

Course Name	: Elements of Human resource Management
Course Code	: APBBA 1201
Course level	: level 2
Credit Units	: 4 CU
Contact Hours	: 60 Hrs

Course Description

The Course deals with comprehensive analysis of Human Resource Management (HRM), its features, goals, and various theories behind HRM, workforce planning, recruitment in HRM, training and development, skills management, relevance of time & skills Management in HRM, Wage and Salaries, Payroll, Employee benefits, Performance Appraisal (PA).

Course Objectives

- To help students get exposed to theoretical perspectives of managing human resources in Organizations.
- To help students develop knowledge to analyze different processes involved in recruiting employees in various work places.
- To provide students with opportunities of getting exposed to different motivational theories most applicable in Human resource management.

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Mode of delivery Face to face lectures

Assessment

Course work 40%

Exams 60%

Total Mark 100%

Definition

Human Resource Management (HRM) is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization. Human Resource Management can also be performed by line managers.

Human Resource Management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.

INTRODUCTION

Human resource management (HRM) is the [strategic](#) and [coherent](#) approach to the [management](#) of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of the objectives of the business. The terms "human resource management" and "human resources" (HR) have largely replaced the term "personnel management" as a description of the processes involved in managing people in organizations. In simple sense, HRM means employing people, developing their resources, utilizing, maintaining and compensating their services in tune with the job and organizational requirement.

Features

Its features include:

- Organizational management
 - Personnel administration
 - Manpower management
 - Industrial management
- But these traditional expressions are becoming less common for the theoretical discipline. Sometimes even employee and [industrial relations](#) are confusingly listed as synonyms although these normally refer to the relationship between management and workers and the behavior of workers in companies.

The theoretical discipline is based primarily on the assumption that employees are individuals with varying goals and needs, and as such should not be thought of as basic business resources, such as trucks and filing cabinets. The field takes a positive view of workers, assuming that virtually all wish to contribute to the enterprise productively, and that the main obstacles to their endeavors are lack of knowledge, insufficient training, and failures of process.

HRM is seen by practitioners in the field as a more innovative view of workplace management than the traditional approach. Its techniques force the managers of an enterprise to express their goals with specificity so that they can be understood and undertaken by the workforce, and to provide the

resources needed for them to successfully accomplish their assignments. As such, HRM techniques, when properly practiced, are expressive of the goals and operating practices of the enterprise overall. HRM is also seen by many to have a key role in risk reduction within organizations. Synonyms such as *personnel management* are often used in a more restricted sense to describe activities that are necessary in the recruiting of a workforce, providing its members with payroll and benefits, and administering their work-life needs. So if we move to actual definitions, Torrington and Hall (1987) define personnel management as being:

"a series of activities which: first enable working people and their employing organisations to agree about the objectives and nature of their working relationship and, secondly, ensures that the agreement is fulfilled" (p. 49).

While Miller (1987) suggests that HRM relates to:

".....those decisions and actions which concern the management of employees at all levels in the business and which are related to the implementation of strategies directed towards creating and sustaining competitive advantage" (p. 352).

Academic theory

The goal of human resource management is to help an organization to meet strategic goals by attracting, and maintaining employees and also to manage them effectively. The key word here perhaps is "fit", i.e. a HRM approach seeks to ensure a fit between the management of an organization's employees, and the overall strategic direction of the company (Miller, 1989).

The basic premise of the academic theory of HRM is that humans are not machines, therefore we need to have an interdisciplinary examination of people in the workplace. Fields such as [psychology](#), industrial engineering, industrial, Legal/Paralegal Studies and organizational psychology, industrial relations, [sociology](#), and critical theories: [postmodernism](#), [post-structuralism](#) play a major role. Many colleges and universities offer bachelor and master degrees in Human Resources Management.

One widely used scheme to describe the role of HRM, developed by [Dave Ulrich](#), defines 4 fields for the HRM function:

- Strategic business partner
- [Change management](#)
- Employee champion
- Administration

However, many HR functions these days struggle to get beyond the roles of administration and employee champion, and are seen rather as reactive than strategically proactive partners for the top management. In addition, HR organizations also have the difficulty in proving how their activities and processes add value to the company. Only in the recent years HR scholars and HR professionals are focusing to develop models that can measure if HR adds value.

Critical Academic Theory

[Postmodernism](#) plays an important part in Academic Theory and particularly in Critical Theory. Indeed Karen Legge in 'Human Resource Management: Rhetorics and Realities' poses the debate of whether HRM is a modernist project or a postmodern discourse (Legge 2004). In many ways, critically or not, many writers contend that HRM itself is an attempt to move away from the modernist traditions of personnel (man as machine) towards a postmodernist view of HRM (man as

individuals). Critiques include the notion that because 'Human' is the subject we should recognize that people are complex and that it is only through various discourses that we understand the world. Man is not Machine, no matter what attempts are made to change it i.e. [Fordism](#) / [Taylorism](#), [McDonaldisation](#) (Modernism).

Critical Theory also questions whether HRM is the pursuit of "attitudinal shaping" (Wilkinson 1998), particularly when considering empowerment, or perhaps more precisely pseudo-empowerment - as the critical perspective notes. Many critics note the move away from Man as Machine is often in many ways, more a Linguistic (discursive) move away than a real attempt to recognise the Human in Human Resource Management.

Critical Theory, in particular postmodernism (poststructuralism), recognises that because the subject is people in the workplace, the subject is a complex one, and therefore simplistic notions of 'the best way' or a unitary perspectives on the subject are too simplistic. It also considers the complex subject of [power](#), power games, and [office politics](#). Power in the workplace is a vast and complex subject that cannot be easily defined. This leaves many critics to suggest that Management 'Gurus', consultants, 'best practice' and HR models are often overly simplistic, but in order to sell an idea, they are simplified, and often lead Management as a whole to fall into the trap of oversimplifying the relationship.

Business practice

Human resources management comprises several processes. Together they are supposed to achieve the above mentioned goal. These processes can be performed in an HR department, but some tasks can also be outsourced or performed by line-managers or other departments. When effectively integrated they provide significant economic benefit to the company. [Workforce planning](#)

- [Recruitment](#) (sometimes separated into attraction and selection)
- [Induction](#) and [Orientation](#)
- [Skills management](#)
- [Training and development](#)
- Personnel administration
- Compensation in [wage](#) or [salary](#)
- [Time management](#)
- Travel management (sometimes assigned to accounting rather than HRM)
- [Payroll](#) (sometimes assigned to accounting rather than HRM)
- [Employee benefits](#) administration
- Personnel cost planning
- [Performance appraisal](#)

Careers and education

The sort of careers available in HRM are varied. There are generalist HRM jobs such as human resource assistant. There are careers involved with employment, recruitment and placement and these are usually conducted by interviewers, EEO ([Equal Employment Opportunity](#)) specialists or college recruiters. Training and development specialism is often conducted by trainers and orientation specialists. Compensation and benefits tasks are handled by compensation analysts, salary administrators, and benefits administrators.

