic analysis and 30 case studies
- European Restructuring Toolbox on Anticipedia web site of the European Commission
- Health in Restructuring: Innovative Approaches and Policy Recommendations (HIRES)

156.7 See also

- Bankruptcy
- Chainsaw Al
- Compromise agreement
- Creditor
- Debt
- Demerger
- Downsizing
- Insolvency
- Layoff
- Presidential Task Force on the Auto Industry
- Spin-out
- Stub (stock)
- Voluntary redundancy
Chapter 157

Reward management

**Reward management** is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization.\[1\]

Reward management consists of analysing and controlling employee remuneration, compensation and all of the other benefits for the employees. Reward management aims to create and efficiently operate a reward structure for an organisation. Reward structure usually consists of pay policy and practices, salary and payroll administration, total reward, minimum wage, executive pay and team reward.\[1\]

### 157.1 History

Reward management is a popular management topic. Reward management was developed on the basis of psychologists' behavioral research. Psychologists started studying behavior in the early 1900s; one of the first psychologists to study behavior was Sigmund Freud and his work was called the Psychoanalytic Theory. Many other behavioral psychologists improved and added onto his work. With the improvements in the behavioral research and theories, psychologists started looking at how people reacted to rewards and what motivated them to do what they were doing, and as a result of this, psychologists started creating motivational theories, which is very closely affiliated with reward management.\[2\]

Mitchell (1982) agrees, defining motivation as “the degree to which an individual wants and choose to engage in certain specific behaviours”, to which Vroom (quoted in Mitchell, 1982) adds that performance = ability x motivation. To have an efficient Reward System then, is mandatory that employees know exactly what their task is, have the skills to do it, have the necessary motivation and work in an environment allowing the transformation of intended actions into an actual behaviour. From the company point of view instead, an effective performance appraisal has to be present, in order to let motivation be a major contributor to the rewarded performance.\[3\]

### 157.2 Objective

Reward management deals with processes, policies and strategies which are required to guarantee that the contribution of employees to the business is recognized by all means. Objective of reward management is to reward employees fairly, equitably and consistently in correlation to the value of these individuals to the organization. Reward system exists in order to motivate employees to work towards achieving strategic goals which are set by entities. Reward management is not only concerned with pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, training, development and increased job responsibility.\[4\]

Kerr (1995) brings to attention how Reward Management is an easily understandable concept in theory, but how its practical application results often difficult. The author, in fact, points up how frequently the company creates a Reward System hoping to reward a specific behavior, but ending up rewarding another one. The example made is the one of a company giving an annual merit increase to all its employees, differentiating just between an “outstanding” (+5%), “above average” (+4%) and “negligent” (+3%) workers. Because the difference between the percentage increasing was so slight, what the company obtained from the employees was indifference to the extra percentage point for a superlative job or the loss of one point for an irresponsible behavior. In the following table other common
management errors are summarized."[5]

157.3 Types of rewards

See also: Reward system, Intrinsic motivation and Extrinsic motivation

Rewards serve many purposes in organisations. They serve to build a better employment deal, hold on to good employees and to reduce turnover."[6]

The principal goal is to increase people’s willingness to work in one’s company, to enhance their productivity."[7]

Most people assimilate “rewards”, with salary raise or bonuses, but this is only one kind of reward, Extrinsic reward. Studies proves that salespeople prefer pay raises because they feel frustrated by their inability to obtain other rewards."[8] but this behavior can be modified by applying a complete reward strategy.

There are two kinds of rewards:

- Extrinsic rewards: concrete rewards that employee receive.
  - Bonuses: Usually annually, Bonuses motivates the employee to put in all endeavours and efforts during the year to achieve more than a satisfactory appraisal that increases the chance of earning several salaries as lump sum. The scheme of bonuses varies within organizations; some organizations ensure fixed bonuses which eliminate the element of asymmetric information, conversely, other organizations deal with bonuses in terms of performance which is subjective and may develop some sort of bias which may discourage employees and create setback. Therefore, managers must be extra cautious and unbiased.
  - Salary raise: Is achieved after hard work and effort of employees, attaining and acquiring new skills or academic certificates and as appreciation for employees duty (yearly increments) in an organization. This type of reward is beneficial for the reason that it motivates employees in developing their skills and competence which is also an investment for the organization due to increased productivity and performance. This type of reward offers long-term satisfaction to employees. Nevertheless, managers must also be fair and equal with employees serving the organization and eliminate the possibility of adverse selection where some employees can be treated superior or inferior to others.
  - Gifts: Are considered short-term. Mainly presented as a token of appreciation for an achievement or obtaining an organizations desired goal. Any employee would appreciate a tangible matter that boosts their self-esteem for the reason of recognition and appreciation from the management. This type of reward basically provides a clear vision of the employee’s correct path and motivates employee into stabilising or increasing their efforts to achieve higher returns and attainments.
  - Promotion: Quite similar to the former type of reward. Promotions tend to effect the long-term satisfaction of employees. This can be done by elevating the employee to a higher stage and offering a title with increased accountability and responsibility due to employee efforts, behaviour and period serving a specific organization. This type of reward is vital for the main reason of redundancy and routine. The employee is motivated in this type of reward to contribute all his efforts in order to gain managements trust and acquire their delegation and responsibility. The issue revolved around promotion is adverse selection and managers must be fair and reasonable in promoting their employees.
  - Other kinds of tangible rewards
- Intrinsic rewards: tend to give personal satisfaction to individual’[9]
  - Information / feedback: Also a significant type of reward that successful and effective managers never neglect. This type of rewards offers guidance to employees whether positive (remain on track) or negative (guidance to the correct path). This also creates a bond and adds value to the relationship of managers and employees.
  - Recognition: Recognition: Is recognizing an employee’s performance by verbal appreciation. This type of reward may take the presence of being formal for example meeting or informal such as a “pat on the back” to boost employees self-esteem and happiness which will result into additional contributing efforts.
  - Trust/empowerment: in any society or organization, trust is a vital aspect between living individuals in order to add value to any relationship. This form of reliance is essential in order to complete tasks
Intrinsic rewards makes the employee feel better in the organization, while Extrinsic rewards focus on the performance and activities of the employee in order to attain a certain outcome. The principal difficulty is to find a balance between employees’ performance (extrinsic) and happiness (intrinsic). [10]

The reward also needs to be according to the employee’s personality. For instance, a sports fan will be really happy to get some tickets for the next big match. However, a mother who passes all her time with her children, may not use them and therefore they will be wasted.

When rewarding one, the manager needs to choose if he wants to rewards an Individual, a Team or a whole Organization. One will choose the reward scope in harmony with the work that has been achieved.

- Individual
  - Base pay, incentives, benefits
  - Rewards attendance, performance, competence

- Team: team bonus, rewards group cooperation

- Organization: profit-sharing, shares, gain-sharing

### 157.4 Motivation theories

Motivational theories are split into two groups as process and content theories. Content theories endeavor to name and analyze the factors which motivate people to perform better and more efficiently while process theories concentrate
CHAPTER 157. REWARD MANAGEMENT

on how different types of personal traits interfere and impact the human behavior.¹[12] Content theories are highly related with extrinsic rewards, things that are concrete like bonuses and will help improve employees’ physiological circumstances whereas process theories are concerned with intrinsic rewards, such as recognition and respect, which will help boost employees confidence in the workplace and improve job satisfaction.¹[13]

A famous content theory would be Maslow’s Hierarchy of Needs,¹[14] and a famous process theory would be the equity theory.¹[15]

Theories of motivation provide a theoretical basis for reward management though some of the best known ones have emerged from the psychology discipline. Perhaps the first and best known of these comes from the work of Abraham Maslow.¹[16] Maslow’s Hierarchy of Needs describes a pyramid comprising a series of layers from the base the most fundamental physiological needs such as food, water, shelter and sex, rising to the apex where self-actualisation needs included morality and creativity. Maslow saw these levels of needs being fulfilled one at a time in sequence from bottom to top. Employment and the resources it brings are classed under ‘safety needs’ (level 2) while the workplace may also contribute to a sense of ‘belonging’ (level 3) and recognition at work can satisfy the need for ‘self-esteem’ (level 4).

Frederick Herzberg’s motivator-hygiene theory, first published in 1959, argues that an employee’s job satisfaction or dissatisfaction is influenced by two distinct sets of factors and also that satisfaction and dissatisfaction were not at opposite ends of the same continuum but instead needed to be measured separately. The two sets of factors are motivator factors and hygiene factors. According to Herzberg, real motivation comes from the work itself, from completing tasks, while the role of reward is to prevent dissatisfaction arising.¹[17]

Expectancy Theory is the theory which posits that we select our behaviour based on the desirability of expected outcomes of the action. It was most prominently used in a work context by Victor Vroom who sought to establish the relationship between performance, motivation and ability and expressed it as a multiplicative one – where performance equals motivation x ability. There are a lot of attractions for this kind of approach, particularly for employers who can target their motivation effort and anticipate a definable mathematical return for them. As this is a cognitive process theory it relies on the way employees perceive rewards These three theories plus variants of them have been used in countless research studies and continue to inform the practice of reward management up to the present day.

157.5 Job evaluation

Job evaluation is closely related to reward management. It is important to understand and identify a job’s order of importance. Job evaluation is the process which job’s are systematically assessed to one another within an organization in order to define the worth and value of the job, to ensure the principle of equal pay for equal work. In the United Kingdom, it is now illegal to discriminate worker’s pay levels and benefits, employment terms and conditions and promotion opportunities.¹[19] Job Evaluation is one method that can be adopted by companies in order to make sure that discrimination is eliminated and that the work performed is rewarded with fair pay scales. This system carries crucial importance for managers to decide which rewards should be handed out by what amount and to whom. Job evaluation provides the basis for grading, pay structure, grading jobs in the structure and managing job and pay relativities.²[20]

It has been said that fairness and objectivity are the core principals using an assessment of the nature and size of the job each is employed to carry out.²[21]

There also many different methods of job evaluation which can be used, but the three simplest methods are ranking, classification and factor comparison.²[22] However, there are more complex variations of methods such as the point method which uses scales to measure job factors. This method does not rank employees against one another but looks at the job as a whole. A disadvantage of these methods of job evaluation are that they are very static and it would be very difficult to perform a job evaluation quickly if it was needed.

An advisory company named ACAS stated that there were five main reasons why employers look at performing a job evaluation. These include: When deciding on a pay scale: Making sure that the current system is fair and equal for employees, Deciding on benefits such as bonuses, Comparing pay against other companies and reviewing all jobs after a major company pay change .²[23] Employees need to feel that they are being paid a fair wage compared to the same job with the competition. If this is true it may help reduce staff turnover which is very beneficial for employers as it reduces the cost of hiring new staff.

Research regarding job evaluation has mainly been conducted using qualitative data collection methods such as in-
terviews, large scale surveys and basic experimental methods. Therefore, there is a large gap for research on job evaluation collecting quantitative data for a more statistical analysis. A comparison between public and private sectors and the methods of job evaluation is another area that should be considered for further research.

However, is job evaluation enough? Steinburg (1999) stated that very few organisations take into account that job evaluation should also look at emotional labour that may be used by employees.

157.6 Performance appraisal

See also: Performance appraisal

Performance appraisal is the method in which an employee’s job performance is evaluated and reviewed. This compares employee work behaviour with the organisations pre-set standards to provide feedback on job performance. Performance appraisals are a form of motivation through either positive or negative reinforcement, depending on outcome. Typically this information is gained through interview and questionnaire functions annually, executed among management of larger organisations primarily, as a method of motivation to gain full potential of staff. The goal of which is to align and manage all organisational resources “to achieve highest possible performance” by improving your current staff through encouragement, setting targets and improving on past mistakes. Edward Lawler of the University of Southern California unveiled research showing that 93% percent of companies use annual appraisal

Performance appraisal was set up in the first place, as a justification for the pay of an employee. If his performance was seen as insufficient, his pay would be cut down. However if it was seen of a higher quality, he could receive a pay rise. Performance appraisals have been described as a “flawed system”. One must ask, can an entire year’s work be reviewed at one point in time? It has been argued that the time, money and energy needed is not comparable to its effectiveness. There are various appraisal methods.

Some of these include « rank and yank » by which an organisation ranks its employees against each other and terminates the employment of the employee who finishes at bottom place. That corresponds to the yanking. Then there is the critical incident technique by which the organisation collects information and observes human behaviour that have a strong impact either positive or negative on an activity or procedure.

Each employee is different and can bring in something special to the organisation. Each employee has a specific job to fulfil. Performance appraisals are needed in order to understand how every employee can produce the best performance.

- Improve performance: performance improvement is the notion of measuring the productivity of a certain procedure, and then finding solutions in order for the productivity to rise, the capability of the employees and their effectiveness.

- Increase motivation: Performance appraisal is used as a motivation tool. An employee’s efficiency can be proven if the targets he was set, have been achieved. The employee will be motivated to do even better and his performance will rise in the near future.

- Identify training/development needs: The fundamental step of training and development is establishing the organisational needs for the employees at this time and in the near future. A few questions may be asked in the process: What can an employee learn in order to be more productive? In which field is training most necessary? And finally who should benefit from the training most?

The effectiveness of an employee is the key factor for the employer, because the profit the company or organisation makes depends on the employees’ productiveness.

The training and development needs should begin with an assessment of the company as it lies currently, how it operates and what each employee is best at. This assessment will enable the training to be based on certain factors which seem most important. Knowledge of the organisation’s strategic plan and its needs for the future must help the training to bring the company up a step on the ladder. In using a performance appraisal, an organisation can build an employee profile of poor performances which allows a reduced risk of legal implications for redundancies. Seeing additional benefit, as the company can decide who is worthy of promotion or bonus’.


- Manage careers: career management. Managing your career efficiently involves a list of various factors which need to be referred to as often as possible: taking into account the goals you have giving yourself all along your professional career, allowing yourself to have a comfortable lifestyle and by feeling some level of personal accomplishment when you look back at to what you have done. These three factors are key to a productive career.

157.7 See also

- Anger management
- Job evaluation
- Management
- Organizational behaviour
- Organization development
- Motivation
- Psychology
- Strategic management
- Human relations movement
- Reward system

157.8 References


157.9 \hspace{0.5cm} \textbf{EXTERNAL LINKS}


[28] "Is it time to give up on appraisals?" [online] Available at: http://www.hrmagazine.co.uk/hr/features/1075041/is-performance-appraisals#sthash.T787dpWp.dpuf Accessed: 14th March 2014


\textbf{157.9 \hspace{0.5cm} External links}

- cipd.co.uk - Good practice and guidance on Reward Management
- books.google.com - Reward Management: A Handbook of Remuneration Strategy and Practice
- mindtools.com - Rewarding your team
Chapter 158

Role-based assessment

Modern psychological testing can be traced back to 1908 with the introduction of the first successful intelligence test, the Binet-Simon Scale. [1] From the Binet-Simon came the revised version, the Stanford-Binet, which was used in the development of the Army Alpha and Army Beta tests used by the United States military. [2] During World War I, Robert S. Woodworth developed the Woodworth Personal Data Sheet (WPDS), to determine which soldiers were better prepared to handle the stresses of combat. The WPDS signaled a shift in the focus of psychological testing from intellect to personality. [3]

By the 1940s, the quantitative measurement of personality traits had become a central theme in psychology, and it has remained so into the 2000s. During this time, numerous variations and versions of ‘personality tests’ have been created, including the widely used Myers-Briggs, DISC, and Cattell’s 16PF Questionnaire. [4]

Role-Based Assessment (RBA) differs significantly from personality testing. [5] Instead of quantifying individual personality factors, RBA’s methodology was developed, from its very beginnings, to make qualitative observations of human interaction. [6] In this sense, RBA is a form of behavioral simulation. Understanding the quality of a person’s behavior on a team can be a valuable adjunct to other forms of evaluation (such as data on experience, knowledge, skills, and personality) because the ability to successfully cooperate and collaborate with others is fundamental to organizational performance.

158.1 Concepts

158.1.1 Coherence

In TGI Role-Based Assessment, ‘Coherence’ describes a positive and constructive orientation to working with others to achieve common goals, overcome obstacles, and meet organizational needs. [7] [8] [9]

158.1.2 Role

A person’s ‘Role’ describes their strongest affinity for, or attraction to, serving a certain type of organizational need, e.g., planning for the future vs. executing current tasks vs. preserving and sharing knowledge. [10] [11]

158.1.3 Teaming Characteristics

Each RBA report includes a detailed section on ‘Teaming Characteristics’, which are derived, in part, from the relationship between a person’s level of Coherence and their unique Role (or Roles). As their name suggests, Teaming Characteristics can help managers and coaches to understand how well a person will ‘fit’ within a team and/or adapt to their job responsibilities. [12] [13]
158.2 Historical Development

Dr. Janice Presser began collaborating with Dr. Jack Gerber in 1988 to develop tools and methods for measuring the fundamental elements of human “teaming” behavior, with a goal of improving individual and team performance. Their work combines decodes of research, blending Dr. Presser’s earlier work in family and social relationships with Dr. Gerber’s “Mosaic Figures” test, which had been designed to produce qualitative information on how individuals view other people. [14]

Three generations of assessments were developed, tested and used in the context of actual business performance. The initial Executive Behavior Assessment was focused on the behavior of persons with broad responsibility for organizational performance. The second iteration, called the Enhanced Executive Behavior Assessment, incorporated metrics on the behavior of executives working in teams. Drs. Presser and Gerber then successfully applied their testing methodology to team contributors outside of the executive ranks, and as development and testing efforts continued, Role-Based Assessment (RBA) emerged. [15]

By 1999, RBA was established as a paper-based assessment, and was being sold for use in pre-hire screening and organizational development. [16] Drs Presser and Gerber formed The Gabriel Institute in 2001, with the goal of making RBA available to a greater audience via the Internet. [17]

Mid-year in 2009, TGI Role-Based Assessment TM became generally available as an online assessment instrument. Later in 2009, the Society for Human Resource Management (SHRM) published a two-part white paper by Dr. Presser, which introduced ground-breaking ideas on the measurement and valuation of human synergy in organizations, and an approach to the creation of a strong, positively-oriented human infrastructure. [18][19]

158.3 Applications

The most common use of TGI Role-Based Assessment is in pre-hire screening evaluations. RBA’s focus on ‘teaming’ behavior offers a different way to allegedly predict how an individual will fit with company culture, on a given team, and how they are likely to respond to specific job requirements. [20] While other pre-hire testing may run the “risk of violating the ADA” (Americans with Disabilities Act), this does not appear to be an issue with Role-Based Assessment. [21]

RBA is also claimed to have unique potential for strengthening a human infrastructure. Results from RBA reports can be aggregated, providing quantitative data that is used for analysis and resolution of team performance problems, and to identify and select candidates for promotion. [22]

158.4 See also

- Personality Testing
- Cattell’s 16 Personality Factors
- Performance Improvement

158.5 References


18. SHRM – “The Measurement & Valuation of Human Infrastructure: An Introduction to CHI Indicators”


158.6 External links

- University of Pennsylvania Journal of Labor and Employment Law “
- Innovation America – “Put Your Money Where Your Team Is!”
- National Association of Seed and Venture Funds (NASVF) “Make Sure People Will Fit… Before You Hire Them.”
Chapter 159

ROWE

**ROWE - Results Only Work Environment** is a human resource management strategy co-created by Jody Thompson and Cali Ressler[1] wherein employees are paid for results (output) rather than the number of hours worked.[2] Cali and Jody, who originally proposed the strategy at Best Buy, have since started a consulting group called CultureRx.[1][3] The strategy has subsequently been implemented at a second large American retailer, Gap,[3] as well as the Girl Scouts of San Gorgino, J.A. Counter and Associates, the Fairview Health Services I.T. Department.[4] ROWE tries to give managers the tools to define goals which can be clearly met or unmet by the results of individual contributors working for that manager. This focus on met or unmet results allows significant freedom to the organization to focus on fewer minute details of employee daily routine.

159.1 See also

- Coworking
- Flextime
- Hot desking
- Telecommuting
- Presenteeism

159.2 References


159.3 External links

- CultureRx - Official Trainers of the Results-Only Work Environment
- Washington Post Article

• Vascellaro, Frank (June 2, 2008). “Work Sucks”. WCCO Online.

• Johnson, Tory (June 3, 2008). “article”. Good Morning America Online.

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• “article”. TIME. May 30, 2008.


• Trunk, Penelope. “Twentysomething: Best Buy gets it. Stop watching the clock.”. Businessweek.

• Optimas Awards

• Business 2.0 Article

• HR Magazine Article from CultureRX

• Entrepreneur Magazine

• Employee Benefits News
Chapter 160

Salary

A salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract. It is contrasted with piece wages, where each job, hour or other unit is paid separately, rather than on a periodic basis. From the point of view of running a business, salary can also be viewed as the cost of acquiring and retaining human resources for running operations, and is then termed personnel expense or salary expense. In accounting, salaries are recorded in payroll accounts.[1]

Salary is a fixed amount of money or compensation paid to an employee by an employer in return for work performed. Salary is commonly paid in fixed intervals, for example, monthly payments of one-twelfth of the annual salary.

