Mainstreaming CSR into functional areas

Strategic Human Resource Management

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Helena Pérez
perezh@improvingworklife.es

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1. Why is Human Capital important?

Human capital is a valuable concept because it recognizes that people should be treated as assets, rather than as an expense.

An integrated approach to managing a company's employees based on people management policies, programs and practices leads to sustainable business advantage. It is based on the idea that it is only people amongst the resources available to a business, that have the capacity to generate value and that HR interventions linked directly to the business strategy will deliver commercial success. It is suggested that employees differ from other resources because of their ability to evaluate and to question management actions, and as a consequence, their commitment and cooperation has to be gained.

At its most basic, the employment relationship is a matter of simple economics. When an individual agrees to an employment contract s/he strikes a "pay-effort bargain" i.e. in exchange for a wage or salary the employee is obliged to perform a certain amount of physical or intellectual labour. Seen in this way the relationship is inherently conflictual. Employees want to maximize pay and exercise more control over productivity and their job security. Employers on the other hand see "pay" as a cost that reduces profit and needs to be minimized and "output" as a commodity to be maximized. In this model what are often perceived as employee "counter-management" actions are responded to by managers seeking to exercise more control and discipline over their employees.

What happens in reality is that the employer buys a *potential* level of labour and it is the function of management to transform this potential into actual value added activity. The role of HR management is to narrow the gap between the employees potential and their actual delivery. This calls for a reciprocal commitment and obligation by both parties.

Put bluntly, successful companies do not see their employees as problems to be solved … but as essential contributors to the desired solution of better business performance.

In essence, an HR strategy should aim to capture "the people element" of what a company is hoping to achieve in the medium to long term, ensuring that:

- It has the right people in place,
- It has the right mix of skills,
- Employees display the right attitudes and behaviours, and
- Employees are developed in the right way.

2. What does an HR Department do?

Traditionally the HR function has been viewed as primarily administrative. HR was viewed as the company's "police agent" that ensures that salaries are properly paid, that hiring and firing is performed according to the law. At best, the focus was at the level of the individual employee, the individual job and the individual practice based on the premise that improvements in individual employee performance will automatically improve

organizational performance. Many companies continue to view HR as an administrative function and don't perceive the need and opportunity to align it with its strategic plans.

Strategic Human Resource Management is a more modern concept where there is a shift in emphasis from rules to a focus on results. It is likely that companies have not aligned their HR functions with a company's strategy because it is considered "soft" and since it has been considered difficult to measure results it is therefore not important in strategy development.

A definition of strategic HR management is the design and implementation of a set of practices that ensure a company's human capital contributes to the achievement of its business objectives.

The choice for HR Departments between strategic or administrative functions is not an either/or questions. Rather, HR managers need to realize that both are equally important. HR administrative functions are the basic building blocks that keep order with the function of HR and, when done correctly, maintain a level of creditability within the company.   It is not so much that HR is recognized for a good administrative job, as it is important not to be known for doing a poor administrative job. Once the foundational administrative functions are in place, HR needs to expand into the strategic arena. HR needs to expand beyond an administrative function and focus more on how it can support the company in strategic planning and implementation.

Although all companies adopt quite specific HR policies and practices that reflect the priorities and business circumstances facing the company, there are generally considered to be a number of core HR disciplines. It is these more formal sub-discipline headings that we use during the training course:

Human resource planning: Is the formal process businesses use to align their future personnel needs with the needs of the company.

Job descriptions and job analyses: Deals with collecting information to help you fully understand and describe duties and responsibilities of a position.

Recruitment and selection: Deals with the process companies use to identify, select and appoint and promote employees.

Reward management: Describes the monetary and non-monetary reward system the company operates that works to motivate and retain good staff.

Appraisal and performance management: Deal with the system by which employees know what is expected of them and how they doing.

Training and development: Takes place throughout the employees' life cycle, from induction into the company and the initial job through to developing employees with potential into jobs with progressively more responsibility.

Managing employee relations: Includes those mechanisms set up to ensure good relationships with employees and trade unions or other employee representative bodies.

Handling grievances and managing disciplinary action: Grievance systems are set up by companies to channel complaints and grievances from their employees. Disciplinary systems are used as mechanisms to correct performance and behaviour or conduct problems.

Finally, whilst not a formal HR "discipline" of itself, we will look at the issues of record keeping and evaluating the performance of the HR function.

These systems form the main architecture of the HR system and consist of the practices through which the firm seeks to create a skilled, motivated, and committed workforce.

3. Where is an HR Department located?

The first element to consider when analysing a company's human resource approach is taking a look at their organizational chart. Where is the HR Department within its structure? The ideal situation is that the HR Department is reporting to the highest level of the organization, whether it is a CEO, President or General Manager. The HR Department may or may not have the same hierarchical level as other managing departments (i.e. sales, production, etc.), which might depend on the size of the company, but focus should be laid on the reporting level. The reporting channel is important because by reporting to the highest authority the department will be able to learn the strategic plans first hand. If the company, instead of having an HR department that reports to the CEO, has a personnel office that reports to the Administration and Financial manager it implies that such company only considers the HR function as the department to pay salaries and other administrative functions. If the HR head is at the same level as the production, sales or financial manager we are looking at a company that values their human capital.

Many people think that an HR department can only be created in big companies, or multinationals. This is far from true. Although it is true that HR departments are more frequently found in bigger companies, that does not imply that small or medium sized companies can't or shouldn't have an area or department within their structure. A small company can organize their employees and align their organization with the company's business needs, as well as a bigger company can.

4. How does the HRD create value?

The HR function creates value when it's integrated with the top management of the company. It's objective is to create value not to reduce costs, it should create commitment and not merely control employees. "Value" is a financial term and implies an estimate of future benefits.

If you think for example of real estate development, where a developer buys a piece of land, adds infrastructure, roads, recreational areas, access to services. The developer then sells you an individual lot at a much higher price than the initial piece of land and the proportionate development expenses. When you see the land you see the added value in the lot when you're thinking how well the house will suit your life-style.

HR managers create value to the company by improving employee performance, productivity and employee satisfaction by creating a positive financial impact on the company.

5. What is the role of HR?

HR personnel serve a number of areas and wear many hats. HR professionals tend to focus on their role as administrative experts and employee champions, but HR professionals must fulfil both operational and strategic roles. They must be both police and partner and take responsibility for both qualitative and quantitative goals over the short and long term.

The Ulrich Human Resource Management Four-Roles Model:

The Role of Strategic Partner: "Management of Strategic Human Resources" consists of aligning HR strategies and practices with the strategic needs of the business. The key to the HR role as a strategic partner is the participation of HR in the process of defining business strategy, not merely responding to the strategy edicts presented by "senior management". HR professionals become strategic partners by asking questions and designing HR practices that effectively and efficiently align themselves with the strategy of the business. In this capacity, HR professionals must be capable of identifying and implementing those practices that facilitate strategic business success. HR should become a partner with the management of the firm in helping with strategy execution.

The Role of Administrative Expert: "Management of Firm Infrastructure" deals with the delivery of efficient HR processes such as staffing, training, appraisal, and reward systems. The management of the firm's infrastructure requires HR professionals to design and deliver efficient HR processes for staffing, training, appraising, rewarding, promoting, and otherwise managing the flow of employees throughout the company. The levels of current technical practices in HRM are higher than those of strategic HRM practices. Moving to a more strategic role cannot be performed at the cost of neglecting the basics of good human resource management practices. HR should contribute expertise in the efficient and effective performance of work, so that costs are cut and quality is maintained.

The Role of Employee Champion: "Management of Employee Contribution" concerns keeping close tabs on employees needs and problems and these needs are met and problems are solved. An HR professional as employee champion strives to understand the needs of the employees, attempts to meet those needs, and provides every opportunity to increase employee commitment. HR is an advocate of employee interests with a balance towards the needs of the business. They create an employee-friendly environment committed to the success of the enterprise that employs them. HR should represent the concerns of the employees to senior management as well as working with employees to increase and ensure their ability to contribute to the company through their competence and commitment.

The Role of Change Agent: "Management of Transformation and Change" refers to HR's role in changing both the culture of the firm and the processes used within the firm. The change agent role refers to helping the company build a capacity for change. HR

professionals should continually contribute to the process of change and help improve the company's capacity to do so.

On one hand HR serves as an employee advocate, making sure that individual concerns have a voice. On the other hand it needs to be a vital participant in formulating strategy and achieving the goals necessary to push the whole company forward. While the strategic partner and change agent roles focus on the future, the administrative expert and employee champion focus on the present, the day-to-day and operational actions. The change agent and employee champion concentrate on "people", while the strategic partner and administrative expert concentrates on the processes.

6. What does an HR professional need to know?

One of the main barriers for HR professionals to play a more strategic role in their company is the lack of certain competencies. HR professionals need to have certain knowledge, skills, aptitudes and values to perform their work effectively. There are many models for HR competencies that describe what makes a successful HR professional, but most are woven around four clusters of competence: knowledge of business, knowledge of HR, knowledge of change and personal credibility. If we continue to take the Four Roles model here is a list of competencies that are required in each of the roles. Some of them are located under different roles, and some might not be exclusive of the role they have been introduced in.

STRATEGIC PARTNER	- Personal credibility - Creativity - Analytical - Leadership - Business skills - Decision making - Proactive	- Organizational awareness - Problem solving - Communication - Planning and evaluation - Knowledge of business - Innovation - Integrity - Commitment
ADMINISTRATIVE EXPERT	- Attention to detail - Information management - Evaluation	- Technical HR competencies - HR technological know-how - Legal knowledge - Customer service
EMPLOYEE CHAMPION	- Service orientation - Flexibility - Listening skills - Communication - Interpersonal skills - Empathy - Self awareness	- Integrity - Interpersonal effectiveness - Relationship orientation - Problem solving/conflict management - Coaching and mentoring - Collaboration and cooperation - Self control

CHANGE AGENT	– System analysis – Adaptability – Teamwork – Creative thinking	– Stress tolerance – Consultation – Facilitation – Influencing/Negotiation – Problem solving

In many companies HR personnel is stronger in the day-to-day operational area, they are better administrative experts and employee champions than strategic partners or change agents. To improve the skills required in these areas it is advisable that, aside from formal training and capacity building, HR professionals participate in operations meetings so they understand more fully the operational issues and are in a better position to assist line managers to improve efficiency of operations. It is also recommended that they acquire knowledge of the firm's business, such as the key business disciplines, an understanding of the internal and external customers, knowledge of the competitors, the products, the technology and sources of competitive advantage.

7. How do the others see the HRD?

David Ulrich outlines old myths and new realities of HR as following:

Old Myths	New Realities
People go into HR because they like people.	HR departments are not designed to provide corporate therapy or be a social or health-and-happiness retreats. HR professionals must create the practices that make employees more competitive, not more comfortable.
Anyone can do HR.	HR activities are based on theory and research. HR professionals must master both theory and practice.
HR deals with the soft side of a business and is therefore not accountable.	The impact of HR practices on business results can and must be measured. HR professionals must learn how to translate their work into financial performance.
HR focuses on costs, which must be controlled.	HR practices must create value by increasing the intellectual capital within the firm. HR professionals must add value, not reduce costs.

HR's job is to be policy police and the health-and-happiness patrol.	The HR function does not own compliance, managers do. HR practices do not exist to make employees happy but to help them become committed. HR professionals must help managers commit employees and administer policies.
HR is full of fads.	HR practices have evolved over time. HR professionals must see their current work as part of an evolutionary chain and explain their work with less jargon and more authority.
HR is staffed by nice people.	At times, HR practices should force vigorous debates. HR professionals should be confrontational and challenging as well as supportive.
HR is HR's job.	HR work is as important to line managers as are finance, strategy, and other business domains. HR professionals should join with managers in championing HR issues.

Ulrich, Dave, *Human Resource Champions*, Harvard Business School Press, Boston, MA, 1997, p. 18.

HR Departments tend to be negatively viewed by the other managers in a company. In some cases this is well grounded as HR has been ineffective and in instances very costly. Many managers consider that every function in the department can be performed more expertly for less by others. Its hard to convince other managers when even the leaders of the HRD cannot express or describe how they contribute to the business results. In other cases lines managers are just not familiar with HR activities and therefore tend to be critical. It also happens that HR services fail to meet optimum performance not because the systems developed by HR are poor, but because line managers fail to implement these systems effectively.

It could be interesting for HR and top management to find out:
- How line managers judge the importance of HR services to the firm's competitive advantage.
- How line managers judge the effectiveness of HR function in terms of delivering services, fulfilling its various roles, and contributing to the firm?

Being aware of the image HR has among line managers will allow to identify differences between what HR thinks they are doing and how these activities are perceived by other. HR managers and line managers tend to differ somewhat in their perceptions of the

effectiveness of the HR function. HR needs to devote more effort to working with line executives through influence, training, and communication to help them effectively implement the systems developed by the HR function. But also, HR professional must work effectively with other department managers in order to achieve the company's common goals.

8. Why and how should we plan human capital?

If you don't know where you are going, how will you know how to get there? If you plan in advance you will be able to know:
- Where you're going
- How to get there
- When you're to get there
- If you have to change routes along the way.

Companies routinely complete financial plans to ensure they achieve organizational goals and while HR plans are not as common, they are just as important. Most line or HR managers do this kind of planning intuitively based on their daily experiences, e.g. that they tend generally to be short of certain kinds of labour. It is however worth formalizing the process for the whole company so that a complete picture emerges and those responsible for recruiting and managing have a shared view of needs, priorities and actions.

HR planning translates company strategy into human capital needs. HR planning is a systematic process for identifying the workforce competencies required to meet the company's strategic goals and for developing the action plans to meet these requirements. HR planning is one of the expected outcomes of HR activities but also one of the most challenging tasks of HR personnel. But HR planning does not exist as an end to itself but serves the rest of the company in achieving the business goals of the company.

