

# HUMAN RESOURCE MANAGEMENT

Human resource is the manpower (labour) required by the organization to perform different tasks so as to achieve the goals and objectives of the enterprise.

**Human Resource Management** refers to the process of effectively controlling and directing manpower (workers) to carry out particular tasks aimed at achieving set goals and objectives in an enterprise.

## THE ELEMENTS OF HUMAN RESOURCE MANAGEMENT.

The topic of human resource is mainly concerned with the following;

1. **Man power planning.** This mainly concerned with ensuring that the organization has enough and appropriate work force to carry out different tasks at a particular time.
2. **Motivation.** This is mainly concerned with arousing worker's interests to perform particular tasks aimed at achieving the set goals and objectives.
3. **Man power recruitment.** This refers to the process of identifying and selecting appropriate human resources to be used in the organization / enterprise.
4. **Induction.** This involves giving the necessary basic requirements/training/basic skills needed for performing a particular task to the newly recruited employees so as to enable them perform their duties effectively.
5. **Labour placement.** This involves assigning employees different tasks to be performed in the organization.i.e. putting labour in the appropriate position/work station for effective performance of duty.
6. **Employee remuneration.** This involves determining the amount of money to be paid to the workers and the nature of payment i.e. salary, wages, piece rate etc..
7. **Communication.** This involves giving appropriate information to the workers at an appropriate time for appropriate performance.
8. **Labour termination.** This involves putting an end to the services of a particular worker at a particular time.

## IMPORTANCE OF PROPER HUMAN RESOURCE MANAGEMENT

1. It enables an enterprise to acquire appropriate labour with necessary skills to perform different tasks.
2. It helps in staff training so as to ensure that the labour force employed has appropriate skills for performing the task assigned.
3. It eliminates wastage (time and other resources) since employees are aware of what to do at any one time.
4. It helps to create a stock of future administrator for the enterprise.
5. It helps to improve on the employees' working environment so as to improve or increase their efficiency.
6. It creates good will for the business mainly brought about by good manpower management.

7. It promotes co-operation amongst the workers hence improving on the efficiency and productivity.
8. It facilitates periodical performance appraisal for the workers so as to determine the employees' output and the training needs for each.

QN. Explain the objectives of proper Human Resource Management.

**NB:** Change the above points i.e. the importance into objectives by starting each point with the word "To" e.g. **to enable the enterprise acquire appropriate labour with necessary skills to perform different tasks.**

To.....

To.....

### **A.THE CONCEPT OF MAN POWER PLANNING IN AN ORGANISATION**

Man power planning refers to the strategy of acquiring, utilizing, improving and preserving human resource for an organization.

#### **FEATURES / X-TICS OF MANPOWER PLANNING**

1. It involves forecasting future man power needs of the organization.
2. It determines the right number and type of workers required to accomplish the different tasks in the organization.
3. It involves both qualitative and quantitative planning in the work force.
4. It involves accurate determination of the needed manpower in an organization so as to avoid over staffing or under staffing which may be costly to the business.

#### **OBJECTIVES OF MAN POWER PLANNING**

1. To ensure optimum use of prevailing manpower i.e. manpower planning aims at promoting effective use of the labour force to ensure optimum output.
2. To enhance the development of the existing man power by designing personal development programme that benefits the existing workers.
3. To ensure presence of labour control measures so as to make manpower available at all times needed.
4. To forecast the type of skills that will be needed / relevant for the business in future.
5. To reduce labour turn over and the costs associated with labour turn over.
6. To ensure effective diversification of business activities with little straining.

#### **ADVANTAGES OF MAN POWER PLANNING**

1. It ensures optimum use of the prevailing man power.
2. It enhances development of the existing man power.
3. It ensures presence of labour control measures
4. It forecast the type of skills that will be needed.
5. It reduces labour turn over and its associated costs such as loss of quality manpower.

6. It ensures effective diversification of business activities.
7. It helps in the economic development of the country i.e through proper manpower planning; the government is guided on employment creation, educational reform, employee transfers all aimed at promoting economic growth.

### **PERSONNEL ORGANISATION**

The organization of personnel in an enterprise differs from one organization to another depending on the nature and size of the organization.

The businesses are grouped into three and are the following forms.

1. Small scale business
2. Medium scale business
3. Large scale business

These different forms of organization in the business are shown on the organizational chart.

### **ORGANIZATIONAL CHART.**

Is an illustration or diagram that shows the organizational structure or hierarchy of administration in the organization or firm.

It shows the overall top management, down to the different department managers and the ground workers in the organization.

Importance of the organizational chart.

1. It helps to instill discipline among workers in the organization as it specifies the level of administration and subordination of different employees.
2. It motivates workers to work hard in the organization as they are in position to identify their specific tasks allocated to them.
3. It facilitates the smooth flow of information from one person to another in the organization i.e. it promotes effective communication both vertical and horizontal.
4. It is used as a reference point whenever transfers and promotion are to be made in the organization.
5. It enables the entrepreneur to determine the labour requirements of the organization in advance and plans to fill the existing labour gap.
6. It creates a platform of delegation of responsibility between the supervisors the departmental workers.
7. It specifies the duties and responsibilities of each worker in the organization so as to avoid duty duplication.
8. It also acts as a visual aid for staff training during orientation programme especially of the new staff.
9. It enables the entrepreneur to co-ordinate / supervise the various activities in the various departments in the organisation with the help of the departmental heads.
10. It enables the entrepreneur to judge the performance of the different workers especially during the performance appraisal exercise basing on the given duties and responsibilities of the workers in the organization.

