**2.1 – Functions & Evolution of Human Resource Management**

**Human Resource Planning**

* The management function of using & developing a person within a business to meets its org. objectives

Output:

* Increase productivity
* Improve quality (new ideas)
* Better customer service

Roles

* Workforce planning
* Recruitment, selection, induction
* Training & developing staff
* Reviewing pay
* Disciplinary procedure
* Welfare employees

**Workforce planning**

* Short-term: existing & upcoming ideas
* Long-term: looks at human resources needs in the future

Demands

* Historical data & trends – change in size of workforce
* Sales & income levels – higher income 🡪 more employees
* Labor turnover rates –
* Flexibility & workload
* Demographic change – gov. data

**Labor Turnover**

* % of workforce leaving org. in given period of time

LT= (# of staff leaving) x 100

(Total # of staff)

* Low Labor Turnover = right recruitment
* High Labor Turnover = add cost of recruitment & training
  + - * + Low productivity
* Staff Retention = Organization keeps employees
  + - * Org. offers personal/professional development training
      * Boost morale

Reasons: *Quitting A Job*

*Accept high rate of LT (org)*

* Relatively low wages
* Pay to unskilled workers
  + C -hallenge
  + L –ocation
  + M –oney
  + P –ride
  + J –ob
  + Lack job satisfaction
  + Better opportunities

**Internal/External Factors Influencing Human Resources**

*1- Demographic Changes*

* Statistical study of population

Caused by:

* Net birth rate (R=BR – DR)
* Net Migration rate (immigrants vs. emigrants)
* Retirement Age (if it raises 🡪 increases people in labor force)
* Women
* **Ageing population:** avg. age of living increases

Effects of Ageing Population

* Increase dependent population
  + DP=below legal working age, out of work, retired
  + Supported by working population – TAX PAYERS
  + Less working/more retired 🡪 pressure on tax payers
* Reduced Labor Mobility
  + Reduces flexibility & international competiveness of workforce
  + Can’t move
* Changes in consumption patters
  + Firms create opportunities for more mature groups
  + Objects/things they need
* Changes in employment patters
  + Keep retired people despite age
  + Labor supply shortages

*2- Changes in labor Mobility*

* **Geographical Mobility:** extent to which labor can move to different places
* **Occupation Mobility:** flexibility of changing jobs
* **Mobile Workers:** both 🡪 high supply of labor

*Limitations G. M*

*Limitations O.M.*

-Acquired attributes (education, skills, etc.)

-Young people change careers/older is to risky

-Highly specialized in an area

-Discrimination

-Friends & family

-Moving expenses: remortgaging property, house $

-Unfamiliar area/cost of living/language/culture

*3- New communication Tech.*

* Business capital-intensive = not so many workers required
* Communication & info tech. (ICT)
  + Support current activities in workforce planning
  + Improve it

*Examples*

* Recruitment – app online
* Meetings – conference call
* Appraisals – Google Doc.
* Flexitime & teleworking – work at home
* Online Training process – cost-effective

**Recruitment & Selection**

Internal Recruitment: hiring people who already workers for that business 🡪 promoting, relocating, redeploying

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| --- | --- |
| *Advantages* | *Disadvantages* |
| * Cost effective – quicker & cheaper * Less down-time * Less risk – of abilities & skills * Motivational – promotional opportunities | * Fewer applicants * Dead Wood – no new ideas * Time consuming – leads to another unfilled vacant * Internal politics- resentment/conflict on not receiving promotion |

External Recruitment: hiring people from outside the business

* Newspaper advertising
* Specialist trade publication – target specific audience
* Internet advertising
* Commercial employment agencies – charge a fee but save time
* Job center – non-profit org. by gov. for low paid jobs
* Headhunting – new company offers a contract & pay deal
* University visits
* Employee referral – personal recommendation by current employee

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| *Advantages* | *Disadvantages* |
| * New Blood – new ideas * Wider range experience * More applicants | * Greater uncertainty * Time-consuming * Expensive |

*Recruitment Process*

1. Conduct Job Analysis
2. Produce Job/Personal Description
3. Advertise Job (TAPS: trustful, relevant, accurate, positive, short)
4. Check apps & list of candidates
5. Interview
6. Perform Aptitude test (if applicable)
7. Choose best one
8. Sign Contract
9. Carry induction

*Application Process*

1. Application form
2. Curriculum Vitae – education, employment, history, skills, qualification
3. Cover Letter – why you?

