

Glossary of HR Terms

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Absenteeism

The rate of occurrence of unscheduled employee absences from the workplace. Absenteeism can also happen for legitimate reasons—personal illness or family issues or be caused by other factors such as a poor work environment, bad management, poor motivation or employees who are not committed to their jobs.

Absolute Ratings

A rating method for employee performance. In absolute rating, the rater assigns a specific value on a fixed scale to the work behaviour or job performance of an individual instead of assigning ratings based on comparisons with other individuals.

Affirmative Action (also Positive Discrimination)

A policy or a program, which aims to redress past or present discrimination through active measures to ensure equal opportunity for all citizens. In India, the focus has mostly been on undoing the ills suffered by some groups due to caste discrimination and in South Africa or USA, on race-based discrimination. Examples of affirmative action can be found in education, employment or representation in decision-making bodies. Typical groups targeted for affirmative action are characterized by race, gender, ethnicity or disability status.

Appraisal (also Performance Planning)

Performance appraisal is the process of reviewing employee performance, setting new performance objectives, documenting the review, and also possibly delivering the review verbally in a face-to-face meeting. Annual performance reviews are typically intended to give mutual feedback on performance to the employee and often also to the supervisor, set new performance objectives and justify personnel decisions, e.g. compensations and benefits.

Attrition

Attrition is the reduction in staff and number of employees in a company through natural means such as retirement or resignation. This method for a company to decrease labour costs is considered better for company morale than labour-reduction techniques, such as mass layoffs. Some claim involuntary attrition, a synonym for laying-off and firing employees to be a form of attrition.

Autocratic Leadership

A form of corporate leadership. A leader determines the policy of the organization and instructs members what to do. In this subjective style, the leader solves the problem or makes the decision using information available to the leader at the time.

Balanced Scorecard

A strategic management and measurement system. Balanced Scorecard is a popular strategic management concept developed in 1992 by Robert Kaplan and David Norton. It enables organizations to clarify their vision and strategy and translate them into action. The goal of the balanced scorecard is to link business performance with organizational strategy by measuring results in four areas: financial performance, customer knowledge, internal business processes, and learning and growth.

Base Payroll

The sum of annual salaries and/or wages (base rates) paid at the opening of business on the first day of the plan year or last day of prior year (e.g., Dec. 31) before any increase.

Base Salary

Pay received for a given work period, as an hour or week, but not including additional pay, as for overtime work. It is used as the basis for calculating other allowances and benefits.

Behaviourally Anchored Rating Scale (BARS)

BARS is a performance appraisal technique developed by Smith and Kendall (1963). Behaviourally Anchored Rating Scales combines a graphic rating scale with the critical incident method of rating. A description of important job behaviours is used to anchor the scale. The evaluator is asked to select the description which best matches actual behaviour on a specific job dimension during the rating period. The scale used is usually a 3-Point or 5-Point scale but could also be narrative.

Behavioural Based Interview

An interview technique, which focuses on a candidate's past experiences, behaviours, knowledge, skills and abilities rather than on nominal qualifications. Information is obtained by asking the candidate to provide specific examples of when they have demonstrated certain behaviours or skills. In this interview method, the best predictor of future performance is considered past performance under similar circumstances. Behavioural interviews may also be referred to as behavioural event (BEI) or descriptive (BDI) interviews.

Behavioural Competency

Behavioural competencies refer to personal attributes or characteristics (i.e. motives, attitudes, values) that describe HOW a job or task is performed as opposed to the particulars of the job or task. Behavioural competency measurement and appraisal attempts to determine if the behaviours actually shown by an employee are those identified by job analysis/competency profiling as those contributing to team and/or organizational success.

Benchmarking

(also **Best Practice Benchmarking** or **Process Benchmarking**) is a process used in management and particularly strategic management, in which organizations evaluate various aspects of their processes in relation to best practice, usually within their own sector or industry. This allows organizations to develop plans for adopting and adapting such best practice for increasing their performance. Benchmarking is

considered a continuous process in which organizations should continually seek to challenge and improve their practices.

Benefits

Some see benefits as a form of supplement paid by employers to employees over and above the amount of pay specified as cash compensation. For others, benefits are a portion of a total compensation package or total rewards for employees. A comprehensive, common set of benefits could include many components e.g., career development, support for work-life balance, personal security, pension schemes, health insurance, life insurance, PTO or paid time off.

Bereavement Leave

Bereavement leave is paid leave that an employee is entitled to following the death of an employee's spouse, parent, child grandparent or in-law so that the employee may attend funeral proceedings, etc. An employee may be granted additional paid working days to attend or arrange funeral services out-of-state.

Bereavement Policy

A bereavement policy is the company's practice for allowing paid and unpaid employee time off when a family member, relative, or partner dies. Bereavement time is granted for making funeral arrangements, attending the funeral and burial, paying respects to the family at a wake or visitation, dealing with the deceased's possessions and will, and other matters that employees must address when a loved one dies.

Bonus

An after-the-fact reward or payment (may be either discretionary or nondiscretionary) based on the performance of an individual, a group of workers operating as a unit, a division or business unit, or an entire workforce. Payments may be made in cash, shares, share options or other items of value. In the context of sales compensation, a defined, pre-established amount of money to be earned for achieving a specified performance goal. Planned bonus amounts commonly are expressed as a percent of the incumbent's base salary, salary range midpoint, percentage of target cash compensation or incentive compensation, or a defined dollar amount.