HR planning is a systematic process that is:
- Integrated, because it is part of the company strategy
- Inclusive, because it should be developed with participation of other departments in the company
- Methodical, because it is thought through, and
- On-going, because it is regularly evaluated and updated.

HR planning:
- Provides managers with a strategic basis for making human resource decisions,
- It allows managers to anticipate change rather than being surprised by events,
- Provides strategic methods for addressing present and anticipated workforce issues.

The plan can be as simple or as complex as the company requires. For example larger companies require more complex forecasting systems. The complexity may also depend on organizational complexity, company's objectives (for example the greater the gap between the current workforce situation and the desired HR situation) or the organizational plans (the more complex the plans, the more complex the system will be).

The planning can be conducted for a department, division or for the company as a whole. Whatever the level or approach being adopted, it must be integrated with broad-based management strategies. Each company will decide their "planning horizon" depending on their organizational and operational uncertainties. A judgment needs to me made of how far in the future the prediction can be made. Although workforce planning is largely an internal process, there are external elements that impact the workforce and the organization's objectives that have a high impact and in some cases are not controllable. Some companies find that a 3 to 5 year plan is necessary in order to be able to have enough lead-time to recruit, select and train, while others consider than a one-year planning horizon is ideal as there are many uncertainties in their workload to be able to plan further. Some factors that can create uncertainty, shortening the time frame can be an unstable product demand, while if the company has a strong competitive position and has a stable product demand the planning horizon can be expanded. In any case, plans should be reviewed annually or after a substantial change occurs within the company.

HR planning consists of 5 steps:

Company objectives analysis requires identifying the company's objectives in each area or department. They can be short, medium and long term objectives.

Demand Analysis involves predicting the manpower for each category of transferable jobs needed in the future. The mission, vision, goals and objectives of the company define the workforce of the future. It identifies future activities and workloads, and describes the competency set needed by the workforce of the future. An important part of the demand analysis process is examining not only what work an company will do in the future, but also how that work will be performed (i.e. new technology).
  - How many staff will be required to achieve the strategic goals of the company?
  - What jobs will need to be filled?
  - What skill sets will people need?
  - How will the external environment impact on our HR needs?

Current workforce analysis means looking at the numbers and competencies or skills of employees. This can be done in skill groups based on occupations which have similar employment conditions that are "transferable" immediately or with simple training (i.e. Unskilled, skilled, supervisor). It analyzes staff demographics, and identifies employment trends. Trend analysis provides information on how turnover will affect the workforce. Trend analysis is essential to the solution analysis phase.

Gap analysis is the process of comparing information from the current workforce analysis and demand analysis to identify the differences or the "gaps" between the workforce of today and the workforce that will be needed in the future. Gap analysis identifies situations in which:
  - the number of personnel or competencies in the current workforce will not meet future needs (demand exceeds supply) and
  - current workforce personnel or competencies exceed the needs of the future (supply exceeds demand).

Solution analysis is the process of developing strategies or measures for closing gaps in competencies and reducing surplus competencies. A variety of strategies are available in solution analysis including planned recruiting, training, re-training, and placing employees.

Solution analysis must take into account employment trends which may work either in the favour of or counter to the direction of planned workforce change.

9. Why is hiring right important?

Hiring is a critical process for companies, and in many companies the role of the HR department is dominated by it. Hiring the right employees and investing in employee retention are becoming strategic issues for companies.

Everyone understands the negative impact of poor hiring decisions:
- The cost and time involved in hiring an unsatisfactory employee are wasted.
- Poor candidates are wasteful of management and colleagues time and the company's material resources through poor workmanship.
- Poorly selected employees have a negative impact on general workplace relationships, suggesting that management cares little about people selection.
- This produces unwanted negative consequences on labour turnover, staff attitudes and product quality.
- Dismissals of unsatisfactory employees take time and effort and have a negative influence of the attitude of the remaining workforce.

The process of personnel selection usually consists of a determined number of tests to infer the productivity of an employee in his future job. Since the productivity of a person cannot be deduced from his/her appearance, it will be necessary to make them pass tests or use another system that allows measuring it. The tests given to the candidates should be directly related to the work to be performed. It is necessary to be as objective as possible when predicting what candidate is the most suitable for the position. Correctly designed selection tests, regardless of the type, should have five characteristics: they should be standardized, objective, based on norms, be reliable and valid. Examples of selection tools commonly used include work certificates, letters recommendation, personal references, work experience and work references, medical tests, job application forms, skills and aptitude tests, personality tests and work interviews.

The recruitment sources will vary depending on the type of position, but the fact remains that any given company needs several sources for recruitment. There are numerous sources available for recruitment, but the most frequently used are the following: Internal candidates and external candidates, including: recommendations of employees who already work in the company, employees who arrive at the door of the facility, former employees, people who previously applied for jobs in the company and remain on file, advertising, employment agencies (public and private) or hiring services outside the company, internal or external databases/automated systems.

10. What are job descriptions and why are they key to all HR activities?

Before the Human Resources Department starts the recruitment and selection of candidates to fill vacancies, it should identify what it is that the company is looking for. To

do so, it is good to prepare a job description that is as detailed as possible. Preparing a job description will facilitate the subsequent process of search, selection and hiring. The complete job description reduces the influence of stereotypes in hiring. In addition, it is always advantageous to develop a detailed job description since it will help drawing up precise language for publicizing the vacancy.

This description will have a double purpose since it also serves as an evaluation tool during the productivity or annual review, after the candidate is hired. Thus the job description is useful both for the new employee when he carries out his tasks, and for management when evaluating his productivity.

This process will include the following steps:

(i) Identify the essential functions of the vacancy. This will allow identification fo the tasks the hired person will have to perform, the expectations of the future employee, and what he or she will actually be asked to do.

(ii) Describe clearly the aptitudes, skill and capacities needed for the position; It is necessary to describe what types of aptitudes are needed in the person who is to perform those tasks or functions. For example, do we need the person to be experienced in using a machine? Does the person need to be agile? Educated? etc. The qualifications required should genuinely be necessary and relevant to the position. Consequently, it is necessary to avoid exaggerated requirements designed to exclude certain categories of applicants.

(iii) Define reasonable criteria for the selection of applicants to vacancies. Once we know what tasks will be carried out by the person and the aptitudes needed to carry them out, we will have to define how we are going to find these qualities in the person. We need to know how we are going to measure if the person can carry out these tasks. Consequently, we should establish the criteria we will use to select the candidates.

A job description is a basic HR management tool that can help to increase individual and organizational effectiveness. Job descriptions are crucial for most HR management activities:

- Planning: Job descriptions are essential to perform the current workforce analysis, compare jobs and make classifications.
- Recruitment: Job descriptions are used to develop a recruitment campaigns that clearly define the duties to be performed and qualifications required by the company for the vacant position.
- Selection: The selection tools to be used (for example interviews or tests) in the screening process are based on the responsibilities and skills required for the post, which are described in the job description.
- Orientation: The job description helps employees understand how their position relates to other positions in the company. It also helps employees understand their responsibilities and how their job contributes to the overall mission, goal and objectives of the company.
- Training: The job description can be used to identify areas where the employee needs to build their capacities or skills to perform adequately and therefore needs training

- Supervision: The job descriptions are very useful for supervisors as they help identify what can be required from the employee.
- Compensation: Job descriptions can be used to develop consistent salary structures, which are based on relative level of duties, responsibility and qualifications of each position in the company.
- Performance Appraisals: The job description and the work plan are used to monitor performance.

If your company does not have job descriptions or if your job descriptions are out of date it is important to put them in place before trying to achieve other objectives as having job descriptions in place will make many of the other functions much easier to carry out.

The first step to create job descriptions is to perform a job analysis. Job analysis is a process for systematically collecting information to help you fully understand and describe:
- Duties and responsibilities of a position
- Knowledge, skills, abilities and competencies required
- Context in which the duties are performed (physical, mental and emotional demands, working environment, etc.)

The purpose of job analysis complete picture of the position - what is actually done and how. This will to provide the information necessary for writing job descriptions. Information about jobs can be gathered using qualitative or narrative techniques such as interviews, questionnaires, direct observation or a combination of these.

- Direct observation: The person collecting the data observes the activities of the employee and records these on a standardized form. This can be used in simple jobs.
- Interviews. An interviewer asks the employee the essential tasks of the job, and the abilities required to perform it well, context, who he/she reports to, who depends from that post, etc.
- Questionnaires. Employees complete a questionnaire about the essential tasks of the job and the abilities required to perform it well. A similar option requires employees to keep a log of every activity and the time spent on it for a set period of time.

It is important that the jobs are not analysed only on an individual basis, but also within a general perspective. In other words it is very important to understand the interrelations between the different jobs, for example that there are no overlaps in responsibilities and at the same time that there have been no responsibilities left out.

11.   How to chose and design selection tools

Personnel selection is a process by means of which it is decided what candidates are going to be hired. The people involved in this process should make sure that the selection techniques deal equally and objectively with each of the candidates and that the process does not include discriminatory practices.

The objective of the selection process is to evaluate whether the candidate has the qualities, qualifications and skills needed to do the job.

In order to make the decision to hire one candidate or another, the employer should consider the criteria that serve to determine which of the candidates is suitable to fill the position that needs to be covered. This means that it should evaluate what candidates have the aptitudes and skills needed to perform the functions of the position.

The process of personnel selection usually consists of a determined number of tests to infer the productivity of a worker in his future job. Since the productivity of a person cannot be deduced from his/her appearance, it will be necessary to make them pass tests or use another system that allows measuring it. The tests given to the candidates should be directly related to the work to be performed. Although these tests can measure the ability of the candidate, they cannot measure the motivation of each individual.

In no case is it permitted to give tests or examinations that may be considered discriminatory, such as pregnancy, HIV tests, sterilization, inspection of tattoos or piercings, questions about the civil, family status or personal life of the candidate, or any other practices of scrutiny not related to the work to be done.

It is important to consider that the productivity of a worker is not measured solely through the aptitude or skills of the worker but is directly related to the motivation of the individual to carry out that task. A high level of abilities can produce a low level of productivity if it is combined with a low level of motivation, the same as a high level of motivation cannot compensate the lack of skills. It is indeed much easier to measure what a person "can do" than "what he will do".

Characteristics of selection tools

As we indicated before, it is necessary to establish "how am I going to measure" those qualities or abilities that the individual needs to have in order to properly fill the vacant position. Although in the end the choice of hiring an individual is a choice made by instinct (since the employer usually knows little of the person who has not yet worked in the company), it is necessary to be as objective as possible when predicting what candidate is the most suitable for the position. Correctly designed selection tests, regardless of the type, should have five characteristics: they should be standardized, objective, based on norms, be reliable and valid.

PREDICTIVE: When we talk about whether a tool is predictive we refer to the degree to which a test measures the knowledge, qualification or capacity required. If a test cannot indicate the capacity to fill a position, it cannot have predictive validity. Consequently, the validity will be an indicator of the degree to which the data collected can foretell the performance of an individual in a position. For example a typing test will have no predictive validity to foretell the performance of a seamstress, whereas a manual skill or precision test has a validity that is justified for the position. Tests that may predict office work may include writing or computation tests etc. The following question should be asked: how are the scores of a test or an interview related to the real productivity on the job? The best safeguard is the evidence of the validity of the selection process, and the company should have documentation on the relation between the selection process and the work.

BASED ON NORMS: There should be norms that establish a frame of reference to compare the performance of an applicant to performance of others. Cut-off qualifications may be

established, for example, below which an applicant will not be considered. In a skill test for "pins", for example, it is possible to set the limit that the people who do not complete the in less than a specified timeframe do not pass the test.

RELIABLE: Reliability is the degree to which a selection test provides consistent results. The reliability degree is the confidence degree that can be given to a test. It is normally measured over time. For example a test is not very reliable if the results are very different when the test is given to the same person within an interval of a few days.

OBJECTIVE: The objectivity of the test is obtained when all the people who grade them obtain the same results. In other words, the qualification of the test does not give rise to subjective evaluations. For example, in work interviews greater objectivity will be obtained if several people participate in the interview meeting, while a personal interview with the participation of only one person usually gives rise to subjectivity.

STANDARDIZED: Standardization refers to the uniformity of the procedures and conditions under which tests are administered. In order to be able to compare the performance or productivity of several applicants it is necessary for all of them to take the tests under identical conditions or at least as similar as possible. For example, the content of the instructions provided to them should be the same, the time and the physical atmosphere should be similar. For example, if one candidate takes the tests in a noisy room and another in a quiet room, it is possible that that condition affects the productivity of the applicant and the test results. Although the people who prepared the test specify the procedures for the application of the test, those who administer the test are responsible for providing standardized conditions of their application.

12. Equality and diversity in hiring

In order to assure that the principle of equal opportunities and treatment is respected throughout the hiring processes, management should develop a written policy and procedures to ensure that they are implemented consistently.

The policy established by the company should clearly say that the employees will be selected on the basis of their qualifications, capacities, abilities, aptitudes, experience and proven productivity, as well as other criteria that are directly related to the job. It should say that under no circumstance will management use other criteria based on the personal characteristics of the individual, such as: sex, race, religion, age, disability, sexual orientation, nationality, political opinion or affiliation, social or ethnic origin, participation as a member in organizations or association, including labour unions or any other criteria considered discriminatory by national legislation.

<u>**Summary and definition of each of the grounds of discrimination:**</u>

Race and colour. The term "race" is considered in a broad sense to refer to linguistic communities or minorities whose identity is based on religious or cultural characteristics or on national origin. In general, all discrimination against an ethnic group, including indigenous or tribal peoples, is considered racial discrimination. The colour difference is only one, although the most obvious one, of the ethnic characteristics that differentiate human beings.