*Selection Process*

1. Shortlisting – company app. Form & CV. Versus Job Description

*Interview Process*

* Get more info on job
* Through: video-conference, telephone, face-to-face, group
* Be prepared, dress appropriately, practice, don’t be late/critical/liar

**Behavioral-based questions:** assess a candidates behavioral pattern & initiative

**Situational-based question:** assess judgmental ability, hypothetical scenarios

*Testing Process*

* **Psychometric test:** personality
* **Aptitude Test:** ability & skill on pressure
* **Intelligence test:** mental ability
* **Trade Test:** candidates skill & specific position

*References*

* Statements about an applicant
* Done by previous employer

*Contract*

* Entitled by the law
* Terms & Conditions

*Induction*

* Helps settle in roles

**Training**

🡪 Workers acquire employment-related skills and knowledge

*Objectives of training*

* Enhance efficiency and effectiveness
* Improve quality of work
* Facilitate career
* Develop multi-skills
* Helps adapt to changes: technology

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| *Advantages* | *Disadvantages* |
| * Better skilled * Greater efficiency = better productivity * Higher morale * Good reputation for training 🡪 attract good quality workers * More competent to role 🡪better quality of output * Better adjustment to role | * Financial cost * Time consuming |

*Types of Training*

1. On the Job

* Carried out while at workplace
* Learning by doing
* **Induction Training:** introducing new employees to the organization, integrate, meet key personnel, tour, learn job role,
* **Mentoring:** partnership between 2

1. Off the Job

* External specialist are used (expensive)
* Key personnel come and pass knowledge to their team

1. Cognitive Training

* Training & developing mental skills to improve work performance (to certain people)
* Improve memory, attention, listening skills, logic & reasoning, visual & auditory processing, self control, time managing
* Limitation: might be expensive, not resourceful

1. Behavioral Training

* Identifying work-related problems to improve performance by behavioral change in the workforce (everyone)
* Team building, ethical business practice, emotional intelligence, motivation, conflict resolution, stress/anger management, leadership

**Appraisal**

🡪 Formal assessment of employees performance in fulfilling tasks & responsibilities

-annually/quarterly

- ***Performance management:*** planning, reviewing & mentoring employee’s to enhance performance at work

*Reasons*

* Assess & record employees performance with targets
* Staff reflects on performance
* Opportunity to praise staff for good work
* Identify barriers
* Identify appropriate training/development needs
* Set new target, goals 🡪 improvements
* Aid professional development/management for promotion

*Limitations*

* Time consuming
* May get offended by feedback/anxiety and stress

*Types*

***1- Formative:***

* Evidence used to inform employees on what to do to improve work practices
* Monitor performance, identify strength/weakness

***2- Summative***

* Written description of employees performance at work
* Personal achievement during the year, test knowledge/competence

***3- 360-degree Feedback***

* Collecting evidence from peers, subordinates, line managers with direct contact to employee
* Provide useful and practical feedback to improve
* Very bias

***4- Self-Appraisal***

* Self-reflection based on predetermined criteria
* Rate themselves, set targets for improvements

*Steps*

* Staff records & reports
* Appraisal meeting
* Written report of the appraisal
* Appraiser & appraise sign the written report
* Countersignature from senior manager

*Low rating Actions*

* Warning letters
* Counseling, advice
* Dialogue concerns and consequence
* Closely monitor performance
* Dismiss the employee

**Dismissals & Redundancies**

***Dismissals*** *–* termination of workers employment due to unsatisfactory performances:

* **Fair Dismissal:** evidence gathered (record of appraisal meetings, email, feedback) + dismissal communicated to the rest of the team
* **Unfair dismissal:** dismissed without valid/legal reasons:
* Discrimination
* Constructive dismissal – forced to quit

Reasons:

* Incompetence: lack of ability
* Misconduct: unacceptable behavior (late, rude, harass)
* Gross misconduct: major misdemeanors (thefts, fraud, drunk)
* Legal requirement: not necessary skills (dishonest qualifications, abilities, experience)

*Steps*

1. Verbal Warning
2. Official Written warning –meeting to improve in given timeframe
3. Official Dismissal

***Redundancies*** – business can’t afford to employ the worker/job ceases to exist

* **Voluntary Redundancies:** employer asks for volunteers to leave, offered redundancy package
* **Compulsory redundancies:** employers chooses which worker to make redundant
  + LIFO method: last in, first out
  + Retention by merit method: least product workers are made redundant
* **Redeploy:** transferring employees to other departments
* **Decrease wage**

**Changing Employment Patterns & Practices**

Employment Sector

* Primary, secondary, tertiary & quaternary

Ageing population

* Low Birth Rates + High ageing = avg. workforce rise
* Shortage in labor supply affects workforce planning, recruitment & planning

Flexile work structures

* Business uses less core staff
  + Improve flexibility (work from home, restructuring, flextime, less recruitment practices, retaining core staff)
  + Low labor costs

Teleworking

* Working away from office through electronic forms
* *Call centers –* workers deal with customers complaints on the telephone
* *Homeworking –* work from their own home

Portfolio Working

* A person employed in a number of different of jobs (gardeners, plumbers)
* Experiences fulfill career
* Lacks job security

Part-Time employment

* Lower remuneration (pay & benefits)
* Wages are low, adjustable working hours
* Turnover is higher (less values) 🡪 inducting & training is expensive