Several universities offer programs of study pertaining to HRM and broader fields. [Cornell University](#) created the world's first school for college-level study in HRM ([ILR School](#)).^[9] [University of Illinois at Urbana-Champaign](#) also now has a school dedicated to the study of HRM,

while several [business schools](#) also house a center or department dedicated to such studies; e.g., [Michigan State University](#), [Ohio State University](#), and [Purdue University](#).

Professional organizations

Professional organizations in HRM include the [Society for Human Resource Management](#), the Australian Human Resources Institute (AHRI), the [Chartered Institute of Personnel and Development](#) (CIPD), the International Public Management Association for HR (IPMA-HR), Management Association of Nepal (MAN) and the International Personnel Management Association of Canada (IPMA-Canada), Human Capital Institute (HCI)

Functions

The Human Resources Management (HRM) function includes a variety of activities, and key among them is deciding what staffing needs you have and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring your personnel and management practices conform to various regulations. Activities also include managing your approach to employee benefits and compensation, employee records and personnel policies. Usually small businesses (for-profit or nonprofit) have to carry out these activities themselves because they can't yet afford part- or full-time help. However, they should always ensure that employees have -- and are aware of -- personnel policies which conform to current regulations. These policies are often in the form of employee manuals, which all employees have.

Note that some people distinguish a difference between HRM (a major management activity) and HRD (Human Resource Development, a profession). Those people might include HRM in HRD, explaining that HRD includes the broader range of activities to develop personnel inside of organizations, including, eg, career development, training, organization development, etc.

There is a long-standing argument about where HR-related functions should be organized into large organizations, eg, "should HR be in the Organization Development department or the other way around?"

The HRM function and HRD profession have undergone tremendous change over the past 20-30 years. Many years ago, large organizations looked to the "Personnel Department," mostly to manage the paperwork around hiring and paying people. More recently, organizations consider the "HR Department" as playing a major role in staffing, training and helping to manage people so that people and the organization are performing at maximum capability in a highly fulfilling manner.

Karen et al (2004). *Human Resource Management*

2. Workforce planning

Strategic Workforce Planning is the business process for ensuring that an organization has suitable access to talent to ensure future business success. Access to talent includes considering all potential access sources (employment, contracting out, partnerships, changing business activities to modify the types of talent required, etc. By talent is meant the skills, knowledge, predisposition and ability to undertake required activities including decisions making. Strategic Planning considers the business risks concerning insufficient, disrupted, miss-deployed talent on the organization's business priorities.

Strategic Workforce Planning is analogous to the treasurer role which is concerned with ensuring the organization has suitable access to working capital. This role also looks at multiple sources for access and similar risks to those mentioned above.

One of the more restrictive and potentially dangerous assumptions is that Strategic Planning is only about talent in the form of employees. Hiring is a strategy for accessing talent and will often be the superior one. However, the use of employees to meet talent needs carries with it unique risks that can be mitigated using alternative access sourcing arrangements. Regardless of the access source used, insightful assessment of the strategy's attendant business risk is prudent.

The process for starting out Strategic Workforce Planning is link with the organization's strategy. This means identifying the critical talent needs that if not met can materially adversely impact business success. Once the business risks are fully appreciated then attention turns to schedule and timing. Assessing current internal capability and assessing its relative position when it will be called upon in the future. Speculating on future sourcing options and identifying the preferred sourcing option. Implementation and execution follow. Attention to periodically reviewing the "sanity" of the current plan is prudent.

4.5 Closing the Gaps

Workforce analytics approach

The focus is to analyze current and historical employee data to identify key relationships among variables and use this to provide insight into the workforce they need for the future..

Modeling approach

This approach incorporates forecasting and scenario planning. Forecasting uses quantitative data to create forecasts incorporating multiple what-if and modeling the future. Scenario Planning being the more useful tool where there are uncertainties, therefore incorporating quantitative and qualitative.

Segmentation approach

Breaking the workforce into segments along the lines of their jobs and determining relevance to strategic intent. Provides a technique for prioritizing.

Steps in Workforce Planning

Though there is no definitive 'Start here' activity for any of the approaches to Strategic Workforce Planning, there are five fundamentals activities that most Workforce Plan models have:

- Environment Scan
- Current Workforce Profile
- Future Workforce View
- Analysis and Targeted Future
- Closing the gaps

Environment Scan

[Environment Scanning](#) is a form of business intelligence. In the context of Workforce Planning it is used to identify the set of facts or circumstances that surround a workforce situation or event.

Current Workforce Profile

Current State is a profile of the demand and supply factors both internally and externally of the workforce the organization has 'today'.

Future Workforce View

[Future](#) View is determining the organization's needs considering the emerging trends and issues identified during the Environment Scanning.

Future View is often where the different approaches identified above are applied: Quantitative futuring: understanding the future you are currently tracking to by forecasting; Qualitative futuring: scenario planning potential alternative futures in terms of capabilities and demographics to deliver the business strategy.

Analysis and Targeted Future

Qualitative and quantitative futuring creates the content for an organizational unit to analyse and identify critical elements. As the critical elements are identified the Targeted Future begins to take form. The targeted future is the future that the organization is going to target as being the best fit in terms of business strategy and is achievable given the surrounding factors (internal/external, supply/demand).

Closing the Gaps

Closing the gaps is about the people management (human resources) programs and practices that deliver the workforce needed for today and tomorrow. The process is about determining appropriate actions to close the gaps and therefore deliver the targeted future.

There are 8 key areas that Closing the Gaps needs to focus on -

Resourcing, [Learning](#) and [Development](#), [Remuneration](#), [Industrial Relations](#), [Recruitment](#), [Retention](#), [Knowledge Management](#), Job design.

3. Recruitment

Recruitment refers to the process of screening, and selecting qualified people for a [job](#) at an [organization](#) or firm, or for a vacancy in a volunteer-based some components of the recruitment process, mid- and large-size organizations and companies often retain [professional recruiters](#) or outsource some of the process to recruitment agencies. External recruitment is the process of attracting and selecting employees from outside the organization.

The recruitment industry has four main types of agencies: [employment agencies](#), recruitment websites and job search engines, "[headhunters](#)" for executive and professional recruitment, and in-house recruitment. The stages in recruitment include sourcing candidates by [advertising](#) or other methods, and screening and selecting potential candidates using tests or interviews.

Agency types

The recruitment industry has four main types of agencies. Their recruiters aim to channel candidates into the hiring organizations application process. As a general rule, the agencies are paid by the companies, not the candidates.

Traditional Agency

Also known as a [employment agencies](#), recruitment agencies have historically had a physical location. A candidate visits a local branch for a short interview and an assessment before being taken onto the agency's books. Recruitment consultants then work to match their pool of candidates to their clients' open positions. Suitable candidates are short-listed and put forward for an interview with potential employers on a temporary ("temp") or permanent ("perm") basis.