11. It gives the organizational structure or hierarchy i.e. the power of each worker in the organization.

### THE CONCEPT OF JOB ANALYSIS

Job analysis refers to the process of getting information about a given job in the organization i.e. what the worker does, how he gets it done, the skills and training required among others.

Or

Job analysis refers to the collection of information on specific tasks and duties which a person performs in the organization.

Or

*It refers to a detailed or systematic study of the information relating to the operations and responsibilities of a worker in a specific job.*

N.B. please consider the last definition.

### CONTENTS OF JOBANALYSIS

A job analysis provides/ shows the following information

1. Job identification
  - The job title e.g. sales manager, production manager
  - The reference number, code number
2. Job features
  - Location /work station
  - Superior ( Nature of reporting)
3. What the worker usually does. This includes specific duties and responsibilities / tasks that make up the assignment, the time to perform the duty.
4. How the job is performed  
This considers the nature of job operations like teaching, cleaning, supervising.
5. The material and equipment used to perform the tasks  
This specifies the type of material and equipment to be used by the workers in the organization like; computers, chalk etc
6. The workers' attribute required
  - Experience
  - Age
  - Gender
  - Training skills

## PROCEDURE / STEPS TAKEN IN CARRYING OUT JOB ANALYSIS

The procedure undertaken when conducting job analysis includes the following.

1. Carrying out / collecting information on a given job.  
This involves getting the relevant information about the job and what it is made up of in relation to other jobs; the requirement or satisfactory performance and such information can be obtained from the organizational chart.
2. Selecting the representative position  
This involves selecting of the simple representative position for the analysis process because it's not easy to analyse all the jobs.
3. Collecting the job analysis data. This is the most important step in job analysis. It involves getting information regarding the features of the job, the required workers, qualification and experience.
4. Developing the job description  
The information obtained in the above step is developed into a job description which shows the duties and responsibilities to be done by the worker on the related job.
5. Developing the job specification  
Finally the job description is modified into a job specification. A job specification describes the workers' qualification and experience to take up the available job in the organisation.

## COMPONENTS OF JOB ANALYSIS

The following are the components of a job analysis

### 1. Job description

It refers to a written statement or document which spells out the main features of the job, the duties and responsibilities to be performed by a worker on a given job in the organization.

Or

It is a written summary or document that specifies the duties and responsibilities to be performed by the worker on a given job in the organization.

Importance of a job description

- (i) It aids in the development of the job specification which is necessary in recruiting and selecting of workers.
- (ii) It guides one during the orientation / induction programme to the newly recruited workers in the organization.
- (iii) It is the best document for developing the job performance standards in the organization.
- (iv) It helps the entrepreneur in salary and wage setting for different workers.
- (v) It's used in meeting at executive levels in improving on the standards and performance of the workers in the organization.

## 2. Job specification.

It is a detailed statement showing the **minimum human qualities required** for the successful performance of workers on a given job in the organization.

Or

A detailed document that shows the requirement of a worker to perform a given job in the organization. It is usually expressed in terms of human behavior.

## 3. Job grading or job evaluation

Refers to the process of determining the **relative value or worth of every job** in the organization in order to price the jobs in terms of wages and salaries.

Or

Job grading refers to a process of determining the relative value of various jobs in the organization.

### Advantages of job grading

1. Enables employees to understand the importance / value of the jobs they perform in an enterprise.
2. Provides factual information that can be used in settling salary disputes.
3. Provides a basis for negotiations between the labour unions and the management in determining the equitable wage structures for the workers.
4. Helps to improve on the relationship between the labourers and management in the organization.
5. Helps to improve on the methods of selection, transfers and promotion of workers in the organization.

### Demerits of Job grading

1. It sometimes tends to be subjective where individuals' job descriptions are difficult to match with the salary structure set.
2. It's difficult to adopt since it takes a long time and it's quite expensive to small firms.
3. It creates doubt and fear in the minds of the employees when it's being set for the first time in the organization.
4. Damages may be caused to both the workers morale and productivity in the business as a result of the deferring wages or salaries.

## LABOUR RECRUITMENT/ MANPOWER ACQUISITION.

This refers to the process of identifying and selecting / acquiring appropriate workers to be used in the organization.

Sources of labour for an Organisation.