Salary is typically determined by comparing market pay rates for people performing similar work in similar industries in the same region. Salary is also determined by leveling the pay rates and salary ranges established by an individual employer. Salary is also affected by the number of people available to perform the specific job in the employer's employment locale.[2]

160.1 History

160.1.1 First paid salary

While there is no first pay stub for the first work-for-pay exchange, the first salaried work would have required a society advanced enough to have a barter system which allowed for the even exchange of goods or services between tradesmen. More significantly, it presupposes the existence of organized employers—perhaps a government or a religious body—that would facilitate work-for-hire exchanges on a regular enough basis to constitute salaried work. From this, most infer that the first salary would have been paid in a village or city during the Neolithic Revolution, sometime between 10,000 BCE and 6000 BCE.[1]

A cuneiform inscribed clay tablet dated about BC 3100 provides a record of the daily beer rations for workers in Mesopotamia. The beer is represented by an upright jar with a pointed base. The symbol for rations is a human head eating from a bowl. Round and semicircular impressions represent the measurements.[3]

By the time of the Hebrew Book of Ezra (550 to 450 BCE), salt from a person was synonymous with drawing sustenance, taking pay, or being in that person's service. At that time, salt production was strictly controlled by the monarchy or ruling elite. Depending on the translation of Ezra 4:14, the servants of King Artaxerxes I of Persia explain their loyalty variously as "because we are salted with the salt of the palace" or "because we have maintenance from the king" or "because we are responsible to the king".[1]

160.1.2 Salarium

Similarly, the Latin word salarium linked employment, salt, and soldiers, but the exact link is not very clear. The latest common theory is that the word soldier itself comes from the Latin sal dare (to give salt), but previous theories were on the same ground. Alternatively, the Roman historian Pliny the Elder stated as an aside in his Natural History's discussion of sea water, that "[I]n Rome. . .the soldier's pay was originally salt and the word salary derives from it...".[4] Others note that soldier more likely derives from the gold solidus, with which soldiers were known to have been
paid, and maintain instead that the *salarium* was either an allowance for the purchase of salt [5] or the price of having soldiers conquer salt supplies and guard the Salt Roads (*Via Salaria*) that led to Rome. [6][7]

160.3 Roman empire and medieval and pre-industrial Europe

Regardless of the exact connection, the *salarium* paid to Roman soldiers has defined a form of work-for-hire ever since in the Western world, and gave rise to such expressions as “being worth one’s salt”.[1]

Within the Roman Empire or (later) medieval and pre-industrial Europe and its mercantile colonies, salaried employment appears to have been relatively rare and mostly limited to servants and higher status roles, especially in government service. Such roles were largely remunerated by the provision of lodging, food, and livery clothes (i.e., “food, clothing, and shelter” in modern idiom), but cash was also paid. Many courtiers, such as valets de chambre, in late medieval courts were paid annual amounts, sometimes supplemented by large if unpredictable extra payments. At the other end of the social scale, those in many forms of employment either received no pay, as with slavery (although many slaves were paid some money at least), serfdom, and indentured servitude, or received only a fraction of what was produced, as with sharecropping. Other common alternative models of work included self- or co-operative employment, as with masters in artisan guilds, who often had salaried assistants, or corporate work and ownership, as with medieval universities and monasteries.[1]

160.4 Commercial Revolution

Even many of the jobs initially created by the Commercial Revolution in the years from 1520 to 1650 and later during Industrialisation in the 18th and 19th centuries would not have been salaried, but, to the extent they were paid as employees, probably paid an hourly or daily wage or paid per unit produced (also called piece work).[1]

160.5 Share in earnings

In corporations of this time, such as the several East India Companies, many managers would have been remunerated as owner-shareholders. Such a remuneration scheme is still common today in accounting, investment, and law firm partnerships where the leading professionals are equity partners, and do not technically receive a salary, but rather make a periodic “draw” against their share of annual earnings.[1]

160.6 Second Industrial Revolution

From 1870 to 1930, the Second Industrial Revolution gave rise to the modern business corporation powered by railroads, electricity and the telegraph and telephone. This era saw the widespread emergence of a class of salaried executives and administrators who served the new, large-scale enterprises being created.

New managerial jobs lent themselves to salaried employment, in part because the effort and output of “office work” were hard to measure hourly or piecewise, and in part because they did not necessarily draw remuneration from share ownership.[1]

As Japan rapidly industrialized in the 20th century, the idea of office work was novel enough that a new Japanese word (salaryman) was coined to describe those who performed it, as well as referencing their remuneration.[1]

160.7 20th century

In the 20th century, the rise of the service economy made salaried employment even more common in developed countries, where the relative share of industrial production jobs declined, and the share of executive, administrative, computer, marketing, and creative jobs—all of which tended to be salaried—increased.[1]

160.8 Salary and other forms of payment today

Today, the concept of a salary continues to evolve as part of a system of the total compensation that employers offer to employees. Salary (also now known as fixed pay) is coming to be seen as part of a “total rewards” system which
includes bonuses, incentive pay, commissions, benefits and perquisites (or perks), and various other tools which help employers link rewards to an employee’s measured performance.” [1]

Compensation has evolved considerably. Consider the change from the days of and before the industrial evolution, when a job was held for a lifetime, to the fact that, from 1978 to 2008, individuals who aged from 18 to 44, held an average number of 11 jobs."[8] Compensation has evolved gradually moving away from fixed short-term immediate compensation towards fixed + variable outcomes-based compensation. An increase in knowledge-based work has also lead to pursuit of partner (as opposed to employee) like engagement.

160.2 By country

160.2.1 Botswana

In Botswana, salaries are almost entirely paid on a monthly basis with pay dates falling on different dates of the second half of the month. Pay day usually ranges from the 15th of the month to the last day. The date of disbursement of the salary is usually determined by the company and in some cases in conjunction with the recognized Workers Union.

The Botswana Employment Act Cap 47:01 Chapter VII regulates the aspect of protection of wages in the contracts of employment. The minimum and maximum wage payment period with the exception of casual employees should not be less than one week or more than a month, and where not expressly stipulated a month is the default wage period as per section 75 of the Act payable before the third working day after the wage period. The wages are to be paid during working hours at the place of employment, or in any other way, such as through a bank account with the consent of the employee. Salaries should be made in legal tender, however, part payment in kind is not prohibited provided it is appropriate for the personal use and benefit of employee and his family, and the value attributable to such payment in kind is fair and reasonable. The payment in kind should not exceed forty per cent of the total amount paid out to the employee.

The minimum wage is set, adjusted and can even be abolished by the Minister on the advice of the Minimum Wages Advisory Board for specified trade categories. The stipulated categories include building, construction, hotel, catering, wholesale, watchmen, the domestic service sector, the agricultural sector etc. The current minimum wages set for these sectors are set out in the Subsidiary legislation in the Act.

Women on maternity leave are entitled to 25% of their salaries as stipulated by the Employment Act but the majority of the companies pay out at about 50% for the period.”[9]

160.2.2 Denmark

By working for the Danish Government, it has been agreed under political agreements, that the salary is dependent on the seniority, education, and of a qualification allowance.

160.2.3 European Union

According to European law, the movement of capital, services and (human) resources is unlimited between member states. Salary determination, such as minimum wage, is still the prerogative of each member state. Other social benefits, associated with salaries are also determined on member-state level.”[10]

160.2.4 India

In India, salaries are generally paid on the last working day of the month (Government, Public sector departments, Multinational organizations as well as majority of other private sector companies). According to the Payment of Wages Act, if a company has less than 1000 Employees, salary is paid by the 7th of every month. If a company has more than 1000 Employees, salary is paid by the 10th of every month.”[11]

Minimum wages in India are governed by the Minimum Wages Act, 1948.”[12] Employees in India are notified of their salary being increased through a hard copy letter given to them.”[13]
160.2.5 Italy

In Italy, the Constitution guarantees a minimum wage, as stated in Article 36, Paragraph 1[^14]

“Workers have the right to a remuneration commensurate to the quantity and quality of their work and in any case such as to ensure them and their families a free and dignified existence.”

This constitutional guarantee is implemented not through a specific legislation, but rather through collective bargaining which sets minimum wage standards in a sector by sector basis. Collective bargaining is protected by trade unions which have constitutional rights such as legal personality. The Constitution also guarantees equal pay for women, as stated in Article 37, Paragraph 1[^14]

“Working women are entitled to equal rights and, for comparable jobs, equal pay as men.”

160.2.6 Japan

Further information: Salaryman

In Japan, owners would notify employees of salary increases through “jirei”. The concept still exists and has been replaced with an electronic form, or E-mail in larger companies.[^15] The position and world of “salarymen” is open to only one third of Japanese men. From school age these young potentials are groomed and pre-selected to one day join a company as a “salaryman”. The selection process is rigorous and thereafter the process initiation speaks of total dedication to the company.[^16]

160.2.7 South Africa

Minimum wages are used widely in developing countries to protect vulnerable workers, reduce wage inequality, and lift the working poor out of poverty. The political popularity of minimum wages stems in part from the fact that the policy offers a means for redistributing income without having to increase government spending or establish formal transfer mechanisms.[^17] The challenge to policymakers is to find that wage level that is considered fair given workers’ needs and the cost of living, but does not harm employment or a country’s global competitiveness.[^18]

South African median employee earning is R2800 a month (one can divide approximately by 10 to have the euro equivalent) and the average earning is around R8500. These figures are found in SA statistics. Indeed, they reflect the huge gap in the South African society with a large proportion of the population under poverty line that does not have the same opportunities for employment.[^19]

Median monthly earnings of white (R9500) and Indian/Asian (R6000) population were substantially higher than the median monthly earnings of their coloured (R2652) and black African (R2167) counterparts. Black Africans earned 22, % of what the white population earned; 36,1% of what Indians/Asians earned; and 81,7% of what the coloured population earned. In the bottom 5%, black Africans earned R500 or less per month while the white population earned R2 000 or less, while in the top 5% they earned R12 567 or more compared to the white population who earned R34000 or more per month. [^20]

160.2.8 The Netherlands

In the Netherlands the salary which occurs most frequently is referred to as Jan Modaal. The term “modaal” is derived from the statistical term Modus. If the government’s macro economic policy negatively affects this “Modaal” income or salary-group often the policy is adjusted in order to protect this group of income earners.[^21] The Dutch word “soldij” can be directly linked to the word “soldaat” or soldier, which finds its origin in the word for the gold coin solidium, with which soldiers were paid during the Roman Empire.

The Netherlands is in the top 5 of the highest salary-paying countries in the EU. The focus has been on the salary levels and accompanying bonuses whereas secondary benefits, though present, has been downplayed yet that is changing. The Netherlands claims a 36th position when it comes to secondary benefits when compared to other countries in Europe.[^22]
The minimum wage is determined through collective labor negotiations (CAOs). The minimum wage is age dependent; the legal minimum wage for a 16-year old is lower than, for instance, a 23-year old (full minimum wage). Adjustments to the minimum wage are made twice a year; on January 1 and on July 1. The minimum wage for a 21 year old on January 1, 2013 is 1,065.30 Euro netto per month and on July 1, 2013 this minimum wage is 1,071.40 Euro netto per month. [23] For a 23 year old on 1st of January 2014 is 1485.60 Euro gross salary / month plus 8% holiday subsidy so 1604.45 Euro gross salary / month

**160.2.9 United States**

Further information: Income in the United States

In the United States, the distinction between periodic salaries (which are normally paid regardless of hours worked) and hourly wages (meeting a minimum wage test and providing for overtime) was first codified by the Fair Labor Standards Act of 1938. At that time, five categories were identified as being “exempt” from minimum wage and overtime protections, and therefore salariable. In 1991, some computer workers were added as a sixth category but effective August 23, 2004 the categories were revised and reduced back down to five (executive, administrative, professional, computer, and outside sales employees). Salary is generally set on a yearly basis. [24]

“The FLSA requires that most employees in the United States be paid at least the federal minimum wage for all hours worked and overtime pay at time and one-half the regular rate of pay for all hours worked over 40 hours in a workweek.

However, Section 13(a)(1) of the FLSA provides an exemption from both minimum wage and overtime pay for employees employed as bona fide executive, administrative, professional and outside sales employees. Section 13(a)(1) and Section 13(a)(17) also exempt certain computer employees. To qualify for exemption, employees generally must meet certain tests regarding their job duties and be paid on a salary basis at not less than $455 per week. Job titles do not determine exempt status. In order for an exemption to apply, an employee’s specific job duties and salary must meet all the requirements of the [Labor] Department’s regulations.” [25]

Of these five categories only Computer Employees has an hourly wage-based exemption ($27.63 per hour) while Outside Sales Employee is the only main category not to have the minimum salary ($455 per week) test though some sub categories under Professional (like teachers and practitioners of law or medicine) also do not have the minimum salary test.

A general rule for comparing periodic salaries to hourly wages is based on a standard 40 hour work week with 50 weeks per year (minus two weeks for vacation). (Example: $40,000/year periodic salary divided by 50 weeks equals $800/week. Divide $800/week by 40 standard hours equals $20/hour).

**160.2.10 Zimbabwe**

Zimbabwe operates on a two tier system being wages and salaries. Wages are managed by the National Employment Council (NEC). Each sector has its own NEC; i.e. agriculture, communications, mining, catering, educational institutions, etc. On the council are representatives from the unions and the employers. The public sector is under the Public Service Commission and wages and salaries are negotiated there.

Wages are negotiated annually or biennially for minimum wages, basic working conditions and remunerations. If there is a stalemate it goes for arbitration with the Ministry of labour. The ruling will become binding on all companies in that industry. Industries often then use their associations to negotiate and air their views. For example the mining industry nominates an employee within the chamber of mines to attend all meetings and subcommittee with industry players is a forum for discussions.

Salaries are negotiated by the respective employees. However, NEC obviously affects the relativity and almost acts as a barometer for salaried staff. Salaries and wages in Zimbabwe are normally paid monthly. Most companies’ pay around the 20th does allow various statutory payments and processing for the month end. Government employees are also staggered to ease the cash flow though teachers are paid around mid-month being 16th. Agricultural workers are normally paid on the very last day of the month as they are contract employees.

Zimbabwe is a highly banked society with most salaries being banked. All government employees are paid through the bank. Since “dollarisation” (movement from the Zimbabwean dollar to USD) Zimbabwe has been moving toward a more informal sector and these are paid in 'brown envelopes'.
PAYE (Pay As You Earn) is a significant contributor to tax being 45%. Given the high unemployment rate the tax is quite heavy. This of course captures those that pay and keep records properly. The average salary is probably $250. This is skewed downwards by the large number of government employees whose average salary is around there. At the top end salaries are quite competitive and this is to be able to attract the right skills though the cost of living is high so it balances this out. A top-earning Zimbabwean spends a lot more money on necessities than say a South African top earner. This is more evident when a comparison with USA or England is done. The need to have a generator, borehole or buy water or take care of the extended family since there is no welfare given the government’s financial position.

In the hyperinflation days salaries was the cheapest factor of production given that it was paid so irregularly though it went to twice monthly. As workers could not withdraw their money, remuneration was often in the following forms:

- Fuel coupons were most popular and individuals were paid in liters of fuel
- The product that the company is selling; e.g. pork/meat for the abattoirs
- Foreign currency payment was illegal and one had to seek special dispensation or had to show that their revenue/funding was received in foreign currency like NGOs or exporters
- Shares for the listed companies on the stock market (not in the traditional option scheme but just getting shares)

Prices were price controlled. By remunerating in the product it basically allowed the employees to side sell for real value.

Zimbabwe traditionally had a competitive advantage in its cost of labor. With “dollarisation” and higher cost of living this is slowly being eroded. For example an average farm employee probably earned the equivalent of $20 but could buy a basket of goods currently worth $500. Now the average farm work earns $80 and that basket of goods is as mentioned $500. The basket being soap, meal, school fees, protein foods, etc.

### 160.3 Negotiation of salary

Prior to the acceptance of an employment offer, the prospective employee usually has the opportunity to negotiate the terms of the offer. This primarily focuses on salary, but extends to benefits, work arrangements, and other amenities as well. Negotiating salary can potentially lead the prospective employee to a higher salary. In fact, a 2009 study of employees indicated that those who negotiated salary saw an average increase of $4,913 from their original salary offer. In addition, the employer is able to feel more confident that they have hired an employee with strong interpersonal skills and the ability to deal with conflict. Negotiating salary will thus likely yield an overall positive outcome for both sides of the bargaining table.

Perhaps the most important aspect of salary negotiation is the level of preparation put in by the prospective employee. Background research on comparable salaries will help the prospective employee understand the appropriate range for that position. Assessment of alternative offers that the prospective employee has already received can help in the negotiation process. Research on the actual company itself will help identify where concessions can be made by the company and what may potentially be considered off-limits. These items, and more, can be organized in to a negotiations planning document that can be used in the evaluation of the offers received from the employer.

#### 160.3.1 Effects of perspective

The same 2009 study highlighted the personality differences and negotiation mind-sets that contributed to successful outcomes. Overall, individuals who are risk-averse (e.g., worried about appearing ungrateful for the job offer) tended to avoid salary negotiations or use very weak approaches to the negotiation process. On the contrary, those who were more risk-tolerant engaged in negotiations more frequently and demonstrated superior outcomes. Individuals who approached the negotiation as a distributive problem (i.e. viewing the a higher salary as a win for him/her and a loss to the employer) ended up with an increased salary, but lower rate of satisfaction upon completion. Those who approached the negotiation as an integrative problem (i.e. viewing the negotiation process an opportunity to expand the realm of possibilities and help both parties achieve a “win” outcome) were able to both secure an increased salary and an outcome they were truly satisfied with.

#### 160.3.2 Gender differences

Salary disparities between men and women may partially be explained by differences in negotiation tactics used by men and women. Although men and women are equally likely to initiate in a salary negotiation with employers, men
will achieve higher outcomes than women by about 2% of starting salary.\textsuperscript{[28]} Studies have indicated that men tend to use active negotiation tactics of directly asking for a higher salary, while women tend to use more of an indirect approach by emphasizing self-promotion tactics (e.g. explaining the motivation to be a good employee).\textsuperscript{[29]} Other research indicates that early-childhood play patterns may influence the way men and women negotiate. Men and women tend to view salary differently in terms of relative importance. Overall level of confidence in a negotiation may also be a determinant of why men tend to achieve higher outcomes in salary negotiations. Finally, the awareness of this stereotype alone may directly cause women to achieve lower outcomes as one study indicates.\textsuperscript{[30]} Regardless of the cause, the outcome yields a disparity between men and women that contributes to the overall wage gap observed in many nations.

The Constitution of the Republic of South Africa\textsuperscript{239} provides for the right to fair labour practices in terms of article 23. article 9 of the Constitution makes provision for equality in the Bill of Rights, which an employee may raise in the event of an equal pay dispute. In terms of article 9(1) “everyone is equal before the law and has the right to equal protection and benefit of the law.” Furthermore, “the state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language, and birth.”\textsuperscript{[31]} South African employees who were in paid employment had median monthly earnings of R2 800. The median monthly earnings for men (R3 033) were higher than that for women (R2 340) - women in paid employment earned 77.1% of what men did.\textsuperscript{[20]}

### 160.3.3 Role of weight

Research done in 2011 showed that the “weight double standard” may be more complex that what past research has suggested. This is not only relevant to women, but also to men. The smallest income gap differences occur at thin weights (where men are penalized and women are rewarded) and the opposite happens at heavier weights, where the women is affected more negatively.\textsuperscript{[32]}

### 160.4 See also

- List of countries by monthly average wage
- List of countries in Europe by average wage
- Executive compensation
- List of countries by average wage
- List of single-digit salary earners
- List of largest sports contracts
- Salaryman (Japan)
- Peak earning years
- Presidential salary

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Chapter 161

Selection ratio

Selection ratio refers to the ratio of the number of job positions to the number of job applicants and is used in the context of selection and recruitment.

It is typically assumed to be a number between 0 and 1 where a number closer to zero implies that there are many applicants for any one position.

The selection ratio provides information about the value of assessment tools, such as interviews, work samples, and psychometric tests. When the selection ratio is close to one, most applicants will need to be hired in order to fill the available positions. As such knowing that one applicant is likely to perform better than another is of limited value. In contrast when the selection ratio is closer to zero, assessment tools have greater value in indicating which subset of job applicants are likely to perform best. Estimates of the selection ratio can form part of estimates of utility for a given selection and recruitment system.
Chapter 162

Senior management

Senior management, executive management, or management team is generally a team of individuals at the highest level of organizational management who have the day-to-day responsibilities of managing a company or corporation. They hold specific executive powers conferred onto them with and by authority of the board of directors and/or the shareholders. There are most often higher levels of responsibility, such as a board of directors and those who own the company (shareholders), but they focus on managing the senior or executive management instead of the day-to-day activities of the business. The executive management typically consists of the heads of the firm's product and/or geographic units and of functional executives such as the chief financial officer, the chief operating officer, and the chief strategy officer.¹ In Project Management, senior management is responsible for authorising the funding of projects.²

They are sometimes referred to, within corporations, as executive management, top management, upper management, higher management, or simply seniors.

162.1 Positions

A management team is directly responsible for managing the day-to-day operations (and profitability) of a company. Positions that are commonly considered to be part of that team include the following:

**Chief Executive Officer (CEO)** – As the top manager, the CEO is typically responsible for the entire operations of the corporation and reports directly to the chairman and board of directors. It is the CEO's responsibility to implement board decisions and initiatives and to maintain the smooth operation of the firm, with the assistance of senior management. Often, the CEO will also be designated as the company's president and will be one of the inside directors on the board (if not the chairman).

**Chief Procurement Officer (CPO)** – The CPO Chief Procurement Officer (CPO) is an executive role focused on sourcing, procurement, and supply management for an enterprise.

**Chief Operations Officer (COO)** – The COO looks after issues related to marketing, sales, production and personnel. More hands-on than the CEO, the COO looks after day-to-day activities while providing feedback to the CEO. The COO is often referred to as a senior vice president.

**Chief Financial Officer (CFO)** – Also reporting directly to the CEO, the CFO is responsible for analyzing and reviewing financial data, reporting financial performance, preparing budgets and monitoring expenditures and costs. The CFO is required to present this information to the board of directors at regular intervals and provide this information to shareholders and regulatory bodies such as the Securities and Exchange Commission (SEC). Also usually referred to as a senior vice president, the CFO routinely checks the corporation's financial health and integrity.