These aspects of the candidate are totally unrelated to the individual's performance or capacity, so it is never appropriate to ask about race or national origin and make it a condition for access to employment. Racial stereotypes characterize certain races as lazy, idle, more intelligent, more enterprising, etc.. We should remember that these stereotypes do not have any objective basis.

Religion. Refers to conditions based on whether an individual shares certain beliefs or is part of a sect. It includes any discrimination based on the expression or manifestation of a belief, celebration of rituals, clothing, etc.

Religious beliefs or the lack thereof do not interfere in any way with the capacity of individuals to perform their tasks. They should therefore not be subject of investigation. An individual may have certain values beneficial or undesirable without belonging to any organized religion.

National origin. Refers to distinctions made on the basis of a person's birthplace, foreign ascendance or origin. The distinctions made between the citizens of a same country on the basis of origin or birth abroad, who have acquired citizenship through naturalization or who are descendants from foreign immigrants, are one of the clearest examples. National origin should not be confused with nationality. For example, if an employer only hires individuals of a particular nationality for his management posts, it may not be a prohibited discriminatory practice. For example: a woman of Salvadoran nationality who wants to work in Guatemala cannot be discriminated against for being a woman, but the employer may choose not to hire her because of her nationality. Normally the national legislation establishes limitations on hiring foreigners.

Political opinion. It implies protection for expressing or demonstrating opposition to established political principles and opinions. It is not permitted to discriminate against a worker because of his affiliation or non-affiliation to one political party or another.

Disability. These are the distinctions established due to a physical or mental disability of the person, when his specific limitation is not an inherent requirement of the work.

One should not assume that a disability will prevent a person from filling a position. In most cases, people who have some disability have developed other senses and abilities that allow them to do their work. We cannot inquire about disabilities. For example, a person who has lost his sight usually has a sense of hearing that is much more developed than seeing people and usually has greater retentive capacity. We can only ask in order to find out how we can better accommodate a worker with a disability in order to increase his productivity according to his possibilities. A suitable question would be whether the person has some physical or mental disability that can interfere with the work. After the offer has been made, the question may be asked, if some type of accommodation should be made in the workplace, such as for example adapting a ramp if the candidate uses a wheelchair, etc.

Social origin. This criteria refers to situations in which the fact that an individual is a member of a class, social-occupational category or cast determines his occupational future, either by being denied certain jobs or activities or because he is assigned only certain jobs.

Health condition. Refers to the distinctions based on a disease the worker has or may hire. It includes for example (but not exclusively) HIV carriers.

Sexual orientation. Refers to distinctions made on the basis of the sexual preference of individuals. The sexual attitude and preference of an individual constitute a behaviour that is in the personal sphere and privacy of the individual and does not reflect on his behaviour at work capacity to perform or productivity.

Age: The candidate's date of birth is normally included in his curriculum, and should be verified only after the selection to avoid child labour. The age factor should be considered only to guarantee that no person under the legally permitted age is hired. Age may be related to experience but in those cases, questions may be asked only about the previous experience of the candidate. In an application form, for example we could only require the applicant only to ask if he/she is over the legal age for employment, instead of asking their year of birth.

Labour union affiliation. It implies protection for an unrestricted exercise of the freedom to organize or to affiliate with a labour union or not to do so and fulfilling one's responsibilities within the organization.

Sex. These are distinctions made to the detriment of one or the other sex. However, in the great majority of the cases, and especially in cases of indirect discrimination, they are exercised to the detriment of women. Discrimination based on sex also includes discrimination based on civil status; marital status or more specifically the family situation (especially in relation to responsibilities with respect to dependents), pregnancy and childbirth. Such distinctions on the basis of:
-   SEX: Biological differences between men and women, which are universal
-   GENDER: Social differences between men and women which are learned, which may change over time and which differ between cultures. Gender is a socioeconomic variable to analyse the roles, responsibilities, limitations, opportunities and needs of men and women in any context.

Examples: hiring only single women, forcing women to sign contractual clauses promising not to become pregnant within a certain period of time, forcing them to take pregnancy tests before being hired, forcing them to use contraceptive means, hiring only men in certain positions, ads which specify one of the two sexes.

One should never suggest or assume that one sex can do work better than the opposite one. One or the other sex has been attributed certain stereotypes and qualities because they have traditionally done a certain type of work. Among the most common discriminations we can indicate:
• Categories or jobs with female title, because they have traditionally been filled by women (stewardess, cleaning woman, secretary, seamstress).
• Underestimation of certain categories or jobs because they are generally filled by women, often associated to the role of "housewife," thinking that they are tasks for which women have "innate" aptitudes and knowledge.
• Indivisibility of the qualities, tasks, aptitudes, efforts traditionally considered female or carried out by women.

Many companies do not hire women during their pregnancy. This practice is completely forbidden by most legislation and violates ILO Convention No. 111. But we should also

consider why this practice is not a reasonable one. If a woman is not hired during her pregnancy, the woman, only sex that can deliver a baby, will be "punished" for her reproductive function during 9 months, keeping her out of the labour market during the 9 months of pregnancy and during maternity leave. We should also consider how legislation is progressively giving men rights to paternity leave, understanding that now, the woman is not the only one of the sexes that can feed -with breast milk- or take care of the baby at an early stage.

It is interesting to see how many job ads addressed to women and request that the woman be single or with no family responsibilities, but for those cases where a man is required for the job it is asked that the man be married or have family responsibilities. It is forbidden in both cases to include these requirements, but apart from that, what attributes are associated to a woman who is married or has children? In general it is considered that the woman will have less flexibility in terms of scheduling working hours, and travel, she will have to ask for absences to take care of children etc. What characteristics do we attribute to a man who is married or has children? That he is a responsible man, has greater stability, needs the job so there is less probability of rotation/turn over etc. It is interesting to see how the gender plays an important role in this issue! These are prejudices, because the family arrangements of workers should not be the concern of the employer at the time of employment.

Exceptions:

There are two exceptions to the general principle of non-discrimination, namely circumstances in which different treatment is justified and is not considered a discriminatory practice.

Inherent requirements of the job: The distinctions, exclusions or preferences based on the qualifications required for a certain job will not be considered discrimination. This exception should be interpreted narrowly. When qualifications are required for a determined job, there may be a problem defining what is and what is not discriminatory. Often it is difficult to draw a line between the legitimacy of the qualifications required for a job and the use of certain criteria in order to eliminate certain categories of workers.

The qualifications requested are requirements that impose the characteristics of the job in question. They should be proportionate and authentic. So although the inherent requirements of the job may be based on one of the criteria that are considered discriminatory, it will not be in conflict with the principle of equal opportunities and treatment. Under no circumstance may a whole sector of activity require the same qualifications, because within a same sector there are many different jobs that are performed, all of them requiring specific requirements.

Protective measures: Measures that may be taken in favour of certain groups such as measures that may be adopted in favour of indigenous populations or disabled or elderly people, as well as measures to protect the maternity or the health of women will not be considered discriminatory. These measures, which are usually temporary, are intended to actually assure equal opportunities and treatment considering the diversity of situations of certain categories of people. This type of preferential treatment, or affirmative action, including positive discrimination (as it is sometimes called), tries to restore the balance between various groups of individuals which otherwise suffer disadvantages in the access to employment, access to training or working conditions.

13. How to compensate workers

The more aligned the compensation system is with the company's strategic goals and objective - the fairer it is perceived to be. If compensation systems are felt to be unfair, no matter what their absolute level, they act as "demotivators" on employees and generate grievances and foster discontent.

The objectives of the compensation and reward system are:

- Support the delivery of the company's strategy
- Recruit qualified employees
- Retrain capable employees so that turnover is held at an acceptable level;
- Ensure internal and external equity (perceived fairness);
- Be sustainable within the financial means of the company;
- Motivate employees to perform to the maximum extent of their capability; and
- Strengthen the psychological contract between the company and employees.

When we hear the word compensation we immediately think about what a person is paid. But compensation includes not only the salary but also other direct and indirect rewards and benefits that the employee is provided with in exchange for performing a certain amount of labour. We can say then that the following rewards are all compensation:

- Direct financial compensation: any pay coming from salaries, overtime, bonuses
- Indirect financial compensation: any financial reward that is not included in the direct financial compensation, benefits, leave, employee services, etc.
- Non-financial compensation: other issues like recognition, career development, working conditions, management culture, etc.

There are two main approaches to remuneration and reward, *performance based* and *skill-based* systems.

Performance based pay links remuneration to individual achievement (or non achievement) and/or the performance of the company.   It takes several forms, including performance-based changes to base remuneration and bonuses and other rewards. Performance based pay is centred on rewarding employees for their contributions to the company's performance and achievements.

Skills based pay links remuneration to the nature, number and levels of different skills and knowledge employees possess and/or use. Skill based pay concentrates more on the capability of employees to perform the work required of them.
- Pay for skills acquired: This option is focused on equipping employees for the future, i.e. it is primarily an employee career management tool.
- Pay for skills used: Focuses on paying employees for the skills and knowledge used in getting their work done i.e., their 'market value'.   This is the most common form of skill based pay.   It requires the effective use of job evaluation techniques and a sound linkage to current market rates for the skills employed.
- Pay for improvements in required skills: This option is a combination of the previous two options. Under this option, an employee is recognised not only for getting

things done but also for the improvements demonstrated in the quality of the skills and knowledge applied to their work.

In practice most companies use a combination of both, though this is not always clear to employees. The key differences between the two lie in what is measured.

Wages don't only pay bills. Unfortunately, in society wages measure our worth in a very material way. Most individuals feel that they are worth more than what they are actually paid. The obvious solution is to compensate employees with the highest possible wages, but there tends to be a disparity between what people think they should be paid and what the organization spends in compensation. There needs to be a good balance between what the employee needs and what the company can afford to pay.

While pay can be a huge demotivator if inadequate, non-competitive, unfair or simply insufficient to sustain life, a good wage will not keep people who are unhappy in other areas. Wages may allow an employee to do his job, but it is not always enough for him/her to do the job better, and offer all his/her potential. The relationship between overall reward strategy and a "pay" strategy is that the amount of monetary reward required to attract and retain suitably qualified employees will vary depending on the other rewards the company offers. Good places to work will attract and retain employees more easily and successfully than poor places to work paying the same wage.

Employees become frustrated about pay when they observe inequities, for example in the following situations:
- When employees see that pay is not distributed equitably within the organization. If employees feel that there is a fair distribution of pay, the employee's intent to leave is lower than those who feel that pay is unfairly distributed.
- When employees who are more qualified are receiving less wages than those who are not more qualified or even less qualified than they are.
- When employees feel that good performance reviews have little effect on pay increases.
- When new hires are paid as much as employees with more seniority in the organization.
- When higher education levels do not translate into higher pay levels.
- When employees do not have access to information on how wages are determined or they don't understand it.
- When employees cannot raise concerns over wages.

You must remember that the compensation system must comply with legal and other regulations.

Rewards:

- Rewards should be a prize for an event or a timeframe
- Any reward system has to be based on well defined and credible standards.
- More effective when its public or visible.
- Rewards should be immediate
- They should not be out of reach of workers.
- Rewards don't necessarily have a lasting effect.

We must not confuse pay with recognition, as pay or compensation is a right while recognition is a gift or a present. Pay is expected for a service provided, while if a worker expects a reward its no longer is viewed as a reward but as something to compensate. In the same way that recognition cannot replace pay it only adds to it, pay cannot replace recognition. Any worker can recognize any other worker while on management can pay.

14. Importance of performance appraisals

Performance appraisal is a systematic evaluation of the job performance and agreement on future expected performance between an employee and his/her manager/supervisor.

Appraisals are an important part of assuring alignment between the performance of people and the performance of the company. They are major opportunities to discuss areas of good achievement and to set plans in place to improve future performance. The list of benefits of performing appraisals is a long one. The following list of reasons for conducting appraisals of all employees is adapted from Jeffery Gold's   analysis;
- Improving individual job performance;
- Improving motivation and morale;
- Clarifying expectations of future performance;
- Clarifying the level of past performance;
- Identifying learning opportunities;
- Improving communication;
- Identifying people capable of promotion;
- Managing careers;
- Employee counselling on a range of issues that impact upon job performance;
- Planning remedial actions where there are performance shortfalls;
- Setting goals and targets;
- Aligning individual and team targets with company goals.

There is more to performance appraisal that just an annual meeting. Performance management is a continuous process of planning, monitoring and reviewing employee performance. The objective of this on-going process is to align individual employee performance with the standards required by the company; to help them deal with any difficulties they have in achieving those standards in a supportive manner; and to identify future learning and development needs and plans. It should be a frank and open communication conducted in a supportive manner where personalities are placed to one side and job performance is the focus.

Generally it is not the HR department who actually carries out the valuations, but it is the HR department who analyses and applies the system, so it tends to be the HRD who decides on the systems to be used.

STEP 1: PLAN: The first step is to identify and agree on the expectations. In other words setting the objectives the employee is to achieve and therefore be measured against. In the planning there should also be agreement on the method that will be used to evaluate performance. There is a direct link to the job description.

When setting objectives in performance appraisals, or in any other context, it is important that they are clear, understood and measurable indicators of performance given so that it

is clear in the future whether they have been met or not. Normally, the acronym SMART is used to test whether objectives have been well written. The SMART concept is explained in the illustration below;

Setting SMART objectives		
S	SPECIFIC	Objectives should specify what they need to achieve: Clear, unambiguous, straightforward, understandable.
M	MEASURABLE	You should be able to measure whether you are meeting the objectives or not. Quantity, quality, time, money.
A	ACHIEVABLE	Challenging but within the reach of a competent and committed person.
R	RELEVANT (AND REALISTIC)	Relevant to the objectives of the company so that the goal of the individual is aligned with the objectives of the company. It has to be realistic within the availability of resources, knowledge and time
T	TIMEBOUND	To be completed within an agreed timescale.