Flextime

* Shift work
* Flextime: employees work for a core period
* Reduce paying staff for work overtime, extended normal working hours, provide equal opportunities, greater freedom

Migration of workers

* A person engaged in remunerated activity in sate that he/she is not national
* *Contribute to economic growth* – higher production, consumption, payment of taxes

*Reasons*

* Pay & Remuneration
* Employment Opportunities
* Seasonal Factors : farmers
* Domestic instability: political, security 🡪 limits business opportunities
* Higher standard of living

**Outsourcing, offshoring & re-shoring**

* Globalization: intensified competition in industries
  + Cost advantages
    - Firm can reduce prices to gain market share 🡪 create greater profit margin
    - Prices are unchanged but operation on larger scale 🡪 greater profit margins

How?

***Outsourcing:***

* + When someone takes care of a part of your business (you still get profit)
  + Transferring internal business activities to an external firm (where they have specific skill) to reduce cost of production
  + Subcontractors : (outsourced firms) carry outsources work for less money than their clients
  + Apple, security

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| *Advantages* | *Disadvantages* |
| * Specialist are hired * Subcontractors will bid for the outsourced work * Reduces labor costs * Allows concentration on core activities * Improves workforce flexibility | * Subcontractors high under-aged, illegal, unqualified workers * Quality manag. Is difficult * Conflicting views of quality * Subcontractors needs to be monitord * Can cause redundancies in org. * Exploitation of labor in LEDC |

***Offshoring:***

* An extension of outsourcing
* Relocating business activities and processes **abroad**
* **Offshore outsourcing:** exporting work from MEDC to areas of the world where there is:
  + Political stability
  + Lowe labor cost
  + Les imported taxes issued
  + Firms access latest tech.
  + (India: call centers; China: shoes)

Limitations

* Quality managing issues
* Adverse fluctuations in exchange rate: Cost saving are wiped out
* Host country has inflation 🡪 rises in min. wages

***Re-shoring:***

* Transfer of business operation back to their countries of origin
* Why?: Decline of cost-effectiveness

*Reasons:*

* Product recall
* Mass-media coverage of outsourced business being unethical
* Limited monitoring of quality
* Transportation costs rise – more cost-effective
* Increased demand for customization of product – customers demand
* Bring back jobs
* Balance gov. budgets

**Human Resources planning & CUEGIES**

* Effective managers consider cultural impact
  + Appraising may be disrespectful to senior managers
* Globalization & Innovation– information communication technologies (ICT)
  + how tech. helps workforce planning
  + Improve capabilities, efficiency and functions of organization
* Managers not making the most of human resources then:
  + Recruitment - Higher cost
  + Resources – achieving less org. objectives, more personal problems
  + Reservations – lower morale and higher uncertainty of staff
  + Return – low labor productivity, profits
  + Reputation – poorer corporate image

**2.2 – Organizational Structure**

Business functioning efficiently

* **Accountability:** who is responsible for each job
* **Responsibility:** who is in charge of whom & what role/capacity

**Delegation & Span of Control**

***Delegation:*** passing the control and authority to others

* Entrusting & empowering staff to complete task
* Manager not having to complete all tasks
* Motivate employees, feel trusted

*SMARTER Delegation*

**Specific**: task is defined

**Measurable**: results must be quantifiable to measure success

**Agreed**: managers & subordinates agree delegated task

**Realistic**: reasonable, achievable

**Ethical:**

**Recorded**

***Span Control:*** # of people directly accountable to a manager

* Higher hierarchy 🡪 higher span control
* Advantage: fewer layers needed, better communication & cost control
* \*CEO: responsible for Board of Directors & in charge of all workers in the org.

*Factors: degree of control granted to manager*

* **Manager** – the more skilled & experienced
* **Organizational culture** – monitor & control subordinate, show span of support
* **Subordinates** – highly skilled staff (work in small teams) with high SC
* **Task –** complex, urgent & important 🡪 higher SC + more communication

Mass-produced product: less supervision 🡪 less SC + less workers

**Levels of Hierarchy**

* **Hierarchy:** the organizational structure based on a ranking system
  + CEO, Chairperson, Board of Directors
* **Line Manager:** person directly above an employee on the next hierarchical level
  + Responsible for ad to day management of subordinates
* **Subordinates:** Next level down

*Chain of command*

* Formal line of authority where orders are passed down in org.
* Few levels of hierarchy 🡪 short chains

Delayering

* Process of removing one or more levels in the hierarchy
* Reduces # of layers + widens span of control

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| Advantages | Disadvantage |
| * Improve coordination & productivity * Show lines of communication * Establish departments/teams * Reduce costs * Encourages delegation & empowerment | * Departmentalization: Workers are isolated from teams * Not flexible * Creates anxiety & insecurity * Overloads staff – less quality * Long decision making |

**Bureaucracy**

* Execution of tasks that are governed by official administrative & formal rules of an org.
* Division of labor applied to the administrative tasks within an org.

