



Business Management BMA 204

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The background of this section is a light grey grid of puzzle pieces. Each piece contains a faint, light blue silhouette of a person in a business suit. A hand is shown in the foreground, with fingers pointing towards a specific puzzle piece that is slightly raised.

CHAPTER 5 HUMAN RESOURCE MANAGEMENT

Erandi Thennakoon

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Human Resource Management (HRM) focusing on leveraging human resources to achieve organizational success.

Human Resource Management is known as Human Capital Management whereas Personnel Management, Staffing Management in early periods

Organizations today aim to implement advanced HR functions, establishing strong employer brands to attract top talent.

The complexity of HR processes has grown in response to dynamic business environments, merging insights from various disciplines.



KEY CHARACTERISTICS OF HUMAN RESOURCES

Animate and Active and alive.

Emotional Intelligence
Ability to think, feel, and react, influencing their work environment.

Appreciation of Value

Cost Influence

Humans can form teams and unions, enhancing collaboration.

Human behavior is often unpredictable and complex.

Creativity and Innovation

Decision-Making Capability

Definitions

Human Resource Management can be defined as “a strategic approach to acquiring, developing, managing, motivating and gaining the commitment of the organization’s key resource – the people who work in and for it.

Michael Armstrong (1997)

HRM Is the efficient and effective and utilization of human resource to achieve goals of an organization

HRM is the use of several activities to ensure that human resources are managed effectively for the benefit of the individual, business, and the society.

HRM is the effective management of people at work. It examines what can or should be done to make people both more productive and satisfied with their working life.

HRM refers to the policies, practices and systems that influence employees' behavior, attitude and performance.

The scope of HRM

Personnel aspect

This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, layoff and retrenchment, remuneration, incentives, productivity

Welfare aspect

It deals with working conditions and amenities such as canteens, exhibits, rest rooms, wash- rooms, housing, transport, medical assistance, education, health and safety, recreation facilities

Industrial relations aspect

This covers union-management relations, joint consultation, collective bargaining, grievance handling, disciplinary procedures, settlement of disputes

- To help the organization to achieve its goals.
- To ensure effective utilization and maximum development of human resources.
- To ensure due respect for human beings.
- To identify and satisfy the needs of individuals.
- To ensure reconciliation of individual goals with those of the organization.
- To achieve and maintain high morale among employees.
- To provide the organization with well-trained and well-motivated employees.
- To increase for the employee's job satisfaction and self-actualization.
- To develop and maintain a quality of work life.
- To be ethically and socially responsive to the needs of society.
- To develop overall personality of each employee in its multidimensional aspect.
- To enhance employee's capabilities to perform the present job.
- To equip the employees with precision and clarity in transaction of business.
- To inculcate the sense of team spirit, team work, and inter-team collaboration



Trends in Human Resource Management

Employer Branding: Organizations are increasingly focused on promoting their brand to attract competent and experienced employees. A strong employer brand showcases the company's values, culture, and benefits, making it more appealing to top talent.

Employee Outsourcing: Many companies are turning to outsourcing for temporary positions or specialized roles. This allows organizations to access a wider talent pool and bring in expertise without long-term commitments, enhancing flexibility.

Promoting Work-Life Balance: Organizations recognize the importance of balancing work and family life to retain employees. Flexible schedules, remote work options, and wellness programs are increasingly implemented to support employees' personal lives alongside their professional responsibilities.

Telecommuting: Remote work enabled by technology allows employees to perform their duties from home or other locations. This trend creates a location-independent workplace, increasing job satisfaction and productivity while reducing overhead costs for organizations.

Diversity and Inclusion Initiatives: Companies are prioritizing diversity and inclusion by actively seeking to hire from a broad range of backgrounds. Training programs and policies are developed to foster an inclusive culture that values different perspectives and experiences.

Trends in Human Resource Management

Employee Engagement Tools: Organizations are leveraging technology to gather real-time feedback through engagement surveys and pulse checks. This allows HR to understand employee sentiment and address concerns promptly, enhancing overall workplace morale.

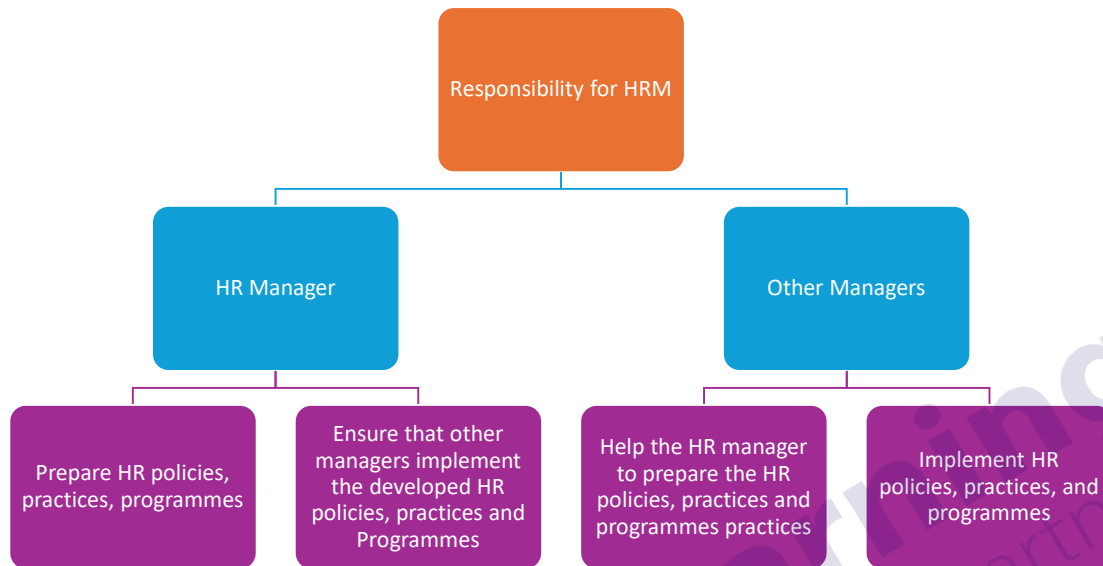
Skill Development and Upskilling: With rapid changes in the job market, companies are investing in continuous learning opportunities. Offering training programs, workshops, and online courses helps employees adapt to new skills and technologies, fostering career growth.

Data-Driven Decision Making: HR departments are increasingly using analytics to make informed decisions about talent management, retention strategies, and workforce planning. Data insights help identify trends and areas for improvement.

Flexible Benefits Packages: Organizations are moving toward personalized benefits that cater to individual employee needs. Options may include wellness programs, child care support, and mental health resources, allowing employees to choose what best suits them.

AI in HR Processes: The integration of artificial intelligence in various HR functions, such as recruitment, performance evaluation, and employee engagement, streamlines processes and enhances decision-making capabilities.

Dual Responsibility of Human Resource Management



Functions of HRM

- Job design
- Job analysis
- Manpower planning
- Recruitment
- Selection
- Hiring and induction
- Performance evaluation
- Reward Management
- Training Management
- Career Management
- Welfare Management
- Discipline Management
- Health and Safety Management
- Grievance Handling
- Labour Relation

JOB DESIGN

What is job design?

Job design is the way, in which, job-tasks are organized into a unit of work.



- Job design is primary function of Human Resource Management.
- Job design is creating and generating jobs for people who are in an organization.
- Definition

Job design is function of deciding factors such as task, duties, responsibilities, interpersonal relationship and technology into an organizational unit of work for the dual purpose of accomplishing organizational goals and employee satisfaction.