We could and should add that objectives not only need to be SMART, but rather smarter, where E stands for ETHICAL and R stands for REWARDED, in other words that meeting the objectives will entail a reward or a compensation.

STEP 2: MONITOR For a performance management system to be effective, employee progress and performance must be continuously monitored. Supervisors should monitor day-to-day performance but not necessarily micro-manage. When genuine performance problems arise they need to be tacked immediately, and improvement plans set in place. Monitoring should also imply providing employees with the guidance and support required to achieve those tasks and objectives they are to meet successfully. Remember that positive feedback and recognition for good performance is a motivating factor.

STEP 3: REVIEW The review, performance appraisal or appraisal meeting is an opportunity to review, summarize and highlight the employee's performance over the course of the review period.

There are many different systems to review performance or to conduct performance appraisals. There is no right or wrong system and surely there isn't one system that fits all companies. Any system may be used separately or in combination with another. Every

company will determine which system suits them, or even which systems, as different systems may be used for different categories of employees, i.e. management, staff, floor employees, etc.. Some systems are based on evaluating knowledge, or skills, or attitudes others on results. The specific mechanisms are also diverse, for example using specific objectives, or scale based, specific to accomplishments or even open and more informal systems.

Appraisals are very difficult to conduct well and are potential sources of conflict. For these reasons managers and supervisors who are required to conduct appraisals should be properly trained. Many companies also offer training for those to be "appraised" in order to help them understand the nature and purpose of the process and to encourage them to enter it positively.

- Vertical appraisal is the most common form and implies the direct supervisor providing the employee directly with the feedback on performance.
- 90° appraisal would include along with the supervisor's evaluation and self evaluation from the employee.
- 180° appraisals are where the employee is evaluated by the direct supervisor and also his/her peers
- 360° appraisals are formal feedback of performance is provided for the individual from the immediate manager, peers, subordinates and sometimes customers. The 360 process is normally used for leaders, managers and supervisors.

15. How to put in place retention strategies

Traditionally retention and turnover has been seen as to be an HR responsibility, but that perception is changing. The Human resources Department (HRD) can be responsible for collecting data, analysing it, coming up with feasible solutions, coordinating implementation, but at the end of the day it is the responsibility of managers and supervisors to make it work.

Many HRDs are understaffed and managers outside the HRD may not welcome additional responsibilities to the ones that are already on their plate, but part of the retention strategy has to involve assuming responsibilities and include those responsibilities in individual's performance indicators. If you think about it, it is a more approachable task when a supervisor is responsible for retaining the 7 workers under his/her responsibility than for the Human Resources Manager to have to ensure retaining 700 workers.

Retention strategies are a challenge not only because for those responsible already have "enough work" but also because engaging and keeping workers is a process and not an event. It is a daily task that has to be carried out by all managers and supervisors.

When planning to put in place a retention strategy to reduce turnover it is important to understand that there are different steps that need to be taken:

1. **Measure turnover and retention data.** The first step involves collecting and analysing data. In other words figuring out how many workers are leaving the factory, who they are and why they are leaving.

2. **Identify the costs of turnover.** The next step will involve calculating the cost that turnover has for the company. Of course not every worker that leaves the company costs the organization the same amount, but this step will imply adding up the costs of every individual worker who leaves, or averaging it out by categories of workers.

3. **Identify the causes of turnover.** After collecting the information on workers leaving you are ready to study the root causes of turnover. Sometimes the root causes will be easily identified, and in other occasions based on the information collected further root cause analysis will have to be performed to be able to identify the real causes.

4. **Explore the range of solutions and identify the solutions needed.** After having seen what are the causes of turnover you can better explore which causes to act upon and identify what type of solution will correct the problems.

5. **Implement solutions.** Once solutions have been identified, they will need to be implemented, both the short term long term solutions.

6. **Monitor progress.** After period of time determined you will need to measure progress, calculating if and how turnover rates have decreased and the return on investment, to see if the solutions that you have put in place have efficiently solved the issues identified. If the progress expected has not taken place you need to refine you strategies to ensure progress in the future.

16.   What makes employees leave and stay?

One of the main challenges that organizations face when implementing retention strategies is actually implementing the "right" solutions. This happens because management doesn't spend enough time identifying and understanding what are the reasons for workers leaving the organization. It is much easier to guess why workers leave than to investigate the root causes that are producing dissatisfaction amongst the workforce and acting to correct it.

Even if people are demographically similar, same age range etc., it doesn't mean that the same things motivate them or dissatisfy them. Some people leave because they do not like the hours of work, others want more money, others want career advancement, others don't like their boss etc.. It is important to understand the drivers that make people leave to know what we can do to avoid it. Only if we can identify the root causes of worker disengagement we can address the root causes of turnover with solutions that actually work efficiently.

Satisfaction and dissatisfaction are not antonyms. Being satisfied is not the same as not being unsatisfied. The elements that produce satisfaction to workers are not necessarily the same than those that produce dissatisfaction. There are elements that produce dissatisfaction (for example, bad working conditions, poor wages, unfair company policies) that if corrected it does not necessarily imply that the worker will be satisfied. In other words, those elements are not enough to make the worker happy with their job. The elements that can bring satisfaction to a worker will be others, such as achievement, recognition, responsibility, development, etc.. Continuance in an organization highly depends on the high level of satisfaction and low level of dissatisfaction of the worker.

In the same way, the set of reasons why workers stay to work in the organizations are not the same than those that make them leave. We need to know what reasons make workers stay and what reasons make people walk out the door: we have to ask workers "what do you like and what do you dislike about your work?".

So the elements that produce dissatisfaction can drive workers out an organization, but if we eliminate those elements its not enough to keep them. Very few reasons for turnover are based on reasoned thinking; they are mostly rooted in strong feelings. Workers can feel so frustrated about the bad things that they no longer appreciate those things that they do enjoy.

What are common causes that drive workers out of organizations? Examples include:

- Lack of caring and supportive environment and company culture
- Unsatisfactory working conditions
- Very high targets that it are hard to meet within normal working hours.
- Lack of recognition
- Desire for challenging and useful work
- Lack of performance based awards
- Need to learn new skills
- Lack of a competitive compensation
- Lack of feedback for performance
- Unnecessary rules
- Lack of two way communication
- Constant changes
- Badly organized work
- A lot of criticism

As we mentioned before even if people are demographically similar it doesn't mean that the same things motivate them. People are unique and they feel motivated and engaged by different things. In the same way that there is no family that has 1.5 children, even when that's the average for a country, there is no such thing as an "average worker". Don't rely on averages, because they lie. Some workers value good pay and job security while others prefer intangibles such as managers recognizing them or keeping them informed.

Another important thing that we must remember about worker motivation is that *we* cannot motivate anyone; we can only create the atmosphere or the climate so the individual motivates *him or herself*. In the same way that we cannot force a child to *like* spinach although we can force them to *eat* them, or we can send a child to bed but cannot force them to be sleepy, motivation acts in the same way. Employers can only open doors towards motivation, but it is the worker who has to walk through and do the rest. Workers need to understand that they have more power to engage themselves than any supervisor. They must understand that they cannot expect all motivation to come from their employers and that it is also their responsibility to ensure that they do not become passive in these tasks.

As workers become more motivated they are more loyal they are to their work and to the organization. The following retention practices can form part of the retention strategy of the company. All of them generate motivation in individuals, but remember all workers are

different and are motivated in different degrees with these practices. So the secret is actually asking them what they want and need.

17. Different retention strategies

What companies should do in order to increase workers' engagement levels is put in place strategies based on the information gathered from asking the workers:
1. what is it that motivates them in their work,
2. what is it that makes them stay, and
3. what is it that makes them leave the organization.

The strategies that companies use to engage their workers depend on the size and complexity of the organization and its workforce. These strategies will include different practices that could be short term or long term. Many organizations prefer to implement short term practices (e.g. better pay, training) because they can rapidly see results, but we must not forget that there are practices that should be implemented that take longer to put into operation and see results that are equally or more important to motivate and engage workers (e.g. change working climate, develop trust in leaders, better communication). Organizations are also tempted to introduce more often tangible practices over intangible practices, but remember that some intangibles can have a higher impact and are more sustainable than some of the tangible options. In the end it doesn't matter if they are short term, long term, tangibles or intangibles what matters is that they are the right practices for the situation.

You must not confuse practices with strategies. Training is a practice not a strategy. There are practices that are correct for an organization but they form part of an overall strategy that must be in place.

A. Provide good working conditions

Good working conditions is a minimum requirement for a worker to perform. A worker with ergonomic conditions, good working schedules, stable contract, adequate physical surrounding (etc.) will be less dissatisfied. This means that if the organization provides good working conditions it is likely that the worker does not feel inclined to leaving, although it is not enough to make them stay The organization will have to ensure other additional elements that provide satisfaction to them.

Working with poor workplace conditions may lead to reduced productivity and the loss of high performers. A worker without good working conditions will not be productive and will be demoralized, but remember, a worker with good working conditions is not necessarily more productive and more motivated.

People spend many hours of their lives at work, so it is reasonable that they want to spend those hours in physical environments that are appropriate. Working environments should be created in a way that is functional, attractive and allows workers to be productive.

B. Insure competent supervisors

Lots of literature on retention states that "workers join organizations but leave their direct supervisors". Supervisors actually bear a great responsibility in retention strategies, as they are one of the main reasons that workers decide to stay or leave the organization. Supervisors must understand that their way of managing workers is one of the most common reasons workers leave organizations. Its very important that organizations chose their supervisor with care, ensuring that they have the desired skills and not only that they are good technical performers. Supervisors must be given the tools, the training and coaching to become good leaders and take on actively their responsibility of engaging and retaining workers.

Organizations should be firm with supervisors that do not treat people with respect and terminate those supervisors that are not willing to modify their behaviour accordingly to the company culture.

Supervisors should:
- Preach by example
- Pay enough attention to workers they supervise
- Not let themselves be influenced by favouritisms
- Address non performance in positive ways regularly

C. Measure and communicate performance

Workers want to hear the truth about their performance and where they stand. If workers don't have feedback on their performance they are working in a vacuum. Performance assessments clarifies desired performances and helps to identify the steps that need to be taken in order to accomplish goals.

The positive effect of performances evaluations will highly depend on how they are carried out. Workers should not perceive performance evaluations as a sanction but rather as an opportunity to improve. When workers understand that they are being encouraged to improvement it is likely that they will be more willing to make the necessary efforts to fill the gaps. When fear is minimized, and the working environment encourages growth, workers feel more loyal to the company and therefore retention levels increase.

Performance assessments should be performed regularly. Workers prefer informal on the job conversations with their supervisors over formal interviews. These will be most efficient if they are agreed and discussed both by the worker and the supervisor in a positive way.

In assessments it is important to focus on strengths and not only point out the weaknesses of workers, in other words, supervisors should pay more attention to what workers are doing right than to what they are doing wrong.

Some supervisors believe that workers chose to underperform and that their bad attitude can not be improved, so they decide to not bother with efforts to change it. Supervisors usually forget that the reasons why workers do not do what is expected from them include that:

- They think they are doing it,
- They don't know what they are supposed to do,
- They don't know how to do the task ,
- They think their way of doing it is better,
- They think it will not work,
- They lack tools or resources needed to do the task correctly,
- They are not given enough time to do task adequately.

D. Create a culture of recognition

Everyone wants to be recognized for a job well done and needs a pat on the back! Recognition contributes both to worker satisfaction, performance and retention. The positive reinforcement of recognition motivates workers towards continuous improvement. Rewarding and recognizing people for their performance not only positively affects the person being recognized but also others in the organization as well.

Recognition:

- Recognition should be used when a task is done for the first time or when performance is above expectations or above average.
- It can be spontaneous or programmed.
- It can be private or public, although public or in front of co-workers tends to have a greater impact.
- Recognition should be come immediately after the accomplishment. If we reinforce the desired behaviour quickly it is more effectively than if we wait until for example an annual performance assessment.
- It is more effective when it's frequent.
- It has greater impact if it's from a person we work directly with, someone who we know.
- Formal recognitions from higher levels of management can also be effective.
- Continuous use of recognition does not have a positive effect as it may seem false or forced.

Rewards:

- Rewards should be a prize for an event or a timeframe
- Any reward system has to be based on well defined and credible standards.
- More effective when its public or visible.
- Rewards should be immediate
- They should not be out of reach of workers.
- Rewards don't necessarily have a lasing effect.

We must not confuse pay with recognition, as pay or compensation is a right while recognition is a gift or a present. Pay is expected for a service provided, while if a worker expects a reward its it no longer is viewed as a reward but as something to compensate. In the same way that recognition cannot replace pay it only adds to it, pay cannot replace recognition. Any worker can recognize any other worker while on management can pay.

The more personal recognition and rewards are the more meaningful to the worker. You must remember that each individual is different, and not all workers want the same kind of recognition or rewards, and specially that they do not necessary want the same type of recognition that you do! Managers should ask their people how they would like to be recognized or rewarded.

Why are supervisors reluctant to recognize? Many supervisors have never had bosses that have recognized them, they are used to the idea that: "if you don't hear from me it means you are doing a good job" So they replicate that performance with the workers they are responsible for. If the company culture doesn't encourage this behaviour from supervisors it is hard for them to actively introduce a new behaviour. Some companies don't even recognize that there are certain qualities, for example empathy that supervisors should possess in order to be good leaders. Without these "soft qualities" it will be hard for supervisors to understand that recognition and rewards are practices that increase moral and productivity of workers.

Some other supervisors consider that it is the responsibility of the HRD to reward and recognize, when in many cases all it takes is a compliment to have a worker feel recognized for a good work.

E. Provide a competitive compensation

Wages don't only pay bills. Unfortunately, in society wages measure our worth in a very material way. Most individuals feel that they are worth more than what they are actually paid. The obvious solution is to compensate workers with the highest possible wages, but there tends to be a disparity between what people think they should be paid and what the organization spends in compensation. There needs to be a good balance between what the worker needs and what the company can afford to pay.