🡪Excessive administration, paperwork, long official lines of command, managers with 2+ roles & formalities

*Principles*

* Continuity – follows official rules & regulations
* Rules & regulation – lines of authority, responsibility, accountability
* Hierarchical structures –
* Accountability – written evidence of workers performance

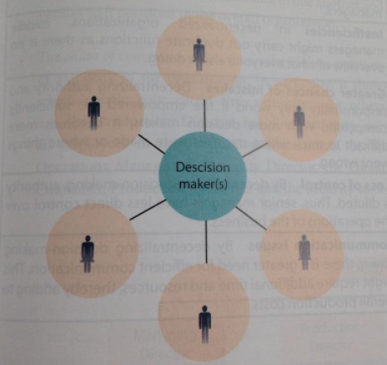
**De/Centralization Structure**

* Extend of concentrated authority, trust & corporate culture

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| ***Advantages*** | ***Disadvantages*** |
| Rapid decision making | Pressure/stress to senior staff |
| Better control | Inflexibility |
| Better sense of direction- greater knowledge | Possible delays on decision-making |
| Efficiency | Demotivating |
| Good communication | No team work |

**Centralized Structure:**

* Small # of people in decision making



**Decentralized Structure:**

* Decision-making authority & responsibility is shared with others

*Factors: Choosing Structure*

* Size of org. (larger 🡪 need of decentralization)
* Scale of importance of decision (high-cost?)
* Level of risk
* Corporate culture (if needed creativity)
* Manag. Attitude & competencies
* ICT (information communication tech.)

**Organizational Charts**

* Diagrammatic representation of firm’s formal structure
* Shows:
  + *Chain of command*
  + *Functional departments*
  + *Span of control*
  + *Channels of communication*
  + *Levels of hierarchy*

*Flat & Tall Organizational Charts*

**Flat Organizational Charts:**

* Few levels
* Each manager: wide span of control
* Delegation is important
* Cheaper to operate
* Better communication

**Tall Organizational Chart:**

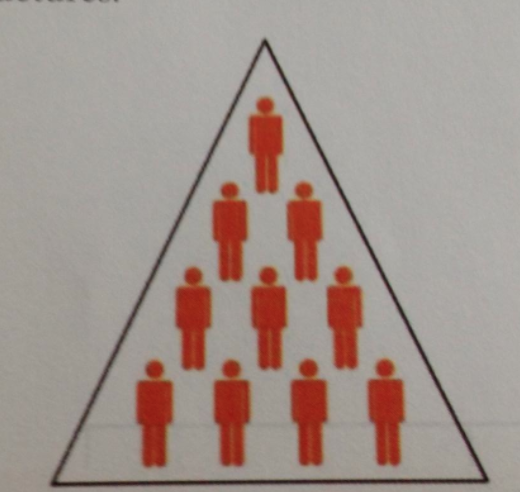
* Many hierarchy levels
* Narrow span of control
* Quick, effective communication