Different organizations obtain manpower from different sources. These include the following;

1. **Higher institutions of learning.** Organisations / enterprises obtain human resource from universities, technical colleges and other institutions. This forms the commonest source for manpower because labour is readily available and at the lowest cost possible.
2. **Internal promotion.** This involves elevating some of the workers to a high level/ rank, within the organization for example promoting the assistant manager to the post of general manager, sales agent to sales manager. Internal promotion is done basing on the individuals' performance.
3. **Employment agencies.** These are private organizations that connect the employees to the employers and vice versa hence entrepreneurs can secure quality manpower from such organizations or agencies e.g. FAMECON (Fagil Monday education consultancy), East lands agency.
4. **Advertising.** This involves designing and placing an advertising message regarding the type of job available and the possible skills required of the would-be potential employee.
5. **Employee referrals.** This is when a good performing employees of the organization recommend the recruitment of an individual basing on his / her past experience or performance.
6. **Head hunting / talent spotting.** This is where the employer recruits human resource, having analysed his / her performance in another organization. It involves a critical follow - up of the employee to-be in his/her current position of employment before taking him / her on.
7. **Labour unions /trade unions.** A trade union is an organization of individuals of the same profession and with similar skills. Employers tend to obtain quality manpower from such organizations for employment e.g. UNATU (Uganda national teachers union), ULS(Uganda law society), etc

## THE PROCESS OF LABOUR RECRUITMENT / PROCEDURE FOLLOWED WHEN RECRUITING LABOUR

Labour recruitment exercise depends on the method being used and the type of labour required by the organization. However, below is a typical procedure followed while recruiting manpower.

1. Identifying labour gaps. This involves establishing the vacant posts or positions to be filled. It's done by the HRM (Human Resource Manager) with the help of Department head.

2. Establishing the required competences i.e the skills and experience required for each job identified or to be filled.
3. Establishing the employment benefits in form of remuneration/ salary and other fringe benefits to be enjoyed by individuals to be employed.
4. Designing / preparing and placing an advertisement in an appropriate medium e.g news paper, radio etc.
5. Receiving applications from potential employees. This may be hand written and delivered to the organization or can be posted on the internet.
6. Sorting of applications and short listing the candidates with the appropriate requirements.
7. Establishing the interview panel which must constitute technocrats in the field of recruitment and top leaders of the organization i.e General manager, Assistant manager, HRM.
8. Conducting interviews; this involves interacting with the short listed individuals to establish their competences in handling the job to be given.
9. Analyzing the interview results so as to select the best candidate for employment.
10. Communicating to the successful applicant(s) for the advertised job.
11. Inducting of the newly recruited manpower so as to inform him or her of what is expected out of him or her i.e. introducing him or her to the job requirement.
12. Issuing an appointment letter to the new employee which in most cases is accompanied by an acceptance letter. The appointment letter clearly shows work expectations and remunerations / benefits expected by the employee from the organization.
13. Placing. This involves putting the new employee in his or her work station or area of operation for work performance.

#### FACTORS CONSIDERED WHEN RECRUITING MAN POWER IN AN ORGANISATION

1. **Age of the employee**, some organizations prefer employing young individuals yet others prefer employing old / mature and experienced individuals.
2. **The cost / labour remuneration**. Most enterprises prefer employing relatively cheap work force so as to reduce the operational costs and increase business profits.
3. **The worker's health condition**; organizations employ individuals with a relatively good health record / track. This is mainly because employees want to eliminate the cost associated with numerous sicknesses among the work force which reduces labour efficiency.
4. **Marital status**; some organizations prefer employing married individuals yet others are more interested in the unmarried employees.
5. **Nature of the job**. Some jobs require employees who are physically fit with a lot of physical energy to carry out the work yet other jobs may not necessarily require a lot of physical energy.
6. **Sex of the worker**. Some organizations prefer employing females while others prefer employing more male workers.

7. **General appearance of the employees** especially before the interview panel i.e employers prefer employing individuals who are organised focused and knowledgeable in their field of interest.

#### IMPORTANCE OF RECRUITMENT

1. It enables the enterprise to take on the right people with the required skills on the available jobs hence increasing productivity in the enterprise.
2. It enables the enterprise to achieve the set goals and objectives since it has sufficient, efficient and effective man power.
3. It reduces resource wastage in the business particularly time which would have been spent on carrying out training on unskilled man power.
4. It enables the enterprise to have continuity in production since vacant positions perhaps due to death of individual workers and restructuring of organizations are always filled up with the right people.
5. It enables the enterprise to minimize costs and maximum profits since the labour recruited is efficient and effective at work.
6. It enables the enterprise to withstand competition since the labour recruited being efficient and effective produces high quality output.
7. It enables the enterprise to replace retired, dismissed or terminated employees, as a result production goes on continuously.
8. It enables the enterprise to groom some of its workers for various responsibilities for example the managerial positions within the enterprise.
9. It enables the enterprise to carry out its expansion program for the future since it has sufficient man power to expand.

#### PURPOSE OF RECRUITMENT/ OBJECTIVES/ RATIONALE

Begin with to / in order to at the beginning of each point

1. To enable the enterprise to take on right people with the required skills for the available jobs hence increasing productivity in the enterprise.
2. To enable the enterprise to achieve the set goals and objectives since it has sufficient, efficient and effective man power.
3. To reduce resource wastage in the business particularly time which would have been spent on carrying out training of unskilled man power?
4. To enable the enterprise to have continuity in production since vacant positions perhaps due to death of individual workers and restructuring of organizations are always filled up with the right people.
5. To enable the enterprise to minimize costs and maximize profits since the labour recruited is efficient and effective at work.
6. To enable the enterprise to withstand completion since the labour recruited being and effective produces high quality output.
7. To enable the enterprise to replace retired, dismissed or terminated employees, as a result production goes on continuously.
8. To enable the enterprise to groom some of its workers for various responsibilities for example the managerial positions within the enterprise.

9. To enable the enterprise to carry out its expansion program for the future since it has sufficient man power to expand.