Many supervisors believe that turnover is due largely because of uncompetitive wages so they place the responsibility for retaining workers in the hands of senior management as they have no responsibility over wages. They blame organizational policies or pay scales for the loss of people. This is actually far from true. While pay can be a huge dis-satisfier if inadequate, non-competitive, unfair or simply insufficient to sustain life, a good wage will not keep people who are unhappy in other areas. While some workers might leave the organization if for example hey are offered a higher wage someplace else, the decision of leaving tends to be based on other reasons, and the higher wage is just a good incentive to make the decision. Wages allow a worker to do his job, but it is not always enough for him/her to do the job better, and offer all his/her potential. Consequently, wages have a relative importance.

Pay raises have a motivational effect that is limited in time. Workers who are not satisfied with their salary will "always want more" and will never feel satisfied. Their expectations will increase with every pay raise. We should not let workers or their supervisors think that the only way they will be recognized is through money.

In salary models where workers are paid depending on what they produce, it will evidently make them produce more, as the more they produce the higher income they will take

home. Piece rate systems though do not necessarily make the worker feel recognized as the employer is paying for the services but is not providing more recognition or a present for work well done or above expectations.

Workers become frustrated about pay when they observe inequities, for example in the following situations:

- When workers see that pay is not distributed equitably within the organization. If workers feel that there is a fair distribution of pay, the worker's intent to leave is lower than those who feel that pay is unfairly distributed.
- When workers who are more qualified are receiving less wages than those who are not more qualified or even less qualified than they are.
- When workers feel that good performance reviews have little effect on pay increases.
- When new hires are paid as much as workers with more seniority in the organization.
- When higher education levels do not translate into higher pay levels.
- When workers do not have access to information on how wages are determined or they don't understand it.
- When workers cannot raise concerns over wages.

F. Share information

The information that a company shares depends mostly on the company culture and management philosophy. Keeping workers out of the loop makes them feel powerless and creates disengagement. Few things say "you're not important" to workers more loudly than withholding information that workers want to know. Some companies have a very closed attitude to information sharing; they either consider that workers simply don't need to know or that workers would not know what to do with the information that they could provide. Some even consider that they are protecting workers by not giving them information when things are not going as well as expected. In the absence of information, workers fill the void making up information or creating rumours. As rumours spread, productivity decreases and distrust and disengagement increases. Silence is the biggest enemy of retention.

Just the opposite occurs when a factory decides to share information. Workers want open and honest exchanges in all directions. When managers give information as early and honestly as possible and hold supervisors accountable for passing the word down, workers feel important and valued and their productivity tends to increase. The more workers understand what is really going on in their company, the more eager they are to help solve its problems. It is very important that the messages that are being transmitted are consistent, so if there are different layers make sure the message that you want is getting through.

G. Care about your company culture and be fair

The culture of an organization is the sum of company's values, policies, practices and attitudes. It includes management and leadership style, communication models, rewards and sanctions, practices regarding promotion and hiring, etc.. Turnover rates can increase depending on the company culture and the working climate. A positive culture helps workers stay with the organization. The organization must ensure that its working environment and culture meet workers' needs.

There is a direct correlation between worker satisfaction and employer's ethical practices. Workers stop trusting organizations and bosses who are not perceived as fair. As the trust decreases their tendency to leave is higher. Workers are tired of high level management saying that workers are a priority for the company and then supervisors are not held accountable for abusing workers or treating them unfairly. Management can not send mixed signals.

To ensure trust, organizations have to require all managers and supervisors to:
- Treat everyone equitably, ensuring no groups receives preferential treatment.
- Act with integrity.
- Keep their commitments in timely manner.
- Provide accurate information when asked.

Remember that every interaction with workers represents an opportunity to build or to break trust. Organizations with higher retention rates are those with workers who trust the organization, management and supervisors.

H. Employability, Training, Job enrichment and Career development

Many companies, even industries as a whole, cannot provide job security to workers. Job security provides workers with a sense of stability and a sense of confidence for their future, which translates to higher loyalty levels to the organization and consequently higher retention levels. In many cases workers decide to leave organizations when they perceive that there is a lack of that security and go out looking for jobs that have a long term perspective. What are companies providing workers to compensate for that lack of security they cannot afford to provide? Employability.

Employers increase employability of their workforce when they are helping them get ready for other jobs or increasing their possibilities of quickly finding another job when they leave their organization. Companies can do this by providing them training, locating them in roles where they build their skills, increasing their responsibilities and empowering them.

I. Treat people individually

Treating people individually is part of the company culture. It is one of the most complicated motivational strategies but has better results. It's complicated because it requires a lot of effort and patience. It implies improving communication and observing individuals, recognizing people for their performance and getting to know the person better. It implies listening to workers. We all have a basic need to know that others care about what we think and listen to what we have to say. When workers are treated

individually and are able to raise ideas and concerns, they feel respected and it improves level of motivation as well as improving tasks and teamwork.

18. How to collect information on retention and turnover

The best way to obtain information on retention and turnover is asking workers directly. Workers who leave need to be asked why they are leaving and those who remain in the organization should be asked what keeps them within the company, what they need to keep them from leaving and what would make them leave.

Some managers don't ask these questions because they fear that they will get one of two responses: I want a raise or I want a promotion. Other managers prefer not to ask workers because they fear they will not be able to meet their expectations, and if mangers ask, workers will expect solutions.

There are several ways commonly used to obtain relevant information:

- **Questionnaires:** Questionnaires are the most commonly used. They are useful to obtain all type of data from workers whether they are designed with open ended questions, multiple choice, scales, etc. When using questionnaires, it is important that the are drafted with vocabulary that is easily understood by the users and that confidentiality is maintained. If workers are not ensured confidentiality there is a risk that the information obtained is not accurate as users will fear reprisals.

- **Attitude surveys:** Attitude surveys are assessments of workers opinions. They are usually questionnaires that rate different aspects of the organization based on satisfaction scales. The issues that can be included vary from company to company, for example: communication, recognition, salaries and bonuses, career development, work expectations, working hours, etc. The information obtained through attitude surveys helps the organization understand how workers perceive them and the organization and can give a lot of insight on the intention of leaving, and its reasons of workers. Confidentiality and anonymity should also be ensured as with questionnaires.

- **Interviews:** Personal interviews are also used although with them the anonymity is lost and therefore sometimes truthful information. What is important is that if management uses them, that the interviews are carried out by trained interviewers using proper interviewing techniques.

- **Focus groups:** Focus groups group together a number of individuals who actually motivate each other in providing information and brainstorming questions posed to them.

- **Exit interviews or surveys:** Exit interviews or surveys are used to ask workers who are leaving the organization the reasons for their departure and even issues that they consider that could be improved in the organization. The information that can be gathered through them depends on the individuals and the real reasons they leave. Some workers will think "if you haven't cared about my opinion up until now, why should I help you improve", while others will gladly respond out of a

sense of responsibility for improving the working conditions of the colleagues and friends that type leave working in the organization. Again, when anonymity is ensured it is more likely to get truthful information.

It is important that no matter which of the above mentioned techniques or a combination of several managers decide to use, it is important that when performing them workers are explained management's objective or purpose for collecting this information. If workers are explained the reasons, it is more likely that they will be willing to provide sincere responses. It also encourages workers to provide meaningful information when they understand that they form part of a selected sample of workers and that they information they provide will be used to make decisions a larger target audience.

19. Choosing a retention strategies

In many occasions when companies want to put in place retention strategies they find programs that have worked in other companies instead of searching for proper solutions based on a good analysis of their own situation. Retention strategies based on general theories will not reduce turnover efficiently. Retention solutions have to be based on the data obtained and focused on the root causes that origin turnover.

Another common not advisable practice is to try to act on every cause of turnover rather than focusing on the relative priority of the various causes of turnover. Every solution requires time and efforts of individuals so ideally we will focus on key solutions that will add most value.

Not every cause has an obvious solution based on the cause of turnover. It is very important to avoid mismatches. When we identify a solution it has to specifically address the need that has been identified. When the causes of turnover are not adequate identified or the solution is mismatched we will not obtain the desired results. We have to identify what is the problem and what will correct the problem. For example if supervisors are constantly screaming at workers it does not necessarily imply that they need training. The fact that they are not treating workers with respect and not creating a supportive working environment it could be based on that they are stressed (procedures issue), the company culture (a policy issue), managers don't preach with example (a coaching issue), etc.. Training is only a solution when the knowledge or skills are not adequate. If training is implemented as a solution when there is no deficiency in knowledge and skills the impact is adverse, and we will not really be eliminating the root case, and consequently turnover rates will not decrease.

Some causes point directly to a solution, but when addressing a root cause there is a full range of solutions that can be implemented. Which option is preferred by the company will depend in some cases on the investment the company is willing to make or on the complexity of the issue. In very complicates scenarios, it is better to implement an interim solution than to not address the issue at all.

Some solutions take a long time to implement and to see results, for example modifying company culture; with others management will see results right away. Long-term solutions should be implemented along with short-term solutions. This will show workers that steps are being taken to improve the situation now and also for the future.

Choosing where to start is not a straightforward decision. We could say that the highest priority should be tackled first. It could happen that the issues causing the most turnover are those that require a highest investment, so maybe you want to start with other issues first. The option vary depending on the case.

Depending on the data you are collecting and the different breakdowns you decide to classify, you can see who is leaving and how it affects the business. Some job categories for example are harder and more expensive to replace, those for example would be a high priority to retain. Some jobs require years of education and on the job training before an individual can be considered competent. And for some jobs there is no formal education, just years of company-specific training. You might want to focus your strategies on critical posts and people, but critical may not mean top performers, but also your reliable workers, in other words those people to are dependable and show up to work on a daily basis.

20. Investing right in training and development

We are learning all the time, even if we are not really conscious of it or even if we are not trying to do so intentionally. But training and development is a responsibility that the company has with its employees. The employees on the other hand have a shared responsibility to grow and increase their competencies within that environment.

Training consists of planned interventions or events that are designed to improve individual, team or organizational performance. The objective of training is therefore to change people's knowledge, skill level or behaviour.

HR's role in training and development is:
   - Securing senior management commitment to training.
   - Creating an environment where training can take place.
   - Identify company's needs that can be improved through training.
   - Defining the objectives of training.
   - Identifying current and future individuals and collective needs.
   - Designing a blended approach combining formal and informal processes.
   - Assuring a systematic and planned approach to training.
   - Evaluating the effectiveness of training for individuals, teams and the organization.

Many organizations work to a simple four-stage model in developing a training and development plan for the organization;

1. **Identify training needs and specify objectives:** The existing skills of the workforce need to be assessed against the future needs determined in the business plan. The organization's skills status can come from performance appraisal outcomes; surveys of supervisors and managers to identify skill gaps data on quality and quantity of production.
   - What specific business needs do we expect to be resolved by this intervention?
   - How does this business need link with the organization's strategic business plan and what is its priority?
   - When does the intervention need to take place if business plans are to be met?

2. **Design training activities:** There are different kinds of training interventions amongst which we will have to choose from. Some example include: formal training events or classroom training; structured programs involving employee feedback combined with coaching and mentoring by supervisors or trained co-employees; and planned on-the-job learning.

3. **Implement activities:** Training specialists will most frequently develop an annual training plan to be submitted as a part of the annual budgeting process. This normally covers the objectives, needs and activities described above, together with a financial plan involving specific numbers of people to be trained and costs of training.

4. **Evaluate activities:** A sound approach to evaluation involves combining an immediate post event review with one or more of the following objective measures;

- *Evaluated learning* – employees can be tested "before" and "after" the training to check that the course content has been absorbed.
- *Evaluated behaviour* – the behaviour of the employee back in the workplace is evaluated to monitor the application of the acquired knowledge. This may involve supervisory reports, checking work samples or interviews with people the employees interface with.
- *Results* – Looking at the specific objectives of the event did results change? These can be measured in terms of output, quality, sales, reduced accidents, customer feedback etc.

In many organizations, the emphasis in planning training is placed on designing a menu of training courses. Typically, insufficient emphasis is put on other forms of learning; too little time is spent seriously identifying training needs; and rarely is training evaluated in terms of how it has impacted on individual, team or organizational performance. This is surprising as formal classroom training is expensive in terms of design, delivery and lost working time.

Companies need to plan for how learning takes place by combining classroom training with formal workplace based processes of feedback, coaching and mentoring. On the job training needs to be better planned to ensure all employees benefit and the learning gained is appropriate to delivering the quantity and quality of output in a safe manner. In particular, companies need to consider the use of supervisors or co-workers as trained "on the job trainers".

21. Career development

Workers have objectives or aspirations and even when these aspirations are not realistic, their performance is often seriously and negatively affected if workers see no progress towards the achievement of their personally defined aspirations..

Meanwhile companies have their own business objectives to meet, and to achieve them requires a motivated workforce with adequate skills filling an adequate number and variety of positions. Combining the career aspirations of workers with the opportunities made available by the company is the objective of personnel development plans.

Personnel development is a formal, organized, and continuous planning method used to match the needs of a business with the career goals of employees.

The objective of personnel development planning is to:
-   Develop workers with more competencies and skills.
-   Enhance each employee's current job performance.
-   Enable individuals to advance within the company.
-   Fulfil business goals.

Personnel development is critical for long-term company survival. Personnel development planning has a long-term objective of making the company sustainable. Companies cannot meet company goals if it has a very high turnover rate and low productivity, or if it has trouble finding adequate replacements. It is unrealistic to think that worker remains in the same company during their work life. How to attract, keep and use workers to the full of their potential is a corporate need.

Despite its importance, in a business climate of uncertainty and change, personnel development is not easy to implement. It's true that many organizations consider that it is hard to plan too far ahead, because their future is unpredictable. They cannot plan for a year, it's hard enough to plan for a week! The major focus is matching personal goals and opportunities that are realistically available.