Bonus Pay

A bonus is compensation over and above the amount of pay specified as a base salary or hourly rate of pay. The base amount of compensation is specified in the employee offer letter, in the employee personnel file, or in a contract. A bonus can be distributed randomly as the company can afford to pay a bonus, or the amount of the bonus can be specified by contract.

Branding

The whole process of identifying and differentiating an organization's products, processes or services from another organization by giving it a unique name, phrase, shape or other distinguishing mark or for creating an image in the consumer's mind. Branding allows a company to differentiate themselves clearly from the competition in order to bond with their customers and to create customer loyalty.

Brand management

The application of marketing techniques to a specific product, product line or brand in order to manage the tangible and intangible aspects of the brand. Brand management seeks to increase the product's *perceived value to the customer* and increase brand equity. It can also be said to be the process for optimising the Marketing Mix of a brand.

Broadbanding

In a broadband pay structure, the numbers of salary grades are reduced, but the differential between one grade and the next is increased. Broadbanding evolved as organizations began to flatten their hierarchies and move decision-making closer to the point where competence and knowledge exists in organizations. In flattened organizations, the broadbanding structure allows more manoeuvrability for pay increases and career growth without actual promotion.

Bullying

Bullying is the act of intentionally either directly or indirectly causing harm to others, through verbal harassment, physical assault, or other more subtle method of coercion like manipulation or threat of social exclusion. Bullying in the workplace may not be defined or deemed illegal in many countries but some US states have laws against workplace bullying. It is also referred to as peer abuse.

Bumping

The practice of allowing more senior level employees, whose positions have been marked for elimination, the option of accepting another position within the organization, for which they may be qualified to perform and which is currently occupied by another employee with less seniority. Bumping rights are often defined in collective bargaining agreements.

Change management

Change management is a structured approach for handling change in individuals, teams, organizations and societies and overseeing the transition from a current state to a desired future state. Typically the term is used in a business context where it refers to the planned effort of an organization to anticipate change and to manage its introduction, implementation, and consequences. Change management typically provides a comprehensive framework for managing the people side of these changes in addition to focusing on the new process, technology or public policy.

Coaching

Coaching is a learning process to facilitate the professional development of an individual or a team in a business context. Personal Coaching is a relationship, which is designed and defined in a relationship agreement between a coach and a client and centres around the client's interests, goals and objectives. A Personal Coach typically uses questions, reflection and discussion to help clients identify personal and/or business and/or relationship goals, develop strategies, relationships and action plans for achieving those goals.

Collective Agreement

A Collective agreement is a labour contract between an employer and one or more unions about the terms and conditions of employment of employees. Typical issues are salaries and wages, hours of work, working conditions and grievance-procedures and the rights and responsibilities of trade unions.

Collective Bargaining

The process by which an employer negotiates employment contracts and working conditions with one or more unions collectively for all employees. In some countries employer's organizations can negotiate on behalf of several employers.

Comparable Worth

The concept by which women who are usually paid less than men may claim that men in comparable though not strictly equal jobs are paid more.

Compensable Factors

Some job evaluation methods, primarily point-factor methods, evaluate jobs in terms of "compensable factors", which are skill, effort, responsibility and working conditions.

Compensation

The methods and practices of maintaining balance between interests of operating an organisation within the fiscal budget and attracting, motivating, developing, retaining, and rewarding employees with desired skill sets through wages and salaries which are competitive with the prevailing rates for similar employment in the same labour markets. Typically compensation includes base elements such as wages and salaries and variables such as bonus and incentives.

Competency-Based Pay (also Skill-Based Pay and Knowledge-Based Pay)

Competency based pay is a compensation system that recognizes employees for the depth, breadth, and types of skills they obtain and apply in their work rather than for the position they hold. This approach to compensation attempts to address organizational needs to motivate employees and support organizational strategies.

Competence

Competence can be defined as the ability to perform a particular activity to a prescribed standard. Competence is an acquired personal skill that is demonstrated in an employee's ability to provide a consistently adequate level of performance in a specific job function. Competence should be distinguished from competency, although in general usage the terms are used interchangeably. There tends to be a focus in the United Kingdom on competence, whereas in the United States, the concept of competency is more popular.

Competency

Competencies are the knowledge-skills and the attitude needed by any individual employee to carry out their job effectively. Another way to define competency is 'an underlying characteristic of a person' 'motive, trait, skill, aspect of one's self-image or social role, experience or a body of knowledge'.

Competitive Advantage

The strategies, skills, knowledge, resources or competencies that differentiate a business from its competitors. A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies the value proposal like higher prices.

Confidentiality Agreement (also Non-Disclosure Agreement or Confidential Disclosure Agreement)

An agreement restricting parties to the agreement (typically an employee, partner, service provider or a consultant) from disclosing confidential or proprietary information. A non-disclosure agreement (NDA), also called a confidential disclosure agreement (CDA), confidentiality agreement or secrecy agreement, is a legally binding contract between the parties. The contract outlines confidential materials or knowledge the parties wish to share with one another for certain purposes, but wish to restrict third parties from accessing these.

Consent

In a HR context, consent means permission given towards certain ends, e.g. an employee formally gives access to personal information or performance records.