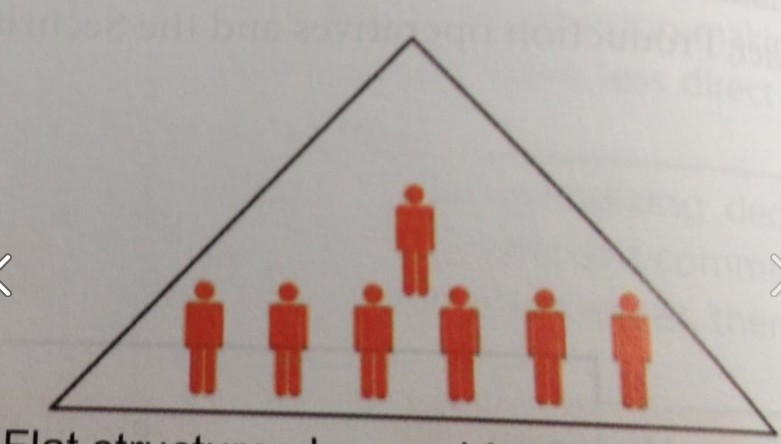
in smaller teams

* Specialization & division of labor🡪

More productivity & efficiency

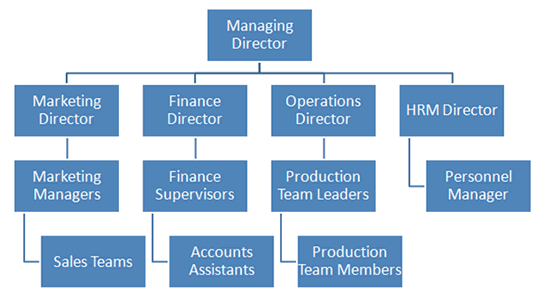
* More opportunities

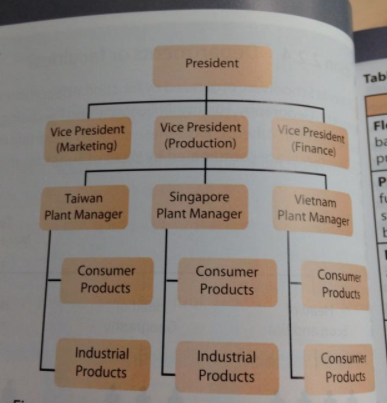




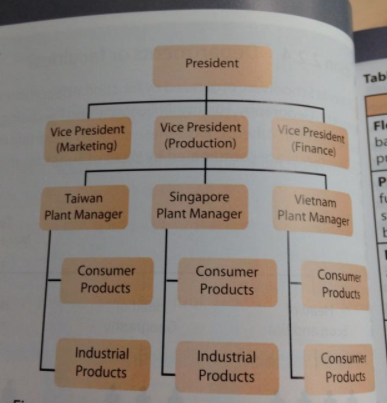
**Hierarchical Organizational Chart**

* Subordinates reporting to their line manager
* Position: indicates rank, status, level of authority
* Tall Hierarchical = bureaucratic (long)

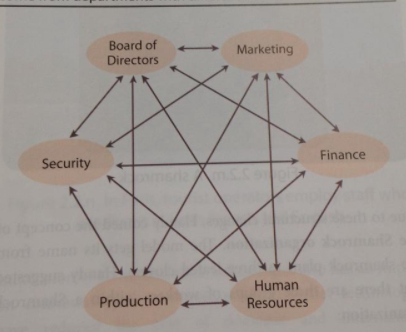


*Organizational Structure*

* **Organization by function:** different operation roles
* **Organization by roles:** multinational companies organized by geographical region
* **Organization by Product**

*Project-based organization*

* Increase flexibility to adjust to market changes 🡪 productivity
* Project manager with a team of workers
  + Isolation of team
* Used for temporary period for specific projects 🡪 efficient, control

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***Matrix structure***

* Flexible org. of employees from different departments within org.
* Temporarily working together
* Each member: accountable to two managers –official department & project manager

Handy’s Shamrock Organization

*3 groups of workers*

* **Core Staff:** full-time professional workers, daily operations
* **Peripheral Workers:** part-time, temporary workers, employed when needed, paid at rates 🡪 reduce labor costs
* **Outsourced workers:** individuals not employed by org, paid to complete particular & specialized tasks

**Impact of culture & ICT on communication in organization**

Culture

* Different languages
* Cultural ignorance – may offend
* Recruit bilingual/multilingual employees
* Internet helped (translation)

ICT

* Email – data transmission, high tech. cost
* Mobil Device
* Video Conferencing

**Organizational Structure & CUEGIS**

* Causes motivation, effort, reduce communication problems, high coordination
* Managers have to be aware of cultural differences & approaches
* Larger firms requires more organization
* Good Management attitude

**2.3 Leadership & Management**

**Key functions of managers**

* The roles & responsibilities of managers

*Functions: Henry Fayol*

* Planning – setting the course of action
* Commanding – give instructions/orders
* Controlling – performance, health, safety of their teams
* Coordinating – teams achieve goals of org
* Organizing

*Functions: Charles Handy*

* **Managers as general practitioners**
  + Organizing health problems of firm: level of staff turnover, productivity, costumers satisfaction
* **Managers as confronters of dilemmas**
  + Required to let go of some authority when delegating work to teams
  + Also retain responsibility for assigned tasks
  + Management of stakeholders
* **Managers as balancers of cultural mixes**
  + Balance cultural mix in org
  + Get the best of each individual

*Functions: Peter F Ducker*

-Managers: not too involved in daily activities of employees

* Setting organizational objectives
* Organizing tasks & people
* Communicating with & motivating people
* Measuring performances
* Developing people: bringing out the best in people

**Management vs. leadership**

* **Leader**: someone who influences & inspires others to get things done
* **Leadership:** process of influencing & inspiring others to achieve organizational goals
* **Managers:** focus on achieving specific goals within a definite time frame
* **Management:** planning, organizing & coordinating human and capital resources to achieve organizational goals

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|  | **Management** | **Leadership** |
| *Time & Devotion* | Defined time frame | 24-hours each day |
| *Roles & Responsibilities* | Innovative thinkers  -How and when? | Broader range  -What and why? |
| *Influence on others* | Instructions and orders are listed | Inspire and motivate their followers through actions |
| *Concentrate on* | Task | People |
| *Risk-taking* | Follow predetermined rules & policies set by org. | Take risks by challenging the status quo |
| *Vision* | Abide by procedures and culture of org. | ‘a dealer in hope’- create a culture of hope |