Compensation to agencies take several forms, the most popular:

- A contingency fee paid by the company when a recommended candidate accepts a job with the client company (typically 20%-30% based and calculated of the candidates first-year base salary – though fees as low as 12.5% can be found online), which usually has some form of guarantee (30–90 days standard), should the candidate fail to perform and is terminated within a set period of time (refundable fully or prorated)
- An [advance payment](#) that serves as a [retainer](#), also paid by the company, non-refundable paid in full depending on outcome and success (eg. 30% up front, 30% in 90 days and the remainder once a search is completed). This form of compensation is generally reserved for high level executive search/headhunters
- Hourly Compensation for temporary workers and projects. A pre-negotiated hourly fee, in which the agency is paid and pays the applicant as a consultant for services as a third party. Many contracts allow a consultant to transition to a full-time status upon completion of a certain number of hours with or without a conversion fee.

Headhunters

A "[headhunter](#)" is industry term for a third-party recruiter who seeks out candidates, often when normal recruitment efforts have failed. Headhunters are generally considered more aggressive than in-house recruiters or may have preexisting industry experience and contacts. They may use advanced [sales techniques](#), such as initially posing as clients to gather employee contacts, as well as visiting candidate offices. They may also purchase expensive lists of names and job titles, but more often will generate their own lists. They may prepare a candidate for the interview, help negotiate the salary, and conduct closure to the search. They are frequently members in good standing of industry trade groups and associations. Headhunters will often attend trade shows and other meetings nationally or even internationally that may be attended by potential candidates and hiring managers.

Headhunters are typically small operations that make high margins on candidate placements (sometimes more than 30% of the candidate's annual compensation). Due to their higher costs, headhunters are usually employed to fill senior management and executive level roles. Headhunters are also used to recruit very specialized individuals; for example, in some fields, such as emerging scientific research areas, there may only be a handful of top-level professionals who are active in the field. In this case, since there are so few qualified candidates, it makes more sense to directly recruit them one-by-one, rather than advertise internationally for candidates. While in-house recruiters tend to attract candidates for specific jobs, headhunters will both attract candidates and actively seek them out as well. To do so, they may network, cultivate relationships with various companies, maintain large databases, purchase company directories or candidate lists, and [cold call](#) prospective recruits

In-House Recruitment

Larger [employers](#) tend to undertake their own in-house recruitment, using their [human resources](#) department, front-line hiring managers and recruitment personnel who handle targeted functions and populations. In addition to coordinating with the agencies mentioned above, in-house recruiters may advertise job vacancies on their own websites, coordinate internal employee referrals, work with

external associations, trade groups and/or focus on campus [graduate recruitment](#). While job postings are common, networking is by far the most significant approach when reaching out to fill positions. Alternatively a large employer may choose to outsource all or some of their recruitment process([recruitment process outsourcing](#)).

Passive Candidate Research Firms / Sourcing Firms

These firms provide competitive passive candidate intelligence to support company's recruiting efforts. Normally they will generate varying degrees of candidate information from those people currently engaged in the position a company is looking to fill. These firms usually charge a per hour fee or by candidate lead. Many times this uncovers names that cannot be found with other methods and will allow internal recruiters the ability to focus their efforts solely on recruiting.

Process

Job Analysis

The proper start to a recruitment effort is to perform a [job analysis](#), to document the actual or intended requirement of the job to be performed. This information is captured in a [job description](#) and provides the recruitment effort with the boundaries and objectives of the search. Oftentimes a company will have job descriptions that represent a historical collection of tasks performed in the past. These job descriptions need to be reviewed or updated prior to a recruitment effort to reflect present day requirements. Starting a recruitment with an accurate job analysis and job description insures the recruitment effort starts off on a proper track for success.

Sourcing

[Sourcing](#) involves 1) [advertising](#), a common part of the recruiting process, often encompassing multiple media, such as the Internet, general newspapers, job ad newspapers, professional publications, window advertisements, job centers, and campus graduate recruitment programs; and 2) recruiting research, which is the proactive identification of relevant talent who may not respond to job postings and other recruitment advertising methods done in #1. This initial research for so-called passive prospects, also called name-generation, results in a list of prospects who can then be contacted to solicit interest, obtain a resume/CV, and be screened (see below).

Screening and selection

Suitability for a [job](#) is typically [assessed](#) by looking for skills, e.g. communication, [typing](#), and computer skills. Qualifications may be shown through [résumés](#), [job applications](#), [interviews](#), educational or professional experience, the testimony of references, or in-house testing, such as for software knowledge, typing skills, [numeracy](#), and [literacy](#), through [psychological tests](#) or [employment testing](#). In some countries, employers are legally mandated to provide [equal opportunity](#) in hiring. Business management software is used by many recruitment agencies to automate the testing process. Many recruiters and agencies are using an [Applicant tracking system](#) to perform many of the filtering tasks, along with software tools for [psychometric testing](#)

On boarding

"On boarding" is a term which describes the introduction or "induction" process. A well-planned introduction helps new employees become fully operational quickly and is often integrated with a new company and environment. On boarding is included in the recruitment process for retention

purposes. Many companies have on boarding campaigns in hopes to retain top talent that is new to the company, campaigns may last anywhere from 1 week to 6 months.

Internet Recruitment / Websites

Such sites have two main features: job boards and a [résumé](#)/curriculum vitae (CV) database. Job boards allow member companies to post job vacancies. Alternatively, candidates can upload a résumé to be included in searches by member companies. Fees are charged for job postings and access to search resumes. Since the late 1990s, the recruitment website has evolved to encompass end-to-end recruitment. Websites capture candidate details and then pool them in client accessed candidate management interfaces (also online). Key players in this sector provide e-recruitment software and services to organizations of all sizes and within numerous industry sectors, who want to e-enable entirely or partly their recruitment process in order to improve business performance.

The online software provided by those who specialize in online recruitment helps organizations attract, test, recruit, employ and retain quality staff with a minimal amount of administration. Online recruitment websites can be very helpful to find candidates that are very actively looking for work and post their resumes online, but they will not attract the "passive" candidates who might respond favorably to an opportunity that is presented to them through other means. Also, some candidates who are actively looking to change jobs are hesitant to put their resumes on the job boards, for fear that their current companies, co-workers, customers or others might see their resumes.

Job search engines

The emergence of [meta-search](#) engines, allow job-seekers to search across multiple websites. Some of these new search engines index and list the advertisements of traditional job boards. These sites tend to aim for providing a "one-stop shop" for job-seekers. However, there are many other job search engines which index pages solely from employers' websites, choosing to bypass traditional job boards entirely. These vertical search engines allow job-seekers to find new positions that may not be advertised on traditional job boards, and online recruitment websites.

5. Training and Development

In the field of [human resource management](#), *training and development* is the field concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. It has been known by several names, including **employee development**, **human resource development**, and **learning and development**.