Constructive Dismissal

A constructive dismissal occurs when an employee resigns due to their employer's behaviour. The employee must prove that the behaviour was unfair — that the employer's actions amounted to a fundamental breach of contract or the law. In the UK, Employment Rights Act 1996, s. 95(1) provides that there is a dismissal if: "the employee terminates the contract under which he is employed (with or without notice) in circumstances in which he is entitled to terminate it without notice by reason of the employer's conduct." Examples of constructive dismissal in UK: Reduction in Pay, Demotion, and Workplace Abuse.

Contingency Models

Leadership style models in organisational theory. Behavioural models do not fully explain leadership styles as the situation in which the group operates also determines the adopted style of leadership. □ There are several models, which attempt to understand the relationship between style and situation, four of which are commonly seen:

- Fiedler's Contingency Model.
- Hersey-Blanchard Situational Theory.
- Path-Goal Theory.
- Vroom-Yetton Leadership Model

Contingent Workers

Contingent workers are employed when the employer needs them, without any job security or long-term commitments. Part-time workers, temporary and contract workers, self-employed workers and independent contractors are examples.

Contract for Services

An agreement with an independent contractor whereby the Contractor agrees to perform services in accordance with the terms agreed upon at the prices agreed upon. Contract for services is distinct from contract of service or employment contract. If a contract does not contain a requirement for personal service or there is insufficient control or there is a lack of mutuality of obligations (i.e., an obligation to offer and an obligation to accept future work) the contract is unlikely to be seen as a contract of employment.

Contract of Service

Employment agreement. An agreement between an employer and an employee at the time the employee is hired. The contract outlines the precise nature of their business relationship specifically what compensation the employee will receive in exchange for what specific work performed and often prescribing how such performance could be measured. Contracts of service have implied terms (assumed, unspoken, essential terms), as well as explicit terms (typically in writing). Contracts also contain clauses for termination of employment, by either party, and include notice period, reasons, and compensation arrangements etc. In some countries verbal contracts are also recognised, but written contracts are the norm.

Core Competencies

Core Competencies are the set of the most strategically significant and value-creating skills in a job, within a discipline or field, or in an organization. These are the skills, knowledge and abilities, which employees must possess in order to successfully perform job functions. Core competencies are strategic business capabilities that provide a company with a marketplace advantage by distinguishing superior performance.

Core Labour Force

A small group of permanent employees, who are strategically vital for the organisation.

Corporate Mission

The aims and objectives of an organization. Sometimes this is formulated into a mission statement.

Cost-of-living Allowance

Compensation designed to protect the expatriate's standard of living from cost of living differences between the host country and the home country and to offer some protection against exchange rate fluctuations.

Cost Leadership

A strategy of trying to become the lowest-cost producer in the industry the organisation operates in.

Cyclical Unemployment

A form of unemployment. Cyclical unemployment rises in times of economic recession and reduces in times of general economic prosperity.

Decision Tree Model

A decision tree model is a decision support tool, which uses tree-like graphs of decisions and their consequences, resource costs and utility as well as chance events. One of the four Contingency theories of leadership – developed by Vroom and Yetton (1973). See **Contingency Models** above.

Deregulation

Is the process by which governments remove, reduce or simplify restrictions on businesses and individuals with the aim of attracting outside investment, encouraging efficiency or overall optimism. Deregulation in an economy is justified by arguing that fewer and simpler regulations will cause higher levels of competitiveness, increasing productivity and bringing more efficiency, which lead to lower prices overall.

Distance Learning

The methods of delivering educational, training or instructional programs to students at locations away from a classroom. Typically this happens by using technology such as video or audio-conferencing, computers connected over the Internet, web-based applications or other multimedia applications.

Disciplinary Procedure

An employment management procedure carried out in the workplace in the event of an employee behaving in a manner contrary to the terms of the employment agreement. If the behaviour is regarded as *Gross Misconduct* this may lead to *Summary Dismissal*. Example of Disciplinary Procedure: Employee is given a written warning for being under the influence of alcohol at work.

Discretionary Bonus

A plan in which management determines the size of the bonus pool and the amounts to be allocated to specific individuals after a performance period. These have no predetermined formula or promises, and are not guaranteed.

Discrimination

The making of a distinction in favour of or against, a person based on the group, class, gender, ethnicity, sexual preferences, religion or category to which that person belongs rather than on individual performance or merit. Discriminating between employees on the grounds of merit is generally lawful and common in most democracies but discrimination on grounds such as skin colour, sexuality, ethnicity, language or religion is illegal in most countries.

Dismissal

Involuntary termination of employment by employer.

Distributive Bargaining (also Competitive Bargaining)

Distributive bargaining is the approach to bargaining or negotiation that is used when the parties are trying to divide something up. It contrasts with integrative bargaining in which the parties are trying to make more of something, which already exists.

Downsizing

The process of reducing the number of people working for an organisation by terminations, retirements and spinoffs.

Dual Labour Markets

The Dual labour market theory divides the economy into two parts, called the “primary” and “secondary” sectors. Workers in the primary sectors are highly skilled and enjoy high wages, good benefits, and employment security, and they are often unionized. Workers in the secondary sectors are low skilled or even unskilled, have low wages, high turnover, job insecurity, and little chance of promotion. The model is also reflected in organizations when they operate with a small Core Labour Force and a Peripheral Labour Force.

Due Diligence

A critical practice in mergers and acquisitions. The due diligence process is a method of investigating and evaluating the condition of a particular investment or purchase or a potential partner. Typically the financial, legal, labour, tax, IT, environment and market/commercial situation of the company is investigated. Often intellectual property, real and personal property, insurance and liability coverage, debt instrument review, employee benefits and labour matters, immigration, and international transactions are also looked into.