**Leadership Styles**

* Decision makers behave/reveal their behavior

*Autocratic*

* One who makes all the decisions
* Prefers not to delegate any responsibility
* Tells subordinates what to do – opinion/suggestions are ignored
* Can cause resentment of employees, labor turnover, absenteeism
* Used: when needed fast decision-making, unskilled labor

*Paternalistic*

* Treat their employees as if they were family members
* Guide them through consultation process
* **Negative paternalistic style:** leader perceives the workers as less than capable
* **Positive Paternalistic style:** leader perceives workers as highly capably

*Democratic*

* Involves employees in the decision-making process
* Consult staff & consider views before final decision
* It delays decision making (not for large workforce)

*Laisseze-fair*

* Minimal direct input in the work of employees
* Allow subordinates to make their own decisions & complete tasks in their own ways
* Motivation: staff feels trusted
* Coordination & decision-making is time consuming

*Situational leadership*

* Not based on any single dominant approach
* Using right leadership for right situation
* Adopting to change and style

**Factors affecting S.L. Styles:**

* Culture
* Leader – trust on employees, experience
* Organizational Structure – hierarchical structures tall/flat? Span of control?
* **Task –** difficultness, urgent, important?
* **Subordinates –** level of skills, motivation, unity

**Leadership, management & CUEGIS**

* **Cultural-** tradition & expectation that leaders make is different in countries
* **Ethical –** leaders personal values and moral judgment
* Delegation & empowerment – leaders fulfill strategic responsabilities
* Shift from: Autocratic 🡪 democratic style
* Leadership affects level of morale, commitment & competence

**2.4 Motivation**

**Motivation**

* The desire, effort & passion to achieve something

*Motivation theory*: how managers seek to motivate workforce to maximize job, satisfaction, staff morale & labor productivity

*Benefits:*

-Higher morale/job satisfaction

-Better industrial relations (less conflict in workplace)

-Low nonattendance

-Low staff turnover (reduced cost of hiring)

-Higher profitability

**Motivation Theories:**

-*Federick Taylor (1911)*

Principles of scientific management:

* Employees want higher wages
* Productivity could be improved by setting output/targets related to pay

Promoted:

1. *division of labor*

* Assign job/task to people based on abilities rather than potential
* Specializing the production process
* Improve efficiency & output

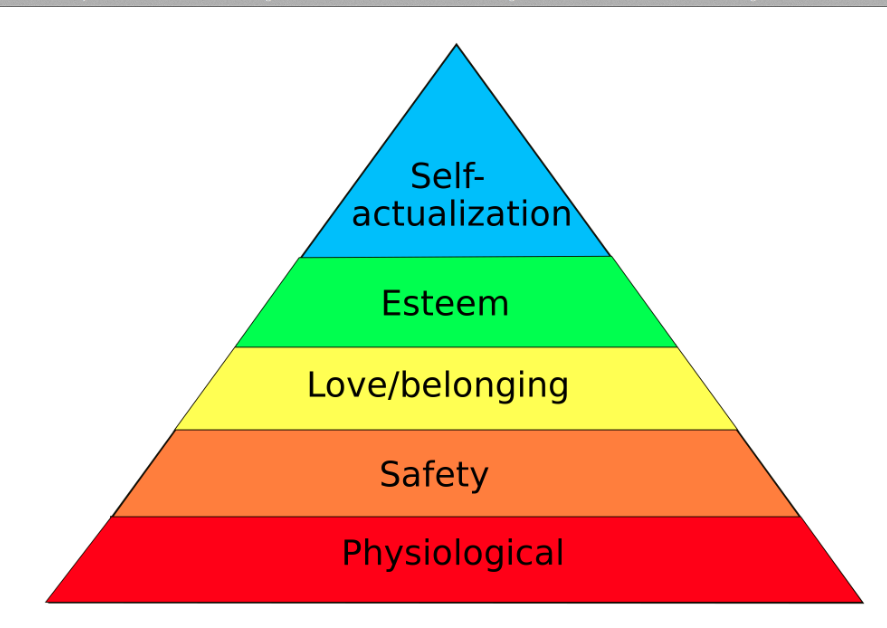
1. *Differentiated piecework*

* Workers wage: standard level of output
* Receiver high rate if exceed of that level
* Rewards more

Waged-Staff: no input into how things are doing/paid different

Limitation

* Ignored non-physical contributions: higher level of education
* Workers have no voice in decision-making
* Has repetitive/monotonous tasks 🡪job dissatisfaction



-*Abraham Maslow (1943)*

* Based on the psychological/hierarchy needs of workers
* Meeting lower level needs before higher level needs

Lower Level Needs

* **Psychological needs:** water, food, air, sleep, etc.
* **Security needs:** job security, sick pay, maternity leave, pensions (retirement income)
* **Social needs:** communications, social gatherings, etc.
* **Esteem Needs:** Internal: self respect - External: recognition, self respect
* **Self-actualization:** be the best that you can be – promotions

Limitations

* Measure level of needs
* Model pyramid not accurate/appropriate for everyone
* What motivates people once they reach self-actualization?