**Chief Information Officer (CIO)** – The CIO reports directly to the CEO and is a more internally oriented position focused on technology needed for running the company (and in IT fields, for maintaining foundational software platforms for any new applications).
Chief Technology Officer (CTO) – The CTO reports directly to the CEO and is responsible for scientific and technological issues within the organization. In some larger organizations, the CTO may report to the CIO or the CIO may report to the CTO.

Chief Revenue Officer (CRO) – The CRO is responsible for all revenue generation processes in an organization, and is ultimately accountable for driving better integration and alignment between all revenue-related areas.

Chief Visionary Officer (CVO) – The CVO is a high-level advisor to the CEO and other C-level executives. A CVO decides on the general direction of a company, and has a broad and comprehensive knowledge of all matters related to the business of the organization and the vision required to steer its course into the future. The CVO is generally in charge of defining corporate strategies, working plans, and often product ideas. Also has the core competencies of every other business-executive, which are used to play a role in performing aspects of the work of other C-level executives.

Chief Legal Affairs (CLA) – Similar to General Counsel or Chief Legal Officer at C-Level executive position is the chief lawyer of a legal department, usually in a company or a governmental department. In a company, the person holding the position typically reports directly to the CEO, and their duties involve overseeing and identifying the legal issues in all departments and their interrelation, including engineering, design, marketing, sales, distribution, credit, finance, human resources, production, as well as corporate governance and business policy. This would naturally require in most cases reporting directly to the owner or CEO overseeing the very business on which the CLA is expected to be familiar with and advise on the most confidential level. This requires the CLA/CLO/General Counsel to work closely with each of the other officers, and their departments, to appropriately be aware and advise. General counsel often have broad roles encompassing crisis management, compliance reporting management and public policy advocacy. Many companies also hire in-house counsel to handle specialized tasks such as tax work, mergers and acquisitions, labor law and intellectual property, sometimes building in-house practice groups that rival the practices of major law firms.

162.2 See also

- Business school
- Corporate titles
- Executive education
- List of accounting topics
- List of business law topics
- List of business theorists
- List of economics topics
- List of economists
- List of finance topics
- List of management topics
- List of marketing topics
- List of production topics

162.3 References


Chapter 163

Service record

For Internet Domain Name System Service Records, see SRV record.

A service record is a collection of either electronic or printed material which provides a documentary history of a person's activities and accomplishments while serving as a member of a given organization. Service records are most often associated with the military, but are commonly found in other groups, such as large corporations or for use by employees of a civilian government.

163.1 Australian armed forces

Service records for the Australian Army, are available at the National Archives of Australia website.[1] The First World War records can be found at . The service records for the Boer War are at , between the world wars are at , the Second World War records are at and the records of service afterwards are at . The service records of the Royal Australian Navy, Royal Australian Air Force are also available.

World War I service records provide the dates when the person was “in the field” that is with his unit on active service, if and when they embarked for oversea service, the names of the units in which the person served. The service record also documents other changes; promotions, transfers, time at base; the date and place of sickness or wounding, the names of hospital or clearing station where the person was treated.

163.2 United States armed forces

Service records of the United States armed forces are considered vital documents both for historical reasons and also to help secure veteran benefits for discharged or retired service members. In addition, service records of the U.S. military provide a chronology of a service member's career and thus ensure accurate tracking of accomplishments, activities, and promotions.

Active duty U.S. military service records are maintained by the various branches of the U.S. armed forces. Retired and discharged service records are maintained at the Military Personnel Records Center in St. Louis, Missouri.

After 2005, most U.S. military service records are retained by the military branch since most such records are electronically stored.

Typical makeup of a United States military paper service record

- DD Form 214
- Master personnel folder (201 File, Service Record Book, AF Form 7, etc.)
- Officer Qualification Record (OQR) (if commissioned)
- Evaluations and fitness reports
- Awards and citations
Disciplinary data and court martial records
- Dependent and emergency contact records
- Clothing allowance and leave records
- Letters and various correspondence
- Security clearance information
- Reserve points and reserve service history (if applicable)
- Discharge Data

163.3 Nazi Germany

The records of Nazi Germany are extensive and the record keeping ability of the Nazi Party was generally considered to be extremely meticulous. Service records of Nazi organizations are maintained at the Berlin Document Center, in Berlin, Germany, with several microfiche copies of these records available at the National Archives and Records Administration in College Park, Maryland.

Records of the Wehrmacht, that is the regular armed forces of Germany during World War II, are maintained at the Bundesarchiv, also in Berlin.

163.4 References

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Chapter 164

Sham peer review

Sham peer review or malicious peer review is a name given to the abuse of a medical peer review process to attack a doctor for personal or other non-medical reasons. [1] The American Medical Association conducted an investigation of medical peer review in 2007 and concluded that while it is easy to allege misconduct and 15% of surveyed physicians indicated that they were aware of peer review misuse or abuse, cases of malicious peer review able to be proven through the legal system are rare. [2]

164.1 Legal basis

Those who maintain that sham peer review is a pervasive problem suggest that the Healthcare Quality Improvement Act (HCQIA) of 1986 allows sham reviews by granting significant immunity from liability to doctors and others who participate in peer reviews. This immunity extends to investigative activities as well as to any associated peer review hearing, whether or not it leads to a disciplinary (or other) action.

The definition of a peer review body can be broad, including not only individuals but also (for example, in Oregon), “tissue committees, governing bodies or committees including medical staff committees of a [licensed] health care facility...or any other medical group in connection with bona fide medical research, quality assurance, utilization review, credentialing, education, training, supervision or discipline of physicians or other health care providers.” [3]

The California legislature framed its statutes so as to allow “aggrieved physicians the opportunity to prove that the peer review to which they were subject was in fact carried out for improper purposes, i.e., for purposes unrelated to assuring quality care or patient safety”. These statutes allow that a peer review can be found in court to have been improper due to bad faith or malice, in which case the peer reviewers' immunities from civil liability “fall by the wayside”. [4]

Those who practice sham peer review could draw out the process by legal maneuvering, and the fairness of a peer review that has been unduly delayed has been called into question. Many medical staff laws specify guidelines for the timeliness of peer review, in compliance with JCAHO standards.

164.2 Medical peer review process

Main article: Medical peer review

The medical peer review system is a quasi-judicial one. It is modeled in some ways on the grand jury / petit jury system. After a complainant asks for an investigation, a review body is assembled for fact-finding. This fact-finding body, called an ad hoc committee, is appointed by the medical Chief of Staff and is composed of other physician staff members chosen at the Chief of Staff’s discretion. This ad hoc committee then conducts an investigation in the manner it feels is appropriate. This may include a review of the literature or an outside expert. Thus, there is no standard for impartiality and specifically no standard for due process in the “peer-review 'process'”.

Once the physician has been indicted (and sanctioned) he or she then has the right to request a hearing. At the hearing, counsel is allowed. A second independent panel of physicians is chosen as the petit jury, and a hearing
officer is chosen. The accused physician has the option to demonstrate conflicts of interest and attempt to disqualify jurors based on reasonable suspicions of bias or conflicts of interest in a voir dire process.

Although some medical staff bodies utilize the hospital attorney and accept hospital funds to try peer review cases, the California Medical Association discourages this practice. California has enacted legislation formally requiring the separation of the hospital and medical staff.\[5\]

164.3 Alleged cases

Some physicians allege that sham peer review is routinely conducted in retaliation for whistleblowing, although a study of the phenomenon did not support this charge.\[2\]

164.3.1 Khajavi v. Feather River Anesthesiology Medical Group

Those who disagree with the AMA point to the case of Nosrat Khajavi. In 1996, Khajavi, an anesthesiologist in Yuba City, California, disagreed with a surgeon over the appropriateness of cataract surgery for a patient and refused to attend during the procedure. Khajavi was subsequently terminated from his anesthesia group. He sued for wrongful termination under California Business & Professions' Code Section 2053, and the suit was allowed by the California Court of Appeals. In 2000, the court held that Khajavi was not protected from termination on the basis of advocating for what he felt was medically appropriate care. The court did not rule on the merits of the dispute.\[6]\[7\]

164.3.2 Mileikowsky v. Tenet

A doctor was allegedly subject to multiple hearings for the same charges, and his rights to an expedited hearing were allegedly denied while a suspension was in place. On May 15, 2001, the California Medical Association filed an amicus curiae brief to emphasize legal protections meant to prevent physicians being arbitrarily excluded from access to healthcare facilities based on mechanisms such as summary suspension without a speedy hearing. This case was decided on April 18, 2005. The court ruled that the hearing officer in the case could indeed terminate the physician's peer review hearing based on grounds that the physician refused to cooperate on procedural and other matters necessary for the good conduct of the proceedings. Thus, the physician lost his membership and privileges at the hospital.\[8]\[9\] Ironically, the same physician was brought into a peer review hearing at another facility a short time later. The hearing officer in that case also terminated the proceedings, this time due to the physician's failure to turn over certain evidence for use in the hearing. The physician challenged the termination through the court system arguing, contrary to the Tenet appellate court ruling, that California's peer review statutes never intended the hearing officer in peer review hearings to have such powers of termination. The California Supreme Court reviewed the case and agreed in April 2009. The High Court ruled, among other things, that peer review hearing officers must defer the question of termination to the panel of physicians who sit in judgment of each peer review hearing.\[10]\]

164.3.3 Roland Chalifoux

Roland Chalifoux, member of an advocacy organisation called the Semmelweis Society, had his medical license revoked in Texas in 2004 after numerous incidents including the death of a patient. The Texas State Board of Medical Examiners stated that Chalifoux's practices “constitute such a deviation from the standard of care that revocation of his license is the only sanction that will adequately protect the public” .\[11\] Chalifoux subsequently secured permission to practice in West Virginia,\[12\] and alleges that the Texas board's actions constitute sham peer review.

164.4 Development of the Patient Safety Organization (PSO)

The Patient Safety and Quality Improvement Act of 2005 (Public Law 109-41) allows for the creation of Patient Safety Organizations, quality of care committees that can act in parallel with peer review boards. PSOs were authorized to gather information to be analyzed by hospital administrators, nurses, and physicians as a tool for systems failure analysis. They may be used by any healthcare entity except insurance companies, but must be registered with the AHRQ wing of the US Department of Health and Human Services.
In PSOs, root cause analysis and “near misses” are evaluated in an attempt to avert major errors. Participants in PSOs are immune from prosecution in civil, criminal, and administrative hearings. [13]

164.5 See also
- False accusations
- Subpoena duces tecum

164.6 References


[5] Bruce Adornato, MD (March 2005). “Column by the President of the Medical Staff: Purple fingers, Purple toes”. Stanford Hospital and Clinics Medical Staff Updates.


[12] Mitchell M. “Former Texas neurosurgeon granted licenses in West Virginia,” Fort Worth Star-Telegram (TX), 7 July 2005


164.7 Further reading


- Magazine Staff (2006-08-01), “All Is NOT Calm on the Hospital-Medical Staff Front”. Southern California Physician (LACMA Services Inc.).


Chapter 165

Simultaneous recruiting of new graduates

Simultaneous recruiting of new graduates or periodic recruiting of new graduates (新卒一括採用 Shinsotsu-Ikkatsu-Saiyō) is the custom that companies hire new graduates all at once and employ them. This custom was unique to Japan and South Korea, however, a new law enforced in South Korea bans employers from discriminating against job-seekers who have recently graduated from high school or university.¹ Now Japan is the only country practising this custom.

Company information session for new graduates in Japan. Japanese major companies tend to hold sessions only for students in particular prestigious universities.

165.1 Hiring practices

In Japan, entry-level jobs are classified further into three categories, that is, entry-level positions for students who have not graduated from high school or university yet, entry-level positions for job-seekers who have recently graduated and entry-level positions for those who have less than 3 years’ work experience, however, very few employers post jobs for entry-level positions for job-seekers who have recently graduated. That is why job-seekers who have recently...
graduated want to apply for entry-level positions for students who have not graduated from high school or university yet.

In Japan, most students hunt for jobs before graduation from university or high school, seeking “informal offers of employment” (内々定 nainaitei) one year before graduation, which will hopefully lead to “formal offer of employment” (内定 naitei) six months later, securing them a promise of employment by the time they graduate. Japanese university students generally begin job hunting all at once in their third year. The government permits companies to begin the selection process and give out informal offers beginning April 1, at the start of the fourth year. These jobs are mainly set to begin on April 1 of the following year. Due to this process, attaining a good position as a regular employee at any other time of year, or any later in life, is extremely difficult.

Since companies prefer to hire new graduates, students who are unsuccessful in attaining a job offer upon graduating often opt to stay in school for another year. According to a survey conducted by Mynavi, nearly 80% of job-seekers who had recently graduated from university had difficulty applying for entry-level positions in Japan. [2] This is in contrast to other countries, where companies do not generally discriminate against those who have recently graduated. Most companies pay little attention to academic records or a student’s university experiences, and prefer to train new employees according to company standards.

By contrast, potential employees in Japan are largely judged by their educational background. The prestige of the university and high school that a student attends has a marked effect on their ability to find similarly sought-after jobs as adults.

Large companies in particular (e.g. those listed in Nikkei 225), prefer to hire new graduates of prestigious universities “in bulk” to replace retiring workers and groom in-house talent, and the numbers can vary widely from year to year. Employers tend to hire a group of people in a mechanical fashion every year. One example is Toyota; the company hired over 1,500 new graduates in 2010, but this number was barely half of the number employed the year before, and Toyota announced its intention to cut new hires in 2011 further down to 1,200. The company may offer more jobs later on, but those who missed out on the current round of hiring will have a slim chance of gaining a position because they will be overshadowed by fresh graduates.
This practice leaves thousands of young Japanese sidelined in extended studies, part-time jobs, or on unemployment benefits instead of fully participating in the domestic economy and contributes to producing a great number of freeters and neets in Japan.

According to the nonprofit group Lifelink’s survey conducted in July, 2013, one in five Japanese college students thought about committing suicide during the job-hunting process.

165.2 Criticism

This custom has been seen to cause many social problems in modern Japan. Students who do not reach a decision about their employment before graduating from university often face great hardships searching for a job after the fact, as the majority of Japanese companies prefer to hire students scheduled to graduate in the spring. In recent years, an increasing number of university seniors looking for jobs have chosen to repeat a year to avoid being placed in the “previous graduate” category by companies. Under the current system, Japanese companies penalize students who study overseas or have already graduated.

Reiko Kosugi, a research director at the Japan Institute for Labor Policy and Training, criticized this process in a 2006 essay in The Asia-Pacific Journal, saying, “If business is in a slump at the point of one’s graduation and he cannot get a job, this custom produces inequality of opportunity, and people in this age bracket tend to remain unemployed for a long time.” [3] Nagoya University professor Mitsuru Wakabayashi has stated, “If this custom is joined to permanent employment, it produces closed markets of employment, where outplacement is hard, and the employees tend to obey any and all unreasonable demands made by their companies so as not to be fired.” [4] and Yuki Honda, a professor at the University of Tokyo’s Graduate School of Education, has said “Whether they get a job when they graduate decides their whole life”. Ken Mogi, a Japanese brain scientist, points out that limiting job opportunities would lead to a human rights issue and that Japanese companies cannot secure non-traditional competent people in the current job hunting system.”[5]

Japan ranks at the bottom of the 19 OECD countries regarding freedom of choice in life.”[6]

165.3 See also

- Job hunting
- Equal opportunity
- Gap year
- Graduate recruitment
- Salaryman
- Freeter
- NEET

165.4 References


165.5  **External links**

- Japan's New Recruits: Victims of the Japanese-Style Family and Japanese-Style Employment
- In Bleak Economy, Japanese Students Grow Frustrated With Endless Job Hunt
- More universities allowing students to delay graduation due to job shortage
- Japanese Graduates Finding Few Jobs
- Ph. D.’s in Japan can’t find work: Little recognition for high expertise, says Mainichi Communications Survey
- Economic and Social Data Rankings (Freedom of choice in life)
- Hiring practices in Japan
- Once drawn to U.S. universities, more Japanese students staying home
- Japan offers a lifetime job, if hired right out of school
- Japanese jobseekers hold Tokyo pep rally
Skill mix

Skill mix is the combination or grouping of different categories of workers that is employed in any field of work. In the context of health care provision it can be applied to broad (e.g. national) macro level planning or micro level in the context of local service delivery.¹[1]

In the context of health care provision, it can refer to:

- a combination of skills available at a specific time;
- a mix of posts in a given facility;
- a mix of employees in a post;
- a combination of activities that comprises each role;
- differences across occupational groups such as nurses and physicians or between various sectors of the health system; or
- a mix within an occupational group such as between different types of nursing providers with different level of training and different wage rates.

166.1 References

Chapter 167

Skills management

Skills management is the practice of understanding, developing and deploying people and their skills. Well-implemented skills management should identify the skills that job roles require, the skills of individual employees, and any gap between the two.

167.1 Overview

The skills involved can be defined by the organization concerned, or by third party institutions. They are usually defined in terms of a skills framework, also known as a competency framework or skills matrix. This consists of a list of skills, and a grading system, with a definition of what it means to be at particular level for a given skill. [1]

To be most useful, skills management must be an ongoing process, where individuals assess and update their recorded skill sets regularly. These updates should occur at least as frequently as employees’ regular line manager reviews, and certainly when their skill sets change. Skills management systems record the results of this process in a database, and allow analysis of the data, typically to assist with project staffing or hiring decisions. [2]

To perform management functions and assume multiple roles, managers must be skilled. Robert Katz identified three managerial skills essential to successful management: technical, human, and conceptual. [3] Technical skill involves process or technique knowledge and proficiency. Managers use the processes, techniques and tools of a specific area. Human skill involves the ability to interact effectively with people. Managers interact and cooperate with employees. Conceptual skill involves the formulation of ideas. Managers understand abstract relationships, develop ideas, and solve problems creatively. Thus, technical skill deals with things, human skill concerns people, and conceptual skill has to do with ideas.

A manager’s level in the organization determines the relative importance of possessing technical, human, and conceptual skills. Top level managers need conceptual skills that let them view the organization as a whole. Conceptual skills are used in planning and dealing with ideas and abstractions. Supervisors need technical skills to manage their area of specialty. All levels of management need human skills so they can interact and communicate with other people successfully.

As the pace of change accelerates and diverse technologies converge, new global industries are being created (for example, telecommunications). Technological change alters the fundamental structure of firms and calls for new organizational approaches and management skills.

There are different types of skills in the corporate world. Soft Skills, communication skills, business writing, corporate presentation, public speaking, sales, marketing, leadership and managerial skills are few of the skills.

167.2 Employees who benefit

Skills management provides a structured approach to developing individual and collective skills, and gives a common
167.2.1  Individual employees

As a result of skills management, employees should be aware of the skills their job requires, and any skills gaps that they have. Depending on their employer, it may also result in a personal development plan (PDP) of training to bridge some or all of those skills gaps over a given period. Employees gain from improved identification and understanding of their own strengths and weaknesses, from being able to set personal goals, and to understand the value they bring to the organisation (which in turn can boost morale) [4]

167.2.2  Line managers

Skills management enables managers to know the skill strengths and weaknesses of employees reporting to them. It can also enable them to search for employees with particular skill sets (e.g., to fill a role on a particular job.)

167.2.3  Organization executives

A rolled-up view of skills and skills gaps across an organization can enable its executives to see areas of skill strength and weakness. This enables them to plan for the future against the current and future abilities of staff, as well as to prioritise areas for skills development.

167.3  See also

- Knowledge management
- Competence (disambiguation)

167.4  References

Chapter 168

SLT Human Capital Solutions

SLT Human Capital Solutions (Pvt) Ltd (Sri Lanka Telecom Human Capital Solutions (Pvt) Ltd) is Sri Lankan company that provides human resources services. It is a fully owned subsidiary of Sri Lanka Telecom PLC, the largest telecommunications services provider in Sri Lanka."[1]

168.1 Services

- Recruitment
- Human resources management
- Headhunting

168.2 See also

- Sri Lanka Telecom

168.3 References

[1] SLT Manpower Solutions presents first dream home

168.4 External links

- Official Website
- Subsidiaries of SLT
Chapter 169

Staffing

Staffing is a term used in the sphere of employment. It has been applied to more than one aspect of the working environment.

Staffing has been defined as follows by Heneman and Judge in Staffing Organization (5th Edn 2005)[1]

Staffing is the process of acquiring, deploying, and retaining a workforce of sufficient quantity and quality to create positive impacts on the organization’s effectiveness.

According to this model: Acquisition comprises the recruitment processes leading to the employment of staff. It includes human resource planning to identify what the organization requires in terms of the numbers of employees needed and their attributes (knowledge, skills and abilities) in order to effectively meet job requirements. In addition the selection techniques and methods of assessment to identify the most suitable candidates for a particular job.

Deployment involves decisions about how those recruited will be allocated to specific roles according to business demands. It also concerns the subsequent appointment to more advanced jobs through internal recruitment, promotion or reorganization.

Retention deals with the management of the outflow of employees from an organization. This includes both managing voluntary activities such as resignation, and controlling involuntary measures whereby employees are managed out of the organization through redundancy programs or other types of dismissal. The overriding objective is to minimize the loss from the organization of valued employees through strategic and tactical measures whilst enabling the organization to reduce employment costs where circumstances dictate.

Staffing is also used in a specific sense to refer to the management of employee schedules.

169.1 See also

- Employment agency
- Human resources
- Recruitment

169.2 References

Chapter 170

Strategic human resource planning

**Human resources planning** is a process that identifies current and future human resources needs for an organization to achieve its goals. Human resources planning should serve as a link between human resources management and the overall strategic plan of an organization. Aging worker populations in most western countries and growing demands for qualified workers in developing economies have underscored the importance of effective Human Resources Planning.

As defined by Bulla and Scott, human resource planning is ‘the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements’.[1] Reilly defined *workforce planning* as: ‘A process in which an organization attempts to estimate the demand for labour and evaluate the size, nature and sources of supply which will be required to meet the demand.’[2] Human resource planning includes creating an employer brand, retention strategy, absence management strategy, flexibility strategy, talent management strategy, recruitment and selection strategy.