Emotional Intelligence

Describes the mental ability an individual possess enabling him/her to be sensitive and understanding to the emotions of others as well as the capacity for being able to manage their own emotions and impulses. More precisely, it includes the abilities to accurately perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions so as to promote emotional and intellectual growth.

Employee Advocacy

The responsibility of HR for clearly defining how management should be treating employees, making sure that employees have mechanisms to contest unfair practices, and representing the interests of employees within the framework of HR’s primary obligation to senior management.

Employee Relations

A broad term, which is used to refer to the general management and planning of activities related to developing, maintaining, and improving employee-management relationships typically by communicating with employees, processing grievances/disputes, etc.

Employee Retention

Systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having organizational policies and practices in place to address their diverse needs effectively.

Employee Value Proposition (EVP)

The term is a key concept in Employer Branding and used to show the balance measurement between what an employee receives from their employer in return for

their performance on the job. EVP is increasingly seen as critical to attracting, retaining and engaging quality employees.

Employer Branding

The process of creating a desired image of the organization as a 'great place to work' in the mind of current employees and key stakeholders in the external market (potential candidates, clients, customers and other key stakeholders).

Empowerment

In an organisational context, it is the process of enabling or authorizing an individual to think, behave, take action, and control work and decision-making in autonomous ways. In a societal or political context, it is used to ameliorate the conditions of previously disadvantaged populations.

Enterprise Risk Management (ERM)

Enterprise risk management (ERM) is the process of planning, organizing, leading, and controlling the activities of an organization in order to minimize the effects of risk on an organization's capital and earnings, as well as financial, strategic, operational, and other risks.

Equity Theory

The notion that employees wish to be treated fairly and will compare their own efforts and the rewards of others in the organization with a view to judging the fairness of their treatment.

Executive Coaching

Executive coaching is usually a one to one form of coaching where a high potential employee is teamed with a coach. The purpose here is to elevate the employee's value within the company. Often executive coaching addresses work-life balance issues, also guiding the employee through barriers within an organization and also with their personal life.

Exit Interview

An exit interview is a meeting between an employee who is leaving the organisation and a representative of the organisation, usually from the Human Resources department. The purpose is to get feedback about the reasons for leaving, the job the employee held, the work environment, and the organisation; especially what the employee would like to change. Should not be carried out by employee's immediate superior.

Expatriate Package

The total compensation and benefits given to personnel on a foreign assignment. Typically includes base salary, cost-of-living allowance or foreign service premium, hardship allowance, housing assistance, education allowance, relocation allowance and other special allowances and benefits associated with a foreign assignment.

Extrinsic Rewards

Work-related rewards received for performance with value measurable in monetary or financial terms

Fixed Term Employment

An employee and an employer may agree that the employment contract of the employee will terminate on a specified date or at the end of a period or on the occurrence of a specified event or at the conclusion of a specified project.

Freedom of Association

In an organisational context, it is the right to belong to a union. Overall it is the right to get together with other employees for a legal common cause or purpose without interference. Freedom of religion is a part of the freedom of association.

Functional Job Analysis

A method of job analysis that produces standardized occupational information specific to the performance of a particular job.

Goal Setting

The systematic process of setting and assigning a set of specific and attainable goals to be met by an individual, group or organization.

Good Faith Bargaining

A duty to conduct negotiations where two parties meet and confer at reasonable times on matters within the scope of their representation, with open minds and with the intention of reaching an agreement.

Grievance

In a HR context, a grievance is a complaint brought by the employee or the organisation to an employment contract against another party.

Group Dynamics

The social manner in which people interact with each other within a group in contrast with one to one interpersonal behaviour. Also a branch of social psychology, which studies problems involving the structure of a group.

Gross Misconduct

An act committed by an employee, which is so serious even at first occurrence that it justifies instant or **Summary Dismissal**. Examples may be: stealing, workplace violence.

Group Think

The practice of reasoning or decision-making by a group, especially characterized by uncritical acceptance or conformity to a certain or a prevailing point of view. Groupthink prevents considering differing opinions and viewpoints, critically testing ideas, analyzing and evaluating them.

Halo Effect

In the selection and recruitment process, it is the situation that can arise when an applicant is perceived to have one of the characteristics required for the position, and,

because of this, the interviewer or interviewing panel, wrongly infer that he or she has the other characteristics required. In performance appraisals, a supervisor's rating of a subordinate on one trait biases the rating of that person on other traits.

HR Audit

A method for assessing the effectiveness of human resource functions. Can be carried out internally or by engaging external HR audit systems.

Hawthorne Effect

The Hawthorne Effect describes the observation that subjects improve an aspect of their behaviour, which is being measured simply as a response to the fact that they are being observed and not because of any external influences. The term comes from the factory, Hawthorne Works near Chicago, Illinois, USA where a study was made from 1924 to 1932 to see if workers became more productive in higher or lower levels of light.

Hierarchy of Needs

A human motivation theory proposed by the American psychologist Abraham H. Maslow (1908-1970). He proposed a needs-based framework of human motivation where humans are motivated by unsatisfied needs such that lower needs must be satisfied before higher needs can be addressed.

Human Capital

From an organisation point of view - the collective knowledge, competencies, health and vigour, skills and abilities of all the organization's employees. Human capital, unlike structural capital, is not reflected in financial statements and can walk out when employees leave unless it is systematically recorded in the organisation's procedures and systems.