Harrison observes that the name was endlessly debated by the [Chartered Institute of Personnel and Development](#) during its review of professional standards in 1999/2000. "Employee Development" was seen as too evocative of the master-slave relationship between employer and employee for those who refer to their employees as "partners" or "associates" to be comfortable with. "Human Resource Development" was rejected by academics, who objected to the idea that people were "resources" — an idea that they felt to be demeaning to the individual. Eventually, the CIPD settled upon "Learning and Development", although that was itself not free from problems, "learning" being an overgeneral and ambiguous name. Moreover, the field is still widely known by the other names

Training and development encompasses three main activities: training, education, and development. Garavan, Costine, and Heraty, of the Irish Institute of Training and Development, note that these

ideas are often considered to be synonymous. However, to practitioners, they encompass three separate, although interrelated, activities

Training; this activity is both focused upon, and evaluated against, the job that an individual currently hold

Education; this activity focuses upon the jobs that an individual may potentially hold in the future, and is evaluated against those jobs. Development; this activity focuses upon the activities that the organization employing the individual, or that the individual is part of, may partake in the future, and is almost impossible to evaluate

The "stakeholders" in training and development are categorized into several classes. The *sponsors* of training and development are senior managers. The *clients* of training and development are business planners. Line managers are responsible for coaching, resources, and performance. The *participants* are those who actually undergo the processes. The *facilitators* are Human Resource Management staff. And the *providers* are specialists in the field. Each of these groups has its own agenda and motivations, which sometimes conflict with the agendas and motivations of the others⁴

The conflicts are the best part of career consequences are those that take place between employees and their bosses. The number one reason people leave their jobs is conflict with their bosses. And yet, as author, workplace relationship authority, and executive coach, Dr. John Hoover points out, "Tempting as it is, nobody ever enhanced his or her career by making the boss look stupid." Training an employee to get along well with authority and with people who entertain diverse points of view is one of the best guarantees of long-term success. Talent, knowledge, and skill alone won't compensate for a sour relationship with a superior, peer, or customer.

Planning the business process for is t Strategic Workforce ensuring that an organization has suitable access to talent to ensure future business success. Access to talent includes considering all potential access sources (employment, contracting out, partnerships, changing business activities to modify the types of talent required, etc. By talent is meant the skills, management

6. SKILLS MANAGEMENT

Skills Management is the practice of understanding, developing and deploying people and their [skills](#). Well-implemented skills management should identify the skills that job roles require, the skills of individual employees, and any gap between the two.

The skills involved can be defined by the organization concerned, or by third party institutions. They are usually defined in terms of a skills framework, also known as a competency framework or skills matrix. This consists of a list of skills, and a grading system, with a definition of what it means to be at particular level for a given [skill](#). (For an example of a mature skills framework, see the Skills Framework for the Information Age, a technical IT skills framework owned by a British not-for-profit organization.)

To be most useful, skills management needs to be conducted as an ongoing process, with individuals assessing and updating their recorded skill sets regularly. These updates should occur at least as frequently as employees' regular line manager reviews, and certainly when their skill sets have changed.

Skills management [systems](#) record the results of this process in a database, and allow analysis of the data.

In order to perform the functions of [management](#) and to assume multiple roles, managers must be skilled. Robert Katz identified three managerial skills that are essential to successful management: technical, human, and conceptual*. Technical skill involves process or technique knowledge and proficiency. Managers use the processes, techniques and tools of a specific area. Human skill involves the ability to interact effectively with people. Managers interact and cooperate with employees. Conceptual skill involves the formulation of ideas. Managers understand abstract relationships, develop ideas, and solve problems creatively. Thus, technical skill deals with things, human skill concerns people, and conceptual skill has to do with ideas. A manager's level in the organization determines the relative importance of possessing technical, human, and conceptual skills. Top level managers need conceptual skills in order to view the organization as a whole. Conceptual skills are used in planning and dealing with ideas and abstractions. Supervisors need technical skills to manage their area of specialty. All levels of management need human skills in order to interact and communicate with other people successfully.

As the pace of change accelerates and diverse technologies converge, new global industries are being created (for example, telecommunications). Technological change alters the fundamental structure of firms and calls for new organizational approaches and management skills.

Employees who benefit

Skills management provides a structured approach to developing individual and collective skills, and gives a common vocabulary for discussing skills. As well as this general benefit, three groups of employees receive specific benefits from skills management.

Individual Employees

As a result of skills management, employees should be aware of the skills their job requires, and any skills gaps that they have. Depending on their employer, it may also result in a personal development plan (PDP) of training to bridge some or all of those skills gaps over a given period.

Line manager

Skills management enables managers to know the skill strengths and weaknesses of employees reporting to them. It can also enable them to search for employees with particular skill sets (e.g. to fill a role on a particular job).

Organization Executives

A rolled-up view of skills and skills gaps across an organization can enable its executives to see areas of skill strength and weakness. This enables them to plan for the future against the current and future abilities of staff, as well as to prioritize areas for skills development.

6. WAGES

A **wage** is compensation, usually financial, received by a worker [in exchange](#) for their [labor](#).

Compensation in terms of wages is given to worker and compensation in terms of [salary](#) is given to employees. Compensation is a monetary benefits given to employees in returns of the services provided by them.

Determinants of wage rates

Depending on the structure and traditions of different economies around the world, wage rates are either the product of market forces ([Supply and Demand](#)), as is common in the [United States](#), or wage rates may be influenced by other factors such as tradition, social structure and seniority, as in [Japan](#).

Several countries have enacted a [statutory minimum wage](#) rate that sets a [price floor](#) for certain kinds of labor.

Wages in the United States

In the [United States](#), wages for most workers are set by [market forces](#), or else by [collective bargaining](#), where a [labor union](#) negotiates on the workers' behalf. Although states and cities can and sometimes do set a [minimum wage](#), the [Fair Labor Standards Act](#) requires a minimum wage at the federal level. For certain federal or state government contracts, employers must pay the so-called [prevailing wage](#) as determined according to the [Davis-Bacon Act](#) or its state equivalent. Activists have undertaken to promote the idea of a [living wage rate](#) which would be higher than current minimum wage laws require.

6 SALARIES

salary is a form of periodic payment from an [employer](#) to an [employee](#), which may be specified in an [employment contract](#). It is contrasted with piece [wages](#), where each job, hour or other unit is paid separately, rather than on a periodic basis.

From the point of a view of running a [business](#), salary can also be viewed as the cost of acquiring [human resources](#) for running [operations](#), and is then termed personnel expense or salary expense. In accounting, salaries are recorded in payroll [accounts](#).

Salaried employment in the 20th century

In the 20th century, the rise of the [service economy](#) made salaried employment even more common in [developed countries](#), where the relative share of industrial production jobs declined, and the share of executive, administrative, computer, marketing, and creative jobs--all of which tended to be salaried--increased.