Scientific technique

Designing jobs with small number of duties for increasing job specialization



Job enlargement

Increasing number of duties and scope of the job



Job enrichment

Process of empowering and increasing depth of the job



Job rotating

Process of shifting one employee from one job to another within a certain period



Professional technique

Designing jobs according to certain accepted profession



Group technique

Design job for a group of employees

Job design techniques

Job Analysis

- Job analysis is the function of investigating job and job holder characteristics.
- Definition

Job analysis is a process of collecting, organizing and recording information about the jobs of an organization and job holder attributes.

- Helps to determine and understand about various jobs available within the organization and ideal persons needed to perform those jobs.
- The two main documents are prepared through job analysis;
 - Job Description (JD)
 - Job Specification (JS)

Job Description (JD)

- A list of the job's duties, responsibilities, reporting relationships, working conditions and supervisory responsibilities which is one of the products of a job analysis.
- **Key elements of JD**
 - Job Title
 - Purpose of job
 - Job Identification (Including data to distinguish job from all other jobs)
 - Main tasks/duties to be performed
 - To whom the job holder is responsible and accountable Required qualifications, skills, etc for the job (if any)
 - Any special working conditions, travel, etc.
 - Tools, equipment and machine to be used
 - Targets to be achieved
 - Criteria for assessment of performance, etc.

Job specification (JS)

- A list of a job's 'human requirements', which is the requisite education, skills, personality and so on. It is another product of a job Analysis. Most of the organizations prepare JD and JS as a one document.
- **Key elements of JS**
 - Job title
 - Purpose of job
 - Education qualification
 - Training and skills
 - Special physical capabilities
 - Working experience
 - Mental health capabilities

Job Description

Job Title:
Employee:
Unit:
Class and Rank:
Superior's Title:
Immediate Superior's Title:
Salary Scale:

Purpose of Job

Duties and Responsibilities

- 1)
- 2)
- 3)

Job Conditions

Others:.....

Prepared by:.....

Job Specification

Job Title:
Employee No:
Unit:
Educational Qualifications:
Professional Qualifications:
Experience :
Physical Ability:
Personality Requirements:
Others:

Prepared by:

Date:

Approved by:

Date:

Specific influence of Job Analysis on other HR functions



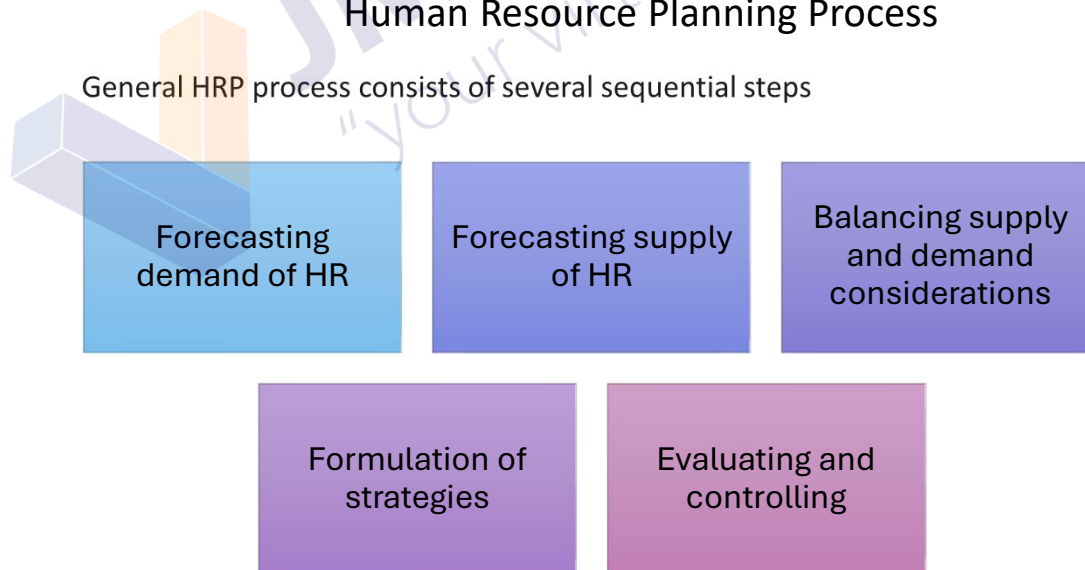
HUMAN RESOURCE PLANNING (HRP)/ MANPOWER PLANNING

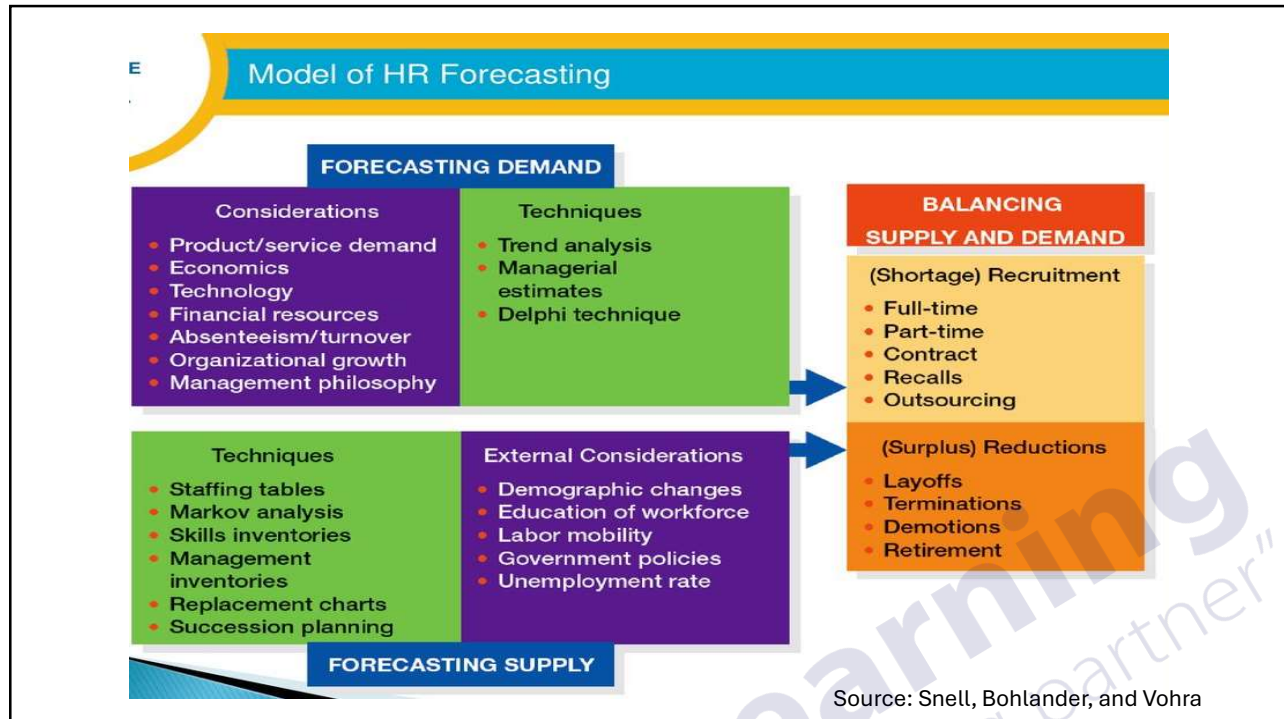
- Human Resource Planning (HRP) is a strategic process that **identifies the human resources needed for an organization to achieve its goals**, focusing on both current and future requirements.
- It involves anticipating the movement of people into, within, and out of the organization and estimating future demand for human resources.
- HRP addresses two key questions:
 - How many people?
 - What sort of people?
- In addition to quantifying HR needs, HRP considers broader employment and development issues to enhance organizational effectiveness.
- Thus, it plays a crucial role in the strategic management process by aligning human resources with business objectives.