From an individual point of view – the set of skills an employee acquires on the job, through experience and training, which increases the employee's value in the job market.

Incentive Compensation

Compensation that is linked to performance by rewarding employees for actual results achieved instead of seniority or hours worked.

Incentive Pay

Additional financial compensation used to motivate and to reward employees for reaching and/or exceeding standard performance or productivity goals.

Independent Contractor

A person who works as an entrepreneur but has a contract for services with another person/organization but is not an employee.

Individual Employment Agreement

An individual employment agreement is a contract under which a natural person, called employee, undertakes to perform the work for and under the authority of an employer, natural or legal person, against an agreed upon remuneration.

Induction

Induction is the process through which a new employee is integrated into the organisation, learning about its corporate culture, policies and procedures, and the specifics of their new job. Induction should be treated as an extension of the selection process and the beginning of a continuing staff development programme.

Industrial Relations

In the narrow meaning, “industrial relations” includes the relationship and interaction between employers and employees. In the wider meaning, “industrial relations” covers all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labour) relations.

Since the 1950s, the term deals with unionized employment relationships, especially the study and practice of collective bargaining, trade unionism, and labour-management relations, while human resource management is a separate, largely distinct field that deals with non-union employment relationships and the personnel practices and policies of employers.

Intrinsic Rewards

Rewards that are associated with the job itself, such as the opportunity to perform meaningful work, complete cycles of work, see finished products, experience variety, receive professional development training, enjoy good relations with co-workers and supervisors and receive feedback on work results.

Involuntary Attrition

A synonym for laying-off and firing people, used when the organization desires to avoid using either in order to minimise bad publicity.

ISO 9000

A family of standards and guidelines for quality in the manufacturing and service industries from the [International Organization for Standardization](#) (ISO). ISO, a non-governmental organization that forms a bridge between the public and private sectors, is the world's largest developer and publisher of International Standards with a network of the national standards institutes of 161 countries.

ISO 9000 defines the criteria for what should be measured. ISO 9001 covers design and development. ISO 9002 covers production, installation and service, and ISO 9003 covers final testing and inspection. ISO 9000 certification does not guarantee product quality but ensures that the processes that develop the product are documented and performed in a quality manner.

Job Analysis

Job analysis is a systematic study of a job to determine what activities and responsibilities are included, their relationships with other jobs, the personal

qualifications necessary for performance of the jobs, and the conditions under which work is performed. Job analysis usually results in a job description as well as recruiting plans.

Job Description

A written description of a job based on a job analysis, which includes information about the nature of the work to be performed, specific responsibilities and duties, and the employee skills and characteristics required to perform the job, scope and working conditions, job title and the name of the person to whom the person holding the job reports.

Job Evaluation

Job evaluation is a system for analyzing and comparing different jobs and placing them in a ranking order according to the overall demands of each one. The objective is to assess which jobs should get more pay than others. There are two kinds of job evaluation programs: non-analytical and analytical. Non-analytical programs compare a job with others. In an analytical program, a job is split up into a number of different aspects and each factor is measured separately. Different analytical programs are factor comparison, point-factor rating, competency-based programs, and the profile method. Job evaluations assess the content of a job, not an individual's performance of that job.

Job Grading

Jobs are assigned a job grade based on the job value determined during the job evaluation. Jobs are classified into a grade/category structure or hierarchy. Each job is assigned to a specific grade/category. Jobs are placed with other jobs of similar requirements, duties, and responsibilities. The higher the job grade, the greater the level of responsibility and the higher the salary range.

Job Specification

Is a document, derived from job analysis, which outlines the basic purpose of a job, nature of work, examples of typical duties and minimum requirements of employee skills and qualifications for doing that particular job.

Key Performance Indicators

Key Performance Indicators or KPI's are quantifiable measurements, agreed to beforehand, which reflect the critical success factors and organizational goals of an organization. They differ according to the nature and the field of the organization.

From a performance management point of view, KPI's measure how tasks agreed between an employee and the person to whom the employee reports, have been carried out in the agreed time and manner.

Knowledge Management

Knowledge management refers to a range of practices used by an organisation to identify, create, categorise, represent, distribute, store insights and experiences as well as enable their adoption. Such knowledge can be embodied in individuals, organisational processes or prevailing practice. KM typically focus on improving

performance, foster innovation, create competitive advantage, sharing lessons learnt as well as on continually improving the organisation and its parts.

KPI's

Key Performance Indicators, which measure the performance of an employee.

KSAs

Knowledge, skills and abilities – the personal attributes that a person requires to perform the job.

Labour Market

A geographical or economic area of economic exchange in which workers seek jobs and employers seek workers. Labour markets can be primary labour markets, which provide secure employment with good benefits and good working conditions or secondary labour markets, which are occupations with insecure jobs, little benefits and low wages.

Labour Permit

Provisional status given by the government to immigrants, allowing them to work legally in that country, of which they are not citizens, for a stated period of time. The term *Work permit* is most commonly used.

Leadership Development

Formal and informal training and professional development programs designed for management and executive level employees to assist them develop the leadership skills and styles required to deal with a variety of situations.

LIFO

In the event of a redundancy situation occurring, the system of 'last in first out' is one method of choosing those who should be made redundant.

Long-Term Bonus

Usually a form of deferred compensation that establishes an income stream in the form of a bonus over time, typically at a predetermined age or upon retirement.