Salary and other forms of payment today

Today, the idea of a salary continues to evolve as part of a system of all the combined rewards that employers offer to employees. Salary (also now known as fixed pay) is coming to be seen as part of a "total rewards" system which includes variable pay (such as bonuses, incentive pay, and commissions), [benefits and perquisites](#) (or perks), and various other tools which help employers link rewards to an employee's measured performance.

Salaries in the U.S.

In the United States, the distinction between periodic salaries (which are normally paid regardless of hours worked) and hourly wages (meeting a [minimum wage](#) test and providing for [overtime](#)) was first codified by the [Fair Labor Standards Act](#) of 1938. At that time, five categories were identified as being "exempt" from minimum wage and overtime protections, and therefore salariable. In 1991, some computer workers were added as a sixth category. The tests for all six categories were revised effective August 23, 2004.

The six categories of salaried workers exempt from overtime provisions are:

1. [Executive Employees](#), who hire, fire and direct others
2. [Administrative Employees](#), exercising discretion as part of office work
3. Learned [Professional Employees](#), such as medical practitioners, lawyers, engineers, dentists, veterinarians, and accountants
4. *Creative Professional Employees* in an artistic field
5. [Computer Employees](#), who must meet certain threshold tests
6. [Outside Sales Employees](#), who must work away from an employer's place of business. Some of the 2004 exemption tests depend on being paid a weekly salary of greater than \$455, even though no *hourly* minimum wage is required or maximum number of hours worked is established.

General rule for comparing periodic salaries to hourly wages is based on a standard 40 hour work week with 50 weeks per year (minus two weeks for vacation)

7. Time management

[3.6.5 The Eisenhower Method](#)

Refers to a range of skills, tools, and techniques used to [manage](#) time when accomplishing specific tasks, projects and goals. This set encompass a wide scope of activities, and these include [planning](#), [allocating](#), [setting goals](#), delegation, analysis of time spent, [monitoring](#), organizing, [scheduling](#), and [prioritizing](#). Initially time management referred to just business or work activities, but eventually the term broadened to include personal activities also. A time management system is a designed combination of processes, tools and techniques.

Some authors (such as [Stephen R. Covey](#)) offered a categorization scheme for the hundreds of time management approaches that they reviewed

- First generation: reminders based on clocks and watches, but with computer implementation possible; can be used to alert a person when a task is to be done.
- Second generation: planning and preparation based on calendar and appointment books; includes setting goals.
- Third generation: planning, prioritizing, controlling (using a personal organizer, other paper-based objects, or computer or PDA-based systems) activities on a daily basis. This approach implies spending some time in clarifying values and priorities.
- Fourth generation: being efficient and proactive using any of the above tools; places goals and roles as the controlling element of the system and favors importance over urgency.

Some of the recent general arguments related to "time" and "management" point out that the term "time management" is misleading and that the concept should actually imply that it is "the management of our own activities, to make sure that they are accomplished within the available or allocated time, which is an unmanageable continuous resource".

Time management literature paraphrased: "Get Organized" - paperwork and task triage "Protect Your Time" - insulate, isolate, delegate "set gravitational goals" - that attract actions automatically "Achieve through Goal management Goal Focus" - [motivational](#) emphasis

- "Work in [Priority](#) Order" - [set goals](#) and prioritize
- "Use Magical Tools to Get More Out of Your Time" - depends on when written
- "Master the Skills of Time Management"
- "Go with the Flow" - natural rhythms, Eastern philosophy

- "Recover from Bad Time Habits" - [recovery](#) from underlying psychological problems, e.g. [procrastination](#)

Time management and related concepts

Time management has been considered as subsets of different concepts such as:

- [Project management](#). Time Management, can be considered as a project management subset, and is more commonly known as [project planning](#) and [project scheduling](#). Time Management is also been identified as one of the core functions identified in project management .
- [Attention management](#): Attention management relates to the management of [cognitive](#) resources, and in particular the time that humans allocate their mind (and organizations the minds of their employees) to conduct some activities.
- [Personal knowledge management](#): see below (Personal time management).

Personal Time Management

Time management strategies are often associated with the recommendation to set goals. These goals are recorded and may be broken down into a [project](#), an [action plan](#), or a simple task list. For individual tasks or for goals, an importance rating may be established, deadlines may be set, and priorities assigned. This process results in a plan with a task list or a schedule or calendar of activities. Authors may recommend a daily, weekly, monthly or other planning periods, usually fixed, but sometimes variable. Different planning periods may be associated with different scope of planning or review. Authors may or may not emphasize reviews of performance against plan. Routine and recurring tasks may or may not be integrated into the time management plan and, if integrated, the integration can be accomplished in various ways.

How We Use Time

When we spend time, there is no improvement in efficiency, productivity, or effectiveness. The time is gone without a return. We save time when we perform tasks in less time or with less effort than previously. We use shortcuts and processes that streamline activities. We invest time when we take time now to save time later.

We spend time when we go to a movie; however, if we are a screenwriter, the time spent in the movie is an investment since it will help hone our writing skills. If we invest time to learn screenwriting software, we will save time in the future when we compose our scripts. However, this is still relative to the point that we are able to turn better writing skills and faster script development into profit - if we are able to sell it. In capitalism our investment, might very well be someone else's profit.

Delegation is a valuable investment of our time. When we delegate, we teach someone to perform tasks we usually perform. While the training process takes time now, the investment pays off later since we free our time to perform higher-payoff activities.

The goal is to look for ways a person can save and invest time.

Task list

A **task list** (also *to-do list*) is a list of [tasks](#) to be completed, such as chores or steps toward completing a project. It is an [inventory](#) tool which serves as an alternative or supplement to [memory](#).

Task lists are used in self-management, [grocery](#) lists, [business management](#), [project management](#), and [software development](#). It may involve more than one list.

When you accomplish one of the items on a task list, you *check* it off or *cross* it off. The traditional method is to write these on a piece of paper with a [pen](#) or [pencil](#), usually on a note pad or clip-board. Numerous digital equivalents are now available, including [PIM](#) (Personal information management) applications and most [PDAs](#). There are also several web-based task list applications, many of which are free.

Task lists are often tiered. The simplest tiered system includes a general to-do list (or task-holding file) to record all the tasks the person needs to accomplish, and a daily to-do list which is created each day by transferring tasks from the general to-do list.

Task lists are often prioritized:

- An early advocate of "ABC" prioritization was [Alan Lakein](#) (See Books below.). In his system "A" items were the most important ("A-1" the most important within that group), "B" next most important, "C" least important.
- A particular method of applying the *ABC method*^[2] assigns "A" to tasks to be done within a [day](#), "B" a [week](#), and "C" a [month](#).
- To prioritize a daily task list, one either records the tasks in the order of highest [priority](#), or assigns them a [number](#) after they are listed ("1" for highest priority, "2" for second highest priority, etc.) which indicates in which order to execute the tasks. The latter method is generally faster, allowing the tasks to be recorded more quickly.