### **C: LABOUR TRAINING /EMPLOYEE INDUCTION**

Induction refers to the activities undertaken by management to introduce new workers of the type of work to be performed and make him or her get familiar with the organisation's preparations.

Similarly, labour training refers to an ongoing activity aimed at improving on the efficiency and effectiveness of the workers.

#### **PURPOSE / RATIONALE / NEED FOR LABOURTRAINING / INDUCTION**

1. To promote team work in the enterprise since during the training exercise, employees are made aware of the purpose / value of team work.
2. To promote discipline among employees and a sense of responsibility. This is because during training / induction employees are made aware of the importance of respecting each other and respecting the core values of the organization, or institution.
3. To promote employee - employer relationship. This is because during such training the employees freely interact with the employers and hence helping to build a good relationship between the two parties.
4. To enhance productivity of the work force. Through training, workers skills are improved leading to improved performance and increased output.
5. To motivate workers. Through the different trainings given, the workers morale is aroused leading to improved performance.
6. To reduce conflict of interest within the organisation. Through training / induction workers are made aware of the core values of the organisation and their expectations and what the organization expects out of the them hence reducing conflicting interests.
7. To reduce supervision costs since individuals are made aware of what is to be done and how it is to be done.
8. To create a pool of manpower for promotion within the organization i.e training provides extra skills to difference workers who may be promoted to different offices where need arises.
9. To enhance the business ability to cope with new changes especially in technology. This is made possible by equipping the existing man power with the necessary skills to handle the difference / changing techniques of production.
10. To reduce labour turn over. As a result of informing individuals the importance of working for a common cause and the business growth with the aim of benefiting from the business in the future.
11. To help employees to gain self - esteem, dignity

#### **THE TRAINING / INDUCTION PROCESS**

1. Identifying organizational objectives. This involves having a clear strategy that will direct decisions made by management in regard to training or induction.

2. Identifying training needs. This involves establishing the requirements for training basing on either organizational goals, the job requirement or the individual personal needs (trainee)
3. Identifying trainers. This involves selecting competent individuals who will assist in the induction / training programme.
4. Selecting the training method. The methods to be used depend on the type of individuals being trained and the availability of the training materials.
5. Administering the training. This involves actual instructions given to the trainees either verbally or through practical (effective involvement)
6. Evaluation of the training.

#### IMPORTANCE OF INDUCTION

1. It promotes team work in the enterprise since during the induction exercise workers (new) are made aware of the importance of teamwork.
2. It promotes discipline among the workers. During this orientation program new employees are introduced to rules and regulations of the enterprise, their supervisors etc which instills discipline in them.
3. It promotes employers - employee relations. During this process new workers come into close contact with various managers or directors of the enterprise at all levels.
4. It enhances productivity in the enterprise. This is because during orientation program new workers are made aware of the vision, mission, goals, objectives of the enterprise and the expected production targets from them.
5. It ensures a good stay and comfort of mew employees within the enterprise. This is because during induction, workers are assured of a good working environment and more do job security.
6. It motivates workers and hence making them better in their present position by giving them an opportunity of knowing how to relate with fellow employees and managers.
7. It reduces supervision costs since during induction new workers are told their duties and the time frame.
8. It minimizes role conflict in an enterprise. This is because during induction, new and old employees are reminded their duties and responsibilities.
9. Creating a pool of readily available and adequate replacement for personnel who may leave or move up in the organization.
10. Enhancing the company's ability to adopt and use advances in technology because of a sufficiently knowledge able staff.
11. Ensure adequate human resources for expansion into new programs.
12. It reduces employee turnover.
13. Employees frequently develop a greater sense of self - worth, dignity and well - being as they become more valuable to the firm and to society.
14. Ongoing training for current employees helps them adjust to rapidly changing job requirements.

QN

Explain the reason why most organizations do not carry out labour training constantly.

1. Fear to expose labour to skills that can lead to its promotion in other area.
2. It is very costly.
3. Some organizations recruit competent workers with the necessary skills making it irrelevant for training.
4. Lack of time
5. Lack of trust and openness

#### **D: EMPLOYEE MOTIVATION**

Motivation refers to the process of arousing the worker's interest towards performing particular activities in the organization so as to achieve the set goals and objectives of the enterprises.

Motivation is important because it increases the workers efficiency and effectiveness towards performing the assigned tasks so as to achieve the predetermined goals.

#### **WAYS OF CARRYING OUT MOTIVATION IN AN ENTERPRISE**

1. By giving appropriate remuneration to the workers depending on the post held or responsibilities given. Employers should ensure that salary given to the employees is relatively uniform and in line with the tasks being performed by the worker.
2. By proving good welfare facilities to the workers like good meals, good accommodation, recreational facilities, transport allowances etc.
3. By carrying out periodical performance appraisal of individual workers and giving a feed back to the respective employees.
4. By organizing periodical training for the workers through seminars and workshops so as to improve on their performance/skills.
5. By using verbal or documented appreciation to the workers e.g giving certificates of appreciation, using verbal expressions such as thank you.
6. By encouraging employees to go for further training in the same field either by giving them a study leave or sponsoring their education.
7. Through ensuring job security to the workers.e.g by signing a relatively long contractual agreement with the workers.
8. By carrying out internal promotions especially to the hard working employees so as to encourage them to continue working and also encourage others to work harder with the hope of being promoted.
9. Through proper handling of the employees; this can be achieved through being empathetic with workers, avoid using abusive language etc
10. Through involving workers in the decision making process i.e where are involved in policy making, they are motivated to work hard so as to achieve what they have decided on.
11. By giving instant rewards / prizes to the outstanding employees e.g cash, land, titles, motor vehicles etc

12. By organizing staff parties or get together functions were employees can relax and shade off the stress which comes with work.
13. By giving an appropriate job description to the employee i.e the employee should be given the amount of work equivalent to his or her ability to handle.