Lump Sum Payment

In a HR Context, a fixed negotiated payment, which is not typically included in an employee's annual salary but given in place of regular pay increases.

Matrix Organization

A matrix shaped multifunctional team organizational structure, where vertical hierarchy is overlaid by some form of lateral authority and where employees from different functional disciplines (e.g. accounting, marketing, engineering) report to more than one manager or supervisor without being removed from their respective positions.

Mediation Services

In a HR context, a system of alternative dispute resolution or the process of intervention by an independent specialist in an employment dispute.

Mentoring

A one-to-one systematic interaction process between an employee and a senior or more experienced individual, who acts as an advisor, counsellor or guide. The mentor provides support and gives feedback to facilitate learning.

Milk Round

The term **Milk round** is commonly used in the UK to describe the phenomenon of companies touring universities and learning institutions each year, in order to advertise their opportunities and recruit students directly through interviews. Called recruiting presentation or on-campus presentation in the USA.

Minimum Wages

The lowest hourly rate an employer can pay an employee. In some countries (e.g. USA) the government sets this rate by law, while in other countries (e.g. UK) the minimum wages are fixed by the wage council of different industries.

Mission Statement

Is a brief written description of a company's core purpose and focus, which normally remains unchanged, whereas business strategies and practices may frequently change to adapt to the changing circumstances. Also called company mission, corporate mission or corporate purpose.

Motivation

The reason(s) why a person works at a particular job, in a particular role or manner and for a particular organization. Motivation consists of internal and external factors that stimulate desire and energy in people to be continually interested in and committed to a job, role, or subject, and to continue exerting persistent effort.

Motivational Theories

An attempt to explain how people are motivated, in the form of work behaviour and performance as a part of the psychological discipline that attempts to describe why people behave as they do solely in terms of internal needs that drive behaviour. E.g. Acquired Needs Theory, Consistency Theory, Goal-Setting Theory etc.

Myers-Briggs Type Indicator

The Myers-Briggs Type Indicator (MBTI) assessment is a psychometric questionnaire designed to measure psychological preferences in how people perceive the world and make decisions extrapolated from the typological theories originated by Carl Gustav Jung. The indicators indicate psychological preferences and not ability, e.g., for performing at a certain level in a certain function.

Negotiation

Is a process by which the involved parties resolve matters of dispute by holding discussions and coming to an agreement, which can be mutually agreed by them.

Nepotism

In a business context, nepotism is the practice of showing favouritism toward one's family members or friends in economic or employment terms. Employing friends and relatives, without regard to merit, might be considered nepotism.

Non-Discretionary Bonus

A plan in which management determines the size of the bonus pool and the amounts to be allocated to specific individuals after a performance period. These use a predetermined formula and promises.

Observation Interview

The process of observing employees while they perform their jobs or tasks. It is used to collect data regarding specific jobs or tasks.

Onboarding

Onboarding is the process of integrating employees into their new work environment. A relatively new term, it is slightly more comprehensive than orientation as it links new employees with team members very early in the employment process and continuing after the traditional orientation program ends.

OSH

Occupational safety and health – There are laws relating to the health and safety of personnel at work.

Organizational Culture

The specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization.

Orientation

The introduction of employees to their jobs, co-workers, and the organization by providing them with information regarding such items as policies, procedures, company history, goals, culture, and work rules.

Outplacement

The process of facilitating a terminated employee's search for a new job by providing professional services, such as job counselling, training and assistance paid for by the former employer as a benefit.

Outsourcing

Outsourcing is the process in which a company delegates some of its in-house operations/processes to a third party. Outsourcing is different from contracting. In contracting, generally the ownership or control of the operation/process being contracted lies with the parent company, whereas in outsourcing the control of the process is with the third party and not with the parent company. In a HR context, a contractual agreement between an employer and an external third party provider whereby the employer transfers responsibility and management for certain HR, benefit or training related functions or services to the external provider.

Peer Appraisal

A performance appraisal strategy, where an employee is reviewed by his/her peers, who have sufficient opportunity, scope and expertise to examine the individual's job performance.

Performance Improvement Plan

Performance Improvement Plan is a tool to monitor and measure the deficient work processes and/or behaviours of a particular employee or an unit in order to improve performance or modify behaviour. It is used when a performance problem (usually of an employee) has been identified and ways to improve the performance of an employee are being searched.

Performance Management

A process of identifying, evaluating and developing the work performance of employees in an organization, in order that organizational objectives are more effectively achieved and understood by employees.

In its broader scope, Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management begins when a job is defined as needed and ends when an employee leaves the organization.

Performance Planning

A total approach to managing performance, which involves setting performance aims and expectations for the organization, departments and individual employees. The *performance plan* describes the employee's or unit's preferred results, how results tie back to the organization's results, weighting of results, how results will be measured and what standards are used to evaluate results.

Personal Grievance

Any grievance that an employee may have against the current employer or former employer. The most common types of personal grievance are dismissals, or threats of dismissal, sexual harassment, racial harassment, duress, and discrimination. Raising a Personal Grievance is the main way an employee can get compensation for unfair treatment at work, or for being unfairly dismissed.

Position Analysis

A questionnaire used in an organisation to collect quantifiable data about the responsibilities and requirements of jobs in that particular organisation.

Pre-retirement Counselling

Counselling provided by employer to employees who are about to retire on matters of benefits, possibilities of second careers and part-time work etc.