Alternatives to Prioritizing:

A completely different approach which argues against prioritising altogether was put forward by British author [Mark Forster](#) in his book "Do It Tomorrow and Other Secrets of Time Management". This is based on the idea of operating "closed" to-do lists, instead of the traditional "open" to-do list. He argues that the traditional never-ending to-do lists virtually guarantees that some of your work will be left undone. This approach advocates getting all your work done, every day, and if you are unable to achieve it helps you diagnose where you are going wrong and what needs to change. Recently, [Forster](#) developed the "[Autofocus Time Management System](#)", which further systematizes working a to-do list as a series of closed sublists and emphasizes intuitive choices.

Software applications

Modern task list [applications](#) may have built-in task hierarchy (tasks are composed of subtasks which again may contain subtasks), may support multiple methods of filtering and ordering the list of tasks, and may allow one to associate arbitrarily long notes for each task.

In contrast to the concept of allowing the person to use multiple filtering methods, at least one new software product additionally contains a mode where the software will attempt to dynamically determine the best tasks for any given moment. Many of the software products for time management support multiple users. It allows the person to give tasks to other users and use the software for communication

Task list applications may be thought of as lightweight [personal information manager](#) or [project management software](#).

Resistors

- [Fear](#) of change: Change can be daunting and one may be afraid to change what's proven to work in the past.
- [Uncertainty](#): Even with the change being inevitable, one may be hesitant as being not sure where to start. Uncertainty about when or how to begin making a change can be significant.
- Time pressure: To save time, one has to invest time, and this time investment may be a cause of concern. Fearing that changing may involve more work at the start—and thus, in the very short term, make things worse—is a common resistor.

Attention Deficit Disorder

Excessive and chronic inability to manage time effectively may be a result of Attention Deficit Disorder (ADD). Diagnostic criteria includes: A sense of underachievement, difficulty getting organized, trouble getting started, many projects going simultaneously and trouble with follow-through.

- [The Prefrontal Cortex](#): The Prefrontal Cortex is the most evolved part of the brain. It controls the functions of attention span, impulse control, organization, learning from experience and self-monitoring, among others. Daniel Amen, M.D. offers possible solutions in [Change Your Brain Change Your Life](#).^[7]

Drivers

- Increased effectiveness: One may feel the need to make more time so as to be more effective in performing the job and carrying out responsibilities.
- Performance improvement: Time management is an issue that often arises during [performance appraisals](#) or review meetings.
- [Personal development](#): One may view changing the approach to time management as a personal development issue and reap the benefit of handling time differently at [work](#) and at [home](#).
- Increased responsibilities: A change in time-management approach may become necessary as a result of a [promotion](#) or additional responsibilities. Since there is more work to do, and still the same amount of time to do it in, the approach must change.

Caveats

Dwelling on the lists

- According to Sandberg task lists "aren't the key to productivity [that] they're cracked up to be". He reports an estimated "30% of listeners spend more time managing their lists than [they do] completing what's on them".
- This could be caused by [procrastination](#) by prolonging the planning activity. This is akin to [analysis paralysis](#). As with any activity, there's a point of diminishing returns.

Rigid adherence

- Hendrickson asserts that rigid adherence to task lists can create a "tyranny of the to-do list" that forces one to "waste time on unimportant activities".
- Again, the point of [diminishing returns](#) applies here too, but toward the size of the task. Some level of detail must be taken for granted for a task system to work. Rather than put "clean the kitchen", "clean the bedroom", and "clean the bathroom", it is more efficient to put "housekeeping" and save time spent writing and reduce the system's administrative load (each task entered into the system generates a cost in time and effort to manage it, aside from the execution of the task). The risk of consolidating tasks, however, is that "housekeeping" in this example may prove overwhelming or nebulously defined, which will either increase the risk of procrastination, or a mismanaged project. [\[citation needed\]](#)
- Listing routine tasks wastes time. If you are in the habit of brushing your teeth every day, then there is no reason to put it down on the task list. The same goes for getting out of bed, fixing meals, etc. If you need to track routine tasks, then a standard list or chart may be useful, to avoid the procedure of manually listing these items over and over. [\[citation needed\]](#)
- To remain flexible, a task system must allow adaptation, in the form of rescheduling in the face of unexpected problems and opportunities, to save time spent on irrelevant or less than optimal tasks. [\[citation needed\]](#)
- To avoid getting stuck in a wasteful pattern, the task system should also include regular (monthly, semi-annual, and annual) planning and system-evaluation sessions, to weed out inefficiencies and ensure the user is headed in the direction he or she truly desires. [\[citation needed\]](#)^[10]
- If some time is not regularly spent on achieving long-range goals, the individual may get stuck in a perpetual holding pattern on short-term plans, like staying at a particular job much longer than originally planned. [\[citation needed\]](#)

Set goals for oneself and work on achieving these goals. Some people study in different ways so you are to find out how you are able to study and put that into action. Some people are able to understand their work if they can see it. Some need to touch and feel whatever is being spoken about in the book. Some people need to see what they are studying in order to understand what is coming out of the book.

Techniques for setting priorities

ABC analysis

A technique that has been used in business management for a long time is the categorization of large data into groups. These groups are often marked A, B, and C—hence the name. Activities are ranked upon these general criteria:

- **A** – Tasks that are perceived as being urgent and important.
- **B** – Tasks that are important but not urgent.
- **C** – Tasks that are neither urgent nor important.

Each group is then rank-ordered in priority. To further refine priority, some individuals choose to then force-rank all "B" items as either "A" or "C". ABC analysis can incorporate more than three groups. ABC analysis is frequently combined with [Pareto analysis](#).

Pareto analysis

This is the idea that 80% of tasks can be completed in 20% of the disposable time. The remaining 20% of tasks will take up 80% of the time. This principle is used to sort tasks into two parts. According to this form of [Pareto analysis](#) it is recommended that tasks that fall into the first category be assigned a higher priority.

The [80-20-rule](#) can also be applied to increase productivity: it is assumed that 80% of the productivity can be achieved by doing 20% of the tasks. If productivity is the aim of time management, then these tasks should be prioritized higher.

Fit

Essentially, fit is the congruence of the requirements of a task (location, financial investment, time, etc.) with the available resources at the time. Often people are constrained by externally controlled schedules, locations, etc., and "fit" allows us to maximize our productivity given those constraints. For example, if one encounters a gap of 15 minutes in their schedule, it is typically more efficient to complete a task that would require 15 minutes, than to complete a task that can be done in 5 minutes, or to start a task that would take 4 weeks. This concept also applies to time of the day: free time at 7am is probably less usefully applied to the goal of learning the drums, and more productively a time to read a book. Lastly, fit can be applied to location: free time at home would be used differently from free time at work, in town, etc.