#### IMPORTANCE OF MOTIVATING EMPLOYEES IN AN ENTERPRISE.

1. Motivation improves workers' productivity as it directs all their efforts and energies to work harder in the enterprise which increases output per worker and total output.
2. Motivation stimulates workers to perform their duties and given tasks effectively and efficiently and thus positively contributes towards the achievement of the set business goals such as increased sales and profit.
3. Motivation improves the image of the business or enterprise. This encourages employees to start identifying themselves with the business ideas and objectives which make them even perform better.
4. Motivation minimizes strikes by employees since workers are contented and satisfied at their place of work e.g. they are given opportunity to participate in decision making, regularly informed about the enterprise's activities, progress and development.
5. It enhances team work among the employees as it makes them important and part of the enterprise for instance when they take part in decision making, when the enterprise management is transparent.
6. Motivation in form of financial or monetary rewards improves workers' standard of living and in turn increases their commitment to the enterprise.
7. Workers' skills are improved through motivation in form of providing training and higher education sponsorships. This makes the workers more efficient.
8. Motivation prevents employees from seeking alternative employment elsewhere and therefore helps in retaining workers. This is because it creates job satisfaction hence reducing high labour turn over.
9. It improves on the relationship between employees and employers.

#### Question:

- Why is necessary to motivate employees in an enterprise.
- Justify the rationale for motivation in an enterprise.
- Explain the objectives of motivating employees in an enterprise.

#### Approach

##### Begin with to / in order to / "ing" tense

1. To improve workers' productivity as they directs all their efforts and energies to work harder in the enterprise which increases output per worker and total output.
2. To stimulate workers to perform their duties and given tasks effectively and this positively contributes towards the achievement of the set business goal such as increased sales and profit margin, cost minimization etc.

3. To improve the image of the business or enterprise. This encourages employees to start identifying themselves with the business ideas and objectives which make them even perform better.
4. To minimize strikes by employees since workers are contented or satisfied at their place of work e.g. they are given opportunity to participate in decision making, regularly informed about the enterprise's activities, progress and development.
5. To enhance team work among the employees as it makes them feel important and part of the enterprise for instance when they take part in decision making, when the enterprise management is transparent.
6. To enhance workers' standards of living. Motivation in form of financial or monetary rewards is intended to improve on worker's well being and increase their commitment to the enterprise.
7. To improve on workers' skills through motivation inform of providing training and higher education sponsorship. This makes the workers more efficient.
8. To retain good employees in an enterprise. It is intended to prevent employees from seeking alternative employment elsewhere and therefore helps in retaining workers. This is because it creates job satisfaction hence reducing high labour turn over.
9. To improve on the relationship between employees and employers.

#### **E: EMPLOYEE RELATIONS**

This refers to the interaction between the employer and the workers in an enterprise. Good employee relations in enterprise enhance business performance.

#### **The following are the ways of achieving good employee relations in an enterprise.**

1. Proper communication. The entrepreneur should communicate effectively with the employees about the fundamental business goals and objectives and policies to influence them to work willingly towards their achievement.
2. Proper motivation. The entrepreneur should appropriately motivate his/ her workers by praising them for good work done, giving them performance bonus etc.
3. Treating workers with respect and dignity. The employer should show his / her workers genuine respect and dignity and must recognize them as human beings who have to be adopted and treated equally / fairly in order to perform to their best for the enterprise.
4. Providing good relationship. The employer can also ensure good employee relations by leading by example through his actions than forcing them to work.
5. Provision of favourable working environment. The employer should ensure a conducive working environment by supervising the workers in a kind rather than rough manner, encouraging workers to learn, providing opportunity to discuss their operational problems.
6. Knowing and understanding the workers well. The employer should undertake a personal initiative to understanding the workers well. The employer should

endeavor to know his workers well, get to know their character and personality, their strength and weakness and then open up free communication.

7. Handling grievances fairly and tactfully. The entrepreneur should use proper and fair method of handling grievances with the speed and urgency each situation requires.
8. Showing sympathy. The entrepreneur should always imagine himself/ herself in the situation of his / her workers in order to understand their problems and also be able to deal with them adequately.
9. Promoting economic satisfaction and development of the workers. The entrepreneur should try to satisfy the needs of his / her workers especially their basic needs like food, clothing and shelter

#### **F: EMPLOYEE / LABOUR TURNOVER**

Labour turn over refers to the movement of employees in and out of a business. However, the term is commonly used to refer only to wastage or the number of employees leaving.

Labour turnover is also regarded as the ratio of the number of employees that leave a company through attrition dismissal or resignation during a given period to the number of employees on pay roll during the same period.

It may also refer to the rate at which employees leave the organization in a given period.

