
Human resources

2017-18

OVERVIEW

BUSINESS DECISIONS

- ▶ labour productivity
- ▶ labour turnover
- ▶ labour retention
- ▶ absenteeism

OVERVIEW

STRATEGIES TO INCREASE RETENTION

- ▶ financial rewards
- ▶ employee share ownership
- ▶ consultation strategies
- ▶ empowerment strategies

LABOUR PRODUCTIVITY

- ▶ *Labour productivity*: out per worker

$$\text{labour productivity} = \frac{\text{total output (per period of time)}}{\text{average number of employees (per period of time)}}$$

- ▶ measure of *efficiency of a workforce*
- ▶ **Note**: difference in measure could also come from differences in
 - ▶ *equipment* (old equipment → low productivity)
 - ▶ *processes* (automated process → high productivity)
 - ▶ *capital-labour ratio*

LABOUR PRODUCTIVITY

- ▶ Higher labour productivity → higher *competitiveness*
 - ▶ lowers costs
 - ▶ business can lower prices → higher sales
- ▶ Higher labour productivity can also be followed by less competitiveness: **Why?**
 - ▶ other competing businesses have even *higher productivity*
 - ▶ competition from *low-wage, low cost* businesses/countries
 - ▶ *innovation* from competing business/industry

LABOUR TURNOVER

- ▶ *Labour turnover*: proportion of staff leaving a business over period

$$\text{Labour turnover} = \frac{\text{nbr of staff leaving}}{\text{average nbr of staff in post}} \times 100\%$$

- ▶ measure of *personnel effectiveness*

LABOUR TURNOVER

FACTORS CAUSING HIGH LABOUR TURNOVER

- ▶ low pay
- ▶ few training/promotion opportunities
- ▶ working conditions (e.g., bullying, harassment)
- ▶ poor recruitment
- ▶ recession

LABOUR TURNOVER

PROBLEM AND BENEFITS FOR BUSINESS

- ▶ *Problem* for business:
 - ▶ new recruitment → costly
 - ▶ time consuming procedure
 - ▶ induction programmes → costly
- ▶ *Benefit* for business:
 - ▶ fresh ideas
 - ▶ less productive employees leave

LABOUR RETENTION

- ▶ *Labour retention*: rate at which employees stay with the business

$$\text{Labour retention} = \frac{\text{nbr. of staff staying}}{\text{average nbr. of staff}} \times 100\%$$

ABSENTEEISM

- ▶ *Absenteeism:*

$$\text{Absenteeism rate} = \frac{\text{nbr. of staff absent on day}}{\text{total nbr. of staff}} \times 100\%$$

- ▶ *see worked example for calculating rate over a year!*
- ▶ *Absenteeism is a problem for a business:*
 - ▶ claim sickness → business pays *sick pay*
 - ▶ temporary staff or overtime → costs ↑
 - ▶ *disruption* in production process
 - ▶ staff can get *demotivated*
 - ▶ absenteeism will generate further absenteeism

ABSENTEEISM

SOURCE OF DIFFERENCES IN ABSENTEEISM RATES

- ▶ *size of business*: small businesses have lower rate
- ▶ *health & safety*: good health & safety procedures
→ less absenteeism
- ▶ *nature of tasks*: repetitive jobs → more absenteeism
- ▶ *culture of workplace*: overworked staff, intimidation
- ▶ *stress factors*: oversupervised staff
- ▶ *monetary reward*: feeling of being underpaid

STRATEGIES

INCREASE PRODUCTIVITY & RETENTION, AND LOWER ABSENTEEISM

- ▶ *financial rewards:*
 - ▶ pay for is produced (theory of scientific management)
 - ▶ bonus system
 - ▶ pay when no absence recorded
- ▶ *employee share ownership*

STRATEGIES

INCREASE PRODUCTIVITY & RETENTION, AND LOWER ABSENTEEISM

- ▶ *consultation strategies*: involved in decision making
 - ▶ pseudo-consultation
 - ▶ classical consultation
 - ▶ integrative consultation
- ▶ *empowerment strategies*
 - ▶ training
 - ▶ providing necessary resources
 - ▶ hand over authority
 - ▶ inspire confidence
 - ▶ provide feedback