POSEC method

POSEC is an acronym for *Prioritize by Organizing, Streamlining, Economizing and Contributing*.

The method dictates a template which emphasizes an average individual's immediate sense of emotional and monetary security. It suggests that by attending to one's personal responsibilities first, an individual is better positioned to shoulder collective responsibilities.

Inherent in the acronym is a hierarchy of self-realization which mirrors [Abraham Maslow's "Hierarchy of needs"](#).

1. **PRIORITIZE**-Your time and define your life by goals.
2. **ORGANIZING**-Things you have to accomplish regularly to be successful. (Family and Finances)
3. **STREAMLINING**-Things you may not like to do, but must do. (Work and Chores)
4. **ECONOMIZING**-Things you should do or may even like to do, but they're not pressingly urgent. (Pastimes and Socializing)
5. **CONTRIBUTING**-By paying attention to the few remaining things that make a difference. (Social Obligations)

The Eisenhower Method

All tasks are evaluated using the criteria important/unimportant and urgent/not urgent and put in according quadrants. Tasks in unimportant/not urgent are dropped, tasks in important/urgent are done immediately and personally, tasks in unimportant/urgent are delegated and tasks in important/not urgent get an end date and are done personally. This method is said to have been used by US President [Dwight D. Eisenhower](#), and is outlined in a quote attributed to him: *What is important is seldom urgent and what is urgent is seldom important.*

8. PAYROLL

In a [company](#), **payroll** is the sum of all [financial](#) records of [salaries](#), [wages](#), bonuses and [deductions](#).

Paycheck

A paycheck, is traditionally a [paper document](#) issued by an [employer](#) to [pay](#) an [employee](#) for services rendered. In recent times, the physical paycheck has been increasingly replaced by electronic [direct deposit](#) to bank accounts.

In most countries with a developed [wire transfer](#) system, using a physical check for paying wages and salaries has been uncommon for the past several [decades](#). However, vocabulary referring to the [figurative](#) "paycheck" does exist in some languages, like [German](#) (*Gehaltsscheck*), partially due to the influence of US popular media, but this commonly refers to a payslip or stub rather than an actual check. Some company payrolls have eliminated both the paper check and stub, in which case an electronic image of the stub is available on an Internet website.

Payroll taxes

Federal/national, state/provincial, and/or local agencies require employers to perform various payroll functions- such as withholding amounts from employees' compensation to cover [income tax](#), [Social Security](#), and [Medicare](#).

Payroll taxes are levied by government agencies on employees' wages, tips, and other compensation. The amounts withheld by employers from employees' pay for federal income, social security, and Medicare taxes are considered to be trust-fund taxes, because the money is held in a special trust fund for the U.S. government. Amounts withheld for state and local income taxes are held in trust for the state and local governments.

Pay slip

A pay stub, paystub, pay slip, pay advice, or sometimes paycheck stub, is a document an employee receives either as a notice that the direct deposit transaction has gone through, or as part of their paycheck. It will typically detail the gross income and all [taxes](#) and any other [deductions](#) such as [retirement plan](#) contributions, [insurances](#), [garnishments](#), or charitable contributions taken out of the gross amount to arrive at the final net amount of the pay, also including the year to date totals in some circumstances.

Payroll card

For employees that, for one reason or another, do not have access to a bank account (bad check history, not in close proximity to bank, etc), there is a solution, offered by most major Payroll Service Providers. Instead of an employee receiving a check, and paying up to 5-10% to cash the check, the employee can have the direct deposit loaded onto a debit card. In this, a company can save money on printing checks, not buy the expensive check stock, and not having to worry about check fraud, due to a check being lost or stolen. A payroll card is a plastic card allowing an employee to access their pay by using a [debit card](#). A payroll card can be more convenient than using a check casher, because it can be used at participating [automatic teller machines](#) to withdraw cash, or in retail environments to make purchases. Some payroll cards are cheaper than [payday loans](#) available from retail check cashing stores, but others are not. Most payroll cards will charge a fee if used at an ATM more than once per pay period.

The payroll card account may be held as a single account in the employer's name. In that case, the account holds the payroll funds for all employees using the payroll card system. Some payroll card programs establish a separate account for each employee, but others do not.

Many payroll cards are individually owned dda (demand deposit accounts) that are owned by the employee. These cards are more flexible, allowing the employee to use the card for paying bills, and the accounts are portable. Most payroll card accounts are FDIC-insured, but some are not.

Payroll Frequencies

Companies typically generate their payrolls on regular intervals, for the benefit of regular income to their employees. The regularity of the intervals, though, varies from company to company, and sometimes between job grades within a given company. Common payroll frequencies include: daily, weekly, bi-weekly (once every two weeks), semi-monthly (twice per month), and to somewhat of a lesser extent, monthly. Less common payroll frequencies include: 4-weekly (13 times per year), bi-monthly (once every two months), quarterly (once every 13 weeks), semi-annually (twice per year), and annually.

Warrants

Payroll warrants look like [checks](#) and clear through the banking system like checks, but are not drawn against cleared funds in a [deposit account](#). Instead they are drawn against "available funds" that are not in a bank account, so the issuer can collect interest on the float. In the US, warrants are issued by government entities such as the military and state and county governments. Warrants are issued for payroll to individuals and for accounts payable to vendors. Technically a warrant is not payable on demand and may not be negotiable. Deposited warrants are routed to a collecting bank which processes them as [collection items](#) like maturing treasury bills and presents the warrants to the government entity's Treasury Department for payment each business day.

Payroll Outsourcing

Businesses may decide to outsource their payroll functions to an outsourcing service like a payroll bureau or a fully managed payroll service. These can normally reduce the costs involved in having payroll trained employees in-house as well as the costs of systems and software needed to process payroll. Within the United States, business payrolls are complicated in that taxes must be filed consistently and accurately to applicable regulatory agencies. Restaurant payrolls which typically include tip calculations, deductions, garnishments and other variables can be extremely difficult to manage especially for new or small business owners.

In the UK, payroll bureaus will deal with all HM Revenue & Customs enquiries and deal with employee's queries. Payroll bureaus also produce reports for the businesses' account department and payslips for the employees and can also make the payments to the employees if required.

Another reason many businesses outsource is because of the ever increasing complexity of payroll legislation. Annual changes in tax codes, PAYE and National Insurance bands as well as more and more statutory payments and deductions having to go through the payroll often mean there is a lot to keep abreast of in order to maintain compliance with the current legislation.

9. EMPLOYEE BENEFITS

Employee benefits are **benefits in kind** (also called **fringe benefits**, they are non-wage compensations provided to [employees](#) in addition to their normal [wages](#) or [salaries](#). Where an employee exchanges (cash) wages for some other form of benefit, this is generally referred to as a 'salary sacrifice' arrangement. In most countries, most kinds of employee benefits are taxable to at least some degree.