170.1 Best practices

The planning processes of most best practice organizations not only define what will be accomplished within a given time-frame, but also the numbers and types of human resources that will be needed to achieve the defined business goals (e.g., number of human resources; the required competencies; when the resources will be needed; etc.).

**Competency-based management** supports the integration of human resources planning with business planning by allowing organizations to assess the current human resource capacity based on their competencies against the capacity needed to achieve the vision, mission and business goals of the organization. Targeted human resource strategies, plans and programs to address gaps (e.g., hiring / staffing; learning; career development; succession management; etc.) are then designed, developed and implemented to close the gaps.

These strategies and programs are monitored and evaluated on a regular basis to ensure that they are moving the organizations in the desired direction, including closing employee competency gaps, and corrections are made as needed. This Strategic HR Planning and evaluation cycle is depicted in the diagram below. Human resource planning is the ongoing process of systematic planning to achieve the best use of an organisation’s most valuable asset - its human resources. The objective of human resource (HR) planning is to ensure the best fit between employees and jobs, while avoiding workforce shortages or spares. The three key elements of the HR planning process are forecasting labour demand, analysing present labour supply, and balancing projected labour demand and supply.

170.2 Implementation stages

The following implementation stages are suggested for mid to large organizations implementing competencies in support of Strategic Human Resources Planning.

603
170.2.1 Stage 1

Short-Term HR Planning

- Establish a Competency Architecture and Competency Dictionary that will support Strategic Human Resource Planning.
- For each group to be profiled, define the roles and career streams to help identify current and future human resources needs.
- Determine how competencies will be integrated with the existing HR Planning process and systems (e.g., Human Resource Information Management systems; other computer-based tools, for example forecasting models).

170.2.2 Stage 2

- Build or revamp HR Planning tools, templates and processes to incorporate elements as determined in Stage 1.
- Train managers and/or facilitate corporate HR Planning process.
- Continuously monitor and improve processes, tools and systems to support HR Planning

170.3 Overarching policy, process and tools

Human Resource Information Management Infrastructure

Governance/accountability structure Organizations that have effectively implemented competencies on a corporate-wide basis have ensured that there is an appropriate project management, governance and accountability framework
170.4 Process implementation stages

The following implementation stages are suggested for mid to large organizations.

170.4.1 Stage 1

- Identify the infrastructure and system requirements to support full implementation (e.g., Human Resources Information Management System; other on-line software tools needed to support various CBM applications).
- Develop the competency profiles.
- Implement the competency profiles in a staged-way to demonstrate benefits and create buy-in (e.g., as soon as profiles for a group are developed, implement quickly within a low-risk high-benefit planned application for the group).
- Communicate success stories as competency profiles are implemented.
- Good for organization.

170.4.2 Stage 2

- Develop, revise/update competency profiles to meet changing demands.
- Monitor and evaluate applications to ensure that they are meeting organizational needs, and adjust programs/plans, as needed, to meet evolving needs.

170.5 References


Succession planning

Succession planning is a process for identifying and developing internal people with the potential to fill key business leadership positions in the company. Succession planning increases the availability of experienced and capable employees that are prepared to assume these roles as they become available. Taken narrowly, “replacement planning” for key roles is the heart of succession planning. Effective succession or talent-pool management concerns itself with building a series of feeder groups up and down the entire leadership pipeline or progression (Charan, Drotter, Noel, 2001). In contrast, replacement planning is focused narrowly on identifying specific back-up candidates for given senior management positions. For the most part position-driven replacement planning (often referred to as the “truck scenario”) is a forecast, which research indicates does not have substantial impact on outcomes.

Fundamental to the succession-management process is an underlying philosophy that argues that top talent in the corporation must be managed for the greater good of the enterprise. Merck and other companies argue that a “talent mindset” must be part of the leadership culture for these practices to be effective.

Succession planning is a process whereby an organization ensures that employees are recruited and developed to fill each key role within the company. Through your succession planning process, you recruit superior employees, develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into ever more challenging roles. Actively pursuing succession planning ensures that employees are constantly developed to fill each needed role. As your organization expands, loses key employees, provides promotional opportunities, and increases sales, your succession planning guarantees that you have employees on hand ready and waiting to fill new roles.

According to a 2006 Canadian Federation of Independent Business survey, slightly more than one third of independent business owners plan to exit their business within the next 5 years and within the next 10 years two-thirds of owners plan to exit their business. The survey also found that small and medium sized enterprises are not adequately prepared for their business succession: only 10% of owners have a formal, written succession plan; 38% have an informal, unwritten plan; and the remaining 52% do not have any succession plan at all. The results are backed by a 2004 CIBC survey which suggests that succession planning is increasingly becoming a critical issue. By 2010, CIBC estimates that $1.2 trillion in business assets are poised to change hands.

Research indicates many succession-planning initiatives fall short of their intent (Corporate Leadership Council, 1998). “Bench strength,” as it is commonly called, remains a stubborn problem in many if not most companies. Studies indicate that companies that report the greatest gains from succession planning feature high ownership by the CEO and high degrees of engagement among the larger leadership team [1].

Companies that are well known for their succession planning and executive talent development practices include: GE, Honeywell, IBM, Marriott, Microsoft, Pepsi and Procter & Gamble.

Research indicates that clear objectives are critical to establishing effective succession planning. [2] These objectives tend to be core to many or most companies that have well-established practices:

- Identify those with the potential to assume greater responsibility in the organization
- Provide critical development experiences to those that can move into key roles
- Engage the leadership in supporting the development of high-potential leaders
- Build a data base that can be used to make better staffing decisions for key jobs
In other companies these additional objectives may be embedded in the succession process:

- Improve employee commitment and retention
- Meet the career development expectations of existing employees
- Counter the increasing difficulty and costs of recruiting employees externally

### 171.1 Business Exit Planning

With the global proliferation of Small and Mid-sized Enterprises (SME’s), issues of business succession and continuity have become increasingly common. When the owner of a business becomes incapacitated or passes away, it is often necessary to shut down an otherwise healthy business. Or in many instances, successors inherit a healthy business, which is forced into bankruptcy because of lack of available liquidity to pay inheritance taxes and other taxes. Proper planning helps avoid many of the problems associated with succession and transfer of ownership.

Business Exit Planning is a body of knowledge which began developing in the United States towards the end of the 20th century, and is now spreading globally. A Business Exit Planning exercise begins with the shareholder(s) of a company defining their objectives with respect to an eventual exit, and then executing their plan, as the following definition suggests:

Business Exit Planning is the process of explicitly defining exit-related objectives for the owner(s) of a business, followed by the design of a comprehensive strategy and road map that take into account all personal, business, financial, legal, and taxation aspects of achieving those objectives, usually in the context of planning the leadership succession and continuity of a business. Objectives may include maximizing (or setting a goal for) proceeds, minimizing risk, closing a Transaction quickly, or selecting an investor that will ensure that the business prospers. The strategy should also take into account contingencies such as illness or death. [3]

All personal and business aspects should be taken into consideration. This is also a good time to plan an efficient transfer from the point of view of possibly applicable estate taxes, capital gains taxes, or other taxes.

Sale of a business is not the only form of exit. Forms of exit may also include Initial Public Offering, Management Buyout, passing on the firm to next-of-kin, or even bankruptcy. Bringing on board financial strategic or financial partners may also be considered a form of exit, to the extent that it may help ensure succession and survival of the business.

In developed countries, the so-called “baby boomer” demographic wave is now reaching the stage where serious consideration needs to be given to exit. Hence, the importance of Business Exit Planning is expected to further increase in the coming years.

### 171.2 Field of succession management

There is a substantial body of literature on the subject of succession planning. The first book that addressed the topic fully was “Executive Continuity” by Walter Mahler. Mahler was responsible in the 1970s for helping to shape the General Electric succession process which became the gold standard of corporate practice. Mahler, who was heavily influenced by Peter Drucker, wrote three other books on the subject of succession, all of which are out of print. His colleagues, Steve Drotter and Greg Kesler, as well as others, expanded on Mahler’s work in their writings. “The Leadership Pipeline: How to Build the Leadership Powered Company,” by Charan, Drotter and Noel is noteworthy.


Most large corporations assign a process owner for talent and succession management. Resourcing of the work varies widely from numbers of highly dedicated internal consultants to limited professional support embedded in the roles of human resources generalists. Often these staff resources are separate from external staffing or recruiting functions. Some companies today seek to integrate internal and external staffing. Others are more inclined to integrate succession management with the performance management process in order simplify the work for line managers.
171.3 Family business

Arieu proposed a model in order to classify family firms into four scenarios: political, openness, foreign management and natural succession.

POLITICAL SCENARIO: This is the case of a company linked to a large family, where it is expected that through inheritance, the property was spry quickly, possibly faster than the growth of own business, resulting in a dividend per head lower and lower. Identifying suitable members in the family can incorporate to address and possibly distinguish who may occupy the general direction afterwards. However, the existence of many members in the family can turn into conflicts of power, making it necessary to establish agreements and occasionally reorganize the business in terms of those individuals who, because of the obvious professional and human qualities can be recognized as leaders. In many cases this may mean separate reorganization to create new companies and business units.

OPENESS: When members of the next generations are numerous and among them is not possible to identify a person who possesses the characteristics necessary to assume leadership positions with expertise in family business, we have a scenario that we call Open, since the strategy more suitable for this type of organization is to shift some capital to others who can provide not only management skills but also liquidity for family members. This will succeed in securing the future of the business, creating more value for society and retention of jobs for their employees, not to please the family, getting money and avoid future complications.

FOREIGN MANAGEMENT: This scenario occurs when family members who control the business are not many, and yet, not having any of its members with a natural profile of leadership succession when they choose to appoint a non-family CEO.

NATURAL SUCCESSION: Families seeking to preserve its legacy business are the most favorable conditions in the presence of a stage of natural succession. This is the case of a company controlled by a few families, few heirs who in turn have identified among them a worthy successor, a strong name also is associated with the adequacy enough to drive its growth, the ability to run the organization, understanding market and commitment which means only a part of the family patrimony is also a source of value to society, other shareholders, customers, suppliers and even their own employees (stakeholders). this will help in improved succession planning.

Arieu Family Business Succession Model (Spanish)

171.4 The role of advisors

A Prior preparation needs to be done for the replacement of a CEO in family firms. The role of advisors is important as they help with the transition of leadership between the current generation leaders and the successors. Advisors help family owned businesses establish their own leadership skills. This process is relatively long if the successors want to be accepted by all employees. They need to take higher managing position gradually to be respected. During this process, the successors are asked to develop different skills such as leadership. This is where the role of advisors fully exemplifies its importance. It is when the managing position is shared between the first generation leader, the second and the advisors. An advisor helps with communication because emotional factors between family members can affect badly the company. The advisors help manage everything during a predetermined period of time and make the succession process less painful and eventful for everybody. In these cases, an interim leadership is usually what is best for the company. The employees can get accustomed to changes while getting to know the future CEO.[5] [6]

171.5 Process and practices

Companies devise elaborate models to characterize their succession and development practices. Most reflect a cyclical series of activities that include these fundamentals:

- Identify key roles for succession or replacement planning
- Define the competencies and motivational profile required to undertake those roles
- Assess people against these criteria - with a future orientation
- Identify pools of talent that could potentially fill and perform highly in key roles
• Develop employees to be ready for advancement into key roles - primarily through the right set of experiences.

In many companies, over the past several years, the emphasis has shifted from planning job assignments to development, with much greater focus on managing key experiences that are critical to growing global business leaders. North American companies tend to be more active in this regard, followed by European and Latin American countries. PepsiCo, IBM and Nike are current examples of the so-called “game planning” approach to succession and talent management. In these and other companies annual reviews are supplemented with an ongoing series of discussions among senior leaders about who is ready to assume larger roles. Vacancies are anticipated and slates of names are prepared based on highest potential and readiness for job moves. Organization realignments are viewed as critical windows of opportunity to create development moves that will serve the greater good of the enterprise.

Assessment is a key practice in effective succession planning. There is no widely accepted formula for evaluating the future potential of leaders, but there are many tools and approaches that continue to be used today, ranging from personality and cognitive testing to team-based interviewing and simulations and other assessment center methods. Elliott Jaques and others have argued for the importance of focusing assessments narrowly on critical differentiators of future performance. Jaques developed a persuasive case for measuring candidates’ ability to manage complexity, formulating a robust operational definition of business intelligence. [7] The Cognitive Process Profile (CPP) psychometric is an example of a tool used in succession planning to measure candidates’ ability to manage complexity according to Jaques’ definition.

Companies struggle to find practices that are effective and practical. It is clear leaders who rely on instinct and gut to make promotion decisions are often not effective. Research indicates that the most valid practices for assessment are those that involve multiple methods and especially multiple raters. [8] “Calibration meetings,” composed of senior leaders can be quite effective judging a slate of potential senior leaders with the right tools and facilitation.

With organisations facing increasing complexity and uncertainty in their operating environments some suggest a move away from competence based approaches. [9] In a future that is increasingly hard to predict leaders will need to see opportunity in volatility, spot patterns in complexity, find creative solutions to problems, keep in mind long term strategic goals for the organisation and wider society, and hold onto uncertainty until the optimum time to make a decision.

Professionals in the field, including academics, consultants and corporate practitioners, have many strongly held views on the topic. Best practice is a slippery concept in this field. There are many thought pieces on the subject that readers may find valuable such as “Debunking 10 Top Talent Management Myths”. Talent Management Magazine, Doris Sims, December 2009. Research-based writing is more difficult to find. The Corporate Leadership Council, The Best Practice Institute (BPI) and the Center for Creative Leadership, as well as the Human Resources Planning Society are sources of some effective research-based materials.

Over the years, organizations have changed their approach to succession planning. What used to be a rigid, confidential process of hand-picking executives to be company successors is now becoming a more fluid, transparent practice that identifies high-potential leaders and incorporates development programs preparing them for top positions. [10] Today, corporations consider succession planning a part of a holistic strategy called “talent management” . According to the company PEMCO, “talent management is defined as the activities and processes throughout the employee life cycle: recruiting and hiring, onboarding, training, professional development, performance management, workforce planning, leadership development, career development, cross-functional work assignments, succession planning, and the employee exit process”. [11] When managing internal talent, companies must “know whether the right people, are moving at the right pace into the right jobs at the right time”. [12] An effective succession planning strategy, coupled with solid career development programs, will help paint a more promising future for employees.

171.6 References


[12] Cogner & Fulmer, 2009

Chapter 172

T-shaped skills

The concept of T-shaped skills, or T-shaped persons is a metaphor used in job recruitment to describe the abilities of persons in the workforce. The vertical bar on the T represents the depth of related skills and expertise in a single field, whereas the horizontal bar is the ability to collaborate across disciplines with experts in other areas and to apply knowledge in areas of expertise other than one's own.

The earliest reference is by David Guest in 1991. "[1] Tim Brown, CEO of the IDEO design consultancy defended this approach to résumé assessment as a method to build interdisciplinary work teams for creative processes.

172.1 Also Known As

- Versatilist
- Generalizing Specialist
- Technical Craftsperson
- Renaissance Developer
- Master Generalist

172.2 References


172.3 External links

- T-shaped
- Want to plan campaigns? Best get your T's crossed
- An Interview with IDEO CEO Tim Brown
- T-Shaped People, Jobs, and Recruiting
- T-shaped professionals, T-shaped skills, hybrid managers
Talascend

Talascend is a global engineering resource company founded in 2008. Headquartered in Troy, Michigan, the company has 15 offices worldwide and employs 1,500 people.

The company operates predominantly in the Oil & Gas, Power, Manufacturing, Automotive, IT, Healthcare IT, Telecoms and Rail engineering industries with a growing presence in Nuclear energy.

Talascend was formed from the merger of three engineering recruitment companies in September 2008. EPCglobal, founded and owned by Bechtel; Quality Technical Services, the Mobile based EPC specialist and Modern Professional Services, a well known name in the Detroit automotive market in business since 1946.

The Talascend Global Training Academy trains engineers and designers for jobs in other industries, when jobs in their current area of expertise are in low demand. The Academy has successfully created jobs for engineering designers within the distressed Detroit market. "[1] [2] [3] [4]

The Oil & Gas industry is the key beneficiary of the cross trained engineers."[5]

Talascend has retained its headquarters in Detroit and has been actively involved in pushing the engineering and construction industry to make Michigan a part of future planning, beyond the auto industry."[6]

The company's Australasia operation has offices in Abu Dhabi, New Delhi and Brisbane in addition to four European offices in the United Kingdom, Norway and Switzerland. The company's North American operations comprises 8 offices; seven in the United States and one in Calgary, Alberta, Canada, which began operations in late 2011.

The company has been a champion of renewable energy, pressing for greater investment and development in the long term future of the global energy industry.

173.1 References

Chapter 174

Talent management

For management of the day-to-day business affairs of an artist, see Talent manager.


Talent management is the science of using strategic human resource planning to improve business value and to make it possible for companies and organisations to reach their goals. Everything done to recruit, retain, develop, reward and make people perform forms a part of talent management as well as strategic workforce planning. A talent-management strategy needs to link to business strategy to make sense.

174.1 History

The term was coined by McKinsey & Company following a 1997 study.*[3] It was later the title of a book by Ed Michaels, Helen Handfield-Jones, and Beth Axelrod however the connection between human resource development and organizational effectiveness has been established since the 1970s.*[5]

The profession that supports talent management became increasingly formalized in the early 2000s. While some authors defined the field as including nearly everything associated with human resources,*[6] the NTMN defined the boundaries of the field through surveys of those in corporate talent management departments in 2009–2011. Those surveys indicated that activities within talent management included succession planning, assessment, development and high potential management. Activities such as performance management and talent acquisition (recruiting) were less frequently included in the remit of corporate talent management practitioners. Compensation was not a function associated with talent management.

The issue with many companies today is that their organizations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing talent. A talent management system must be worked into the business strategy and implemented in daily processes throughout the company as a whole. It cannot be left solely to the human resources department to attract and retain employees, but rather must be practiced at all levels of the organization. The business strategy must include responsibilities for line managers to develop the skills of their immediate subordinates. Divisions within the company should be openly sharing information with other departments in order for employees to gain knowledge of the overall organizational objectives.*[7]

The talent management strategy may be supported by technology such as HRIS (HR Information Systems) or HRMS (HR Management Systems).

174.2 Talent Management

Talent management implies that companies are strategic and deliberate in how they source, attract, select, train, develop, retain, promote, and move employees through the organization.
Research done on the value of talent management consistently uncovers benefits in these critical economic areas: revenue, customer satisfaction, quality, productivity, cost, cycle time, and market capitalization. The mindset of this more personal human resources approach seeks not only to hire the most qualified and valuable employees but also to put a strong emphasis on retention.

174.2.1 Evaluations

From a talent management standpoint, employee evaluations concern two major areas of measurement: performance and potential. Current employee performance within a specific job has always been a standard evaluation measurement tool of the profitability of an employee. However, talent management also seeks to focus on an employee’s potential, meaning an employee’s future performance, if given the proper development of skills and increased responsibility.

174.2.2 Competencies and Talent Management

This term “talent management” is usually associated with competency-based management. Talent management decisions are often driven by a set of organizational core competencies as well as position-specific competencies. The competency set may include knowledge, skills, experience, and personal traits (demonstrated through defined behaviors). Older competency models might also contain attributes that rarely predict success (e.g. education, tenure, and diversity factors that are illegal to consider in relation to job performance in many countries, and unethical within organizations). New techniques involve creating a competency architecture for the organization that includes a competency dictionary to hold the competencies in order to build job descriptions.

174.2.3 Talent marketplace

A talent marketplace is an employee training and development strategy that is set in place within an organization. It is found to be most beneficial for companies where the most productive employees can pick and choose the projects and assignments that are ideal for the specific employee. An ideal setting is where productivity is employee-centric and tasks are described as “judgement-based work,” for example, in a law firm. The point of activating a talent marketplace within a department is to harness and link individuals’ particular skills (project management or extensive knowledge in a particular field) with the task at hand. Examples of companies that implement the talent marketplace strategy are American Express and IBM.

174.3 Current Application of Talent Management

In adverse economic conditions, many companies feel the need to cut expenses. This should be the ideal environment to execute a talent management system as a means of optimizing the performance of each employee and the organization. Selection offers are large return on investments. Job analysis and assessment validation help enhance the predictive power of selection tools. However, within many companies the concept of human capital management has just begun to develop. With more companies in the process of deepening their global footprints, more questions have been asked about new strategies and products, but very few on the kind of leadership structure that will bring them success in their globalization process. “In fact, only 5 percent of organizations say they have a clear talent management strategy and operational programs in place today.”

174.4 See also

- Competency models
- Competency architecture
- Competency dictionary
- Competency-based management
174.5 References

[1] http://www.sparktraining.in


[9] Talent Management: How to Invest in your Workforce

[10] Making a Market in Talent


Chapter 175

Talent management system

A talent management system (TMS) is an integrated software suite that addresses the “four pillars” of talent management: recruitment; performance management; learning and development; and compensation management.\[1\]

175.1 Purpose

Whereas traditional HRMS and enterprise resource planning (ERP) systems focus primarily on transaction processing and the administration of basic human resources processes such as personnel administration, payroll, time management, etc., talent management systems focus on providing strategic assistance to organizations in the accomplishment of long-term enterprise goals with respect to talent, or human capital. Talent management systems may also be referred to as or paired with an applicant tracking system (ATS) in either standalone application or as a suite of products. According to Bersin, talent management may be defined as the implementation of integrated strategies or systems designed to improve processes for recruiting, developing, and retaining people with the required skills and aptitude to meet current and future organizational needs.\[2\]

175.2 Functional modules and their market worth

TMS solutions typically offer one or many disparate or integrated modules which provide business functionality in areas of human capital management / human resources typically referred to as “strategic”.