-*Frederick Herzberg (1959)*

* Sociological and psychological aspects of work
* 2 factors affecting motivation:

**Hygiene Factors:** physical

* Meet basic needs to ensure no demotivation
* Become an expectation/granted
* People have different needs
* Limited to low-skilled/paid jobs
* Organizational rules, regulations, policies, working conditions, pay regulations

🡪 higher wages: doesn’t motivate, its already expected by contribution to work

**Motivators:** psychological

* Psychological growth 🡪 satisfaction
* Achievement, recognition, responsibility & advancement of work
* Democratic leadership style: train tasks to staff
* **Job Enlargement:** more tasks given 🡪 challenging
* **Job Enrichment:** complex jobs exploit potential
* **Job Empowerment:** delegating decision-making power to workers
* Motivation vs. movement
  + **Motivation:** people do something because the want to
  + **Movement:** people do something because they need to

-*Adam’s Equity theory (1963)*

* Workers naturally compare their efforts/rewards to others
* Each worker has:
  + Remuneration- salary + fringe benefits 🡪 reflects effort
  + Input-Outcome Ratio is fair in relation to others

(Contributions made by employee - non/financial rewards)

*Impact:*

* **Equity norm**: workers expect fair remuneration
* **Social comparison:** determine what is fair by comparing to workers
* **Cognitive distortion:** workers feel like inputs are greater than outcomes
* **Inequities:** greater input receive less effort 🡪 cause high absenteeism

-Daniel Pink (2009)

* Monetary rewards motivate workers
* Bonuses & commissions block essential skills of creativity
* ‘Baseline Rewards’ (salaries/perks): satisfy basic human needs
  + *Internally fair: what they are being paid for*
  + *Externally fair: paid in comparison to others*

Factors that motivate

* Autonomy – self-sufficient, new tasks, time, techniques, teams
* Mastery – self-improvement, learn/create, Goldilocks Tasks- not too simple or hard
* Purpose – self-esteem, how they contribute to prupose of org.

Types

* Type X (extrinsic): motivated by money, etc.
* Type I (intrinsic): engage in own desires activity

**Financial Rewards**

*1. Salary*

* Financial rewards as fixed annual rate paid monthly
* Where output & productivity can’t be measured

*Limitations*

* Can’t distinguish output 🡪 no rewards
* All paid the same amount 🡪 little incentive to work harder

Solution: performance manag. & Performance appraisal (2.1)

*2.Wages (time/price)*

* Rewards for labor services hourly or output measure
* Depends on output and not on effort

-National minimum wage: gov. sets a stated rate of payment

-Overtime rate: wage earners paid for extra hours

-Piece rate: pays workers for each item produced/sold

* Incentive to maximize incomes

*3. Commission*

* Pays workers based on a portion (%) of sales/output
* Org: financial rewards = incentive to work more
* Have a basic salary

*Limitations*

* Speed production
* Aggressive selling
* Added pressure to sell more
* Repetitive tasks
* Lacks security needs
* Hire quality controllers

*3. Profit-related pay*

* Pays depending on profits in the firm
* Annual bonus
* Result by team effort
* Boost labor efficiency
* No individual recognition

*4. Performance Related Pay (PRP)*

* Rewards employees meeting certain goals
* Goals: sales targets, competence in job, contract completion

*Payment Methods*

* **Pay rise –** meet/exceed targets
* **Performance bonus -** reached output/quality targets
* **Gratuity –** meet employment contract

*5. Employee share ownership schemes*

* Rewards workers, managers, directors by giving them discounted prices, selling the shares
* Impact greater interest on wellbeing of org.

*6. Fringe Payments (perks)*

* Financial benefits in addition to wage/salary
* Encourage employee loyalty/safety needs,
* Feel more valued
* Potential high cost
* *Health insurance, housing allowance, retirement fund, staff discounts, subsidizes meals*

**Non- Financial Rewards**

*1. Job Enrichment*

* More challenging jobs & responsibilities

|  |  |
| --- | --- |
| ***Pros*** | ***Cons*** |
| Range of tasks 🡪 better sense of achievement | Added expenses – train |
| Autonomy/psychological growth | Workload increase |
| Greater authority | Risk: not too challenging to low-skilled workers |

*2- Job Rotation*

* Perform different task at same level of complexity in a systematic way
* Provide more variety
* Avoid overspecialization: boredom
* Cover for absent colleagues

*3- Job Enlargement*

* Broadening the # of tasks with the same job itself
* Reduce monotony (repetitive) of tasks 🡪 boredom & demotivation
* Can cause workload for same amount of pay

*4- Empowerment*

* Developing potential of workers
* Granting authority, decision-making
* Boost motivation/pride

*Achieved through methods:*

* **Delegation –** pass authority to subordinate with competence (ability) & desire
* **Worker participation –** workers help on decision-making (suggestions)
* **Continuous professional development –** ongoing training to progress in their career