- Attract and retain the number of people required with the appropriate skills, expertise, and competencies.
- To forecast future requirements, estimate surpluses and lack of manpower.
- Anticipate the problems of potential surpluses or deficits of people.
- Develop a well trained and flexible work force, thus contributing to the organization's ability to adapt to an uncertain and changing environment.
- Reduces dependence on external recruitment when key skills are in short supply by formulating retention, as well as employee development strategies.
- Improve the utilization of people by introducing more flexible systems of work.
- To help in recruitment and selection.
- To maintain output/productivity levels.

Human Resource Planning Process

General HRP process consists of several sequential steps





Human Resource Forecasting and Planning process

1. Forecasting Demand for HR

- The HR planning process begins with estimating future human resource needs in terms of quantity and quality.
- Factors influencing this forecasting include employment trends, employee turnover (due to resignations, retirements, etc.), organizational growth, and absenteeism.
- Both internal and external factors affect demand forecasting.

2. Forecasting Supply of HR

- This involves estimating the availability of human resources to meet demand.
- Internal supply sources include promotions, transfers, retirements, and recalls of laid-off employees, while external supply considers the labor market and recruitment opportunities.

3. Balancing Supply and Demand

- Workforce planning focuses on aligning current and future staffing needs with strategic business objectives.
- This involves assessing the availability of candidates with the required skills to achieve an optimal balance between labor demand and supply.

Human Resource Forecasting and Planning process

4. Formulating Strategies

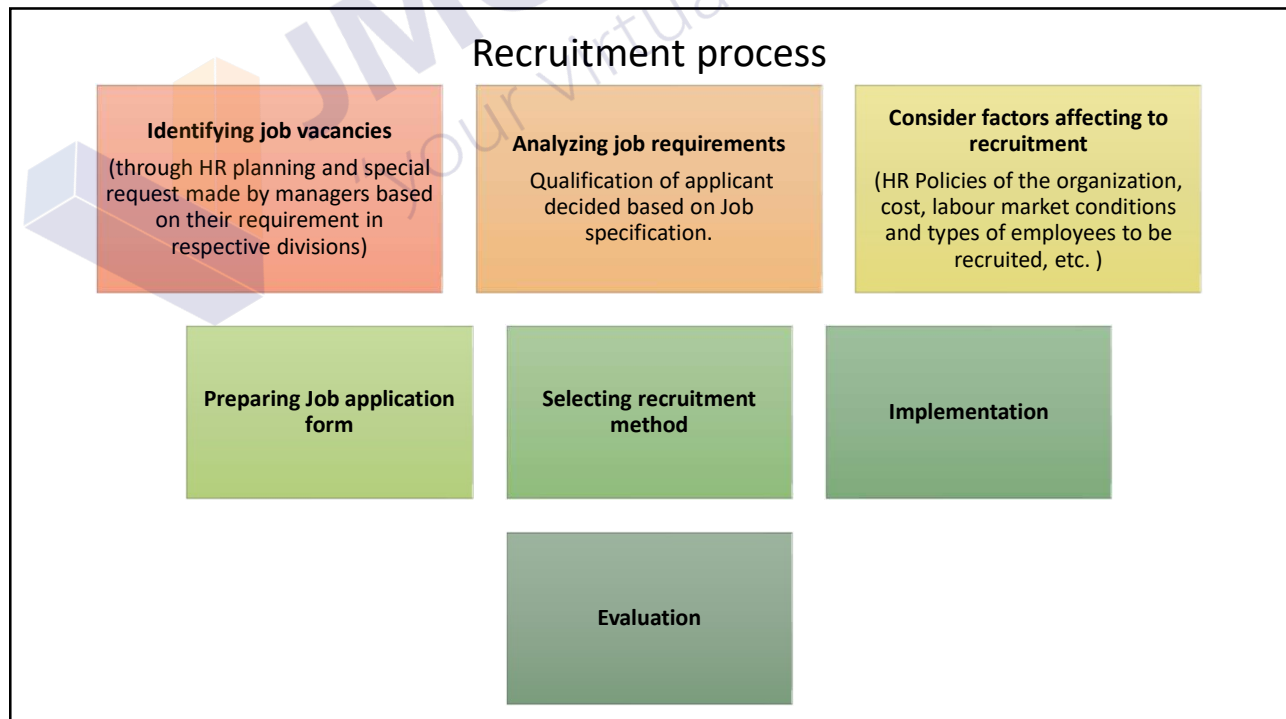
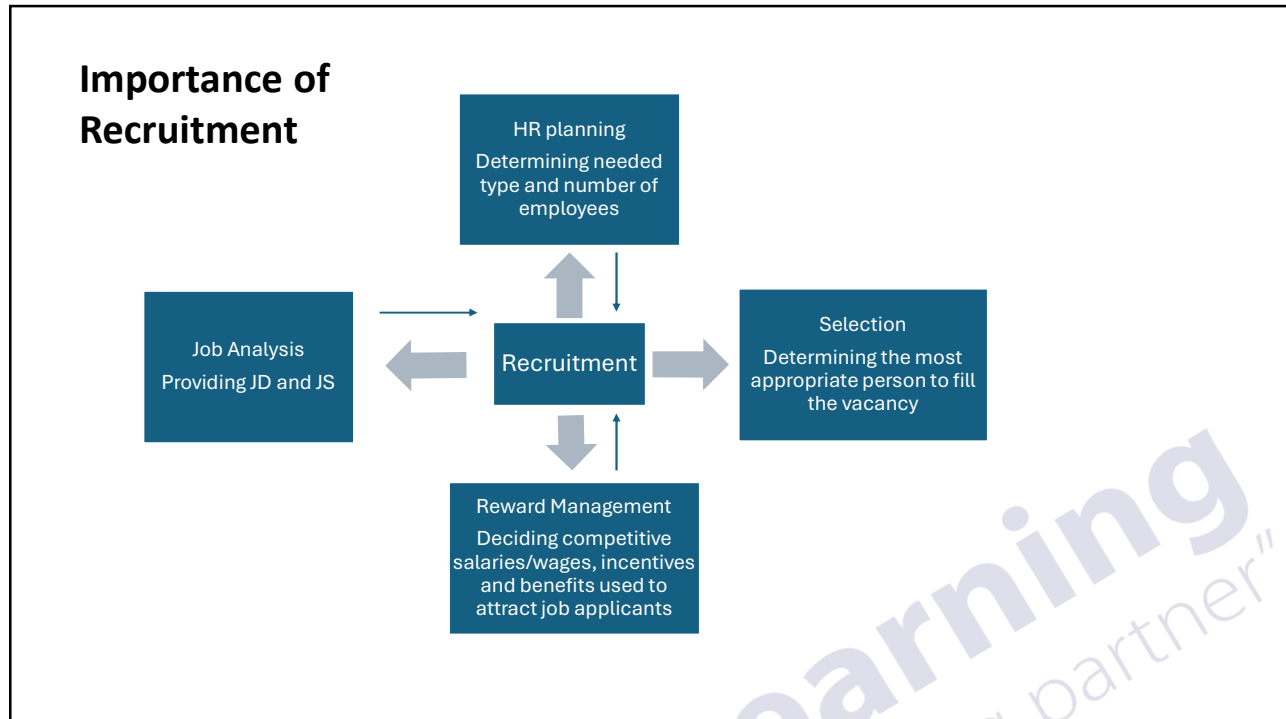
- Effective HR management ensures that organizations have the necessary employee resources.
- Strategies may be developed to address labor surpluses or shortages:
 - **Surplus Strategies:** Hiring freezes, reducing expenditures, voluntary attrition, early retirements, layoffs, encouraging leaves, and formal outplacement.
 - **Shortage Strategies:** Overtime, subcontracting, providing training opportunities, hiring part-time or temporary workers, and employing full-time staff.