- performance management
- goal management
- compensation management
- talent acquisition / recruiting
- Learning management systems
- career development
- succession planning

The role of talent acquisition and performance management has increased many folds compared to learning management systems in the talent management market. Many companies which were earlier working on only one of these domains have moved to developing integrated talent management systems.
175.3 Delivery methods

Many organizations struggle with HR data silos, disconnected technologies, and manual processes, the future of talent management is embodied in solutions designed from the ground up to provide business-centric functionality on a unified talent management platform. Talent management system recently have been at the forefront of growth in the software as a service (SaaS) delivery market following earlier iterations in the standard HR systems space via application service provider (ASP) delivery models. Traditional delivery via on-premise license sales still exist, but are much less prevalent in the competitive space \[3\]

175.4 Enterprise systems integration

Vendors of TMS software (Levensaler & Laurano 2009) typically claim varying degrees of integration with other enterprise software vendors, and in particular with leading vendors of HRMS systems. The accuracy of these claims is often a question of interpretation, as the degree to which each vendor integrates with 3rd party systems varies considerably depending on circumstances and both the vendor and the third party solution. In some cases, third party vendors offer certification for such scenarios, in order to offer some basis of comparison. \[4]\ [5]

175.5 Competitive market

The so-called war for talent has driven a marked increase of attention and investment in the talent management space as new vendors continue to enter to support an ever-growing demand for strategic human resources applications. Many of these competitors have entered via the software as a service (SaaS) delivery model, affording small and medium businesses (SMB) new less-costly options. The 2011 Gartner Magic Quadrants for Enterprise Performance Management and Corporate Learning Systems compare the major players of this market each year, and ranked Cornerstone OnDemand, Saba Software, SuccessFactors and Combidata as the space leaders. \[6\]

175.6 See also

- Human resource management system
• List of talent management software companies

175.7 Notes

[1] Financial Times

175.8 References

• Levensaler, Leighanne; Laurano, Madeline (2009), Missing or empty ltitle= (help)
• Talent Management Systems 2010, Bersin & Associates
• HRM Solutions: Traditional Models Clash With Next-Generation Processes And Technology by Paul D. Hamerman, Claire Schooley, 2010
Chapter 176

Talent supply chain management

Talent Supply Chain Management is a proactive management approach to securing and optimizing talent supply and services through all input channels (supplier network) to meet the human capital (workforce) needs of companies, enabling them to better produce, distribute and deliver their goods and services and meet their strategic objectives.

In practice, Talent Supply Chain Management integrates Managed Service Provider (MSP) [1] expertise with workforce analytics [2] also referred to as supply chain intelligence (including talent supply/demand dynamics, insight on talent motivations, and applied principles of supply chain management), to deliver access to quality talent at competitive rates and with minimized risk.

176.1 See also

- Talent management

176.2 References


Chapter 177

Technical performance measure

Technical performance measure was a term used by the US military to refer to key technical goals that needed to be met, where the technical goals were vital for the functioning of a system in its environment.

A definition given by Dr. Norman Waks, formerly Director of Defense Research and Engineering in the Office of the Secretary of Defense is as follows:

"... we know that the regular demonstration through test or prediction, extrapolation, or other forecasting technique, of the degree of actual or anticipated achievement of selected technical goals or objectives of a system, component, or equipment project/program and an accounting, in the causal sense, for the difference between the result of this status reading and that which was planned, in a fashion which permits appropriate managers to take timely action on indicated problems.” [1]

177.1 References


177.2 External links

- A series of documents on TPM, from 1997-1998
Chapter 178

The war for talent


178.1 Demographics

The war for talent is intensified by demographic shifts (primarily in the United States and Europe). This is characterized by increasing demand along with decreasing supply (demographically). There are simply fewer post-baby-boom workers to replace the baby-boom retirement in the US and Europe (though this is not the case in most of East Asia, Southeast Asia, Central Asia, Central America, South America, or the Middle East; Eastern Europe also tends to have similar demographics, namely an aging and/or shrinking labor force).

178.2 Knowledge work

While talent is vague or ill-defined, the underlying assumption is that for knowledge-intensive industries, the knowledge worker (a term coined by Peter Drucker) is the key competitive resource (see the Resource-based view of the firm). Knowledge-based theories of organizations consistently place knowledge workers as a primary, competitive resource.

178.3 Definition of talent

Talent is never explicitly defined in the book, though the Preface notes, “A certain part of talent elude description: You simply know it when you see it.” (p. xii) After several further caveats, the authors go on: “We can say, however, that managerial talent is some combination of a sharp strategic mind, leadership ability, emotional maturity, communications skills, the ability to attract and inspire other talented people, entrepreneurial instincts, functional skills, and the ability to deliver results.” (p. xiii) The authors offer no outside support for this assertion.

A 2006 article in The Economist, which mentions the book, notes that, “companies do not even know how to define “talent”, let alone how to manage it. Some use it to mean people like Aldous Huxley’s alphas in “Brave New World”—those at the top of the bell curve. Others employ it as a synonym for the entire workforce, a definition so broad as to be meaningless.” [1]

178.4 Relevance during economic downturn

The 'War for talent' is seen by various sources as becoming irrelevant during economic downturns. However, there have been highly visible talent poaching by solvent firms of others who have economic hardship (e.g., JP Morgan was
raided by a European firm in March, 2009).

178.5 See also

- Talent management
- Aptitude

178.6 References


178.7 External links

- The War for Talent is Back, Robert Sutton, April 23, 2007
- The War for Talent, Fast Company, December 18, 2007
- The War for Talent II: 7 Ways to Win, Fast Company, December 19, 2007
- The Axeman Cometh, The Economist, November 4, 2008
- The War for Talent Placed on Hold, Hotels Magazine, March 1, 2009
- Cease Fire in the War for Talent, Chief Learning Officer, March 2009
- The War for Talent is First Casualty of the Crisis, Financial Times, April 13, 2009 (paywall)
Chapter 179

TPI-theory

The theory of TPI is an attempt to reconcile theoretical understanding of organizational socialization such as the process of integration."[1] TPI-theory refers that new employees need to develop theoretical (T) and practical (P) skills towards the performance of the new job, but also satisfy needs of (I) interaction that exist among the new employees."[2] These three conditions must be fulfilled to become integrated to the organization. This theory is important to approach an understanding of integration and socialization effects.

179.1 References


Chapter 180

Training and development

Training and development is a function of human resource management concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. It has been known by several names, including “human resource development”, and “learning and development”.

180.1 History

The name of the discipline has been debated, with the Chartered Institute of Personnel and Development in 2000 arguing that “human resource development” is too evocative of the master-slave relationship between employer and employee for those who refer to their employees as “partners” or “associates” to feel comfortable with.[1][2] Eventually, the CIPD settled upon “learning and development”, although that was itself not free from problems, “learning” being an over-general and ambiguous name, and most organizations referring to it as “training and development”. [1]

180.2 Practice

Training and development encompasses three main activities: training, education, and development. [1][3][4]

- **Training**: This activity is both focused upon, and evaluated against, the job that an individual currently holds.[4]

- **Education**: This activity focuses upon the jobs that an individual may potentially hold in the future, and is evaluated against those jobs. [4]

- **Development**: This activity focuses upon the activities that the organization employing the individual, or that the individual is part of, may partake in the future, and is almost impossible to evaluate. [4]

The “stakeholders” in training and development are categorized into several classes. The sponsors of training and development are senior managers. The clients of training and development are business planners. Line managers are responsible for coaching, resources, and performance. The participants are those who actually undergo the processes. The facilitators are Human Resource Management staff. And the providers are specialists in the field. Each of these groups has its own agenda and motivations, which sometimes conflict with the agendas and motivations of the others.[5]

The conflicts that are the best part of career consequences are those that take place between employees and their bosses. The number one reason people leave their jobs is conflict with their bosses. And yet, as author, workplace relationship authority, and executive coach, Dr. John Hoover[6] points out, “Tempting as it is, nobody ever enhanced his or her career by making the boss look stupid.” Training an employee to get along well with authority and with people who entertain diverse points of view is one of the best guarantees of long-term success. Talent, knowledge, and skill alone won’t compensate for a sour relationship with a superior, peer, or customer.
Typical roles in the field include executive and supervisory/management development, new-employee orientation, professional-skills training, technical/job training, customer-service training, sales-and-marketing training, and health-and-safety training. Job titles may include vice-president of organizational effectiveness, training manager or director, management development specialist, blended-learning designer, training-needs analyst, chief learning officer, and individual career-development advisor.

Talent development is the process of changing an organization, its employees, its stakeholders, and groups of people within it, using planned and unplanned learning, in order to achieve and maintain a competitive advantage for the organization. Rothwell notes that the name may well be a term in search of a meaning, like so much in management, and suggests that it be thought of as selective attention paid to the top 10% of employees, either by potential or performance.\[7\][8]

While talent development is reserved for the top management it is becoming increasingly clear that career development is necessary for the retention of any employee, no matter what their level in the company. Research has shown that some type of career path is necessary for job satisfaction and hence job retention. Perhaps organizations need to include this area in their overview of employee satisfaction.

The term talent development is becoming increasingly popular in several organizations, as companies are now moving from the traditional term training and development. Talent development encompasses a variety of components such as training, career development, career management, and organizational development, and training and development. It is expected that during the 21st century more companies will begin to use more integrated terms such as talent development.

180.3 See also

- Coaching
- Industrial and organizational psychology
- Mentoring
- Training
- Education
- Organizational Development
- g-learning or game learning

180.4 References

[2] Employee Development

Rusoby, Kelvin (2012), *Training and Development*
180.5 Further reading


Chapter 181

Trust fall

A trust fall is a purported trust-building game often conducted as a group exercise in which a person deliberately allows themselves to fall, relying on the other members of the group (spotters) to catch the person.\footnote{Trust Fall Trust Building Activities, wilderdom.com} There are many variants of the trust fall. For instance, in one type, the group stands in a circle, with one person in the middle with arms folded against his chest and falls in various directions, being pushed by the group back to a standing position before falling again.

In another variant, a person stands on an elevated position (such as a stage, stepping stool or tree stump) and relying on multiple people to catch the person. This variant is potentially more dangerous and therefore it is all the more crucial to have the rest of the group in position and ready to catch him before he steps onto the platform. This type of trust fall was shown in the film Mean Girls during the “attitude makeover” scene, and in season 4 of HBO drama The Wire. Trust falls are frequently seen in ropes courses.

Despite its name, there is no scientific evidence that the game builds any trust among participants.

In 2010, a Comedy Central show named Tosh.0 introduced a new variant of trust falls known as “surprise trust falls”\footnote{Surprise Trust Fall Tosh.0 February 24th 2010, comedycentral.com}, which involved the host Daniel Tosh approaching random people in public, shouting ”Trust Fall!” and falling into said person.\footnote{Trust Fall Attack Blake Grigsby July 24th 2012, YouTube.com} Two years later, Blake Grigsby revives the surprise trust fall concept with a viral YouTube video called ”Trust Fall Attack”.\footnote{Trust Fall Attack Blake Grigsby July 24th 2012, YouTube.com}

181.1 References

\footnote{Trust Fall Trust Building Activities, wilderdom.com}
\footnote{Surprise Trust Fall Tosh.0 February 24th 2010, comedycentral.com}
\footnote{Trust Fall Attack Blake Grigsby July 24th 2012, YouTube.com}
Chapter 182

Turnover (employment)

In human resources context, turnover or staff turnover or labour turnover is the rate at which an employer loses and gains employees. Simple ways to describe it are “how long employees tend to stay” or “the rate of traffic through the revolving door”. Turnover is measured for individual companies and for their industry as a whole. If an employer is said to have a high turnover relative to its competitors, it means that employees of that company have a shorter average tenure than those of other companies in the same industry. High turnover may be harmful to a company's productivity if skilled workers are often leaving and the worker population contains a high percentage of novice workers. Companies also often track turnover internally across departments and divisions or other demographic groups such as turnover of women versus turnover of men.

In the United States, the average total non-farm seasonally adjusted monthly turnover rate was 3.3% for the period from December 2000 to November 2008. However rates vary widely when compared over different periods of time or different job sectors. For example, during the period 2001-2006, the annual turnover rate for all industry sectors averaged 39.6% before seasonal adjustments, during the same period the Leisure and Hospitality sector experienced an average annual rate of 74.6%.

182.1 Costs

When accounting for the costs (both real costs, such as time taken to select and recruit a replacement, and also opportunity costs, such as lost productivity), the cost of employee turnover to for-profit organizations has been estimated to be between 30% (the figure used by the American Management Association) to upwards of 150% of the employees' remuneration package. There are both direct and indirect costs. Direct costs relate to the leaving costs, replacement costs and transitions costs, and indirect costs relate to the loss of production, reduced performance levels, unnecessary overtime and low morale. The true cost of turnover is going to depend on a number of variable including ease or difficulty in filling the position and the nature of the job itself.

In a healthcare context, staff turnover has been associated with worse patient outcomes.

182.2 Internal versus external

Like recruitment, turnover can be classified as “internal” or “external”. Internal turnover involves employees leaving their current positions and taking new positions within the same organization. Both positive (such as increased morale from the change of task and supervisor) and negative (such as project/relational disruption, or the Peter Principle) effects of internal turnover exist, and therefore, it may be equally important to monitor this form of turnover as it is to monitor its external counterpart. Internal turnover might be moderated and controlled by typical HR mechanisms, such as an internal recruitment policy or formal succession planning.

Internal turnover, called internal transfers, is generally considered an opportunity to help employees in their career growth while minimizing the more costly external turnover. A large amount of internal transfers leaving a particular department or division may signal problems in that area unless the position is a designated stepping stone position.
182.3  Skilled vs. unskilled employees

Unskilled positions often have high turnover, and employees can generally be replaced without the organization or business incurring any loss of performance. The ease of replacing these employees provides little incentive to employers to offer generous employment contracts; conversely, contracts may strongly favour the employer and lead to increased turnover as employees seek, and eventually find, more favorable employment.

182.4  Voluntary versus involuntary

Practitioners can differentiate between instances of voluntary turnover, initiated at the choice of the employee, and involuntary turnover initiated by the employer due to poor performance or reduction in force (RIF).

The US Bureau of Labor Statistics uses the term “Quits” to mean voluntary turnover and “Total Separations” for the combination of voluntary and involuntary turnover.

182.5  Causes of high or low turnover

High turnover often means that employees are dissatisfied with their jobs, especially when it is relatively easy to find a new one. It can also indicate unsafe or unhealthy conditions, or that too few employees give satisfactory performance (due to unrealistic expectations, inappropriate processes or tools, or poor candidate screening). The lack of career opportunities and challenges, dissatisfaction with the job scope or conflict with the management have been cited as predictors of high turnover.

Each company has its own unique turnover drivers so companies must continually work to identify the issues that cause turnover in their company. Further the causes of attrition vary within a company such that causes for turnover in one department might be very different from the causes of turnover in another department. Companies can use exit interviews to find out why employees are leaving and the problems they encountered in the workplace.

Low turnover indicates that none of the above is true: employees are satisfied, healthy and safe, and their performance is satisfactory to the employer. However, the predictors of low turnover may sometimes differ than those of high turnover. Aside from the fore-mentioned career opportunities, salary, corporate culture, management’s recognition, and a comfortable workplace seem to impact employees’ decision to stay with their employer.

Many psychological and management theories exist regarding the types of job content which is intrinsically satisfying to employees and which, in turn, should minimise external voluntary turnover. Examples include Hertzberg’s two factor theory, McClelland’s Theory of Needs, and Hackman and Oldham’s Job Characteristics Model.

182.5.1  Bullying

Main article: Workplace bullying

A number of studies report a positive relationship between bullying, intention to leave and high turnover. In some cases, the number people who actually leave is a “tip of the iceberg”. Many more who remain have considered leaving. In O’Connell et al.’s (2007) Irish study, 60% of respondents considered leaving whilst 15% actually left the organisation. In a study of public-sector union members, approximately one in five workers reported having considered leaving the workplace as a result of witnessing bullying taking place. Rayner explained these figures by pointing to the presence of a climate of fear in which employees considered reporting to be unsafe, where bullies had “got away with it” previously despite management knowing of the presence of bullying.

182.5.2  Narcissism and psychopathy

Main articles: Narcissism in the workplace and Psychopathy in the workplace

Thomas suggests that there tends to be a higher level of stress with people who work or interact with a narcissist, which in turn increases absenteeism and staff turnover. Boddy finds the same dynamic where there is corporate
182.5.3 Investments

Low turnover may indicate the presence of employee “investments” (also known “side bets”) in their position: certain benefits may be enjoyed while the employee remains employed with the organization, which would be lost upon resignation (e.g., health insurance, discounted home loans, redundancy packages). Such employees would be expected to demonstrate lower intent to leave than if such “side bets” were not present.

182.6 How to prevent turnover

Employees are important in any running of a business; without them the business would be unsuccessful. However, more and more employers today are finding that employees remain for approximately 23 to 24 months, according to the 2006 Bureau of Labor Statistics. The Employment Policy Foundation states that it costs a company an average of $15,000 per employee, which includes separation costs, including paperwork, unemployment; vacancy costs, including overtime or temporary employees; and replacement costs including advertisement, interview time, relocation, training, and decreased productivity when colleagues depart. Providing a stimulating workplace environment, which fosters happy, motivated and empowered individuals, lowers employee turnover and absentee rates. Promoting a work environment that fosters personal and professional growth promotes harmony and encouragement on all levels, so the effects are felt company wide.

Continual training and reinforcement develops a work force that is competent, consistent, competitive, effective and efficient. Beginning on the first day of work, providing the individual with the necessary skills to perform their job is important. Before the first day, it is important the interview and hiring process expose new hires to an explanation of the company, so individuals know whether the job is their best choice. Networking and strategizing within the company provides ongoing performance management and helps build relationships among co-workers. It is also important to motivate employees to focus on customer success, profitable growth and the company well-being. Employers can keep their employees informed and involved by including them in future plans, new purchases, policy changes, as well as introducing new employees to the employees who have gone above and beyond in meetings. Early engagement and engagement along the way, shows employees they are valuable through information or recognition rewards, making them feel included.

When companies hire the best people, new talent hired and veterans are enabled to reach company goals, maximizing the investment of each employee. Taking the time to listen to employees and making them feel involved will create loyalty, in turn reducing turnover allowing for growth.

182.7 Calculation

Labour turnover is equal to the number of employees leaving, divided by the average total number of employees, multiplied by 100 (in order to give a percentage value). The number of employees leaving and the total number of employees are measured over one calendar year.

\[
\left( \frac{\text{NELDY}}{(\text{NEBY} + \text{NEEY})/2} \right) \times 100
\]

Where:
NELDY = Number of Employees who Left During the Year
NEBY = Number of Employees at the Beginning of the Year
NEEY = Number of Employees at the End of the Year

For example, at the start of the year a business had 40 employees, but during the year 9 staff resigned with 2 new hires, thus leaving 33 staff members at the end of the year. Hence this year's turnover is 25%. This is derived from, \((9/((40+33)/2)) \times 100 = 24.66\%\).
182.8 Models

Over the years there have been thousands of research articles exploring the various aspects of turnover,,[17] and in due course several models of employee turnover have been promulgated. The first model and by far the one attaining most attention from researcher, was put forward in 1958 by March & Simon. After this model there have been several efforts to extend the concept. Since 1958 the following models of employee turnover have been published.

- March and Simon (1958) Process Model of Turnover
- Porter & Steers (1973) Met Expectations Model
- Price (1977) Causal Model of Turnover
- Mobley (1977) Intermediate Linkages Model
- Whitmore (1979) Inverse Gaussian Model for Labour Turnover
- Steers and Mowday (1981) Turnover Model
- Sheridan & Abelson (1983) Cusp Catastrophe Model of Employee Turnover
- Lee et al. (1991) Unfolding Model of Voluntary Employee Turnover’[18]
- Aquino et al. (1997) Referent Cognitions Model

182.9 See also

- Adaptive performance
- Employee retention
- Job satisfaction

182.10 References


182.11 Further reading

Chapter 183

Typical versus maximum performance

The distinction between typical and maximum performance is one way to classify job performance in industrial/organizational psychology. Typical performance is how an employee performs on a regular basis, while maximum performance is how one performs when exerting as much effort as possible.

Workers usually exhibit maximum performance when they are being observed. Therefore, some conditions that tend to foster maximum performance include work samples (often given to a potential employee during an interview), manager evaluations, and job knowledge tests. The results from these situations are the ones that are most accessible to supervisors; however, they are usually not reflected in an employee’s typical, or day-to-day, performance. This dichotomy makes it harder for managers to have an accurate picture of how an employee will typically act on the job. Therefore, an example of the importance of this distinction can be seen when a manager hires an employee based on high performance during an interview; the manager is essentially hiring the employee based on viewing their maximum performance, which may not be representative of their typical performance. Additionally, this distinction has led some organizations to take measures to get their employees to perform at their maximum level more often.

183.1 Characteristics

Psychological tests are broadly divided by the British psychological society into following two types. 1: Test of typical performance. in this case individual’s performance is assessed on given situation. answers are not right or wrong, but identify choices, preferences and strengths of feeling 2: Test of maximum performance: These assess the individual’s ability to perform effectively under standard conditions. Performance on these tests, which includes ability and aptitude tests, can be judged as right or wrong. Ability tests come in many different forms and may test a general intellectual functioning or a specific ability reference: Laurie J Mullins, management and organisation behaviour, 8th ed, Prentice hall p140.

Both typical and maximum performances are characterized by different conditions. Managers and organizations should be aware of these so that they are able to identify whether an employee is performing at a typical or maximum level.