Some of these benefits are: housing (employer-provided or employer-paid), group insurance ([health](#), [dental](#), [life](#) etc.), [disability income](#) protection, [retirement benefits](#), [daycare](#), [tuition](#) reimbursement, [sick leave](#), [vacation](#) (paid and non-paid), [social security](#), [profit sharing](#), funding of education, and other specialized benefits.

The purpose of the benefits is to increase the economic security of employees.

The term **perks** is often used colloquially to refer to those benefits of a more discretionary nature. Often, perks are given to employees who are doing notably well and/or have seniority. Common perks are [take-home vehicles](#), [hotel](#) stays, free refreshments, leisure activities on work time ([golf](#), etc.), [stationery](#), [allowances](#) for [lunch](#), and—when multiple choices exist—first choice of such things as job assignments and vacation scheduling. They may also be given first chance at job promotions when vacancies exist.

United States

Employee benefits in the [United States](#) might include [relocation assistance](#); [medical, prescription, vision and dental plans](#); health and dependent care [flexible spending accounts](#); [retirement](#) benefit plans (pension, [401\(k\)](#), [403\(b\)](#)); group-term life and [long term care insurance](#) plans; legal assistance plans; [adoption](#) assistance; [child care](#) benefits; [transportation](#) benefits; and possibly other miscellaneous employee discounts (e.g., movies and theme park tickets, [wellness programs](#), discounted shopping, [hotels](#) and [resorts](#), and so on).

Some fringe benefits (for example, accident and health plans, and group-term life insurance coverage up to US\$50,000) may be excluded from the employee's gross [income](#) and, therefore, are not subject to federal [income tax](#) in the [United States](#). Some function as tax shelters (for example, flexible spending accounts, 401(k)'s, 403(b)'s). Fringe benefits are also thought of as the costs of keeping employees other than salary. These benefit rates are typically calculated using fixed percentages that vary depending on the employee's classification and often change from year to year.

Normally, employer provided benefits are tax-deductible to the employer and non-taxable to the employee. The exception to the general rule includes certain [executive](#) benefits (e.g. [golden handshake](#) and [golden parachute](#) plans).

[American](#) corporations may also offer [cafeteria plans](#) to their employees. These plans would offer a [menu](#) and level of benefits for employees to choose from. In most instances, these plans are funded by both the employees and by the employer(s). The portion paid by the employees are deducted from their gross pay before federal and state taxes are applied.

United Kingdom

In the UK, Employee Benefits are categorised by three terms: Flexible Benefits (Flex) and Flexible Benefits Packages, Voluntary Benefits and Core Benefits.

Flexible Benefits, usually called a "Flex Scheme", is where employees are allowed to choose how a proportion of their [remuneration](#) is paid. Currently around a quarter of UK employers operate such a scheme. This is normally delivered by allowing employees to sacrifice part of their pre-tax pay in exchange for a car, additional holiday, a shorter working week or other similar benefits, or give up benefits for additional cash remuneration. A number of external consultancies exist that enable organizations to manage Flex packages and they centre around the provision of an [Intranet](#) or [Extranet](#) website where employees can view their current flexible benefit status and make changes to their package. Adoption of flexible benefits has grown considerably over the five years to 2008, with

The [Chartered Institute of Personnel and Development](#) additionally anticipating a further 12% rise in adoption within 2008/9. This has coincided with increased employee access to the internet and studies suggesting that employee engagement can be boosted by their successful adoption.

Core Benefits is the term given to benefits which all staff enjoy, such as holiday, sick pay and sometimes flexible hours.

In recent years many UK companies have used the tax and national insurance savings gained through the implementation of salary sacrifice benefits to fund the implementation of flexible benefits. In a salary sacrifice arrangement an employee gives up the right to part of the cash remuneration due under their contract of employment. Usually the sacrifice is made in return for the employer's agreement to provide them with some form of non-cash benefit. The most popular types of salary sacrifice benefits include childcare vouchers and pensions.

Advantages of employee benefits

There are a number of advantages to employee benefits for both employer and employee.

Employer advantages

- Helps attract and retain better qualified employees.
- Provides high risk coverage at low costs easing the company's financial burden.
- Improves efficiency and productivity as employees are assured of security for themselves and their families.
- Premiums are tax deductible as corporation expense, which means savings with quality coverage.

Employee advantages

- Peace of mind leading to better productivity as employees are assured of provision for themselves and families in any mishap.
- Employees with personal life insurance enjoy additional protection
- Confidence in company's EB schemes boost staff morale and pride in company
- Employees enjoy cheaper rates negotiated through their employer than they could obtain as an individual

Employee disadvantages

In the UK these benefits are often taxed at the individuals normal tax rate which can prove expensive if there is no financial advantage to the individual from the benefit.

10. PERFORMANCE APPRAISAL

Performance appraisal, also known as **employee appraisal**, is a method by which the [job performance](#) of an [employee](#) is evaluated (generally in terms of [quality](#), [quantity](#), [cost](#) and [time](#)). Performance appraisal is a part of career development, also known as **employee appraisal**, is a method by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost and time). Performance appraisal is a part of career development.

Performance appraisals are regular reviews of employee performance within organizations

Generally, the aims of a performance appraisal are to:

- Give feedback on performance to employees.

- Identify employee training needs.
- Document criteria used to allocate organizational rewards.
- Form a basis for personnel decisions: salary increases, promotions, disciplinary actions, etc.
- Provide the opportunity for organizational diagnosis and development.
- Facilitate communication between employee and administration
- Validate selection techniques and human resource policies to meet federal [Equal Employment Opportunity](#) requirements.

A common approach to assessing performance is to use a numerical or scalar rating system whereby managers are asked to score an individual against a number of objectives/attributes. In some companies, employees receive assessments from their manager, peers, subordinates and customers while also performing a self assessment. This is known as 360° appraisal. forms good communication patterns

The most popular methods that are being used as performance appraisal process are:

- Management by objectives
- 360 degree appraisal
- Behavioral Observation Scale
- Behaviorally Anchored Rating Scale

Trait based systems, which rely on factors such as integrity and conscientiousness, are also commonly used by businesses. The scientific literature on the subject provides evidence that assessing employees on factors such as these should be avoided. The reasons for this are two-fold:

- 1) Because trait based systems are by definition based on personality traits, they make it difficult for a manager to provide feedback that can cause positive change in employee performance. This is caused by the fact that personality dimensions are for the most part static, and while an employee can change a specific behavior they cannot change their personality. For example, a person who lacks integrity may stop lying to a manager because they have been caught, but they still have low integrity and are likely to lie again when the threat of being caught is gone.
- 2) Trait based systems, because they are vague, are more easily influenced by office politics, causing them to be less reliable as a source of information on an employee's true performance. The vagueness of these instruments allows managers to fill them out based on who they want to/feel should get a raise, rather than basing scores on specific behaviors employees should/should not be engaging in. These systems are also more likely to leave a company open to discrimination claims because a manager can make biased decisions without having to back them up with specific behavioral information.

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