5. Evaluation and Control

- HR managers should assess the effectiveness of the HR planning process against set objectives and policies.
- Continuous evaluation allows for adjustments in response to changing conditions and organizational needs.

RECRUITMENT

- Recruitment is the **process of generating a pool of qualified applicants for organizational vacancies.**
- According to Byers and Rue, it involves seeking and attracting potential candidates from which qualified individuals can be selected.
- This positive process encourages candidates to submit their CVs and applications, which are then shortlisted for the next step: Selection.
- The **primary objective** of recruitment **is to create a diverse pool of suitable candidates to facilitate effective selection.**



Recruitment Methods

Recruitment methods are categorized into **internal** and **external** approaches.

1. Internal Methods

These methods focus on recruiting candidates from within the organization:

- **Job Posting and Bidding:** Notifying employees of job vacancies through notice boards, newsletters, or organizational publications to attract internal applicants.
- **Skill Inventories:** Maintaining a document that identifies the specific competencies of current employees eligible for vacant positions.

2. External Methods

These methods aim to attract job seekers from the external labor market:

- **Pre-applicants:** This includes walk-ins (candidates who visit the organization seeking employment) and write-ins (candidates who submit applications without a formal invitation).
- **Past Employees:** Retired or resigned employees who may be interested in returning to work, either on a permanent or temporary basis.
- **Educational Institutions:** Schools, technical colleges, and universities serve as sources for attracting new talent.
- **Employment Agencies:** Organizations that specialize in recruitment, charging a fee for finding suitable candidates for companies.

Advantages/disadvantages of Internal Recruitment Policy

Advantages

- Enhances employee morale
- Low cost
- Possible to retain appropriate employees
- Motivates current employees
- Help to maintain a sound labor management relationship

Disadvantages

- Prevents from flowing inside new knowledge and skills
- There will be less possibility of selecting a more appropriate person for the vacancy. Competition among the applicants is relatively lesser.
- Retain old bloods. If senior's practices were imitated, that employee will be promoted. Avoid new blood. Especially a turbulent organization needs new blood.
- Informal groups will become stronger

Advantages/disadvantages of External Recruitment Policy

Advantages

Possible to hire persons with new knowledge/skills

Possible to obtain executives and specialists who are younger and more productive to the organization

Lesser cost of training and development

Disadvantages

Discourage internal employees' motivation

Higher cost to be incurred for recruitment effort

May affect unfavorably labor-management relations

SELECTION

- After recruiting a qualified pool of candidates, HR managers engage in the selection process, which **involves identifying the most appropriate candidate to fill the vacancy.**
- This process also entails rejecting unsuitable candidates based on specific criteria, making it a negative aspect of hiring.
- Various selection tools can be utilized to assess candidates effectively.
- **Once a candidate is selected, they receive a job offer letter.**
- The **primary objective** of the selection process is **to ensure that only the most suitable candidates are employed by the organization.**

Selection process

1. **Evaluation of Applications:** The initial step involves screening applications to shortlist candidates. Unqualified applications that do not meet criteria such as qualifications, experience, or age limits are eliminated.
2. **Selection Examinations (Employee Testing):** Shortlisted candidates undergo various tests to assess their skills and suitability for the role.
3. **Conducting Interviews:** Candidates who pass the testing phase are interviewed to determine if their skills align with job requirements. Interviews typically last 15-20 minutes and may involve multiple rounds with HR and functional managers, culminating in a meeting with senior management or the CEO.
4. **Background Investigation:** After interviews, a reference check is conducted to evaluate the candidates' past behavior and performance, which is crucial for making informed hiring decisions.
5. **Final Decision and Job Offer:** The final step involves selecting the most suitable candidate, often based on collective information gathered throughout the process. This decision is usually made by the hiring manager and requires approval from higher management. Once a decision is reached, the HR manager extends a job offer to the selected candidate.

Consequences of a wrong Selection decision

1. Expected job performance does not occur
2. Loss of appropriate/expected contribution that could have been acquired by selecting the right person.
3. Possibility of occurrence of losses and costs
4. Cost incurred for induction and training of the wrong employee will go
5. Cost of grievance handling arising from an elimination decision
6. Additional cost in procuring a new right employee

Employment Tests

Employment tests are commonly used by both private and government organizations, such as the Sri Lanka Administrative Service and other public service sectors, to fill job vacancies. These tests help assess candidates' suitability for various roles.

Types of Tests:

- **Intelligence Tests:** Measure cognitive abilities and problem-solving skills.
- **Achievement Tests:** Evaluate specific skills and knowledge relevant to the job.
- **Performance/Practical Tests:** Assess candidates' practical abilities through hands-on tasks related to the job.
- **Psychoanalytic Tests:** Explore candidates' personality traits and psychological attributes.

Medical Tests

Medical tests are conducted to ensure that applicants are in good health and capable of performing the job's tasks and responsibilities effectively.

While these examinations can be costly, they are crucial for employee selection.

Some organizations may skip medical tests due to expenses, but this practice is generally deemed inappropriate, as health assessments are essential for making informed hiring decisions.

HIRING

- Hiring is the final step in the recruitment and selection process, involving the appointment of the selected candidate to a vacant position.
- This process **includes preparing a job contract and an appointment letter that outline the terms of employment.**

Appointment Letter Details

The appointment letter is a **legal document** that typically includes the following information:

- **Employee's Name:** The full name of the hired individual.
- **Job Title:** The official title of the position.
- **Appointment Date:** The date on which the employee will start working.
- **Salary and Other Benefits:** Details of compensation and any additional perks.
- **Job Conditions:** Specific conditions under which the employee will work.
- **Other Terms and Conditions:** Additional relevant employment terms, such as probation period, notice period, and any compliance requirements.

This document serves to formalize the employment agreement and clarify the expectations for both the employee and employer.

INDUCTION

- After hiring, **HR managers should formally introduce employee to the organization** - It is known as induction.
- Induction is **a process of introducing and familiarizing new employees with organization.**
- It can be done in both formal and informal ways.

Importance of Induction

- To provide suitable training for all new members of staff
- To enable ongoing training needs to be identified
- To improve the contribution to the business, a new member of staff makes as soon as possible
- To initiate the progress for a probationary period
- To eliminate fear and build up confidence in the employee
- To enhance the productivity and the quality of the productivity
- To build on sense of belongingness and loyalty
- Feeling of job satisfaction and security

Methods of Induction

Employee Handbooks

Comprehensive guides that provide information about company policies, procedures, and culture, helping new hires understand their roles and the organization.