#### **Causes of labour turnover**

A high level of labour turnover could be caused by many factors:

- i) Inadequate wage/ salary given to the workers leading to employees moving to other organizations.
- ii) Poor morale caused by low level of motivation within the workforce.
- iii) Recruiting and selecting the wrong employees in the first place, meaning they leave to seek more suitable employment.
- iv) A buoyant local labour market offering more (and perhaps attractive) opportunities / stiff competition in the job market.
- v) Disrespect of employees at the work place.
- vi) Unfair treatment of employees in the enterprise.
- vii) Poor working conditions.
- viii) Poor relations with employers / owners i.e. poor employer-employee relationship.
- ix) Indiscipline among the existing employees may force new employees to leave the enterprise.
- x) Inadequate job security / unfavourable job contents.

## WAYS OF REDUCING LABOUR TURNOVER IN AN ENTERPRISE.

1. Through Proper communication. The entrepreneur should communicate effectively with the employees about the fundamental business goals and objectives and policies to influence them to work willingly towards their achievement.
2. By carrying out Proper motivation. The entrepreneur should appropriately motivate his / her workers by praising them for good work done, giving them performance bonuses etc
3. Treating workers with respect and dignity. The employer should show his / her workers genuine respect and dignity and must recognize them as human beings who have to be adopted and treated equally / fairly in order to perform their best for their enterprise.
4. Providing good relationship. The employer can also ensure good employee relations by leading for example through his actions than forcing them to work.
5. Providing favourable working environment. The employer should ensure a conducive working environment by supervising the workers in a kind rather than rough manner, encouraging workers to learn, providing opportunity to discuss their operational problems.
6. Knowing and understanding the workers well. The employer should endeavor to know his workers well, get to know their character and personality, their strength and weakness and then open up free communication.
7. Handling grievances fairly and tactfully. The entrepreneur should use proper and fair method of handling grievances with the speed and urgency each situation requires.
8. Showing sympathy. The entrepreneur should always imagine him / herself the situation of his / her workers in order to understand their problems and also be able to deal with them adequately.
9. Promoting economic satisfaction and development of workers. The entrepreneur should try to satisfy the needs of his / her workers especially their basic needs like food, clothing and shelter.

### **The other ways of reducing labour turnover may include the following.**

- i) Employee engagement. the organization's capacity to engage, retain, and optimize the value of its employees hinges on how well jobs are designed, how employees' time is used, and the commitment and support that is shown to employees by the management.
- ii) Knowledge accessibility. The extent of the firm's collaboration and its capacity for knowing and ideas widely available to employees would make them stay in the organization.
- iii) Sharing of information. This should be made at all levels of management. This accessibility of information would lead to strong performance from the employees and create a strong corporate culture. Therefore, information accessibility would make employees feel that they are appreciated for their effort and chances of leaving the organization would be minimized.

- iv) Work force optimization. The organization's success in optimizing the performance of the employees by establishing essential processes for getting work done, providing good working conditions, establishing accountability and making good hiring choices would retain employees in their organization.
- v) Job involvement. This describes an individual's participation with work and indicates the extent to which an individual identifies psychologically with his / her job. Involvement in terms of internalizing value about the goodness or the importance of work encourages employees not to quit their jobs.
- vi) Empowering of employees. This could help to enhance the continuity of employees in organizations. Empower your employees and delegate more decisions to their subordinates. Managers should act like coaches and help employees solve problems.

### Costs of labour turn over

- i) It leads to additional recruitment costs.
- ii) Increased costs of training replacement employees.
- iii) Loss of knowhow and customer good will
- iv) Potential loss of sales (if there is high turnover amongst the sales force)
- v) Damage that may be done to morale and productivity (an intangible cost)

### Measuring labour turn over

It involves calculating the number of leavers in a period (usually a year) as a percentage of the number employed during the same period. This is known as the "separate rate or crude wastage rate."

And it is calculated as follows

$$\text{Separation rate/ labour turnover} = \frac{\text{Number of leavers}}{\text{Average number employed}} \times 100$$

For example, if a business has 150 leavers during the year and on average, it employed 2000 people during the year, the labour turn over figure would be

$$\text{Labour turn over} = \frac{150}{2000} \times 100 = 7.5\%$$

### QNS

Explain the dangers associated with labour turnover.

1. Reduces the good will of the business mainly because the employees who leave the business talk ill about it in the community especially if they left on bad terms.
2. Reduces the quality of the output especially when skilled or highly experienced labour moves out of the organization.
3. It increases labour recruitment costs in an effort to replace the lost manpower.
4. It leads to loss of customers as a result of loss of confidence in the enterprise.
5. It increases the cost of supervision through training the new labour.

## QN

What measures can be undertaken by the organization to promote a good working relationship in an enterprise.

1. Through proper communication i.e the employer is required to effectively communicate to the employees and receive a feedback from the employees so as to promote a bond between the two parties creating good working relations.
2. Through proper motivation (timely payment, good welfare facilities) and this makes the employee attracted to the organization hence promoting proper working relations.
3. By being empathetic to the workers and getting involved directly in the workers problems.
4. By respecting the workers through giving them the due dignity especially during the working time hence employees can avoid using abusive language or actions that can lead to loss of dignity.
5. By providing good relationship in the organization i.e setting up effective organizational chart that promotes effective communication. Equally so, the employer should lead by example.
6. Through creating a favorable working environment by providing all the necessary requirements for the workers to use.
7. By establishing a personal working relationship with the workers e.g knowing workers by name and by character, initiating conversations with workers.