Personnel development asks the organization and its members to consider what they see in and need from each other. Personnel development tries to build a new relationship between the company and workers that is not based on loyalty, but in mutual benefit. The potential of personnel development really lies in that it helps work become positive and meaningful for workers.

Personnel development plans must recognize that:
-   Workers should receive recognition as individuals with unique needs, wants, and abilities;
-   Workers are more motivated by an organization that responds to their aspirations and needs;
-   Workers can grow, change and seek new directions in their careers if they are given the right opportunities, encouragement and guidance.

Within a company, a career growth can happen in different directions.

Moving up: vertical movement or promotion

Traditionally, being promoted and having an increase in responsibilities, status and pay have been the only ways to understand personnel development,.

Promotions can have a very positive impact on worker's motivation and professional growth but most organizations cannot provide opportunities for all of their employees to move up in the organizational hierarchy. At the very best they can provide that for only a few workers and therefore must find alternative ways to create satisfying careers. Personnel development can imply a change in job but not a change in responsibilities and workers can move laterally in the organization. In other words, workers can move "onward" instead of up. Companies should help workers see that lateral moves are a way

to improve skills or shift them from a slow-growing function to an expanding part of the organization.

The company has to recognize that other directions of movement are also a "reward", and break the habit of perceiving promotions as the only way to recognize achievement. Workers should be able, if they want, to move in all directions.

Growing in place: job enrichment

Job enrichment attempts to alleviate the potential monotony generated by the repetition of simple tasks, and enrich the context of the task and facilitate workers' identification with what they do, what it represents, and their participation and involvement in the work. To this end, each task is integrated into a coherent and meaningful context, and workers are encouraged to pursue and develop higher skills and abilities.

Studies on satisfaction, performance, and variety of tasks say that among the factors related to job satisfaction in the "job content". In general, jobs that require greater skill tend to have higher levels of satisfaction. However, an individual's perception of his or her work determines if his or her feelings towards it are positive or negative. The perception of variety in their work, autonomy, and the application and development of workers' abilities and skills influence job satisfaction.

Studies have shown that the intrinsic motivation of workers is positively correlated with the variety, the sense of personal autonomy, and identity with the task.

Among the factors that lead to greater internal motivation of workers are:

- **Viewing the job as meaningful, useful and important**: The abilities and skills necessary to perform the task, the full completion of a work unit and the importance of the tasks performed greatly influence in the perception of usefulness and importance of the work.
- **Perception that the execution of the work depends on oneself and one's own initiative:** The autonomy and independence of the individual to plan and carry out the work affects his or her sense of responsibility for the results achieved.
- **Knowledge of the results of the work itself.** Finally, direct and clear information on efficiency in job performance contributes to the knowledge of the results of the work itself.

Growing in place enables employees to master important skills. The challenges offer career satisfaction and a sense of personal accomplishment. Job enrichment can also serve as a bridge between the needs of employees and the needs of the organization.

The enrichment option is especially well suited to a team environment in which team members are expected to be able to step into each other's roles as needed. Such flexibility turns jobs into commodities and increases the value of people who can contribute in a variety of ways.

Sometimes job enrichment is not as successful as expected. One reason may be the inflexibility of some people reluctant to change their work habits and who prefer to continue with the previous system. This can occur when the enrichment of one job is accompanied by a deterioration of working conditions due to increased workload, over-ambitious output targets, higher probability of error, increase in personal responsibility, or learning difficulties.

Job enrichment means change in what workers do (content) or how they do it (process). Some jobs are more easily enriched than others, but it can be surprisingly easy to implement changes that have significant impact. The idea is to make jobs more pleasant and motivating. Not every task in a company will be pleasant but monotonous tasks can be compensated in ways that are not necessarily economical. How can jobs be enriched?

- Skill variety: Combining two or more tasks performed by separate people into one more fulfilling job, or rotating assignments to avoid routine. This provides workers with the opportunity to use different skills throughout the work day. It can be achieved by combining several tasks that don't require a greater level of knowledge or abilities, or by introducing a greater level of knowledge and ability. It is an integration of different functions in one job that results in positive qualitative modification of its content.
- Task combination. Combining tasks that promote learning.
- Task completion. Allowing workers to complete an identifiable piece of work from beginning to end with a visible outcome.
- Task significance: Providing workers with tasks that have a recognizable impact on the overall mission, making their work significant.
- Autonomy and responsibility: By offering workers more autonomy in their work. This can be done by gradually delegating first one task, then another, from a higher-level job. Individuals are most efficient when they have more responsibility and control over their work. The less responsibilities less enthusiasm and implication in the work.
- Feedback: By providing feedback from managers, customers or co-workers.
- Training: Providing opportunities for growth in the job training and courses.

Job enrichment represents a redistribution of tasks between jobs so that both jobs have a greater variety of tasks though not an increased workload from the quantitative point of view. If the company is simply increasing an individual's workload, then the objective of the company may not be to improve the content of the job, but rather to downsize. Even if this is not the case, this is how it will be perceived.

Enriching a job can be harder to do when this requires a very high cost of training for the company. Sometimes workers expect a promotion or an increase in wages when jobs are enriched, so management has to take great care in how they carry out job enrichment so as not to create a sense of injustice or demotivation, which is the opposite of the desired impact of the exercise.

Moving across: lateral movements and rotation

A lateral move involves a change in jobs, but not necessarily a change in pay, status, or level of responsibility. Sideways, rather than upward, moves can broaden an employee's knowledge base, skills and help develop new competencies.

This system of organizing work implies several workers exchanging their regular jobs. The interval of time the worker remains in the same job or the same task can range from less than one working day to several months.

Job rotation involves the relocation of employees to different jobs so that they can acquire a broader base of skills. More work experience gives workers more flexibility in choosing tasks. Workers obtain broader experience and more flexibility through training in various functions. Job rotation leads to a workforce with broader training and more qualifications.

From a workers' perspective, rotating jobs can be a survival mechanism if there is, for example, downsizing. When workers expand their skills it helps ensure their usefulness to the company and greater job security. Workers become more versatile and interchangeable, contributing to the adaptability of the company and its workers.

There are other reasons why job rotation can be an attractive option. It:
- Removes the full burden of tedious or heavy work from a single individual
- Divides the fatigue that can arise from the performance of specific tasks
- Prevents diseases related to repetitive movements
- Combats negative feelings of boredom and monotony that the work entails
- Increases worker motivation
- Broadens existing skills
- Gives an opportunity to learn about other areas of the company
- Prepares workers for future vertical moves

Although job rotation does not necessarily promise a qualitative improvement of working conditions, it provides variety and change, allows workers to utilize a greater range of skills and knowledge, and can be a way to avoid the monotony of a single task.

There are drawbacks however. It is not suitable for employees who want to specialize in a certain area. From the perspective of the organization, it can slow down operations while workers acquire new skills. In the long run there are many advantages for the company from a perspective of personnel development, but companies should be aware of the costs that arise in the short to medium term.

Moving down: realignment

A move "down" can be perceived as negative, but in many occasions it is the best way to achieve greater job satisfaction and avoid leaving a company.

For example, imagine a technical expert who has been promoted to a managerial position, or a worker promoted to a supervisory role, who may want to return to the satisfaction of hands-on work, even if the move means losing status. Another example is that when a certain project or task ends, a worker may want to remain with the company but can only do so by opting for a step down. We can also think of an employee who has other priorities, such as health considerations, family responsibilities, or further education, who may prefer to reduce his or her responsibilities at work. A less worker-driven scenario is when a lower position is offered that is more in line with the abilities of the worker.

22. Career paths

A career path is sequencing work experiences, usually different job assignments, to provide employees with the opportunity to participate in many aspects of a professional area. It is a method to plan worker progression within a company structure, which can be

vertical, lateral or static. Creating realistic expectations within the career path project, however, is necessary as the nature of business can be so dynamic that it makes the organization structure change, resulting in different career paths not keeping the same pace.

It is important to assign potential time frames for possible job movements along the career path and to discuss them with workers to ensure that each career path matches workers' aspirations with the company's objectives.

A career path could be within the same "job family" or imply lateral movements between different activities. A job family is a series of jobs involving work of the same nature, but requiring different levels of skill and responsibility. Job families function to provide both a structure for departmental human resource decisions and a career path along which a worker may plan his/her growth and advancement. Moving along a career path requires more than simply accumulating time in an organization; workers must demonstrate competence and the readiness to take on new responsibilities. Promotions of individuals within a job family are tied to demonstrated competencies and performance, completion of individual development activities and the needs of the company.

If we were to create job families we would need to know:

1. Tasks and responsibilities one would be expected to perform at the various levels.
2. Skills and experience required
3. Training required
4. Time needed

Not all jobs can be placed into a job family, but such a group is much broader than one might think. Take for example, three workers in a sewing line. One of them has just been hired, another one has been working in the post for several years and the third one is a very experienced sewer. Just there you have three levels: entry level, junior **and senior level.**

Job family	Tasks/responsibilities	Skills required	Experience required	Training required	Timeframes
Senior					
Junior					
Entry level					

23.   What is employee relations about?

Harmonious working relations between the company and its employees are critical to organizational success. We can understand employee relations as a management area of activity or see it as a skill-set or philosophy. In either case employee relations are critical to achieving business efficiency through obtaining employees' involvement, commitment and engagement.

Employee relations is about communication. Communication differs from providing information in that communication is "two-way" while providing information is one way, and generally top-bottom. Communication is about giving employees a voice. When we inform we are just trying to convey a message but in communication we are referring to listening, to sharing and to a two way participation.

When employees have a voice:
- Employees feel more valued, so they are likely to contribute more.
- Positive impact on morale and on a sense of belonging and participation in the enterprise.
- Employees skills are better used and developed
- Conflict is reduced

There are two basic ways in which a company can manage its relationships with employees that are often described as being "direct" or "indirect".

- *Direct relationships* are where the company and its managers deal with all aspects of the employment relationship on an individual basis.
- "Indirect" approaches can be detected through the existence of a systematic structure of elected workplace representatives, trade unions, collective bargaining agreements, joint employee consultative committees or works councils and the involvement of workers representatives in resolving workplace issues associated with grievances or cases involving disciplinary action.

24. Discipline and grievances, a framework of rights and obligations

Every company has to establish a set of rights and obligations that both employees and management have to live by. In other words the rule to live by. If we look at the relationship between these rights and obligations, we will find that employees' rights become management's obligations, and management's rights are employees' obligations. For example, employees have the obligation to come to work at 8am; therefore management has a right to demand that employees come to the workplace at 8am. If the employee does not comply with this rule, management is entitled to enforce the obligation. That obligation can be enforced through a disciplinary procedure. Employees have a right to a discrimination and harassment free workplace; therefore it is the obligation of management to ensure equality, respect and dignity in the workplace. If a supervisor screams at an employee, the employee is entitled to demand that that conduct stops. This can be done through a grievance procedure.

These rights and obligations are contained in the companies rules, regulations, policies and communicated to the workforce through different means, for example handbooks, inductions programs etc.

25. The objective of disciplinary systems

Discipline is a key management function in any workplace. Handled well, it can support the productivity and quality goals of the company. Handled less well, it can be a source of friction that leads to poor performance by disgruntled staff and eventually to high labour turnover. The issue is not just about the outcomes of cases of discipline but how those outcomes were arrived at. It is essential that all concerned perceive the process to be fair, balanced and objective. To achieve that a company must have a clear policy on discipline, procedures that implement the policy, trained staff capable of using those procedures and proper supervision. Good record keeping will ensure that documentary back-up is available to demonstrate that cases were handled fairly. Finally, good policies and procedures can only be effective when all staff know about them, know how to use them, and believe in them. Communication and training are therefore essential to ensure that the policies and procedures are used and respected.

The objective of discipline is to help the employee understand that there is either a problem in his performance or in his behaviour and that there is a need to improve. With disciplinary actions, management tries to ensure that workplace rules and regulations are respected, and if there is a non compliance of those rules management tries to have that conduct stopped. Because the objective is to ensure that the company's rules are respected, the effective disciplinary action addresses the behaviour of the employee and not the employee as a person. Unfortunately sometimes the objective of discipline is confused with the mechanisms we use in order to achieve that objective. Some factories will punish the employee, humiliate him, or reduce his wages if he underperforms or does not follow the rules. The objective of disciplinary measures is to improve the productivity or behaviour of the employee and not to punish him. If the conduct does not improve we have not achieved our objective no matter what mechanism we have used. If we give the employee the opportunity to solve the problem we obtain better results than if we punish him. If the system is designed to punish the employee it is likely that he will view it as arbitrary and unfair.

With a good disciplinary procedure the organization will be able to:
- Inform employees of what is expected (of them) in terms of performance and
- conduct.
- Encourage employees to achieve standards.
- Help identify obstacles to achieving standards (training needs, additional resources, unclear job descriptions, etc.).
- Provide a fair and consistent method to deal with any failure.
- Reduce the need for dismissals.

Because the objective is to give workers the possibility to improve, an important factor is that discipline should be applied in private, not in front of their co-workers. Some managers think that reprimanding a misbehaving worker in public teaches a lesson to other workers. This type of conduct only humiliates the worker who is being disciplined, and creates fear among the rest of the workers. If we conduct discipline in public, we are actually sanctioning the worker twice: Firstly with whatever sanction or measure we use, and secondly through the public humiliation. Some managers think that this is an effective way to communicate the rules and regulations to workers. Managers need to remember that they should communicate these rules to workers before enforcing them so the workers know what is expected of them. Also this type of actions only creates fear amongst the workers, which brings down productivity and moral.