Sackett, Zedeck, and Fogli, the researchers who first studied the typical/maximum distinction in 1988, proposed that several conditions must be present for maximum performance to occur:

a. the individual must be aware that they are being observed;
b. the individual must be instructed to maximize their effort; and
c. the measure of performance must occur over a short period of time so that the individual can remain focused on the appropriate goal."[1]

Alternatively, typical performance would occur in situations where the individual is not aware of evaluation, is not consciously attempting their best performance, and is monitored over a long period of time.

More recently, Sackett elaborated on the definition of maximum performance, saying that one can view it as the level of performance an employee can “produce on demand” if exerting maximum effort for a short period of time.
This means that maximum performance cannot be due purely to luck or chance. As an example, he says that when concentrating, he could make 7 of 10 free throws. But, if he has a hot streak and makes 10 baskets in a row, this wouldn’t be maximum performance because it was probably just due to luck.\footnote{2}

**Original findings**

The original research on typical and maximum performance studied supermarket employees scanning items at a cash register. Typical performance was determined by the average number of items scanned and the number of voids per shift. Maximum performance was calculated according to the speed and accuracy of several timed observation periods. The researchers found that those two measures were not statistically related, suggesting that typical and maximum performance are actually distinct categorizations.\footnote{2}

**183.2 Confirming research**

Continued support has been found for the typical vs. maximum performance distinction since the initial supermarket study. In one study looking at antecedents of the two types of performance, statistical analyses revealed that typical and maximum performance are conceptually different variables.\footnote{3} In addition, other studies have revealed that typical and maximum performances do not share the same antecedents, which suggests that these are two separate forms of performance.

**183.3 Components**

Job performance is viewed as an employee’s results, determined by their combined intelligence and motivation.\footnote{4} The quality of an employee’s job performance. However, motivation is believed to be the more influential factor in this situation.

Research has investigated the strength of these original theories driving typical and maximum performance. A recent study confirmed Sackett and colleagues’ ideas, finding that maximum performance was related to the employee’s knowledge of the job (e.g., intelligence), while typical performance was related to persistence, self-efficacy, and other measures of motivation.\footnote{5}

**183.4 Antecedents**

Because maximum performance can be misleading, it is important for managers to be able to recognize the antecedents of both maximum and typical performances. This can further allow them to recognize when they are most likely to observe either type of performance.

**Intelligence**

Since all individuals in a maximum performance situation are expected to have similarly high levels of motivation, the differences in their performance should be primarily based on the differing ability of each person.\footnote{7} Following these thoughts, researchers have hypothesized that intelligence would be predictive of maximum performance. A few studies have supported this thought, finding that intelligence is more highly related with maximum performance than it is typical performance.\footnote{3}\footnote{7}

**Personality**

Researchers have hypothesized that typical performance would be predicted by personality factors, since much of
the variability in this type of performance is controlled by an individual and their exertion of effort. Specifically, neuroticism and conscientiousness have been believed to be the personality factors that contribute to motivation, since neuroticism is related to self-esteem and confidence, and conscientiousness is related to perseverance and desire to achieve."[4] This idea has received mixed results in the research. A study by Ployhart and colleagues found that the personality factors of neuroticism and extroversion significantly predicted typical performance, and extroversion and openness significantly predicted maximum performance. This research appears to indicate that personality is predictive of both types of performance."[8] A separate study, however, found slightly different results, concluding that overall personality is more predictive of typical performance, while intelligence is still the best predictor of maximum performance."[3]

**Honesty**

Many organizations give tests to potential employees during the interview process to determine their job knowledge, overall intelligence, or honesty, and use these to predict how the employee will perform if hired. Research has touched on how maximum performance can be predicted by these tests. For example, one tool is the integrity test, which is a test that attempts to assess whether potential employees will engage in deviant behavior on the job."[9] Examples of such behavior can range from gossiping about a co-worker to stealing money from the organization. Researchers have linked integrity testing to maximum performance because they hypothesize that integrity levels will determine differences in how individuals perform their job, differences which can affect maximum performance in particular."[10] Results obtained by Ones & Viswesvaran supported the use of integrity testing in predicting maximum performance, but also mentioned that job knowledge tests predicted maximum performance as well."[10] Interestingly, integrity tests are related to the personality factor of conscientiousness,"[11] which, as mentioned previously, has not been shown to be related to maximum performance."[8]

**Race**

Research has also investigated racial differences in typical and maximum performance. Traditionally, studies have found that minority groups, specifically African Americans, score lower than Whites on intelligence tests,"[12] but that personality tests are less biased when predicting performance."[13] As mentioned previously, typical performance has been linked to personality, and maximum performance has been linked to intelligence. Therefore, researchers expected African Americans to exhibit lower levels of maximum performance than Whites, with both ethnic groups showing similar levels of typical performance. However, a study by DuBois and colleagues found just the opposite. Whites outperformed African Americans when they observed typical performance; whereas, the difference was much less pronounced when they examined maximum performance."[7] While this should not impact selection of employees, managers should be aware of the trend when observing performance.

### 183.5 Purpose of distinction

Distinguishing between typical and maximum performance can have both theoretical implications for researchers and practical purposes for organizations.

**Academic implications**

Conceptually, the different types of performance could have different predictors, which will affect research in this domain. For example, many studies have found differences in performance ratings depending on whether the rater is a supervisor or a peer. The typical/maximum distinction could explain this difference if, for instance, supervisors observe more maximum performance while peers observe more typical performance.

**Practical implications**

On the practical side, the typical/maximum distinction can be important when organizations hire new employees. For instance, even though many companies intend to evaluate what an individual’s typical performance would be when making a hiring decision, often organizations use measures that should be associated with maximum performance. These common evaluations include assessment centers, intelligence tests, and situational interviews. Very little research has attempted to look at how various selection tools can predict an employee’s behavior with regard to typical and maximum performance; however, one recent study did focus on behavior description interviews and situational interviews. Behavior description interviews ask applicants to describe past behavior related to specific aspects of the job, while situational interviews have applicants respond to hypothetical job-related dilemmas. Klehe and Latham found that both the behavior description interview and the situational interview predicted typical performance, and the situational interview also predicted maximum performance."[14] While many researchers have expressed concerns about using these tools to predict typical performance, this study suggests that they may actually be quite useful.
Another practical implication of this distinction is the effect it has on employee compensation. Managers may value typical and maximum performance differently, resulting in different rewards. Research suggests that both typical and maximum predict compensation levels, but organizations should ensure that this is the practice they wish to employ."[15]

183.6 Unanswered questions

While there have been advances in typical vs. maximum performance theory since Sackett and colleagues’ seminal paper, studies on this topic have been limited and many questions are still unanswered. In focusing on the antecedents of both performance types, conflicting research has prohibited researchers from drawing concrete conclusions as to how to forecast employees’ potential performances. Specifically, there has not been consistent support for either personality as an antecedent of typical performance or intelligence as an antecedent of maximum performance. In addition, very few other antecedents have been suggested as relating to either type of performance.

Another unanswered question is the time period that may elapse when studying maximum and typical performance. As mentioned, a requirement of maximum performance is that it must be observed over a “short period of time,” whereas typical performance is observed over an extended period of time. However, Sackett and other researchers have left the exact duration requirements vague. Future research could examine where the cutoff point between typical and maximum performance lies."[2]

183.7 Summary

The distinction between typical and maximum performance has been evident for the past 20 years. Research shows that employees perform at a higher level when they are being temporarily observed compared to other times. The level of typical performance one will usually exhibit, and the level of maximum performance one can achieve, both seem to have particular antecedents. These may include intelligence, personality, honesty, and race. However, further research is needed to confirm and expand upon these findings.

183.8 References


Chapter 184

Up or out

“Partnership system” redirects here. It is not to be confused with partnership.

In a hierarchical organization, "up or out", also known as a tenure or partnership system,"[1] is the requirement that each member of the organization must achieve a certain rank within a certain period of time. If they fail to do so, they must leave the organization.

Despite their widespread use in certain industries, a 1988 textbook by Michael Jensen noted that the effects of the system of productivity have not been studied in depth."[1]

184.1 Accounting firms

Up or out is practiced throughout the accounting industry in North America,"[2] most notably at the Big Four accounting firms,"[3][4] which also practice this policy in other countries."[5]

184.2 Consulting firms

According to Leslie Perlow"[6] this system was used at Boston Consulting Group for the advancement through the ranks of Consultant, Project Leader, Principal, Partner, and Senior Partner.

184.3 Law

“Up or out” is one component of the Cravath System for managing law firm staff. In this system, associate lawyers who fail to achieve partner status within ten years of hiring are required to leave.

184.4 Military

In the US military, the 1980 Defense Officer Personnel Management Act mandates that officers passed over twice for promotion are required to be discharged from the military."[7] Manning control within the British Army plays a similar role.

184.5 Academia

See also: Publish or perish
Tenure track professors in the United States are usually subject to an up-or-out system. Newly hired professors, most often with the rank of assistant professor, must impress their department with their accomplishments to be awarded tenure, usually but not always combined with promotion to associate professor. Those not awarded tenure within a fixed time may be terminated. This first promotion may be required for tenure and further promotions are neither guaranteed nor necessary.

184.6 See also

- Forced ranking
- Lifetime employment
- Mandatory retirement
- Temporary work

184.7 References


184.8 Further reading

- Schumpeter, (Sep 1st, 2010) "The shortage of engineers. Up or out", *The Economist*
- Charles Batchelor (April 20, 2011) ‘Up or out’ is part of industry culture, *Financial Times*

184.9 External links

Military

- Ending Up or Out
- John T. Reed, “The U.S. military’s marathon, 30-year, single-elimination, suck-up tournament”
- Up, Up and Out
- Navy Officer Promotions
Chapter 185

Upward communication

Upward Communication is the process of information flowing from the lower levels of a hierarchy to the upper levels. [1] This type of communication is becoming more and more popular in organizations as traditional forms of communication are becoming less popular. The more traditional organization types such as a hierarchy, places people into separate ranks.

Upward communication helps employees to express their requirements, ideas, and feelings. For the top management, upward communication is an important source of information for business decisions. It helps in alerting top management about the requirement of changes in an organisation. Upward contribution is the core contributor of business process re-engineering in many organisations.

Upward communication is very widely used nowadays as part of whistle blowing policy in many large organisations. Under whistle blowing policy, each employee is permitted to directly communicate with top management about matters requiring examination on vigilance angle. Hence it is used as a fraud prevention tool as well.

185.1 References

Chapter 186

Vendor management system

A vendor management system (VMS) is an Internet-enabled, often Web-based application that acts as a mechanism for business to manage and procure staffing services – temporary, and, in some cases, permanent placement services – as well as outside contract or contingent labor. Typical features of a VMS application include order distribution, consolidated billing and significant enhancements in reporting capability that outperforms manual systems and processes. [1]

In the financial industry due to recent regulations, vendor management implies consistent Risk Classification and due diligence done to ensure risk assessment that eliminates undue third-party risks exposure.

186.1 Definitions

The contingent workforce is a provisional group of workers who work for an organization on a non-permanent basis, also known as freelancers, independent professionals, temporary contract workers, independent contractors or consultants. VMS is a type of contingent workforce management. There are several other terms associated with VMS which are all relevant to the contingent workforce, or staffing industry.

A vendor is literally a person or organization that vends or sells contingent labor. Specifically a vendor can be an independent consultant, a consulting company, or staffing company (who can also be called a supplier – because they supply the labor or expertise rather than selling it directly). [2]

A VOP, or Vendor On Premise, is a vendor that sets up shop on the client’s premises. They are concerned with filling the labor needs and requirements of the client. [3] The VOP does this either by sourcing labor directly from themselves, or from other suppliers, whom may be their competitors. Also, the VOP manages and coordinates this labor for the client.

A MSP, or Managed Service Provider, manages vendors and measure their effectiveness in recruiting according to the client’s standards and requirements. MSPs generally do not recruit directly, but try to find the best suppliers of vendors according to the client’s requirements. This, in essence, makes the MSP more neutral than a VOP in finding talent because they themselves do not provide the labor. [4] [5]

VMS is a tool, specifically a software program, that distributes job requirements to staffing companies, recruiters, consulting companies, and other vendors (i.e. Independent consultants). [6] It facilitates the interview and hire process, as well as labor time collection approval and payment.

A CMS, or Contractor management System, is a tool which interfaces with the Access Control Systems of large refineries, plants, and manufacturing facilities and the ERP system in order to capture the real-time hours/data between contractors and client. This type of system will typically involve a collaborative effort between the contractor and facility owner to simplify the timekeeping process and improve project cost visibility.

An EOR, or Employer of Record, is designed to facilitate all components of independent contractor management, including classification, auditing, and compliance reviews. Employer of Records help drive down the risk of co-employment and allow enterprises to engage and manage independent contractors without the stress of government audits or tax liabilities. [7]
186.2 History and Evolution of VMS

VMS (Vendor Management Services) is a fairly recent advancement in managing contingent labor spend. VMS is an evolution of the Master Service Provider (MSP) / Vendor-On-Premise (VOP) concept, which became more prevalent in the late-1980s to the mid-1990s when larger enterprises began looking for ways to reduce outsourcing costs. An MSP or VOP was essentially a master vendor who is responsible for on-site management of their customer’s temporary help / contract worker needs. In keeping with the BPO (Business Process Outsourcing) concept, the master vendor enters into subcontractor agreements with approved staffing agencies.

It is noteworthy to mention that VMS really started to evolve around the time Michael Hammer and James Champy’s *Reengineering the Corporation* became a bestseller. Large enterprises were looking for ways to compete in the global economy. The main advantage for U.S. businesses during this time period was that their purchasing departments were able to channel new contract personnel requisitions to one source – the VOP – and, in turn, reduce procurement costs by simplifying their payment process. In effect, they only had to write a check to one vendor *vis-à-vis* hundreds of suppliers.

With the Internet came new ways of doing business, which included electronic payment. According to Staffing Industry Analysts, Inc. the emergence of eBusiness, B2B, E-Procurement et al. was the catalyst that began the VMS industry.

As businesses began to integrate this e-business concept, online auctions began to appear. The value proposition was, they claimed, that they could reduce spend for purchasing office suppliers, industrial suppliers and other commodities by putting these purchase requests out for bid via an online action.

186.3 The Pioneers

In 1993, one such company recognized the contingent labor spend management niche as an immense opportunity – Geometric Results Inc. (GRI). At its origin, GRI was a wholly owned Ford Motor Company subsidiary and it was GRI who developed one of the first significant VMS applications in the industry, PeopleNet. Originally starting out as a manual process, some system automation was introduced in 1995. A year later, PeopleNet became an automated VMS system. Overall, GRI managed nearly $200 million in spend at Ford. In 1997, MSX International purchased GRI and continued its growth in the marketplace offering a vendor neutral automotive industry.

MSXI later launched a new proprietary Internet software - b2bBuyer, and the program continued to grow with the expansion of MSXI’s European operations. Their success is achieved through best in class processes and technology supported by a vendor neutral model. MSXI also created a 51/49 minority-owned subsidiary and repackaged its web-based application as “TechCentral” to service former GM parts supplier, Delphi Corporation. Today, The Bartech Group—a minority-owned staffing supplier and new MSP—assumed the Delphi VMS in 2006 and currently runs the program using the Fieldglass VMS platform.

During the same time ProcureStaff Technologies also launched a vendor neutral VMS solution for human capital management in 1996. ProcureStaff Technologies spun off as a subsidiary of its parent company, Volt Information Sciences to address the glaring need for vendor neutrality in the procurement of this commodity. ProcureStaff Technologies implemented a vendor-neutral model for its first client, a global telecommunications company, because it promoted competition by opening requisitions up to a larger number of pre-qualified staffing suppliers without bias or favoritism. The benefits realized to the customer included reduced cycle times and lower overall contingent labor spend.

It was not long after this time that other companies, eager to capitalize on the expanding marketplace, entered the fray. Although Chimes was a wholly owned subsidiary of Computer Horizons Corp., the key differentiator between it and other VMS providers that were emerging was that it positioned itself as a “vendor-neutral” provider of Business Process Outsourcing (BPO) services instead of just a technology company that licensed its VMS software. Chimes value proposition was it would create and staff a Program Office (PO) that integrated with the customer’s business Purchasing, HR, and Accounting processes. That is, Chimes realized that simply licensing its software to its customers was a strategy that could not guarantee a successful implementation and realization of the benefits of the VMS concept. In February 2007, Axium International purchased Chimes, Inc. from its parent company (CHC) and merged it with Ensemble Workforce Solutions. The companies together form ECG (Ensemble Chimes Global), the largest VMS provider in the world. Fiscal improprieties led to the unexpected implosion of Chimes (ECG) and its parent company Axium in early 2008. In January 2008, Axium International Inc., the parent of the Ensemble Chimes Global, filed for Chapter 7 bankruptcy in Los Angeles and both Axium International and Ensemble Chimes
Global ceased operations. On January 24, 2008, [Beeline], the workforce solutions business unit of MPS Group, Inc., announced that it was the successful bidder for the assets of Chimes.

The Aberdeen Group, an independent research organization, found that less than 17% of companies who have implemented a program to manage their contingent labor workforce have seen an improvement in spend and source-to-cycle performance metrics. This supports Chimes contention that the best implementations are those that include an emphasis on improving business processes versus just selling a tool to a customer.

186.4 Benefits to U.S. Businesses

By 2002, there were over 50 VMS solution providers. The software was now web-based, so stakeholders – customer hiring managers, VMS program office staff, and suppliers – could access the system from the internet. Typical benefits included:

- Streamlined requisition approval workflow
- Reduced time-to-fill cycle times
- Bill rate standardization / management
- Optimization of supplier base
- Consolidated invoicing
- Improved security and asset management
- Availability of vendor performance metrics
- Visibility and cost control over maverick spend
- 10-20% reduction in contingent labor spend

186.5 VMS Trends

Aberdeen research reveals that 72% of US companies indicate they have a singular program for the management of contract labor and professional services sourcing and procurement. This is amazing proliferation since VMS software has only been around for about ten years. This proves, like everything else in a broadband world, the Industry (Maturity) Life Cycle for the VMS market is on an accelerated curve.

Although the industry is still in the latter phase of the growth stage, vendors should be aware of the symptoms that indicate the arrival of the industry decline, such as when: A) competitive pressures force MSP/VMS margins to weaken; B) there is a rash of competitor consolidation via merger, acquisition or abandonment; C) sales expansion within the existing customer base is dramatically reduced; and D) sales volume to new customers in the US decline.

Once customers have realized the initial benefits of gaining control and managing their contingent labor workforce, there will be efforts towards continuous improvement -- to include cost reductions as well as analysis of what other indirect spend categories can be expanded. Opportunities for VMS providers include project-based spend, independent contractors, and professional services, among others.

186.6 See also

- Contingent workforce
- Professional employer organization
- Human resources
- Human resource management
- Contingent labor
• Contractor management
• IT cost transparency

186.7 References

Chapter 187

Vendor on premises

A Vendor on Premises (VOP) is defined as on site coordination of a customer’s temporary help services through an exclusive, long-term general contractor relationship with a temporary help company. The designated VOP may enter subcontracting relationships with other temporary help suppliers, or relationships may be specified by the customer. [1]

187.1 See also

- Contingent workforce
- Vendor management system
- Managed service provider
- Employment agency
- Human resource management
- Professional employer organization (PEO)

187.2 References

Chapter 188

Virtual management

Virtual management, brought about by the rise of the Internet, globalization, outsourcing, telecommuting, and virtual teams, is management of frequently widely dispersed groups and individuals with rarely, if ever, meeting them face to face.

Due to developments in information technology within the workplace, along with a need to compete globally and address competitive demands, organisations have embraced virtual management structures. Virtual teams are typically composed of team members who are not located face-to-face and their communication is mediated through information and communication technologies (e.g. video conferencing, email and intranets). Virtual teams represent an important emerging organisational structure which facilitates collaboration between team members located almost anywhere in the world. It is estimated that 41 million corporate employees globally will spend at least one day a week as a virtual worker and 100 million will work from home at least one day a month.

Virtual teams are also becoming increasingly popular with workers who want to work at home, which can increase employee engagement. Furthermore, as a result of using appropriate communication media, a virtual team is not limited to members from the same physical location or organisation. As such, team members can be assembled according to the skills and backgrounds required, from anywhere in the world, enabling the organisation to become more flexible and to compete globally.

The virtual management could be introduced as a part of the virtual human capital development (Hanandi and Grimaldi 2010). The VHRD model is an approach of utilizing the captured knowledge and information inside the enterprise environment (top management, external expertise, knowledge worker, workforce), and leveraging this knowledge to a dynamic T&D e-content for developing and enhancing the human capital competitive advantage. This model focuses on rendering the human capital with the skills needed and driving their performance to face any future situation and solve it, by capturing the knowledge object during the interaction activities between the users and reuse it in producing a dynamic e-content for the training and development purpose and in the same adding value for the enterprise competitive advantage.

As with face-to-face teams, management of virtual teams is a crucial component in the effectiveness of the team. However, compared to leaders of face-to-face teams, virtual team leaders face the following difficulties: (a) logistical problems, including coordinating work across different time zones and physical distances; (b) interpersonal issues, including an ability to establish effective working relationships in the absence of frequent face-to-face communication; and (c) technological difficulties, including appropriate technology and ease-of-use. In global virtual teams, there is the added dimension of cultural differences which impact on a virtual team’s functioning.

188.1 Management factors

An extensive study conducted over 8 years examined what factors increase leader effectiveness in virtual teams. This study identified 5 factors which are essential for effective leadership of virtual teams: There are numerous features of a virtual team environment that may impact on the development of follower trust and the team members have to trust that the leader is allocating work fairly and evaluating team members equally.
Virtual team leaders need to spend more time than conventional team counterparts being explicit about expectations, because the patterns of behaviour and dynamics of interaction are unfamiliar. Moreover, even in information rich virtual teams using video conferencing, it is hard to replicate the rapid exchange of information and cues available in face-to-face discussions. In order to develop role clarity within virtual teams, leaders should focus on developing: (a) clear objectives and goals for tasks; (b) comprehensive milestones for deliverables; and (c) communication channels for seeking feedback on unclear role guidance.