Video Films

Engaging audiovisual presentations that introduce the organization's mission, values, and operational procedures, making the onboarding experience more dynamic.

Lectures

Informative sessions conducted by HR or department heads to explain key aspects of the organization, job expectations, and available resources.

Organization Booklets

Printed materials that summarize essential information about the organization, including its history, structure, and employee benefits.

External Resource Person/s

Inviting guest speakers or trainers to provide insights or specialized knowledge, enhancing the induction experience and offering a broader perspective on industry practices.

PERFORMANCE APPRAISAL

- A performance appraisal is a review and discussion of an employee's performance of assigned duties and responsibilities.
- It is a process of collecting evidence to measure productivity of employees for the purpose of making variety of decisions.
- The appraisal is based on results obtained by the employee in his/her job, not on the employee's personality characteristics.

Features of an effective performance appraisals

- Top management commitment and facilitation
- Everybody should be able to understand
- Trust and openness
- Appraisers should be properly trained
- Actions should be initiated based on the results of the appraisal
- Destructive criticism should be avoided in feed back
- Constant monitoring to ensure validity and reliability.

Process of Performance Appraisal



Establish Objectives: Define the aims of the appraisal, such as reviewing job duties, setting performance expectations, and facilitating communication between supervisors and employees.



Make Policy Decisions: Draft a clear policy outlining who will be evaluated, who will conduct the evaluations, and the timing and frequency of evaluations.



Determine Criteria and Standards: Establish guidelines for evaluation, including performance criteria (outcomes and behaviors) and set standards for acceptable performance levels.



Choose Appraisal Methods: Select appropriate appraisal methods (e.g., graphical rating, checklists) that align with the established objectives.



Train Evaluators: Provide training for supervisors and managers who will conduct the evaluations.



Conduct Evaluations: Carry out the appraisal process within the organization.



Discuss Results: Communicate the results with employees, encouraging their input and feedback on the evaluation process and findings.

Example

Performance Appraisal Process at Tech Solutions Inc.

1. **Establish Objectives:** The company aims to improve employee productivity by reviewing job roles, setting clear performance expectations, and fostering open communication between supervisors and team members.
2. **Make Policy Decisions:** Tech Solutions decides that all employees in the software development team will be evaluated annually by their direct managers. Evaluations will take place in December each year.
3. **Determine Criteria and Standards:** The company establishes criteria based on project completion rates and teamwork behaviors. For example, a minimum standard might be completing 90% of assigned tasks on time and demonstrating effective collaboration with peers.
4. **Choose Appraisal Methods:** They select a graphical rating scale to evaluate employees on a scale of 1 to 5 for each criterion (e.g., quality of work, communication skills).
5. **Train Evaluators:** Managers attend a workshop on how to conduct effective performance evaluations, focusing on providing constructive feedback and avoiding biases.
6. **Conduct Evaluations:** In December, managers evaluate each employee using the chosen method, assessing performance against the established criteria.
7. **Discuss Results:** After evaluations, managers hold one-on-one meetings with employees to discuss the results, allowing employees to share their thoughts and feedback on the evaluation process and their performance.

TRAINING AND DEVELOPMENT

- Training and development in human resource management focus on enhancing individual and group performance within organizations.
- Also known as "human resource development" or "learning and development,"
- Effective training offers several **benefits**:
 - **Improved Morale:** Training boosts job satisfaction and security, leading to higher employee morale, reduced absenteeism, and lower turnover.
 - **Less Supervision:** Well-trained employees require less oversight, minimizing time and effort wastage.
 - **Fewer Accidents:** Increased knowledge and skills reduce the likelihood of errors and workplace accidents.
 - **Promotion Opportunities:** Training equips employees with skills, making them more eligible for promotions and valuable to the organization.
 - **Increased Productivity:** Proper training enhances efficiency and productivity, resulting in better performance and optimal use of resources

Training Methods



Training methods

Technology-Based Learning

Technology-based learning utilizes digital platforms to deliver training. It allows for flexibility and self-paced learning, increasing engagement through interactive content.

Examples:

- E-Learning Modules
- Virtual Reality (VR) Training
- Mobile Learning: Social Learning Platforms: Basic PC based programs
- Interactive Video (Using a Computer in Conjunction with a VCR)
- Web-Based Training Programs
- Webinar and online workshops
- Podcast and Audio Learning

Training methods

Simulators

Simulators recreate real-life scenarios in a controlled environment, allowing trainees to practice without real-world risks. This method is particularly useful in high-stakes professions.

Examples:

Flight Simulators: Used to train pilots on aircraft systems and emergency procedures.

Driving Simulators: Used in training for commercial truck drivers to practice maneuvering and handling various conditions.

Game-Based Simulations: Utilizing video games for skill development in military or corporate training.

Virtual Simulations: Online platforms where users can interact with a simulated environment for training purposes.



Training methods

On-The-Job Training (OJT)

OJT involves employees learning directly in their work environment. This hands-on approach allows for immediate application of skills but can be stressful for some individuals.

Examples:

Job Shadowing: New hires observe experienced colleagues to learn job functions.

Mentored Tasks: Employees work on specific tasks with guidance from a supervisor.

Cross-Training: Employees learn different roles within the organization to enhance versatility.

Project-Based Learning: Employees are assigned real projects to solve under supervision.

Apprenticeships: A structured program where trainees learn a trade through a combination of classroom instruction and hands-on experience.

Task Rotation: Employees rotate through different positions or tasks to gain a broader understanding of the organization and develop multiple skills.

Training methods

Coaching/Mentoring

Coaching and mentoring provide personalized, one-on-one training from experienced professionals. This method supports skill development and career growth.

Examples:

Performance Reviews: Regular discussions focusing on employee strengths and areas for improvement.

Peer Mentoring: Employees at similar levels supporting each other in skill development.

Executive Coaching: Tailored training for senior leaders focusing on strategic decision-making and leadership skills.

Reverse Mentoring: Younger employees' mentor senior staff on modern trends and technologies.

Training methods

Lectures

Lectures involve a knowledgeable instructor delivering information to a large audience. This method is effective for conveying substantial amounts of information quickly.

Examples:

Webinars: Online seminars that allow for participation from a wide audience, often with interactive Q&A segments.

Industry Conferences: Sessions led by experts covering current trends and best practices.

Panel Discussions: Experts share insights on specific topics, allowing for multiple perspectives.

Flipped Classroom: Students review lecture material at home and engage in discussion and activities during class time.

Training methods

Group Discussions & Tutorials

Group discussions promote collaborative learning where participants share ideas and experiences. This method fosters critical thinking and team dynamics.

Examples:

Study Groups: Colleagues gather to discuss specific topics or case studies.

Roundtable Discussions: Small groups discuss issues, facilitating open dialogue and problem-solving.

World Café: A structured conversational process where groups discuss various topics at different tables.

Debates: Formal discussions where participants argue differing viewpoints, enhancing critical thinking.

Training methods

Role Playing

Role playing allows employees to practice workplace scenarios in a safe environment, enhancing skills like negotiation and teamwork.

Examples:

Sales Simulations: Employees practice pitch delivery and handling objections.

Conflict Resolution Scenarios: Participants role-play to resolve interpersonal conflicts.

Improvisation Exercises: Participants respond spontaneously to scenarios, improving adaptability.

Scenario-Based Training: Employees act out situations relevant to their roles, promoting experiential learning.

Training methods

Outdoor Training

Outdoor training focuses on team-building activities outside of the traditional classroom, fostering collaboration and communication.