## G: THE CONCEPT OF EMPLOYEE DISCIPLINE

Discipline refers to the process of acting or behaving in the expected manner. For organizations to operate effectively well, the employees must display the highest degree of discipline.

### INDICATORS OF GOOD DISCIPLINE AMONG EMPLOYEES.

1. A high degree of cooperation and team work among the workers.
2. Timely and effective communication of relevant information either from management to employees or from employees to management.
3. Fairness i.e. equal treatment of all workers regardless of size, tribe, age, performance etc
4. Giving the employees opportunity to present their grievances to management.
5. Absence of strikes or unrests
6. High level of productivity by workers
7. Presence of effective organizational rules

### CAUSES OF INDISCIPLINE AMONG WORKERS IN AN ORGANISATION.

1. Poor working conditions which threatens the life of the worker.
2. Absence of rules and regulations and ineffective implementation of the existing rules and regulations.
3. Poor supervision of the workers by management causes indiscipline since some workers may be reluctant to perform to the expectations.

4. Excessive dictatorship in an organization leads to indiscipline especially where the worker's concern is not attended to and yet management forces him/her to work hard to achieving organizational goal.
5. Favoritism in which some employees are given special treatment at the expense of others causes indiscipline.

## H: THE CONCEPT OF EMPLOYEE REMUNERATION

Remuneration refers to the financial reward given to labour for the various tasks accomplished.

It may also refer to the payment given to labour in appreciation of its effort directed towards its production activities.

It may either be on hourly, daily, weekly or monthly basis.

### FORMS / TYPES OF REMUNERATION

1. Salary pay; this is a pre determined amount of money given to labour at the end of every month.
2. Wage pay; this is where workers are paid either for the tasks accomplished or the time worked.
  - i) **Piece rate pay**; this is where employees are paid for a piece of work accomplished.
  - ii) **Time rate pay**; this is where employee are paid per hours worked.
  - iii) **Over time pay**; this is where employees are paid for the extra time worked i.e. payment for the time worked beyond the normal working hours.
3. Bonus pay; this is a form of remuneration given to workers whose performance goes beyond the determined production targets.
4. Profit sharing method; this is where employees distribute part of the profit of the organization among workers so as to encourage them to perform better in the next period.

### FACTORS DETERMINING EMPLOYEE REMUNERATION

1. The level of competition. An organisation operating in a perfectly competitive environment pays its workers highly in an effort to avoid loss of labour to the competing organization yet an organisation with less or no competition pays its workers less.
2. Profitability / level of profit of the enterprise. An enterprise whose sales and profits are high pays its workers a relatively high wage or salary compared to a situation in which the sales and profit of the enterprise is low.
3. Level of education and training. An individual with a high level of education and quality qualifications is paid highly compared to the one whose level of education is low and whose quality of the paper is poor.
4. Cost of living. Organisations operating in areas whose cost of living is high pay their workers a relatively high wage so as to cope with increasing cost of living

yet those operating in areas experiencing low cost of living pay the workers a relatively low wage.

5. Level of experience. Highly experienced individuals are paid a high salary compared to the less experienced workers.
6. Nature or type of work. Individuals with heavy load are paid highly compared to those with less amount of work.
7. Nature of employment. Permanently employed individual in organizations are given relatively low wage compared to those employed on a temporary basis or contract.
8. The level of bargaining power. Individuals with a high bargaining power receive a relatively high wage or salary yet those with low bargaining power are paid less.
9. Risks involved. Individuals working in a highly risky environment are highly paid compared to those working in a less risky environment in an organization.
10. Level of labour demand and supply. Labour whose supply is high and with a low demand of its services is paid less compared to the work force whose supply is low and the demand for its services is high.

#### CAUSES OF WAGE DIFFERENCES AMONG EMPLOYEES IN AN ORGANISATION.

1. Difference in working conditions.
2. Difference in level of education and training.
3. Difference in level of experience.
4. Difference in employer ability and pay.
5. Difference in cost of living.
6. Difference in nature of work done.
7. Difference in the number of hours of work.
8. Difference in risks involved.
9. Discrimination in the labour market.
10. Difference in level of bargaining power.

QN: Prepare

- a) A payroll for Musana Company limited workers.
- b) A pay slip for Mutonyi, one of the employees in Musana Company Limited.

#### I: PEFORMANCE APPRAISAL

This refers to the process of determining/ judging/ assessing the performance of the employee in a given period of time basing on several factors other than productivity alone.

The major purpose of carrying out performance appraisal is to help management to determine the effectiveness of the employees in the enterprise.

## IMPORTANCE OF PERFORMANCE APPRAISAL

1. It helps management identify the weakness existing amongst employees (Training needed workforce) and organize programmes to train the affected work force.
2. It forms a basis for promotion i.e through carrying out periodical appraisal, Management is able to identify better performing individuals who can be promoted to higher offices to assist in the management functions of the enterprise.
3. It leads to improved performance among the workers i.e those who are highly commended for the good performance are encouraged to work harder and those criticized for poor performance are forced to work for improved performance.
4. It helps to motivate workers especially those who receive a positive or encouraging feedback from management hence leading to increased commitment and employee productivity.
5. It helps to check on indiscipline among the workers especially absenteeism, neglect of duty and disrespect of management.
6. It helps to check on the extent of which the employees are complying to the set guide lines as laid down by management.
7. It helps to constantly review and determine the employee remuneration basing on his / her performances.
8. It helps in eliminating unproductive work force and replacing it in productive man power.