26.   What is progressive discipline?

Progressive discipline consists of a succession of interventions on the part of management through which the worker is given a series of opportunities to correct his behaviour before his dismissal is decided upon. It is the form most frequently used in order to manage discipline in a company. The steps of progressive discipline consist of a series of warnings implying an increasingly severe sanction over the entire period during which the undesirable conduct persists. Progressive discipline shows the worker that his employer is not trying to get rid of him because there is a problem, but is trying to encourage him to eliminate the problem. If the worker does not respond to progressive warnings, the company may be compelled to dismiss him for cause.

The system of progressive discipline usually has three to five phases. Nevertheless, a serious breach may lead to the elimination of some of the warning phases; it may also in certain cases lead to immediate dismissal. But no worker will be dismissed for a first breach of discipline except in the case of gross misconduct. Disciplinary warnings should normally have a specified 'life' after which they are disregarded when considering any subsequent warnings. Where misconduct has been very serious, it may be appropriate for the warning to continue to be regarded indefinitely.

STEPS OF PROGRESSIVE DISCIPLINE

- **ORIENTATION SESSION.** This consists of a conversation with the worker in which he is advised of performance or conduct expectations, making sure that he understands the requirements of the work and trying to clarify if there are elements that can contribute to an unsuitable conduct unknown to the supervisor. A quiet word is often all that is required to improve a worker's conduct or performance. This meeting should be held within 24 hours of the infraction in order to avoid any appearance of the conduct being acceptable.

- **VERBAL WARNING.** A worker who repeats a minor infraction (of conduct or productivity) should receive a verbal warning. By means of this warning, the supervisor explains to him that if the problem continues the worker will receive a more severe sanction – a written warning -. The warning should specify the review period during which the individual receives appropriate support and their performance should be monitored. The worker does not necessarily need to sign anything for a verbal warning. Although the worker does not need to sign it, documentation form should be kept as support for any future action that may be necessary. Such warnings should be documented, but disregarded after a number of months of satisfactory service.

- **WRITTEN WARNING.** If the worker continues committing the same infraction during this period of time, he will receive a written warning. The supervisor will let him know that if his behaviour persists during a certain period of time he will receive a more severe sanction. The warning should specify the review period during which the individual receives appropriate support and their performance can be monitored. Such warnings will be recorded and signed by the worker, but disregarded after a number of months of satisfactory service. If the worker refuses to sign you may have the third-party witness sign that the worker refused to sign the acknowledgement.

- **SUSPENSION.** If the worker does not respond to the previous warnings, and persists in his conduct, he may be suspended from the job without during a certain period of time, receiving a warning from his supervisor informing him that, if he continues breaching the norm further, the next step will be dismissal. Some organizations provide for suspensions with pay to workers, with the understanding that if the conduct persists after the suspension period is over the next step will be dismissal. The warning should specify the review period during which the individual receives appropriate support and his performance can be monitored. A signed copy of the suspension will be kept in file but will be disregarded for disciplinary purposes after a number of months subject to achievement of satisfactory conduct or performance.

- **DISMISSAL.** Termination is the most severe sanction that may be enforced in an organization, and therefore it should be carefully considered. Dismissal should be reserved for cases of serious misconduct or repeated offences and should be used as a last resort. In the case of progressive discipline, if the worker breaches the norm again during the period of time determined, he may be dismissed. Dismissal decisions can only be taken by the appropriate senior manager, and the worker will be provided, as soon as reasonably practicable, with written reasons for dismissal, the date on which the employment will terminate, and the right to appeal. The decision to dismiss will be confirmed in writing.

27. How should infractions be classified?

Different companies may classify the same infraction as minor, serious or very serious. It's crucial that companies classify infractions depending on the seriousness of the offence. There has to be a correlation between the fault and the sanction. In other words, the sanctions have to be proportional to the seriousness of the conduct. What proportionality entails is that the level of sanction be scaled to the severity of the conduct, which does not mean that the sanction has to be equivalent to the conduct only that we should sanction more severely a more serious offense. When we think about how a conduct may affect the company in order to determine if it should be a minor, serious or very serious offence and how it should be sanctioned, we have to think how the specific conduct can affect the safety of the individuals in the our workplace, the production, the organization, etc. …

You must also remember that what may be considered today as a minor infraction may be considered to be a more serious infraction after a lapse of time. On the other hand, some of the sanctions may no longer be necessary as time goes by. For example some facilities will not allow cell phones to be used during working hours, some will not allow cell phones in the facility at all, all depending on the problem associated to certain behaviour.

Also remember that when an organization does not include sexual harassment, for example, within the gross misconduct, and just includes it as a minor infraction, the message conveyed is that it is not such a big issue that needs to be dealt with harshly. Violence, whether it is physical or psychological, should always be considered a gross misconduct. When the health, safety and/or security of workers are jeopardized it should be considered a high priority.

You must also remember to associate time frames to the progressive discipline steps if it is a repeated infraction.

28. Conflict management

If we ask around what people think about conflict, mostly everyone will have a negative opinion of it. Conflict has negative connotations and people will give negative adjectives to describe it. Mostly everyone has the perception that they are destructive and that in conflict you either win or lose. But this is because we tend to confuse conflict with the methods we use to resolve them – fights, screaming, discussion- which tend to be violent or at the very least uncomfortable for the people involved. We tend to use methods to resolve conflict that are based in confrontation and creating adversaries.

All organizations manage conflicts one way or another. Some of them deal with conflict by trying to avoid it, pretend it does not exist or fighting against them, but they will not make them disappear. Other organizations try to find more creative methods to manage them and channel them through more constructive ways. Usually conflict is treated in an ad hoc manner, as isolated events that sometimes are categorized if there is a high potential risk, but rarely they are managed as a whole to identify systematic issues.

Methods based on force or power: Some organizations still consider that management should fight against workers, that since management is investing, and therefore assuming the risk of capital, they are the owners of their environment and therefore any conflict or dispute is viewed as a great threat. In this scenario, management also considers that they must solve the problems *for* the workers as they themselves cannot do it. The solution to conflict is imposed by whoever has more power and the weaker side can only accept the authority of power or accept the sanctions imposed for not accepting. It generates win-lose outcomes. This method usually destroys relationships, it eliminates a problem that would be better off resolved, builds up resentment and reduces confidence building. Many times, for example supervisors resort to power because they are not able to exercise real leadership. For example, management uses methods to coerce the parties in conflict or intimidate them so they give in –threats, screaming, disciplinary sanctions, dismissals etc. But workers can also use force or power to solve their conflicts with management, for example through the use of a strike.
It is a high-risk and high-cost way of securing results. Save in extraordinary circumstances, the use of power can only be justified within an agreed or legislated framework, and even then only as a last resort.

Methods based on law or rights: These methods provide workers with a framework of knowing what is expected from them, what limitations there are to their actions and what rights and entitlements they have. Without a system that provides them with security and certainty, actions and decisions become arbitrary and inconsistent. Using these methods to solve conflicts should be limited to those cases where it is the best option. Rights are generally imposed, as a traditional legal system, through internal regulations, policies, procedures, etc., and create certainty as they establish the criteria for the treatment of people. The procedures used under these methods will find the facts, examine them and determine who has a "better right", or who is right and who is wrong, based on objective criteria. Again, this method is also based on a win-lose relationship. The organization again decides *for* the parties instead of *with* the parties. This method to solve the conflict will

be chosen by someone in the hierarchy who does not have any interests at stake in the conflict but who has the authority to impose the method or the solution to the parties in conflict. This "imposed justice" will likely be perceived by the "loser" as unfair and will bring discredit to them. Other consequences of the use of these methods in an organization is that:

- It can polarize the workplace and engender them-and-us division in the work place;
- It tends to formalize and rigidify relationships;
- It tends to offer only a narrow range of remedies;
- It may militate against the development of a problem solving culture.

Methods based on joint problem solving or consensus: the parties in conflict define their worries, concerns and needs, they identify the causes of their conflict and look for solutions that will satisfy both parties. By working WITH the people that are involved in the problem we will be able to create the solutions to the problem. When the parties get involved in the solution they tend to be more responsible with the result and with the implementation of the solution. Through trying to reach a consensus, the parties tend to move beyond hard positions and address their needs and interests.

Conflicts may arise for different reasons: discrepancies, misunderstandings, personal differences, not met expectations, violation of rights etc. Usually when there has been a violation of a regulation, a contract, or the law, we should repair the damage through a rights based system, but many times the problem has a deeper root, or a not so visible cause and the differences that might still exist could be solved through a mediation process. There is not one recipe that fits all. It will depend on the problem, on the relationship between the parties in conflict, on the conflict culture of the company etc. we could generally say that if there has been a violation of a right we should start off with a grievance procedure and the outcome should include the reinstatement of the right. Once the right has been reinstated then, maybe a process of mediation could start by which both parties try to improve their relationship and look towards working peacefully together in the future.

One method is not better than the other, they just meet different requirements and have different outcomes.

29.   Where do most conflicts arise from?

It is important to understand that most conflicts are made up of the different perceptions that each of the parties have of it, meaning that in most of the cases it does not matter who is right and who is wrong, because all parties are "right" even if their perceptions are contradictory. In most cases in conflict we don't even speak about "objective truth", but more about perceptions and to help people live with these different perceptions. We usually perceive that *our* behaviour is correct in relation to the situation. In a conflict there are usually very few objective facts, which are very important to find, but we must also bear in mind that aside from those few facts, the rest will be the personal view of the parties. Trying to solve a conflict by finding "the winner and the loser" will only worsen the conflict.

Many times management spends most of its time, efforts and resources in "proving" to workers that their perception is "wrong", that if they change workers' perceptions the

conflict will be solved. Management should invest their resources in trying to identify those perceptions, where they arise from and try to manage them with a positive attitude, in order for the conflict to be managed in a way where it benefits both parties. Instead of focusing on "proving them wrong" management could ask workers what is its they want, how could the problem be solved, and with an interactive dialogue it is likely that the conflict has a positive outcome that satisfies both parties.

Management thinks that in many cases finding alternative solutions based on the analysis of the need will lead to solutions that will cost the factory money. This is not necessarily the case, but when it is, when we do need additional resources in order to solve a conflict in a way where it satisfies both parties, what we should do is prioritize. We should think to ourselves, how important is this in relation to other budget allocations.

Positions: They are the specific petitions that the parties place at the negotiation table to satisfy their needs. When the parties negotiate through positions they establish certain terms that they expect to obtain and they don't explore other possible dimensions of those terms. Positions are static, we can visualize them as a slogan that will go in a banner. Positions will divert the attention from the real issues. Positions can change depending on the circumstances and be replaced by another position. They usually describe the point of view of just one of the sides.

Interests: They are the objectives of each of the negotiating parties. They allow the parties to bring to the table their real needs which are the ones they are trying to satisfy through the specific positions. Different positions may satisfy one same interest.

Needs: Those realities are indispensable or will not be waived.

Interests and needs will answer the question "what is it that you really want".

A conflict can only have constructive and lasting transformation if the parties go farther than the positions and explore with their real needs. The idea is to change the "what do you want" to a "what do you need". Sometimes we don't show our needs because it is interpreted as a weakness. This is why it is especially important to create a climate of trust in negotiations.

Another important need in any managing conflict and actually one of the reasons why their solution is frequently delayed is the need to save face. Both parties need to maintain their prestige. Sometimes the need to save face leads the parties to ask for ridiculous demands or to negotiate based on positions. But at the end of the day we must recognize that it is a very understandable human need.

When trying to manage conflicts, the focus should always be on the problems and not on the person. We should be harsh with the problems and smooth with the people. Basic emotions are transmitted among the parties. If one party is transmitting positive emotions it will be passed on to the other party and will most likely transmit it as well. In managing conflict we should ensure respect between the parties and towards them and consideration for their needs and interests.

The steps to manage conflict no matter what method we use are the following:

1. Recognize that a problem exists

2. Understand the other's position
3. Identify the interests and needs
4. Discuss the problem and possible solutions

Solve the problem in a way that satisfies both parties

30. Is record keeping and monitoring important?

Record keeping is normally considered to concern the setting up and keeping of individual employee records. Monitoring and evaluation relies on aggregating individual data in order to draw general conclusions about the state of the workplace and the performance of the HR function.

All organizations need to plan and to formulate policies and procedures, which will enable them to remain competitive and provide good service to their customers. All planning depends on information. Personnel planning depends on effective and accurate record keeping to enable the organization to recruit, train and develop staff to their full potential; to be as effective as possible within the organization; and as a result, make a positive contribution to company performance. Good records can help managers:

- Make decisions based on facts rather than on guesswork;
- Know the quantity and quality of the staff resources available to meet production/service requirements;
- More accurately assess levels of performance and productivity
- Know how factors like absence levels, labour turnover, sickness, accidents, lateness, discipline influence performance, and being able to take appropriate and timely action.

In summary, personnel records are necessary for the formulation and implementation of employment policies and procedures for recruitment, training, promotion, dismissal etc. Some of these will be required by law and others enable personnel to monitor other processes. For instance;

- Personnel records, and the statistics they provide, are important in helping to develop policies free from any bias on grounds of sex, race, age or disability;
- Accurate records help ensure that employees receive their correct pay, holidays, pension and other entitlements and benefits;
- They can be used to monitor fair and consistent treatment of staff, for example in relation to promotion and discipline, and for employee development purposes;
- Good record keeping also helps organizations to respond readily to requests for information from the authorities, from business organizations and code auditors.

As with any system, personnel records should be reviewed from time to time to check their effectiveness. Include the users and operators of the system in the review, as they will know the strengths and weaknesses of the system. The main questions to ask in any review might include;

- Is it providing the answers required and providing them quickly and accurately?
- Is the company making effective use of the information that is available?
- Is all the information useful and necessary?
- Is there any unnecessary duplication of records?
- Is it proving easy to keep the records up-to-date?

–   What improvements might be made to the system?