While technology choice is important for the development of role clarity, virtual team leaders should be aware that information overload may result in situations when a leader has provided too much information to a team member. Virtual team leaders need to become virtually present in order to closely monitor team members and notice any changes that might affect their ability to undertake their tasks. Due to the distributed nature of virtual teams, team members have less awareness of the wider situation of the team or dynamics of the overall team environment. Consequently, as situations change in a virtual team environment, such as adjustments to task requirements, modification of milestones, or changes to the goals of the team, it is important that leaders monitor followers to ensure they are aware of these changes and make amendments as required.

Finally, when examining virtual teams, it is crucial to consider that they differ in terms of their virtuality. Virtuality refers to a continuum of how “virtual” a team is. There are three predominant factors that contribute to virtuality, namely: (a) the richness of communication media; (b) distance between team members, both in time zones and geographical dispersion; and (c) organisational and cultural diversity.

### 188.2 See also

- Virtual business
- Virtual community of practice
- Distributed development
- Virtual team
- Virtual volunteering

### 188.3 References


188.4 External links

- Managing the virtual realm, by Denise Dubie, Network World
- Dr Alister Jury's research into Leadership Effectiveness within Virtual Teams (University of Queensland)
Chapter 189

Virtual team

A virtual team (also known as a geographically dispersed team, distributed team, or remote team)[1]) is a group of individuals who work across time, space and organizational boundaries with links strengthened by webs of communication technology.[2] Powell, Piccoli and Ives define virtual teams in their literature review article “as groups of geographically, organizationally and/or time dispersed workers brought together by information and telecommunication technologies to accomplish one or more organizational tasks.”[3] Ale Elbrhim, N., Ahmed, S. & Taha, Z. in a 2009 literature review paper, added two key issues to definition of a virtual team “as small temporary groups of geographically, organizationally and/ or time dispersed knowledge workers who coordinate their work predominantly with electronic information and communication technologies in order to accomplish one or more organization tasks”.[4] Members of virtual teams communicate electronically and may never meet face-to-face. Virtual teams are made possible by a proliferation of fiber optic technology that has significantly increased the scope of off-site communication.[5] Virtual teams allow companies to procure the best talent without geographical restrictions. [5] According to Hambley, O’Neil, & Kline (2007), “virtual teams require new ways of working across boundaries through systems, processes, technology, and people, which requires effective leadership... despite the widespread increase in virtual teamwork, there has been relatively little focus on the role of virtual team leaders.”[6]

189.1 Model

There are three main aspects to a virtual team - purpose, people and links.[7] While purpose is an important aspect for all organizations, it’s the most critical aspect for virtual teams; purpose is what holds a virtual team together. Virtual teams do not have hierarchy or any other common structures because they may not be from the same organization, and purpose here brings and holds the team together.[7] Purpose is generally translated into certain action steps for people to work on with a defined structure consisting of common goals, individual tasks and results.[7] A number of factors may impact the performance of members of a virtual team. For example, team members with a higher degree of focused attention and aggregate lower levels of temporal dissociation (or flow) may have higher performance. Further, members with higher degrees of attention focus may prefer asynchronous communication channels, while those with low levels of flow may prefer synchronous communication channels.[8]

189.2 Structure

Powell, Piccoli and Ives[9] found and investigated 43 articles about virtual teams and concluded that the current research have found four main focus areas of it.
189.2.1 Inputs

Design of a virtual team means simply that forming a VT should be planned. This means structuring the interactions; what kind of communication tools are used, how much face-to-face time will be possible, etc. Research has found that team building exercises,[10] the establishment of shared norms (Sarker et al., 2001, p. 50) and the establishment of a clear team structure[11] helps the team to succeed.[12] Kirkman et al.[13] found empirically that having more face-to-face meetings improved the empowerment of virtual teams, which leads to better learning. Numerous communication problems can be diverted by creating shared knowledge databases in order to allow all the team members to have the same information and to know that others have it, too.[14] As an added bonus, shared knowledge databases also share the same language and mental models, which are substitutes for the all important face-to-face time. Furthermore, shared mental models can be focused through designing, requiring the teams to create goals and strategies. This has been shown clearly to improve the teams.[15]

With cultural differences also coordination problems and obstacles to effective communication can be involved.[16] These problems may be solved by actively understanding and accepting differences in cultures.[17]

The technical expertise of a team seems to have a positive effect on the team’s performance and the satisfaction of belonging to the team.[18] At the same time, high trust is found to develop.[19] On the other hand, “the relationship between technology and task performance is found to be more dependent on experience with technology and with group membership than the type of task on which the group was working”[20].

Diverse technological skills can create conflict among the team.[21] This is why teams should have consistent training to improve team performance.[22] For instance, mentoring is a good way to make personal ties to more experienced virtual team professionals.[23] According to Tan et al.,[24] consistent training fosters cohesiveness, trust, team work, commitment to team goals, individual satisfaction and higher perceived decision quality. In their article, they taught a communication technique called the dialogue technique. It is created through three stages: small talk, sharing mental models and norm building.

189.2.2 Socio-emotional processes

This section introduces the emotional problems involved and mitigation tactics needed to achieve cohesion and trust among team members. Overall, the research about this reports “a positive link between socio-emotional process and outcomes of the virtual team project.”[25] Because of geographical distribution, face-to-face time occurs only rarely. This, according to research, results in weaker social links between team-mates and leads the team to be more task-focused than socially focused.[26] If face-to-face meetings are feasible, meetings should be held as much as possible at the beginning of the team formation in order to bring team-mates closer and form interpersonal bonds. These meetings should focus more on relationship building than on actual business.[27] However, with socializing different cultural preferences have to be remembered.[28] If face-to-face meetings are not possible or feasible to the desired extent, other approaches can be applied. Social-bonding can be done partially via electronic communication.
tools. Jarvenpaa and Leidner’s study found that if teams communicate more socially they achieve higher trust and better social and emotional relationships. Leaders can help foster relationship building and general team building in many ways, e.g. by providing continuous feedback, listening to team members’ opinions and suggestions, clearly stating the team member roles and having consistency in their leadership style.

Cohesion means the sense of unity in a team. It is found to be important, but there are no conclusive results on how to support it in the virtual team context.

Trust is particularly problematic subject with virtual teams, because it is arguable whether people can be expected to trust each other if they have never met face-to-face. Furthermore, trust is noted to be crucial in successful teams, but usually there is not much time to build it little by little because often the teams are short-lived in projects. Jarvenpaa and Leidner describe a mechanism of how people solve the trust problem in a short time. It is called the swift trust paradigm and it suggests that team members assume from the beginning that the other team members are trustworthy. They adjust that assumption during the lifetime of the team. Jarvenpaa and Leidner also researched the differences between teams that had a high level of trust in the beginning and teams with a high amount of trust in the end and compared them. To achieve high trust early in the group’s life, the team had social and enthusiastic communication and they coped well with technical uncertainty and took individual initiatives. The groups that enjoyed trust later had predictable communication, timely responses, positive leadership and the ability to move from social communication to task-focused communication.

### 189.2.3 Task processes

Task processes are the different functions that happen when a team is doing its work. Communication is one of the most crucial things in virtual teams. It starts from selecting excellent communicators for the team members and the right technology for them to use. Some empirically found challenges in successful communication in virtual teams are failure to communicate due to wrong or lacking contextual information, unevenly distributed information, interpretation of the meaning of silence and technical problems. Because of the lack of face-to-face time, the team can miss nonverbal communication altogether. The extensive reliance on communication technology leads to reduced impact and difficulties in management compared to the traditional teams. Researchers have found some solutions for these problems. One company has created a reward system for team cooperation to encourage people to actively and accurately communicate. On the other hand, according to Pink’s research on rewarding creativity, rewarding communication is not a sustainable way to encourage cooperation. In another company, they emphasized the need to debate as well as merely share information. Predictability and feedback also frequently improve communication effectiveness, creating trust and better team performance. In addition, in one study researchers tested the question of whether adding video to electronic communication helps to explain a detailed task to another person. They found that for native speaker pairs it did not bring any additional benefits, but for non-native speaker pairs it brought significant improvement to the task.

It is, naturally, more difficult to coordinate virtual teams in different time zones, cultures and mental models. Collaboration norms have to develop for the team to function well. As mentioned before, periodical face-to-face meetings are a good way to form relationships and also a good vehicle to coordinate activities and to drive the project forward. When face-to-face meetings are not feasible, one alternative is to develop coordination protocols with communication training. Researchers have suggested standardizing the team’s inputs, processes and/or outputs. This should help the team to coordinate and help the other party.

The task-technology-structure fit examines “the possible fit between various technologies available...”. Studies have hypothesized that the technology fit depends on individual preferences, e.g. experience of use and the urgency of the task. Majchrzak et al. found that face-to-face meetings or phone calls are suitable for ambiguous tasks, managing conflicts, managing external resources, brainstorming and strategic talks. Electric communication is more suitable for more structured tasks such as routine analysis, examining design tradeoffs and monitoring project status. Interestingly, in their study the team first adjusted their organization to the technology at hand, but later also adjusted the technology to their organization.

### 189.2.4 Outputs

Output in virtual teams means all the things that come out of the work processes of the team. When comparing the performance of traditional and virtual teams, the results are mixed. Some studies find traditional teams and some virtual teams to be better. The majority of studies have found the teams to be about at the same level. Powell, Piccoli and Ives list many studies that have found different factors, which make virtual teams successful. The
found factors are:

- Training
- Strategy/goal setting
- Developing shared language
- Team building
- Team cohesiveness
- Communication
- Coordination and commitment of the teams
- The appropriate task-technology fit
- Competitive and collaborative conflict behaviors (conversely, the same study found that avoidance and compromise conflict behavior had a negative impact)

The results from different student studies are mixed concerning working in a virtual team. \(^{[48]}\) Tan et al. \(^{[49]}\) found that teams which used their dialogue technique were more satisfied with decisions made in the team. One study found that a traditional team started out more satisfied than a virtual team. Then, in less than a year, the satisfaction of the virtual team rose and exceeded the satisfaction of the traditional team. \(^{[50]}\) Furthermore, some studies have found that women, generally, are happier in virtual teams than men. \(^{[51]}\)

### 189.3 Types

Below are the most common types of virtual teams. \(^{[6]}\)

1. Networked teams
2. Parallel teams
3. Project development teams
4. Work, production or functional teams
5. Service teams
6. Offshore ISD teams

#### 189.3.1 Networked teams

Generally, networked teams \(^{[52]}\) are geographically distributed and not necessarily from the same organization. These teams are frequently created and just as frequently dissolved; they are usually formed to discuss specific topics where members from the area of expertise, possibly from different organizations, pitch their ideas in the same discussion. Depending on the complexity of the issue, additional members to the team may be added at any time. The duration these teams last may vary significantly depending on how fast or slow the issue is resolved. \(^{[6]}\)

#### 189.3.2 Parallel teams

Parallel teams are highly task oriented teams that usually consist of specialized professionals. While they are generally only required for very short span of time, unlike networked teams, they are not dissolved after completion of the tasks. The team may be either internal or external to the organization. \(^{[6]}\)
189.3.3 Project development teams

Similar to parallel teams, these teams are geographically distributed and may operate from different time zones. Project development teams are mainly focused on creating new products, information systems or organizational processes for users and/or customers. These teams exist longer than parallel teams and have the added ability to make decisions rather than just make recommendations. Similar to networked teams, project development teams may also add or remove members of their team at any given time, as needed for their area of expertise. [6]

189.3.4 Work, production or functional teams

These teams are totally function specific where they only work on a particular area within an organization (i.e. finance, training, research, etc.). Operating virtually from different geographical locations, these teams exist to perform regular or ongoing tasks. [6]

189.3.5 Service teams

Service teams are geographically located in different time-zones and are assigned to a particular service such as customer support, network upgrades, data maintenance, etc. Each team works on providing the particular service in their daylight hours and at the end of day, work is delegated to the next team which operates in a different timezone so that there is someone handling the service 24 hours a day. [6]

189.3.6 Offshore ISD teams

Offshore ISD outsourcing teams are independent service provider teams that a company can subcontract portions of work to. These teams usually work in conjunction with an onshore team. [5] Offshore ISD is commonly used for software development as well as international R&D projects. [5]

189.4 Advantages

**Increased productivity:** Virtual teams often see an increase in productivity because more personal flexibility is achieved, commute time is reduced, and work is not limited by the traditional 9-5 work day schedule. In turn, the company never sees an off hour. The team on the other side of the globe simply picks up where the prior team left off. This approach is commonly referred to as “Follow the Sun Approach”. This advantage can translate to a much faster time to market for new products and technology.

**Extended market opportunity:** This is a major benefit of geographically dispersed teams due to direct access to different market opportunities. With work teams located in different parts of the globe, organizations are able to establish their presence with customers worldwide. This also gives small business owners the ability to compete on a global scale as well without being limited to a particular customer base.

**Knowledge transfer:** This is one of the most important benefits of a virtual team; utilizing people with different types of knowledge spread out across the globe can be very beneficial to any organization. Online meetings, remote computer access, wireless technology, and conferencing systems offer a way for participants to join a complex discussion from anywhere in the world. This benefit can enable most companies to compete on a global scale.

Statistics Related to Virtual Work: Both fully virtual teams and organizations that employ some virtual workers experience a high return on investment in retention, company loyalty and valuable output.

189.5 Disadvantages

**Communication deficiency:** The biggest disadvantage that any virtual team can suffer from is the lack of efficiency in communication, partly due to constraints in virtual communication mediums. This is also primarily due to the fact that humans communicate better when they are able to communicate with their body language. [53] Inevitably, virtual teams may face obstacles due to restrictions of the Internet which in turn may lead to incorrect assumptions if
a message is not laid out clearly. Failure to properly communicate and clearly address messages or emails could lead to frustration and eventually failure.

**Poor leadership and management:** Poor leadership can result in the failure of any team, whether virtual or not; however, it becomes a much more prominent problem in virtual teams. Messages must be sent across accurately and clearly. Inability to effectively communicate to members of the team can all greatly affect a project. *[54]*

**Incompetent team members:** Virtual teams should only consist of competent and experienced team members due to the distance factor which can overtly affect the timing and completion date of a project. Projects are more likely to fail if the team consists of individuals who are lazy or lack sufficient knowledge to complete their assigned tasks. It only takes one incompetent team member to have a negative effect on the rest of the team.

### 189.6 See also

- Virtual business
- Virtual management
- Virtual community of practice
- Distributed development
- Virtual volunteering
- Swift Trust Theory

### 189.7 References


[6] Virtual team, Mastering virtual teams: strategies, tools, and techniques that succeed By Deborah L. Duarte, Nancy Tennant Snyder


189.7. REFERENCES


189.8  Further reading


189.9  External links

- Virtual Teams (Robert Davison, ISWORLD)
- Virtual team statistics
- Virtual Team in Accura Marketing
Chapter 190

Voluntary redundancy

**Voluntary redundancy** (VR) is a financial incentive offered by an organisation to encourage employees to voluntarily resign, typically in downsizing or restructuring situations. The purpose is to avoid layoffs or, in certain cases, to circumvent union employee regulation laws.

190.1 Reasons

A Voluntary Redundancy Programme is not always driven by short term revenue goals. It can also be motivated by the strategic choice to change the age structure within the company. According to research, people who accept voluntary redundancy may at times return to the company after changes in the company's prospects, strategic vision, or economic climate and, in doing so, may bring new ideas.

The difference between voluntary redundancy and other programmes is that VR is typically offered to a specific age group and experience level, for example, everyone between 40–50 years who has been with the company for at least 5 years.

190.2 Examples

**LM Ericsson** implemented a VR programme in spring of 2006. It offered the programme to 17,000 employees in Sweden between the ages of 35 and 50. Those who voluntarily left were given between 12 and 16 months of severance, 50,000 Swedish kronor, and a course in entrepreneurship coupled with job placement services. The goal was to have a maximum of 1,000 employees volunteer for the programme.

**Delta Air Lines**, in the aftermath of its bankruptcy filing, offered a programme that included limited flight benefits for a set period after voluntary resignation. In light of rising fuel prices, it turned back to a VR programme. The particulars of that severance package are unknown. [1] Generally, voluntary redundancy lump sum payments are higher than that of involuntary redundancies.

190.3 See also

- Severance package
- Restructuring
- Layoff
- Compromise agreement
190.4 References

Chapter 191

Work activity management

Work activity management (WAM) is the process of creating, delegating and tracking the progress of multiple tasks to completion. It is the next step in the form of project management, which is described as “the discipline of organizing and managing resources in such a way that these resources deliver all the work required to complete a project within defined scope, time, and cost constraints”. WAM systems and software are an emerging set of complementary tools aimed at helping managers and employees accomplish their work goals.

Tracking the progress of multiple tasks and projects is becoming increasingly complex as organizations grow, both internally (growing employee numbers, responsibilities) and externally (multiple locations, remote employees). WAM systems allow for the delegation of duties and create an easily accessible format for ensuring work is completed in an allotted time frame.

WAM systems offer services such as task assignment, employee task-based progress tracking, document revision alerts, and employee communication histories. WAM systems provide a central document repository with work instructions and relevant files. In this way, they can help new hires quickly learn new work thus freeing manager time to engage in higher-level processes.

191.1 References
Chapter 192

Workforce management

Workforce management (WFM) encompasses all the activities needed to maintain a productive workforce. Under the umbrella of human resource management, WFM is sometimes referred to as HRMS systems, or even part of ERP systems. Recently, the concept of workforce management has begun to evolve into workforce optimization.

Specifically, workforce management includes

- Payroll and benefits
- HR administration
- Employee self-services
- Time and attendance
- Career and succession planning / talent acquisition
- Talent management and/or applicant tracking
- Learning management and/or training management
- Performance management
- Forecasting and scheduling
- Labor budgeting
- Workforce tracking and emergency assist
- Absence and leave management
- Adherence / conformance to schedule

Workforce management can also encompass field service management. This provides software to optimally plan and dispatch field service technicians and their properly stocked vehicles to a customer’s location in a timely manner in order to deliver against their service commitments. Field service management will itself include elements of:

- Demand management – to help forecast work orders to plan the number and expertise of staff that will be needed
- Workforce scheduler – using predefined rules to automatically optimise the schedule and use of resources (people, parts, vehicles)
- Workforce dispatcher – automatically assigning work orders within predefined zones to particular technicians
- Mobile solutions – allowing dispatchers and technicians to communicate in real time
192.1 Definition

In many markets and industries, workforce management is all about assigning the right employees with the right skills to the right job at the right time. The term is differentiated from traditional staff scheduling because staff scheduling is rooted to time management and simply manages the administration of past and future working times.

This traditional approach has since evolved into the more integrated, demand-oriented workforce management, which includes changes in personnel requirements and objectives when optimising the scheduling of staff. Besides the two core aspects of demand-orientation and optimisation, workforce management may also incorporate:

- forecasting of workload and required staff
- involvement of employees into the scheduling process
- management of working times and accounts
- analysis and monitoring of the entire process.

The market for workforce management (WFM) is still quite young. In the eighties and nineties, entrepreneurs mainly focused on topics such as SCM (Supply Chain Management) or PPS (production planning systems) and, in recent years, on ERP (enterprise resource planning). As cost pressures have increased, managers have increasingly turned their attention towards HR issues. In all personnel-intensive industries, workforce management has become an important strategic element in corporate management.

192.2 Workforce management software

Workforce management solutions can be deployed enterprise-wide. While special software is commonly used in numerous areas such as ERP (enterprise resource planning), SLM (service lifecycle management), CRM (customer relationship management) and HR (human resources) management, the management of the workforce is often still handled by using spreadsheet programs or time recording. This often results in expensive overtime, non-productive idle times, high fluctuation rates, poor customer service and opportunity costs being incurred.

In contrast, by using a software solution for demand-oriented workforce management, planners can optimise staffing by creating schedules that at all times conform as closely as possible to the forecasted requirements. At the same time, a WFM solution helps users to observe all relevant legislation, local agreements and the contracts of individual employees – including work-life balance guidelines.

A key aspect of workforce management is scheduling. This is achieved by establishing likely demand by analysing historical data (such as the number and duration of customer contacts, sales figures, check-out transactions or orders to be handled). Many workforce management systems also offer manual adjustment capabilities. The calculated forecast values are then converted into actual staffing requirements by means of an algorithm that is adjusted to the particular use case. The algorithm itself is based on the work of Erlang though most modern adaptations of WFM have shifted towards a richer state management, and optimizations to the original idea.

Current and future staffing requirements, short-term peak loads, availabilities, holidays, budget allowances, skills, labour law-related restrictions, as well as wage and contractual terms have to be integrated into the planning process to guarantee optimal staff deployment. In the workforce management process, the integration of employees is an important factor. In several WFM systems, employees can log in their availability or planned absences and they can bid for specific shifts so long as they have the necessary skills for the activities planned for these shifts. Experience shows that professional workforce management systems realistically fulfil more than 80 percent of employees’ shift requests. Here, employee scheduling software guarantees the best possible synthesis of optimised staff schedules and employee requests.

The more flexible the working time models and the more complex the staff scheduling becomes, the higher the requirements for correct time management becomes. As time recording and accounting of working times are closely connected to scheduling, the integration of time management into the entire process is the logical consequence. Using workforce management systems, working times are booked exactly to the required time accounts and made available for payroll accounting by means of automated processes.

Many software solutions offer a number of options for evaluating the planning in real-time, enabling short-term reactions to deviations from the forecasted demand or expected over- or understaffing. Control functions enable...
a permanent adaptation of the scheduled staff to the actual requirements. In other words, the optimization process allows for manual data adjustment in the case of short-term fluctuations in demand or unscheduled employee absences. Depending on the software provider, organizations have a choice to deploy the software in their own on-premise data center, or in the provider’s private cloud. Workforce management is an appropriate type of system that organizations can access via the cloud through services such as application management and hosting.