*5- Purpose*

* Making a difference to the world (altruistic)
* Build ongoing relationship with beneficiaries

*6- Teamwork*

* Meet social needs/no boredom
* Build sense of belonging 🡪 low labor turnover, greater productivity

*Types*

* **Departmental teams –** functional teams
* **Cellular manufacturing –** complete part of production process
* **Quality circle** – team members meeting to discuss solutions to problems

**Motivation & CUEGIS**

* What motivates one person doesn’t motivate the other
* Cultural norms – people better suited to a system fo scientific manag.
* Intrinsic & extrinsic depend on situation/person

**2.5: Organizational (Corporate Culture)**

**Corporate Culture:** the beliefs, values & attitudes of the manag. & employees

**Elements of organizational culture**

* **Nature of the business:** purpose and directions of the organization (mission, aims, objectives)
* **Organizational Structure:** tall/flatter structures (lots of small teams or non) & highly skilled innovative staff vs. demotivated staff
* **Rewards:** motivated workforce 🡪 appropriately remunerated 🡪 develop strong & united culture
* **Management:** de/centralized organizations: management has to solve all problems?
* **Sanctions:** few 🡪 encourages slack of workers

**Importance**

* **Cultural intelligence:** ability of individual to blend into occupational, corporate & national cultures
  + Ability to adjust to unfamiliar situations
* Depends on degree of unity: no cultural gap

\*\*\*cultural gap: the difference between the desired culture of a business & the culture that actually exits (in subgroups)

Advantages:

* Sense of belonging/security to staff
* Promoting cohesiveness
* Reduce mistakes/misunderstanding
* Minimizing problems

**Types**

*1- Edgar H. Schein*

Corporate Culture levels

* **Artifacts:** superficial/behavioral aspects
* **Espoused values:** desired/expected culture
* **Shared basic assumptions:** culture not seen by integration in organization

*2- Charles Handy*

* Different cultures for different business activities

Types of O.C.

* **Power cultures:** dominant group/individual holding decision-making power (flat + wide span of control - 2.2)
  + no staff training
* **Role cultures:** formal rules & procedures with job roles/descriptions, power depends on position
* **Task cultures:** focus is getting results from work done, no single source of power, contribution matters
* **Person cultures:** similar position & expertise staff share their knowledge & skill

*3 – Deal & Kennedy*

Dimensional framework

* **Feedback & Reward**
* **Risk:** degree of uncertainty in org.

Type of O.C.

* **Tough-guy macho culture:** rapid feedback – high risks

\*\*fast-paced organizations: stock exchange, police force, etc.

* **Bet-the-company culture:** slow feedback – high risks

\*oil exploration, pharmaceutical industries

* **Process culture:** slow feedback – low risks – bureaucracy exit, attention to detail rather than future

*4 – Kotter & Heskett*

Types of C.O.

* **Adaptive cultures:** receptive to change, staff & manag. Are entrepreneurial

\*\*google

* **Inert cultures:** resistant to change & inward looking, hold negative values of change to culture 🡪 promote inertia (disinterest)

*5 – Goffee & Jones*

Ideal Culture has both

* **Sociability:** people concerns for colleagues 🡪 focus on people
* **Solidarity:** unity in organization – sharing same values, interests 🡪 harmony

*6- Geert Gofstede*

Dimensions of culture:

* **Power distance:** subordinates expect & accept unequal power within org. (unequal rights)
* **Individualism vs.** **collectivism:**
  + Ind: If they should care for themselves
  + Col: should be taken care by their family/society/gov.
* **Masculinity vs.** **femininity:** a culture conforms to traditional gender values-
  + Masc: aggressiveness, materialism
  + Fem: or quality of life, relationship
* **Uncertainty avoidance:** org./country prefer structured routines over flexible structures – rules & regulations
* **Long – term vs. short term orientation**
  + Long: makes sacrifices today for future benefits

**Cultural clashes within organizations**

*Reasons*

* Growth of firms
  + Internal
  + Becomes a formal & hierarchical org. structure
  + More bureaucratic & power orientated
* Merges & acquisitions
  + External
  + Culture of dominant firm prevail
  + New hybrid culture develops
* Change in leadership
  + Leaders drive strategic direction of org.

*Consequences*

* Misunderstandings
* Miscommunications
* Unhappy staff – turnovers
* Compromises needed
* Resistance to change
* High cost training
* National culture disputs

**Individuals & Organizational Culture**

* Qualities of leaders influence
* Aim: influence staff to follow/shape a shared vision & corporate culture

*Strategies (MOVER)*

* **Mentor:** sharing knowledge and expertise
* **Outreach:** communicating the vision & desired culture
* **Vision:**
* **Engaging:** self-worth and commitment to empower/excite others
* **Role modeling-**

**Organizational culture & CUEGIS**