Probation Period

When hiring new employees, many employers use probationary employment periods to ascertain whether the new workers will be able to handle the duties and challenges associated with their new job. Also called trial period. Probation or probationary periods, which can be from two weeks to three months (depends on the law of the land), helps the employer evaluate the employee before making the employment permanent.

Probationary Arrangements

Where the parties to an employment agreement agree that an employee will serve a period of probation or trial after the commencement of the employment.

Professional Development Plan

The Professional Development Plan outlines how the professional capabilities of the employee will be developed over a defined period. This plan may include formal training, participation in work related activities (projects or committees), access to coaching, mentoring or any other opportunities for experience to enhance the skills, knowledge or personal attributes of the employee.

Quality Management

Quality management is a method or system for ensuring that all the activities necessary to design, develop and implement a product or service are effective and efficient with respect to the system and its performance and conform to certain standards. Quality management has three main components: quality control, quality assurance and quality improvement. Some examples of quality management systems are: ISO 9000, Six Sigma, Kaizen, Quality Circles, Taguchi Methods, Total Quality Management etc.

Random Testing

In an HR context, drug and alcohol tests administered by an employer, which selects employees to be tested at work in order to detect drug or alcohol usage, on a random basis.

Recruitment

The process of bringing into an organization personnel who will possess the appropriate education, qualifications, skills, competence and experience for the post offered.

Redundancy

The act of terminating an employment when the requirements for employees to perform work of a specific type or to conduct it at the location in which they are employed have ceased or diminished.

Re-Enlistment Bonus

A payment to encourage expatriates to remain in an assignment beyond the originally agreed-upon duration. Common in the U.S. military services, where many former military personnel are employed by U.S. multinationals.

Replacement Charts

Replacement charts are a human resource forecasting technique or tool, which describes a firm's organization structure in terms of individuals who occupy various managerial and professional positions. For each position the incumbent and potential replacements are identified along with information such as potential for advancement, experience or skills needed to qualify for next position, gender (for aid in diversity planning), and age (only for retirement planning). Replacement charts are used in succession planning.

Replacement Planning

Replacement planning is a process for identifying a potential candidate to replace core individual employees either known to be leaving the firm at some point in the future and/or whose sudden departure would pose a risk to the operation of the firm.

Replacement planning is a form of succession planning but more limited in scope as it assumes that the organization structure remains intact by having back-ups for key people.

Restrictive Covenant

In a HR context it is a contract clause in the employment agreement requiring key personnel or other highly skilled employees to refrain from employment with competitor organizations in a specific geographical region or in a specific business area or from becoming an entrepreneur and competing for a specified period of time after the termination of employment with the current employer. Some restrictive covenants may be so unfair, however, that a court may make them legally unenforceable.

Résumé (CV)

A document setting out in brief a person's education, training, professional history, skills, competences and job qualifications, which is used typically when applying for a job. The term CV (Curriculum Vitae) is nowadays more common. The term Bio-data is used in a South Asian context (India, Bangladesh, Nepal, Pakistan).

Retention

Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs.

Return on Investment (ROI)

A ratio of the benefit or profit derived from a specific investment compared to the cost of the investment itself. ROI measures a company's profitability by dividing a fiscal year's income by common stock and preferred stock equity plus long-term debt. The higher ROI, the more efficient the company is in producing profits.

In a HR context, it is usually derived from the actual results or expected performances divided by the sum of salary and total human resource development investment.

Right to Manage

The 'right' of management, in most legislation, to make decisions and to run an organization, determine the organisation's mission, strategy and budget without interference from external or internal forces. Operational rights such as to assign work, direct, and hire and fire employees are also within the right to manage.

Risk Management

The policies, procedures and practices used in identification, analysis, assessment, control, minimization and avoidance or elimination of unacceptable risks by the organisation. Organisation typically use risk assumption, risk avoidance, risk retention, risk transfer or a combination of strategies in an effort to minimize an organization's exposure to liability in the event a loss or injury occurs.

"HR risk management" is an integral part of the process of overall business risk management where HR professionals adopt the techniques of risk management for managing the value of human capital assets within their organizations.

Severance Pay

A one-time payment given by employers when terminating an employment.

Sexual Harassment

Unwelcome sexual advances, requests for sexual favours, and other verbal or physical conduct of a sexual nature constitutes sexual harassment when submission to or rejection of this conduct explicitly or implicitly affects an individual's employment, interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment. Sexual harassment can occur in a variety of circumstances, including but not limited to the following: The victim as well as the harasser may be a woman or a man. The victim does not have to be of the opposite sex. The harasser can be the victim's supervisor, an agent of the employer, a supervisor in another area, a co-worker, or a non-employee.

Skill Based Pay

A person-based compensation system based on the repertoire of skills an employee can perform, rather than the specific skill that the employee may be using at a particular time. Pay increases generally are associated with the addition and/or improvement of the skills of an individual employee, as opposed to better performance or seniority within the system.

Spinoff

An independent company created out of an existing company by distributing new shares, sale or through a divestiture.

Spot Bonus

A spontaneous incentive given to an employee for an accomplishment, which is not measured by a standard.

Stock options

The right to purchase stock of the employer at a given price at some designated time in the future. Stock Options usually come in two types: Incentive stock options (ISOs) in which the employee is able to defer taxation until the shares bought with the option are sold. Nonqualified stock options (NSOs) in which the employee must pay income tax on the 'spread' between the value of the stock and the amount paid for the option.