Examples:

Team Retreats: Groups participate in activities designed to enhance teamwork and camaraderie.

Adventure Challenges: Activities like rock climbing or zip-lining that build trust and leadership skills.

New Points:

Survival Training: Teams must work together to overcome challenges in a wilderness setting, enhancing problem-solving skills.

Eco-therapy: Incorporating nature-based activities to promote mental well-being and teamwork.

Training methods

Films & Videos

Training films and videos can convey important concepts visually, making them engaging and memorable. Effective videos should align with specific training objectives.

Examples:

Training Clips: Short videos demonstrating proper procedures or safety protocols.

Documentaries: Films that explore industry practices and challenges, followed by discussion.

Interactive Videos: Trainees make choices that influence the video's outcome, enhancing engagement.

Web Series: Short, episodic content that explores workplace scenarios and best practices.

Training process



REWARDS MANAGEMENT

- Rewards management involves the **strategic approach to designing and implementing compensation structures** and benefits that attract, retain, and motivate employees.
- A fair and competitive pay system is crucial as it influences employee satisfaction, performance, and overall organizational success.
- Pay is defined as the basic reward an employee receives in return for his/her contribution rendered for the organization.

Importance:

- **Employee Satisfaction:** Fair compensation contributes to employee morale and job satisfaction.
- **Attraction and Retention:** Competitive pay and rewards help attract talent and reduce turnover.
- **Performance Motivation:** Well-structured reward systems motivate employees to achieve organizational goals



Types of rewards

1. Salary/Wage

- Salary or wage is the primary form of compensation paid to employees for their work. It is typically agreed upon at the time of hiring and is a fixed amount paid on a regular basis (e.g., monthly, bi-weekly).
 - **Salary:** A fixed annual amount paid to employees, often associated with professional roles and positions that require specific qualifications.
 - **Wage:** An hourly rate paid to employees, often associated with manual or hourly work, where the total compensation may vary based on hours worked.

2. Incentive

- Incentives are additional financial rewards given to employees for achieving specific performance targets or exceeding normal productivity levels. They are designed to motivate employees to perform at their best.
 - **Bonuses, Profit Sharing, Commission**

3. Welfare

- Welfare benefits are indirect rewards provided to employees as part of their overall compensation package. These benefits support employees' well-being and enhance their work experience.
 - **Travel Allowances;, Medical Allowances, Uniforms**

Objectives of Rewards Management

To attract suitably qualified persons to the organization

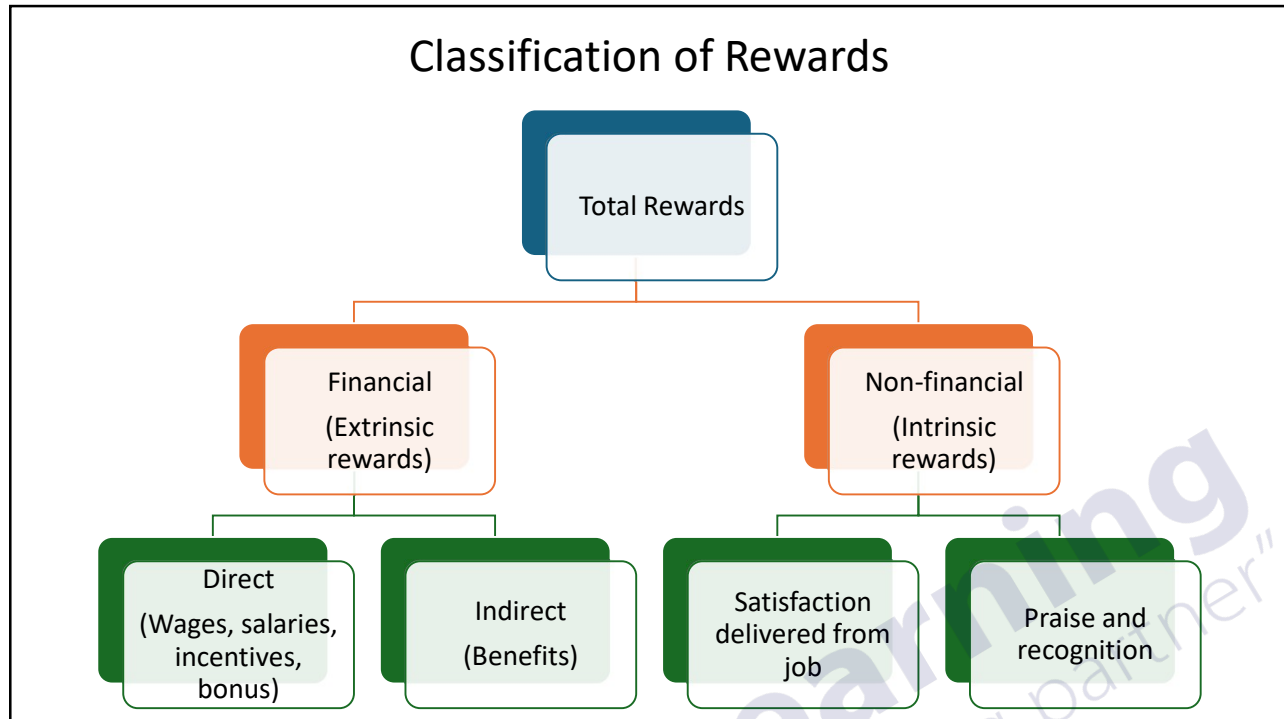
To retain the most appropriate employees within the organization

To motivate employees

To comply with legal requirements

Control employment cost

To ensure Equity



Total rewards

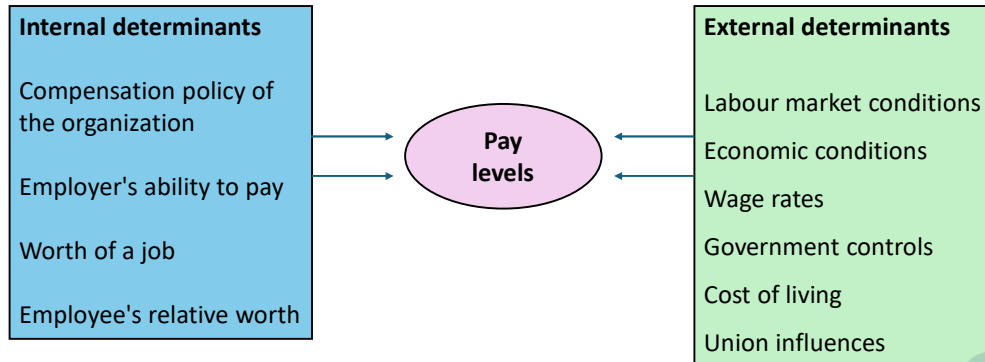
Financial benefits

- **Direct Financial Benefits**- These are immediate monetary rewards that employees receive as compensation for their work.
 - Example: Base salary, Bonuses, Commissions, Overtime Pay, Profit sharing
- **Indirect Financial Benefits** - These benefits provide financial value but are not received as immediate payments.
 - Example: Health insurance, retirement plans, Employee discounts, Paid Time Off

Non-Financial Benefits

- **For employee satisfaction**
 - Example: Professional Development Opportunities(training, workshops), Flexible work arrangement(flexible hours, compressed workweeks), supportive work environment, work-life balance initiative(wellness programs, gym facilities, mental health facilities), team build activities
- **For Praise and Recognition**
 - Example: recognition programmes (employee of the months award), public acknowledgment (recognize employees in newsletters, meetings), peer recognition, personalized Thank-You Notes, celebration milestones (work anniversaries, personal achievement, birthdays, project completion), feedback and development conversations

Determinants of rewards



Employee welfare management

Welfare administration involves the systematic implementation of policies and programs by an organization to provide facilities and comforts for its employees.