HR will achieve its full potential when it demonstrates its the role in creating value an its return on investment. While functions such as finance, manufacturing, customer service and marketing have long used quantitative metrics, HR departments have often applied more informal or subjective forms of measurement. Typical measures used by many companies are;

Staffing
- Time to fill vacancy
- Cost of filling vacancy
- Average tenure of employees
- Turnover rate
- Per cent of internally filled jobs by category
- Performance of hired applicants
- Performance of those hired with different techniques

Training and development
- Number of training days per employee by category
- Training budget per head
- Cost per trainee hour
- Number of persons trained
- Number of courses taught by subject
- Per cent of employees with development plans
- Number of employees with transferable skills

Performance systems
- Per cent of employees receiving performance appraisal
- Percentage of employees with high, expected and low levels of performance.
- Effectiveness of appraisal process for dealing with poor performers
- Acceptance of appraisal processes by employees
- Extent to which measurement systems are seen as credible
- Ratio of salary to competitor salary

Safety and health
- Number of accidents
- Number of critical incidents.
- Lost work time due to accidents
- Cost of accidents
- Incidence of accidents

Employee relations
- Frequency of labour and management leadership interaction
- Measures of the organizational climate
- Per cent of unionized employees
- Number of joint labour management committees

Discipline
- Number of employees disciplined
- Most common issues
- Efficiency of disciplinary measures used
- Perceived fairness of system

Suggestions, grievances and complaints
- o Number of grievances, complaints and suggestions received
- o Frequency of different channels used to receive grievances
- o Most common issues brought up in complaints and grievances
- o Average time for handling the grievance
- o Percentage of complaints and grievances solved
- o Percentage of appeals
- o Percentage of cases solved favourably for employee
- o Per cent employees making suggestions
- o Per cent of suggestions implemented
- o Effectiveness of mediation between employees and management

Organizational performance measures
- o Labour productivity;
- o Unit labour costs;
- o Product or service quality;
- o Profits;
- o Market share;
- o Return on investment.

A popular method of providing managers with regular and simplified information on HR performance is via "dashboards". A dashboard is a personalized, or role-based, snapshot of performance and can be used for an individual department or an organization as a whole.

31.   What are the costs of losing a worker?

Most managers underestimate the costs involved in losing workers. Many have the misconception that there are plenty of individuals ready to work in their organization, so if some leave it is easy enough to bring more in. This means that these managers are not concerned about workers leaving nor why they are leaving. But turnover has a great impact on an organization and in the individuals. There are many costs associated to a worker leaving and other costs arising from hiring a new worker to cover that vacancy.

Impact of turn over in the organization:
- ▪ High financial cost;
- ▪ Productivity losses;
- ▪ Workflow interruptions;
- ▪ Administrative challenges;
- ▪ Disruption of social and communication networks;
- ▪ Job satisfaction of remaining workers at stake.

Impact of turnover on individuals:
- ▪ Loss of benefits or seniority;
- ▪ Stress associated with the translation or change;
- ▪ Financial challenges;
- ▪ Loss of social network.

The apparently simple issue of calculating the cost of worker turnover rate is however not straightforward. Turnover rate involves direct and indirect costs for the organization. Direct costs can be identified more easily but indirect costs are sometimes more difficult to identify and quantify, but they are very real. Research shows that the cost of the latter may be 2 to 5 times higher than direct costs. You will find that some of these costs can be determined through cost statements but others will need to be estimated.

Turnover costs are usually expressed as a percentage of annual salary of a category of workers. When calculating the costs you will see that turnover costs of highly qualified workers will be substantially higher then those costs derived from unskilled or entry level workers.

If we were to calculate what are the costs of an individual worker leaving the organization, we could develop the costs considering the cycle of the employment relationship. We would have to take into account different aspects or allocations:

TERMINATION COSTS: Termination costs or exit costs could be more significant when departure from the organization is involuntary. Whether they are voluntary or involuntary there are different costs that should be considered:

- Cost incurred to conduct exit interviews,
- Cost of administrative functions related to termination (e.g. handling and processing paperwork, and overheads),
- Paid working time spent for administrative chores during worker's final day
- Separation/severance pay.
- Cost of any training your company has invested in the worker who is leaving,

VACANCY COSTS: Vacancy costs are those expenses encountered during the time that it takes to fill the vacancy that has been left by the departing worker. Those can include:

- Cost of additional overtime,
- Cost of additional temporary help,
- Loss of productivity and quality until post is filled (impact on departmental productivity)

REPLACEMENT COSTS: Replacement costs include all those expenses that the organization has in order to be able to fill that vacancy. These can be varied and should be found in the hiring process:

- Administrative expenses (e.g. handling and processing paperwork and overheads),
- Costs of attracting applicants (ads, recruitment agencies, etc.),
- Entrance interview expenses,
- Costs of carrying out reference checks,
- Testing costs (equipment costs, manpower costs, etc.),
- Pre-employment administrative expenses,
- Worker travel expenses,
- Administrative travel costs (labour authorities, etc.),
- Medical exams.

INCORPORATION, INDUCTION & TRAINING COSTS: Incorporation, induction and training costs should not be forgotten or underestimated as there are a lot of expenses that the organization covers in this phase of the hiring process. These can include:

- Administrative expenses (e.g. handling and processing paperwork and overheads),
- Training fee for formal training (regulations, safety & health, skills, etc.),
- Printing cost of written documentation (regulations, manuals, training materials, etc.),
- Informal training cost (socialization, on-the-job, etc.),
- Worker's compensation during training as the worker us eceivng a compensation but not providing services to the organization (lost production during training of new worker)
- Worker materials (ID card, uniform, utensils, job aids, dormitory expenses, etc.),
- Additional supervision time of new worker (assigning, explaining and reviewing work) which represents lost productivity of the supervisor,
- Initial subsidies to new worker until he/she meets objectives,
- Loss of productivity of new worker on the job considering the expected learning curve,
- Defect rate increase.

INTANGIBLE/INDIRECT COSTS: As we mentioned previously there are other indirect costs or intangibles that are harder to quantify and in some cases will need to be estimated, but they should always be included if we are trying to calculate full loaded turnover costs. These include:

- Uncompensated increased workload of other workers due to vacancies,
- Stress and tension turnover causes in the workforce (psychological instability),
- Declining worker morale,
- Decreased productivity due to loss of work group synergy,
- Disruption in productive organization,
- Impact on client confidence,
- Cost of lost knowledge, skills and expertise,
- Higher turnover rate of new worker,
- Loss of other workers (they follow each other!),
- Quality problems, cost of errors, bottlenecks.

By adding each of the costs in each of these allocations you would obtain the cost of an individual worker leaving the organization. To calculate the total costs of turnover for the organization, you would have to multiply this amount by the number of workers in the same job category that actually leave the organization and perform the same operation with the other job categories and add them all up. When you do, we advise that you are actually sitting, although you might fall from the chair when you see how high the costs actually are!

As we can see, from an organizational perspective, worker turnover can represent a significant cost in terms of recruiting, training, socialization and disruption a well as a variety of indirect costs. It is important to be able to analyze, understand and effectively manage worker turnover even if we are doing it only from an economic perspective.

The good news is that turnover is not en event. It is a process of disengagement that can take days, weeks, months or years until the actual decision of departing occurs, which

means that the organization has a period of time to identify the worker's dissatisfaction, try to correct it and avoid the worker from leaving.

32. How to calculate turnover rate

Turn over numbers alone will not tell us much. We will have to use those figures along with the causes that make people leave in order to use the information in a substantial way to solve turnover issues. But lets take it a step at a time. Let's start by seeing what data we should be collecting and how we can obtain the turnover rate in the company to later see what we can do with the information and why collecting as much as possible will help us come up with efficient solutions.

Different organizations calculate their turnover rates in different ways. They do this because they take different definitions of turnover depending on what is relevant for them. What definition we use is not trivial, as depending on it we will be obtaining some relevant data or other relevant data.

In general terms, total turnover rate can be calculated by dividing the number of workers leaving during the month by the average number of workers during the month. When we use this figure it will show us an absolute value showing the total rate of exit workers in the organization. Because it is an absolute figure, it is very vague because the rate includes all reasons for leaving, whether workers left voluntary or involuntary (for example a worker being dismissed because of unsatisfactory performance would be included in this figure).

Number of workers leaving during the month

_____

Average number of workers during the month

There are other ways to calculate turnover that are more significant to the organization from the perspective of actually implementing measures that can reduce these figures. You should only use these formulas when you are ready to go more in depth into implementing retention strategies.

We can take for example, voluntary turnover rate, which is the number of workers who voluntary leave during the month divided by the average number of workers during the month. This figure will only take into account those workers who initiate the departure from the organization, and will not include those terminations caused at the initiative of the employer, for example due to unsatisfactory performance, retrenchments, etc. This figure can be important because the general turnover figure can be misleading if, for some reason there has been high number of workers terminated during a short period of time.

Number of workers who voluntary leave during the month

_____

Average number of workers during the month

We can also include another variable that can be significant with regards to programs or measures that an employer can introduce in the organization, which is the voluntary departures that the employer has some influence over, in other words, the turnover that can be avoided. Avoidable turnover rate is calculated by dividing the number of worker departures that are avoidable by the average number of workers during the month. If there are unavoidable reasons for workers to leave these could be excluded from the turnover rate and they cannot be considered a controllable retention issue. These can include for example workers leaving because they want to care of children after leave, or stop working in the factory during harvest times. But remember that this category could include involuntary turnover due to poor performance that leads to termination.

Number of worker departures that are avoidable
_____

Average number of workers during the month

For our purposes of retaining workers and implementing adequate measures, the data that we think should be compiled by organization is voluntary avoidable turnover. Because it will give us the figures that management can actually act on, those turnovers that management could have avoided. Management and direct supervisors can actually prevent many cases of workers leaving. Those are the ones that the rest of the training module will cover.

33.   Relevant information on retention and turnover

When you are gathering data to calculate your turnover rate to be able to implement your retention strategies, you should be interested not only in know how many are leaving, but also who is leaving. There are different breakdowns of data of departing workers that could be very relevant to obtain and understand how the workforce changes and where turnover rates are the highest. They will also be helpful in understanding the causes of turnover. These breakdowns can include:

- Length of service (especially early turnover [less than 30 days for low skilled 60-90 days for technical and professional employees first days])
- Job groups/categories or sections and departments
- Age
- Gender
- Educational levels

These breakdowns show where turnover is occurring which is important to obtain and understand the problems and successes.

There are three time periods that are recommended to collect data: monthly, quarterly and annually.

Commitment data

Many companies are not only recording turnover data but also:

- Intention of leaving data
- Satisfaction data
- Commitment data

Experts say that satisfaction data alone is not the best indicator and that it should be complemented with organizational commitment indicators. Commitment data measures the degree to which a worker identifies with and supports the organization. These indicators show the belief and acceptance of company values and imply a likelihood not only to perform better but also to stay with the organization longer. The less committed a worker is the more likely s/he will leave the organization.

Regarding commitment, there are three different types of commitment that are different from each other:

- Commitment to the company.
- Commitment to people.
- Commitment to the job.

This means that workers can be committed to the company without being committed to the job or that they could commit to their working colleagues but not to the company. Being commitment in one area does not necessarily mean that it is transferred to another. However improving one form of commitment may have a positive impact on the others.

34. Measuring training and development

Evaluation of training is often looked at from four different levels (the "Kirkpatrick levels"), reaction, learning, behaviour and results. Evaluating the reaction, which is defined below implies measuring an immediate impact, while when we are measuring the learning, the behaviour and the results we are looking to analyse the long-term impact. Like all kinds of learning, participants of a training need time to consolidate their learning and try to apply their learning to their work. It is trainers' and management's responsibility to ensure the desire impact by continuously measuring the long term impact, i.e. in months or half year after a training

REACTION - What does the participant feel about the training?

Usually this is done immediately at the end of training sessions by passing anonymous questionnaires to participants. Informal comments from participants are also valuable sources of information. It is very easy to obtain this sort of information and not costly at all. It

provides good input for future organizing future trainings and avoiding committing same mistakes. Common questions will include: Did you like the training? Did you enjoy the venue, the style, timing, and facilitator? Was the training relevant for you?

LEARNING - What facts, knowledge, etc., did the participant gain?

Depending on the subject area of the training, measuring the actual learning could take different forms. If it's a technical issue then asking participants to take a test before and after the course and comparing results could be a formula. But in the cases of soft skills, attitude change, culture change on the job observation is a more useful tool.

BEHAVIOUR - To what extent did participant change their behaviour back in the workplace as a result of the training?

Observation and interview over time are required to assess change, relevance of change, and sustainability of change. Arbitrary snapshot assessments are not reliable because people change in different ways at different times. Assessments need to be subtle and ongoing, and then transferred to a suitable analysis tool. AS mentioned above with technical skills it is an easier practice as simple no the job observation and easily identifiable key performance indicators will do the trick, but in the case of soft skills is a bit more complicated to quantify and measure.

RESULTS or effectiveness - What organizational benefits resulted from the training?

Measures would typically be business or organizational key performance indicators generally speaking, such as: Volumes, values, percentages, timescales, return on investment, and other quantifiable aspects of organizational performance, for instance; numbers of complaints, staff turnover, attrition, failures, wastage, non-compliance, quality ratings, achievement of standards and accreditations, growth, retention, etc. The challenge is to identify which and how related to the trainee's input and influence.

Pre-training measurement should be established at the stage of worker assessment. The measurement should be quantitative standards to measure effectiveness of training, i.e., post-training measurement should be compared with pre-training measurements. Without a comparison, the influence of the training can hardly be spelt out.

35. Bibliography

HRM is a very a very dynamic field that produces a lot of general and specific literature constantly. It's easy to find on any one subject area not 1 but 100 books, 1000 articles/papers and 10,000 blog entries, which could be worth reading. With so many sources and information available, what I can do is give you a list of some articles and books that you can find in my library on each of the sessions.

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