Strategic HRM

Strategic HRM is a general approach to aligning the strategic management of human resources with the intentions, goals and objectives of the organisation in order to improve business performance. It is concerned with longer-term people issues and macro-concerns about structure, quality, culture, values, commitment and matching resources to future needs.

Strategic Planning

The process of identifying an organization's long-term goals and objectives and then determining the best approach for achieving those goals and objectives. Examples of business analysis techniques used in strategic planning are SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), PEST analysis (Political, Economic, Social, and Technological analysis) or STEER analysis (Socio-cultural, Technological,

Economic, Ecological, and Regulatory factors) and EPISTEL analysis (Environment, Political, Informatic, Social, Technological, Economic and Legal).

Succession Planning

Succession planning is a process for identifying potential candidates to replace core individual employees either known to be leaving the firm at some point in the future and/or whose sudden departure would pose a risk to the operation of the firm. Succession planning differs from *replacement planning*, as it is much broader in scope. The aim is to ensure organisational stability by identifying critical skill sets and developing methods such as job sharing, job trading, mentoring, coaching, cross training to maintain and develop these skill sets across the organisation.

Summary Dismissal

In a HR context, Summary Dismissal is immediate termination of the employment by an employer for gross misconduct (e.g., stealing or violence at work) and usually means that an employee will not receive any pay in lieu of notice.

Suspension

A form of disciplinary action resulting in an employee being sent home with or without pay and forbidden to come to work for a specified period of time.

Tacit Knowledge

Highly experiential, difficult to document in any detail, ephemeral, transitory knowledge internalized by an employee over a long period of time. The process of transforming tacit knowledge into explicit knowledge, known as codification or articulation is very difficult.

Tangible Rewards

Rewards to employee for performance, distinct from regular pay, which can be easily attributed and linked to behaviour or performance. Tangible rewards usually exhibit trophy value and can be appreciated and benchmarked in terms of monetary value and features (e.g., theatre tickets with spouse or gift voucher).

Target Compensation

The expected pay for a position, including both base pay and at-risk pay. The variable portion of target compensation is based on what the employee ought to earn on average, given satisfactory performance. High performers will exceed target earnings and poor performers will fall short of the target.

Termination Interview

The situation when the employee is officially told that his/her employment is being terminated.

Total Compensation

The total cash remuneration plus the valued perquisites and benefits awarded employees on an annual basis. In valuing perquisites and benefits, values to facilities provided to employees that have to be claimed before being paid, and also the value of long-term benefits are usually included. Typical items included are medical expenses, vacation tickets, children's education, terminal benefits (gratuity, provident

fund, social security), share purchase plans, club memberships etc. Also known as total remuneration.

Total Direct Compensation

In executive compensation, total annual cash compensation plus the annualized value of long-term incentives.

Total Rewards

The monetary and non-monetary compensation provided to employees in exchange for their time, talents, efforts and results. Total rewards include key elements that effectively attract, motivate and retain the talent required to achieve desired business results. Total rewards can be seen to include compensation, benefits, work-life balance, career development, recognition programmes.

Total Rewards Statement

An annual statement issued individually to each employee of an organization that quantifies the total value of his or her rewards received in the previous calendar year. Statement includes income from all compensation sources as well as the cash value of all benefits and work experience elements received. The objective of the statement is to communicate the value of employer expenditures on behalf of each employee.

Training Needs Analysis

A method of analyzing how employee skill deficits can be addressed through current or future training and professional development programs, as well as determining the types and frequency of training/development programs required, and how to prioritize training/development.

Turnover

In a HR context, turnover is the number of employees hired to replace those who left or were fired during a 12-month period.

Unions

Groups of workers who have joined to form incorporated associations relating to the type of work that they perform in order to protect their common interests and improve their working conditions.

Unjustifiable Dismissal

The act of terminating an employee's employment for a reason that can be regarded as statutorily (legally) unjustifiable or the dismissal has been carried out in an unfair way. Many countries in the world offer statutory protection against an unjustified dismissal. In England, the term used is 'unfair dismissal'. Other terms used elsewhere are: *unfair dismissal*, *dismissal without just cause or excuse*, *harsh, unjust and unreasonable dismissal*.

Wage Curve

In a HR context, it depicts pay rates currently being paid for each job within a pay grade in relation with the rankings awarded to each job during the job evaluation process. In economics, **wage curve** is the term used to describe the micro-econometric association between the level of pay and the local unemployment rate.

Wage Drift

The gap between the basic pay often based on collective agreement rate and the total remunerations actually paid. This difference is usually caused by overtime pay, bonuses, profit-share and performance-related pay.

Whistle Blower

A person who reveals wrongdoing within an organization to the public or to those in positions of authority. In some countries, whistle blower protection is contained in law e.g., the Protected Disclosures Act 2000 in the USA.

Work-Life Balance

Work-life balance is a concept for prioritizing between career and ambitions and family, leisure, pleasure and spiritual development. Work-life balance is not the same for everyone as people have different priorities in life.

360-degree Feedback

A performance appraisal process, where an employee is rated on his/her performance by people who are directly connected with his/her work. Peers, supervisors, managers, customers or clients, familiar with the employee's work can be included in the feedback process. Typically used for assessing competence development needs and succession planning in the organisation rather than for determining pay or promotions. Also called multi-rater assessment, multi-source assessment or multi-source feedback.

Adapted from the following sources:

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- Society for Human Resource Management <http://www.shrm.org>
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