**192.3  Workforce optimization**

Workforce management is itself evolving into a solution termed workforce optimization. This builds on workforce management to encompass all aspects of managing the complete workforce life-cycle and supports the business with key insights into how its workforce is performing. There is an emphasis not simply on improving operational efficiency or on managing the workforce effectively, but tying this to key business concepts such as the customer experience. The role of workforce optimization is to tie together soiled systems and bridge between the three main stakeholders of HR, operations and IT. This approach is business driven. It involves automating entire processes, making key data more visible to support better decision-making, ensuring compliance with a wide range of relevant legislation and solving business problems related to staff. Workforce optimization is best viewed as the next logical step in the move to optimize the performance of staff and to manage and understand the impacts of staff on both operational efficiency and the customer experience. To take Workforce Optimization to the next step, the enterprise turns to a Co-Sourced Partner for Workforce BPO. Workforce BPO creates a Centralized / Consolidated approach to IT and Human Capital Processes.

Workforce management provides a common set of performance-based tools to support corporate management, frontline supervisors, store managers and workers across manufacturing, distribution, transportation, and retail operations. The starting point is a clear definition of the work required through engineered standards and optimal methods for performing each task as efficiently and safely as possible. Based on this foundation and demand-based forecasts, workers are scheduled, tasks assigned, performance is measured, feedback is provided and incentives are computed and paid. In addition, online training is provided along with supervisor-based coaching to bring all workers up to required levels of proficiency. It is a complete approach designed to make a workforce as productive as possible, reduce labor costs, and improve customer service.

**192.4  References**

DMG Consulting: 2009 Contact Centre Workforce Management Market Report

**192.5  Further reading**

- Employee scheduling software
- Project workforce management
- Project management
- Strategic service management
- Field service management
- Time and attendance
- Time tracking software
- Comparison of time tracking software

Vimeo Video “Truth in Forecasting”
Chapter 193

Workforce modeling

**Workforce Modeling** is the process by which the need for skilled workers at a particular point in time (demand) is matched directly with the availability and preference of skilled workers (supply). The resulting mathematical models may be used to perform sensitivity analysis and generate data output in the form of reports and schedules.

Due to the complexity level of building a Workforce Model, adoption of a Workforce Model is usually found in industries that have complex work rules, skilled or certified workers, medium to large teams of workers and fluctuating demand. Some examples include Healthcare, Public Safety, and Retail.

A Workforce Modeling solution can also refer to software that effectively captures all the complexity of process from start to finish and delivers complete and correct results. Components include:

- **Demand management** – tracking the demand for skilled workers by small units of time (generally 15 or 30 minutes)
- **Employee availability** – tracking of contractual work hour obligations and limits on an individual basis for each employee
- **Employee preference** – tracking of preferred times and dates that employees wish to work (used to help increase job satisfaction)
- **Workflow management** – ability for the solution to automate normally manual processes such as requesting and approving time off, requesting shift swaps, and generating and posting schedules
- **Optimization Engine** – uses the mathematical model to create numerous schedules that are complete and correct and can be optimized on many dimensions simultaneously. The most important are cost, overtime and employee satisfaction

### 193.1 Definition

For a more detailed definition, the term must be differentiated from traditional staff scheduling. Staff scheduling is rooted in time management and encompasses the mere administration of past and future working times. However, during the last ten to fifteen years, this traditional approach has evolved towards a demand-oriented solution which, under economic aspects, also includes changes in personnel requirements and objectives when optimizing the scheduling of staff. Besides the two core aspects of demand-orientation and optimization, Workforce Modeling also incorporates the forecast of the workload and the required staff, the integration of employees into the scheduling process through interactivity, the management of working times and accounts as well as analyzing and monitoring the entire process.

Workforce Modeling solutions can, and should, be deployed enterprise-wide wherever complex scheduling needs or legal staffing ratios must be met. Due to the complex nature of a Workforce Model, creating one by hand is nearly impossible. By using a software solution for demand-oriented workforce management, planners can optimize staffing by creating schedules that at all times conform as closely as possible to the actual requirement. At the same time, a Workforce Modeling solution helps users to observe all relevant legislation, local agreements and the contracts with individual employees – including work-life balance guidelines.
193.2 Complexity of Model

Many Workforce Modeling solution applications use the more common linear programming approach to create the Workforce Model. Linear methods of achieving a schedule are generally based on assumptions that demand is based on a series of independent events, all of which have a consistent, predictable outcome. Although this method is very common, the results are in most cases not as complete or efficient. In general, they produce a resulting schedule that is up to 75% complete and leaves the scheduler to complete the remaining shift assignments.

Heuristics have been applied to the problem and metaheuristics has been identified as the best method for generating complex scheduling solutions. Using this technique, many more solutions are available to the modeling process resulting in schedules that are not only closer to 100% complete, but are also optimized to many different criteria at the same time.

193.3 Notes


193.4 Further reading

Chapter 194

Workforce planning

Workforce Planning is a continual process used to align the needs and priorities of the organization with those of its workforce to ensure it can meet its legislative, regulatory, service and production requirements and organizational objectives. Workforce Planning enables evidence based workforce development strategies. [1]

194.1 Workforce Planning Definitions

Workforce Planning: is the systematic identification and analysis of what an organization is going to need in terms of the size, type, experience, knowledge, skills and quality of workforce to achieve its objectives. It is a process used to generate business intelligence to inform the organization of the current, transition and future impact of the external and internal environment on the organization enabling it to be resilient to current structural and cultural changes to better position itself for the future.

Strategic Workforce Planning: usually covers a three to five year forecast period, aligned to business needs and outcomes. It focuses on identifying the workforce implications, current, transition and future of business strategic objects and includes scenario planning.

Operational Workforce Planning: usually covers the next 12-18 months and should align with the timeframe of the business planning cycle. It is the process and systems applied to gathering, analyzing and reporting on workforce planning strategy. [2]

194.2 Workforce Analytics Approach

An analytical approach is important as it provides a fact based method of understanding workforce behaviors. This analysis typically includes reviewing employee recruitment, promotion and turnover patterns. The analysis also uncovers the hidden causes of overtime, absenteeism, and low productivity.

194.3 Steps in Workforce Planning

There are fundamental activities that make up a Workforce Plan:

Getting Started Establishing the team, building the business case; linking corporate, business, finance and workforce strategy; establishing communication plan to engage stakeholders; segmenting the workforce against strategic priorities; reviewing existing data; identifying information gaps; identifying future focused business scenarios.

Environment Scan Environment Scanning is a form of business intelligence. In the context of Workforce Planning it is used to identify the set of facts or circumstances that surround a workforce situation or event.
Current Workforce Profile  Current State is a profile of the demand and supply factors both internally and externally of the workforce the organization has today.

Transition Workforce Profile  demand and supply factors for the transition from current to future workforce.

Future Workforce View  Future View is determining the organization’s needs considering the emerging trends and issues identified during the Environment Scanning.

Analysis and Targeted Future  Once critical elements are identified through quantitative and qualitative analysis, the future targets that are the best fit in terms of business strategy and is achievable given the surrounding factors (internal/external, supply/demand) are determined.

Risk Assessment and Risk Mitigation  The process is about determining appropriate actions to manage risk assessment and identify risk mitigation strategies to deliver the targeted future.

Action plan to embed strategic workforce planning into business planning process.

Monitor and measure impact of strategic workforce planning on business outcomes.

194.4 References


Chapter 195

Workforce sciences

Workforce Sciences is a burgeoning and foundational area of workforce measurement and management designed to help identify and maximize the sources of human capital value in organizations. An emerging discipline, it focuses on the empirical determination of the workforce and business impact of the people side of business - to help organizations optimize what is increasingly the single biggest and most important investment(s) they make, their investments in human capital.

Workforce sciences spans the analysis of various workforce dynamics in organizations - the flow of talent into, through and out of organizations over time - and the effects of specific workforce practices and policies companies employ to influence those dynamics, including sourcing and selection, recruitment, on-boarding and training, career development, leadership development, supervision, performance measurement and management, total rewards, productivity improvement initiatives, among others. It is also concerned with determining the drivers of employee engagement and how they are conditioned by various strategic, operational and other contextual factors. It helps support strategic decision making around human capital, in particular strategic workforce planning and management, workforce or talent strategies as well as labor market selection. The latter is an increasingly important dimension of workforce management as organizations deal with the global competition for talent. Finally, workforce sciences helps organizations identify critical metrics to track the quality and effectiveness of human capital management, providing dashboards and scorecards to help leaders monitor progress and hold them accountable for results.

Workforce sciences is a highly interdisciplinary field. It draws heavily from theories, empirical learnings and methods developed in the fields of Microeconomics, Labor and Organizational Economics and Industrial and Organizational Psychology; but it also comprises learnings and methods from demography, general management, marketing science and communications. With its strong empirical orientation, it relies heavily on application of statistical modeling, simulation and other measurement methods. Many of the analytic tools that support this new discipline have only been developed since the mid-1990s. Some of the methods are wholly new to the HR area. Others represent adaptation of methods from other disciplines, as for instance, the application of techniques used by marketing scientists to understand customer preference to better understand employee preferences concerning components of rewards. All have been facilitated by the proliferation of workforce and business data housed respectively in HRIS and other electronic information systems. Easy to access, and increasingly inexpensive to store, these data permit the kind of deep-dive controlled statistical modeling and/or pure data mining that were almost unthinkable a generation before. Moreover, advances in technology that make these data and powerful statistical modeling tools readily accessible are contributing to speedy advance of Workforce Sciences as a core management discipline.

Workforce sciences has its own theory, discipline and methods for identifying and measuring the human capital drivers of business performance. The foundations for this science derive from the burgeoning academic research on behavior in organizations, particularly academic studies of the links between various workforce management practices and performance. From economics, some of the core foundational theory dates from the 1960s in work done in academia by Jacob Mincer (1958), Theodore Schultz (1963), and Gary Becker (1964). But it was the development in the late 1970s, 1980s and 1990s of what is called, the New Economics of Personnel [See Lazear, Personnel Economics, 1995] that provided the core theoretical models in economics on which Workforce Sciences has drawn. More recently the surging interest in behavioral economics, with its integration of Economics, Psychology and (increasingly) Neuroscience, has produced a new body of theoretical and empirical work that adds whole new insights and approaches that feed Workforce Sciences. On the business side, this research base is being synthesized by pioneering practitioners into new methods for evidence-based management of human capital. The consulting firm, Mercer, has been a leading pioneer in the development of this new science, launching a substantial and sustained R&D effort in
this area in 1993. Their Workforce Sciences Institute is the culmination of twenty years of research and practice in the development and practical application of quantitative methods such as Internal Labor Market Analysis and Business Impact Modeling to measure the economic impact of workforce practices in organizations and strengthen the effectiveness of human capital management.

Workforce Sciences is still in its formative stage as a management discipline. But the approach has taken root, measurement techniques are quickly advancing, and more and more organizations are creating workforce analytics departments of their own to produce the kind of workforce intelligence required to compete effectively in the modern economy. As organizations increasingly recognize the singular importance of talent as the source of competitive advantage, the advance of Workforce Sciences is only likely to accelerate.

\*[1]

Chapter 196

Workload

The term **workload** can refer to a number of different yet related entities.

196.1 An amount of labor

Workload is the amount of work an individual has to do.\cite{1} There is a distinction between the actual amount of work and the individual’s perception of the workload.\cite{1} Workload can also be classified as quantitative (the amount of work to be done) or qualitative (the difficulty of the work).\cite{1}

The assessment of operator workload has a vital impact on the design of new human-machine systems. By evaluating operator workload during the design of a new system, or iteration of an existing system, problems such as workload bottlenecks and overload can be identified. As the human operator is a central part of a human-machine system, the correction of these problems is necessary for the operation of safe and efficient systems.

An operating budget may include estimates of the expected workload for a specific activity. Work loads can vary in many different situations, but the average workload is average.

196.2 Quantified effort

Workload can also refer to the total energy output of a system, particularly of a person or animal performing a strenuous task over time. One particular application of this is weight lifting/weights training, where both anecdotal evidence and scientific research has shown that it is the total “workload” that is important to muscle growth, as opposed to just the load, just the volume, or “time under tension”. In these and related uses of the word, “workload” can be broken up into “work+load”, referring to the work done with a given load. In terms of weights training, the “load” refers to the heaviness of the weight being lifted (20 kg is a greater load than 10 kg), and “work” refers to the volume, or total number of reps and sets done with that weight (20 reps is more work than 10 reps, but 2 sets of 10 reps is the same work as 1 set of 20 reps, its just that the human body cannot do 20 reps of a heavy weight without a rest, so its best to think of 2x10 as being 20 reps, with a rest in the middle).

This theory was also used to determine horse power (hp), which was defined as the amount of work a horse could do with a given load over time. The wheel that the horse turned in Watt’s original experiment put a certain load on the horse’s muscles, and the horse could do a certain amount of work with this load in a minute. Provided the horse was a perfect machine, it would be capable of a constant maximum workload, so increasing the load by a given percentage would result in the possible work done decreasing by the same percentage, so that it would still equal “1 hp”. Horses are, obviously, not perfect machines and over short time periods are capable of as much as 14 hp, and over long periods of exertion output an average of less than 1 hp.

The theory can also be applied to automobiles or other machines, which are slightly more “perfect” than animals making a car heavier for instance, increases the load that the engine must pull, likewise making it more aerodynamic decreases drag, which acts as a load on the car as well. Torque can be thought of as the ability to move load, and the revs are how much work it can do with that load in a given amount of time. Therefore torque and revs together create kilowatts, or total power output, which can be related to the “workload” of the engine/car, or how much work it can do with a given amount of load. As engines are more mechanically perfect than animals’ muscles, and do not fatigue
in the same way, they will conform much more closely to the formula that if you apply more load, they will do less work, and vice versa.

### 196.3 Occupational stress

Main article: Occupational stress

In an occupational setting, dealing with workload can be stressful and serve as a stressor for employees. There are three aspects of workload that can be stressful.

- **Quantitative workload or overload:** Having more work to do than can be accomplished comfortably.
- **Qualitative workload:** Having work that is too difficult.
- **Underload:** Having work that fails to use a worker's skills and abilities.\(^2\)

Workload has been linked to a number of strains, including anxiety, physiological reactions such as cortisol, fatigue,\(^3\) backache, headache, and gastrointestinal problems.\(^4\)

Workload as a work demand is a major component of the demand-control model of stress.\(^5\) This model suggests that jobs with high demands can be stressful, especially when the individual has low control over the job. In other words control serves as a buffer or protective factor when demands or workload is high. This model was expanded into the demand-control-support model that suggests that the combination of high control and high social support at work buffers the effects of high demands.\(^6\)

As a work demand, workload is also relevant to the job demands-resources model of stress that suggests that jobs are stressful when demands (e.g., workload) exceed the individual's resources to deal with them.\(^7\)

### 196.4 Theory and modelling

Another aspect to workload is the mathematical predictive models used in human factors analysis; generally to support the design and assessment of safety-critical systems.

There is no one agreed definition of workload and consequently not one agreed method of assessing or modelling it. One example definition by Hart and Staveland (1988) describes workload as “the perceived relationship between the amount of mental processing capability or resources and the amount required by the task”. Workload modelling is the analytical technique used to measure and predict workload. The main objective of assessing and predicting workload is to achieve evenly distributed, manageable workload and to avoid overload or underload.

#### 196.4.1 Theories

**Wickens’ (1984) multiple resource theory (MRT) model**\(^8\) is illustrated in figure 1:

Wickens’ MRT proposes that the human operator does not have one single information processing source that can be tapped, but several different pools of resources that can be tapped simultaneously. Each box in figure 1 indicates one cognitive resource. Depending on the nature of the task, these resources may have to process information sequentially if the different tasks require the same pool of resources, or can be processed in parallel if the task requires different resources.

Wickens’ theory views performance decrement as a shortage of these different resources and describes humans as having limited capability for processing information. Cognitive resources are limited and a supply and demand problem occurs when the individual performs two or more tasks that require a single resource (as indicated by one box on the diagram). Excess workload caused by a task using the same resource can cause problems and result in errors or slower task performance. For example, if the task is to dial the phone then no excess demands are being placed on any one component. However, if another task is being performed at the same time that makes demands on the same component(s), the result may be excess workload.

The relationship between workload and performance is complex. It is not always the case that as workload increases performance decreases. Performance can be affected by workload being too high or too low (Nachreiner, 1995).
Sustained low workload (underload) can lead to boredom, loss of situation awareness and reduced alertness. Also as workload increases performance may not decrease as the operator may have a strategy for handling task demands.

Wickens’ theory allows system designers to predict when:

- Tasks can be performed concurrently.
- Tasks will interfere with each other.
- Increases in the difficulty of one task will result in a loss of performance of another task.

McCracken and Aldrich (1984), like Wickens, describe processing not as one central resource but several processing resources: visual, cognitive, auditory, and psychomotor (VCAP). All tasks can be decomposed into these components.

- The visual and auditory components are external stimuli that are attended to.
- The cognitive component describes the level of information processing required.
- The psychomotor component describes the physical actions required.

They developed rating scales for each of the VCAP components, which provide a relative rating of the degree to which each resource component is used.

Joseph Hopkins (unpublished) developed a training methodology, where the background to his training theory is that complex skills are, in essence, resource conflicts where training has removed or reduced the conflicting workload demands, either by higher level processing or by predictive time sequencing. His work is in effect based on Gallwey (1974) and Morehouse (1977). The theory postulates that the training allows the different task functions to be integrated into one new skill. An example of this is learning to drive a car. Changing gear and steering are two conflicting tasks (i.e. both require the same resources) before they are integrated into the new skill of “driving”. An experienced driver will not need to think about what to do when turning a corner (higher level processing) or alternatively may change gear earlier than required to give sufficient resources for steering round the corner (predictive time sequencing).
196.4.2 Creating a model

With any attempt at creating a workload model the process begins with understanding the tasks to be modelled. This is done by creating a task analysis that defines:

- The sequence of tasks performed by individuals and team members.
- The timing and workload information associated with each task.
- Background scenario information.

Each task must be defined to a sufficient level to allow realistic physical and mental workload values to be estimated and to determine which resources (or combination of resources) are required for each task – visual, auditory, cognitive and psychomotor. A numerical value can be assigned to each based on the scales developed by McCracken and Aldrich. These numerical values against each type of resource are then entered into the workload model. The model sums the workload ratings within each resource and across concurrent tasks. The critical points within the task are therefore identified. When proposals are made for introducing new devices onto the current baseline activities the impact of this can then be compared to the baseline. Possibly one of the most advanced workload models was developed by K Tara Smith (2007): this model integrated the theories of Wickens, McCracken and Aldrich and Hopkins to produce a model that not only predicts workload for an individual task but also indicates how that workload may change given the experience and training level of the individuals carrying out that task. Workload assessment techniques are typically used to answer the following types of questions: Eisen, P.S and Hendy, K.C. (1987):

- Does the operator have capability to perform the required tasks?
- Does the operator have enough spare capacity to take on additional tasks?
- Does the operator have enough spare capacity to cope with emergency situations?
- Can the task or equipment be altered to increase the amount of spare capacity?
- Can the task or equipment be altered to increase/decrease the amount of mental workload?
- How does the workload of a new system compare to the old system?

196.4.3 Cognitive workload in time critical decision-making processes

It is well accepted that there is a relationship between the media by which information is transferred and presented to a decision maker and their cognitive workload. During times of concentrated activity, single-mode information exchange is a limiting factor. Therefore the balance between the different information channels (most commonly considered to be visual processing and auditory, but could also include haptic, etc.) has a direct effect on cognitive workload (Wickens 1984). In a time-critical decision situation, this workload can lead to human error or delayed decisions to accommodate the processing of the relevant information. (Smith, K.T. & Mistry, B. 2009). Work conducted by K Tara Smith has defined some terms relating to the workload in this area. The two main concepts relating to workload are:

- **workload debt** - which is when an individual’s cognitive workload is too high to complete all relevant tasks in the time available and they decide (either consciously or subconsciously) to postpone one or more tasks (usually low priority tasks) to enable them to make the decision in the required timeframe.

- **workload debt cascade** - which is when, because of the high workload, the postponed tasks mount up so that the individual cannot catch up with the tasks that they are required to do, causing failure in subsequent activities.

196.5 See also

- Cognitive load
- Manpower
- Situation Awareness
196.6 Notes


Chapter 197

Workplace mentoring

Workplace mentoring is a “learning partnership between employees for purposes of sharing technical information, institutional knowledge and insight with respect to a particular occupation, profession, organization or endeavor”.[1] If this process is done correctly, the organization may reduce turnover and increase productivity.[2] It can be done in both ways, namely [1] Formal mentoring and [2] Informal mentoring. Informal mentoring, the term itself extrapolates the meaning of being occurred informally, for instance a new employee is taken cared by a ‘seasoned’ employee voluntarily (i.e. providing career guidance). On the other hand, formal mentoring are being done formally as in the predecessors (staffs who are about to leave the organization soon) are required to transfer their knowledge to the selected employees to minimize the loss of Knowledge Management that is resided along with the predecessors. The following sections will elucidate the relationship between Workplace mentoring and Knowledge Management.

197.1 References


197.2 Text and image sources, contributors, and licenses

197.2.1 Text

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Strategic human resource planning

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SLT Human Capital Solutions

T-shaped skills

Skills management

Selection ratio

Contributors:

Sham peer review

—

Simultaneous recruiting of new graduates

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SLT Human Capital Solutions

Simultaneous recruiting of new graduates

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Senior management

Contributors:

Sham peer review

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Simultaneous recruiting of new graduates

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Senior management

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