The goal is to enhance the quality of working life and improve overall living standards, ultimately leading to a more productive and efficient workforce.

Importance of Employees' Welfare

- To enhance employee's loyalty to the organization.
- To reduce employee turnover.
- To reduce employee absenteeism.
- To improve employee efficiency and effectiveness.
- To improve employee morale.
- To make recruitment function more successful.

Employee Welfare Management

Welfare services

- Medical Services (medical, dental, vision care)
- Feeding services (cafeteria, snacks and beverages, meal vouchers)
- Housing Services (housing loans, company provided housing)
- Transport Services (company shuttles, transport allowances, carpool programmes)
- Recreational & Social Services (Sport facilities, social events, clubs and interest groups)
- Advances & loans (salary advances, personal loans, emergency funds)
- Funeral Services (Funeral assistance, counselling services,
- Educational Services (tuition reimbursement, training programmes, scholarships for dependents)

Employee Health & Safety Management

Human resources are vital to an organization, and ensuring workplace health and safety is a key responsibility of HR managers.

Unsafe working conditions continue to cause significant problems for many organizations, highlighting the need for formal health and safety programs.

Work accidents can cause human suffering and sometimes death

Good health and safety practices may help improve productivity

Accidents and occupational diseases could bring down the moral of workers

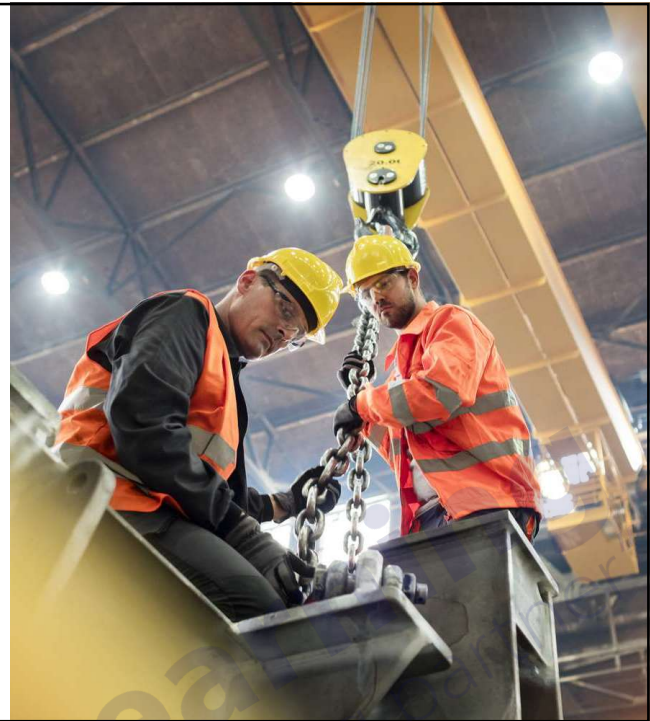
Repeated accidents can cause fear among workers and an uncomfortable working environment

Accidents are costly

Occupational Health and Safety

Occupational health is physical and psychological well being of employees in and out of the workplace.

Occupational safety is a working environment that is free of accidents and occupational diseases that may cause personal injury or ill health to employees.



Laws relating to industrial health and safety

Acts are important for occupational health and safety in Sri Lanka

- Workmen compensation ordinance (No 19 of 1934) - It deals with accidental compensation of workers
- Factories ordinance (No 45 of 1942) This ordinance provides legal provisions on health, safety and welfare of workers in factories.

Workmen Compensation Ordinance (No 19 of 1934)

- Employer is bound to pay compensation to an employee for industrial accidents.
- **Liability:-** If an employee meets with
 - i. an accident and
 - ii. arising out of his employment and
 - iii. in the course of his employment.
 the employer is liable to pay compensation.
- Occupational diseases also treated as an injury, if it is directly or reasonably attributable to the work.

Coverage Applies to any workman (Private or Public Sector)

- Length of service, Size of the industry not relevant, Number of employees **Not relevant**

Exceptions

- A.
 - (i) the employee under the influence of liquor at the time of the accident.
 - (ii) willfully neglecting or disobeying the instructions given by the employer
 - (iii) willfully remove or disregard the safety devices given by the employer.
- B. Trivial injuries – which last less than three (3) days.

Factories Ordinance (No 45 of 1942)

General Provisions

The general provisions primarily cover the following areas:

- 1.Registration and Approval:** Factories must be registered, and their buildings approved by relevant authorities before commencing operations. This ensures compliance with safety standards from the outset.
- 2.Health Regulations** - cleanliness, ventilation, temperature control, lighting, drainage, sanitary conveniences, and medical supervision - To prevent occupational diseases.
- 3.Safety Measures** - Safety protocols related to machinery operation, including the use of prime movers and transmission machinery and outlines precautions for handling hazardous substances.
- 4.Welfare Facilities:** To provide adequate drinking water, washing facilities, accommodation for clothing, resting areas for female workers, and first-aid provisions.
- 5.Employment Regulations** - The ordinance sets conditions regarding the employment hours of women and young persons in factories, including restrictions on night work and overtime.

Special Provisions

In addition to general provisions applicable across all factories, there are special provisions tailored for specific situations:

- 1. Dust or Fume Removal:** Factories involved in processes that generate **dust, or fumes** must implement measures to remove these hazards effectively.
- 2. Protection Against Specific Hazards:** Special regulations exist for industries dealing with asphyxiating **gases or vapors, radiation exposure, noise prevention measures, and protection from vibration.**
- 3. Prohibition of Certain Materials:** For example, the use of white phosphorus in match manufacturing is prohibited due to its harmful effects on health.
- 4. Regulations for Dangerous Trades:** Additional protections are mandated in certain dangerous trades where risks are significantly higher than in standard factory operations.
- 5. Special Health Regulations:** These include detailed requirements for medical examinations related to specific industrial diseases prevalent in certain sectors.
- 6. Emergency Powers:** The ordinance grants authorities power to enact special regulations during emergencies or when immediate action is required to protect worker safety.

Grievance Handling

Grievance is any dissatisfaction arising out of any reason connected with the employer or personnel life that an employee believes unfair or unjust.

A grievance can be projected as follows;

- It can be real or imaginative feelings of personnel justice that an employee has, about the employment relationship
- It need not be expressed to become a grievance
- It need not be true or correct
- A feeling arising from imaginative conditions or incorrect reasoning is still a grievance if it causes a feeling of injustice

Examples

Real Grievance Example: An employee is consistently assigned fewer desirable tasks than their colleagues despite having similar qualifications and experience. This situation creates a legitimate grievance based on perceived unfair treatment.

Imaginative Grievance Example: An employee believes that their manager favors another team member because they often socialize outside of work hours. Even if the manager treats all employees equally in terms of work assignments and evaluations, the employee's perception leads to a feeling of injustice.

Expression of grievances: An employee feels overlooked for promotions but does not express this concern during performance reviews out of fear that it might jeopardize their current position. Their unvoiced grievance still exists and affects their morale and productivity.

Causes of grievances

Common grievances are arising in organizations about salary, absenteeism, promotions, transfers, workload, stress, etc.