## OBJECTIVES OF PERFORMANCE APPRAISAL

- To identify weakness existing amongst employees.
- To form a basis for promotion.
- To improve on performance of workers.
- To motivate workers.
- To check on indiscipline among workers.
- To check on the extent to which employees are complying to set guidelines.
- To constantly review and determine the employee remuneration
- To eliminate unproductive labour force.

## THE METHODS OF CARRYING OUT PERFORMANCE APPRAISAL

Performance Appraisal may be carried out in different ways basing on the objective of appraising.

1. **Behavior Anchored Rating Scale (BARS) method.** This method involves the appraiser or the employer focusing on specific observable behaviours of the employee to determine the level of his / her performance. Such behaviours may include the employees' interpersonal relationship with other workers, customer handling, attitude towards work etc
2. **The grading method.** This involves grouping workers in a series or numeric categories usually basing on their total performance. In this method, workers

who are familiar with the person being appraised are required to collectively appraise him or her and give recommendations to management.

3. **The rating scale method.** This involves having a numerical attachment (generating marks) to individual personal traits such as intelligence, loyalty, customer care, commitment to work etc upon which performance is judged. In this method, judgmental statements such as very good, fair, excellent, below average etc are used.
4. **The rating method.** This involves listing members/ workers from the best to worst performing individual usually basing on their performance in regard to quality.

THE PERFORMANCE APPRAISAL FORM OF PEARL BAKERY LIMITED

PEARL BAKERY LIMITED  
 P.O. BOX 1131  
 Kampala, Uganda  
 Tel: 04144368947  
 Dealers in quality confectionery

Form No.....

Date: 07/8/15

PERFORMANCE APPRAISAL

Period of assessment: From: ----- To: -----

**SECTION A: PERSONAL INFORMATION**

Name of Appraisee: -----

Department: -----

Job title: -----

Salary: -----

Employment terms: -----

Name of the appraiser: -----

Department: -----

Job title: -----

**SECTION B: ASSESSMENT OF CORE COMPETENCIES**

NO	CORE COMPETENCIES	SCORES				
		100-80 EXCELLENT	79 -70 V.GOOD	69 -60 GOOD	59 -50 FAIR	49 -0 POOR
1	Team work	✓	✓			
2	Punctuality	✓	✓			
3	Communication skills	✓	✓			
4	Meeting production targets		✓	✓		
5	Quality output		✓	✓		

**SECTION C**

i) The Appraisee comment -----

ii) Appraiser's comment -----

iii) Basis for performance in the next period

1)-----

2)-----

**SECTION D: Endorsement**

Appraiser Name -----

Appraisee Name -----

Appraiser's Sign -----

Appraisee Sign -----

Date-----

Date-----



which shows the projected human resource requirements of the business to be established.

b(i) Nature of workers

The qualifications of the workers

Duties / responsibilities of the workers

Remuneration / salary of the workers

Extra benefits if any (fringe benefits)

Nature and evaluation of supervision

The organizational chart

b(ii) Importance of preparing an organization chart

1. it promotes effective communication (both vertical and horizontal) between employers and employees.
2. It saves time and other resources since people know their duties.
3. It promotes easy supervision of work.
4. It promotes sense of responsibility since each individual is aware of the tasks assigned to him or her.
5. It eliminates duplication of responsibility.

2

- (i) Job description refers to the statement which shows the scope, purpose, duties and responsibilities to be performed by an employee. It also shows the requirements necessary for effective performance of the particular job. While specification refers to the detailed statement summarizing the physical and mental requirements for effective performance of a particular job.

### CONTENTS OF JOB DESCRIPTION

1. Brief summary of the organization i.e. type / nature of the organization, location, goods or services being offered etc.
2. The job title i.e. type of work / job available.
3. Operation station i.e. where the worker is to be stationed.
4. Duties and responsibilities i.e. a summary of what the worker is expected to do.
5. Nature of supervision i.e. the immediate person to whom the worker is answerable.
6. Other machines and tools needed e.g. computer, calculations etc.
7. The terms and conditions under which the employee is to work.

### CONTENTS OF A JOB SPECIFICATION

1. Physical characteristics of the employee i.e. the health, age, height.
2. Physiological characteristics i.e. ability to make decisions, assertiveness/ alertness, mentally sound.
3. Education and skills i.e. qualification and technical know who.

4. Experience.
5. Other features i.e O.BS, language spoken, religion, tribe, sex

Job grading refers to the process of evaluating a particular job / activity basing on knowledge, skills and experience required.

It may also be defined as the process of determining the relative value of the job so as to be able to attach an appropriate wage or salary for the worker.

Job performance refers to the process of accomplishing specific tasks given to the employee.

#### CONTENTS OF JOB GRADING

1. Salary / wage to be paid to the workers.
2. The broad characteristics of each job being guarded in terms of skills, knowledge, etc
3. Selecting a representative sample of the jobs to act as bench marks on which grading of other job is based.