Main causes are:

- Contract terms
- Working conditions
- Unsatisfactory pay
- Ineffective supervisors
- Interpersonal issues
- Lack of communication
- Organizational culture and macro influence etc.

Grievance Handling Procedure



Define or describe the nature of the grievance as clearly and as fully as possible



Collect all the facts that help to explain how, when, where, why and to whom the grievance occurred



Establish tentative solutions to the grievance



Collect additional information to check the validity of the tentative solution



Apply the solution



Follow up on the case to make sure that it has been handled satisfactorily, and the grievance eliminated

Discipline Management

The processes and strategies used by organizations to ensure employees adhere to established rules, standards, and behaviors. It involves conditioning future conduct through the application of rewards or penalties to maintain order and promote a positive work environment.

Positive Motivation

Rewarding good behavior through praise, recognition, promotions, incentives, and opportunities for growth.

Negative Motivation

Corrective actions like punishment or penalties for undesirable behavior, such as failing to meet performance standards or violating company policies.

Examples

Positive Motivation:

- **Praise:** A manager publicly acknowledges an employee's hard work in a team meeting, reinforcing the behavior.
- **Recognition:** An employee of the month award is given for exceptional performance, recognizing their efforts.
- **Promotions:** An employee who consistently exceeds expectations is offered a promotion to a higher role with more responsibilities.
- **Incentives:** A company offers a bonus or gift card to employees who meet or exceed sales targets in a given quarter.
- **Opportunities for Growth:** Providing training programs, workshops, or mentoring to employees to enhance their skills and advance their careers.

Negative Motivation:

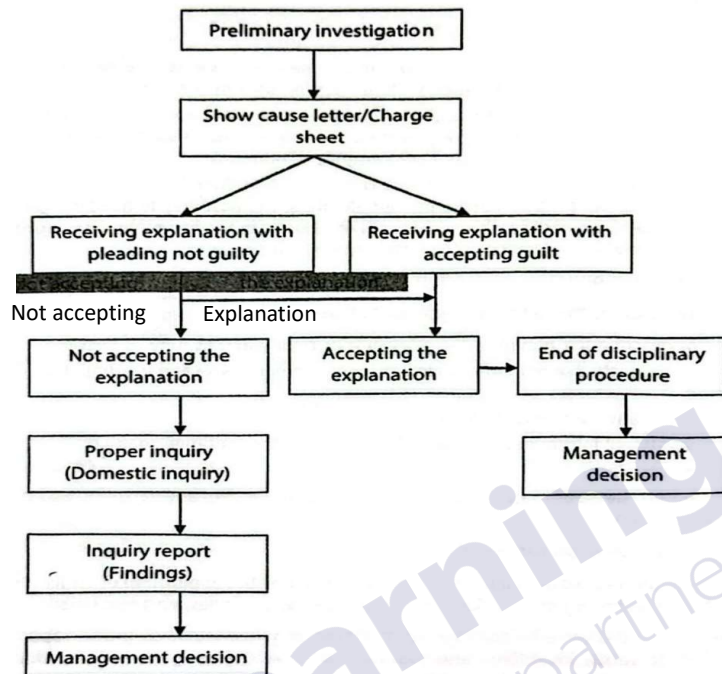
- **Verbal Warning:** An employee repeatedly arrives late to work and is given a verbal warning by their supervisor about the importance of punctuality.
- **Written Warning:** An employee consistently misses deadlines, and a formal written warning is issued detailing the violation and the consequences of continued behavior.
- **Suspension:** An employee is temporarily suspended for a serious violation of company policy, such as harassment or gross misconduct.
- **Demotion:** An employee who fails to meet performance targets is demoted to a lower position with fewer responsibilities.
- **Termination:** An employee who repeatedly fails to meet performance standards or violates company policies may be dismissed from their position.

What is misconduct ?

- Misconduct is any act or omission in breach of **expressed or implied terms** and conditions of the employment that has an adverse bearing on the smooth functioning of the workplace.
- Misconduct consists with
 - Expressed terms such as terms in the appointment letter, rules, regulations and procedure.
 - Implied terms such as faithfulness, honesty, obedience, respecting employees, etc.



Disciplinary Procedure



Types of Discipline in an Organization

Preventive Discipline

Focuses on **preventing violations** before they occur. It involves proactive measures to encourage employees to follow organizational rules and maintain good behavior. The goal is to **create an environment where employees understand and comply with the rules** to avoid misconduct or breaches.

Examples include:

- **Clear Communication:** Ensuring that employees are fully aware of company policies, expectations, and the consequences of violating rules.
- **Training Programs:** Providing employees with guidance on expected behavior and work procedures.
- **Regular Feedback and Monitoring:** Offering ongoing feedback and supervision to help employees stay on track.
- **Promoting a Positive Work Culture:** Encouraging values such as honesty, respect, and responsibility that prevent misconduct.

Types of Discipline in an Organization

Corrective Discipline

Comes into play **after a breach of discipline rules**. It aims to **correct and improve an employee's behavior** that has violated organizational standards. This type of discipline seeks to address issues and guide the employee toward better conduct.

Examples include:

- **Verbal Warning:** A discussion between the manager and employee about the violation and the need for improvement.
- **Written Warning:** A formal, documented warning that outlines the misconduct and potential consequences if the behavior continues.
- **Suspension:** Temporarily removing the employee from work to address serious or repeated violations.
- **Termination:** The employee is dismissed from the organization if their behavior doesn't improve despite corrective actions.

Labor Relations

Labor relations refers to the continuous relationship between employees and employers.

In many organizations, employees are represented by trade unions, and **labor-management relations** describe the **interaction between these unions and the organization's management**.

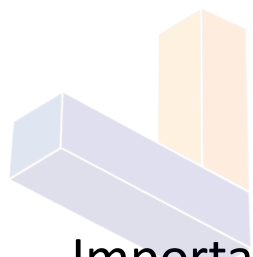
The goal is to maintain a positive and cooperative relationship between both parties, ensuring the smooth functioning of the workplace.

There are three **major objectives** of labor-management relations:

- **Building and promoting industrial peace:** Industrial peace means the harmony between trade unions and management without any strikes, unrest.
- **Building and promoting industrial democracy:** Inhere, an acceptance of unionization and participation in making decisions which affect well-being of workers.
- **Building and promoting cordial relationship between trade unions management:** work with- out any disputes between trade unions and management to promote harmony.

Organizational Behavior

- **Organizational behavior** refers to the study and analysis of the behavior of individuals and groups within an organization.
- It aims to understand how these behaviors impact organizational performance and effectiveness.
- According to Laurie J. Mullins (2004), **organizational behavior is the study and understanding of individual and group behavior, and patterns of structure, to help improve organizational performance and effectiveness.**
- Studying organizational behavior is crucial for enhancing efficiency in organizations.



Importance of Organizational Behavior

It builds better relationship by achieving people's, organizational, and social objectives.

It covers a wide array of human resource like behavior, training and development, change management, leadership, teams etc. It brings coordination which is the essence of management.

It improves goodwill of the organization.

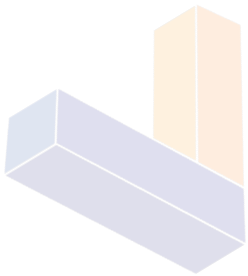
It helps to achieve objectives quickly.

It makes optimum utilization of resources.

It facilitates motivation.

It leads to higher efficiency.

It improves relations in the organization.



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