

Human Resources Analytics

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HRM 623

Lecture 4



MORE THAN COMPENSATION

Chapter
03

Lecture 04

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Chapter

03

MAIN TOPICS



**Attracting, motivating, and retaining employees,
now and in the future—The Role of a Global
Association— Why Analytics Is Important —Total-
Rewards Model**

ATTRACTING, MOTIVATING, AND RETAINING EMPLOYEES, NOW AND IN THE FUTURE

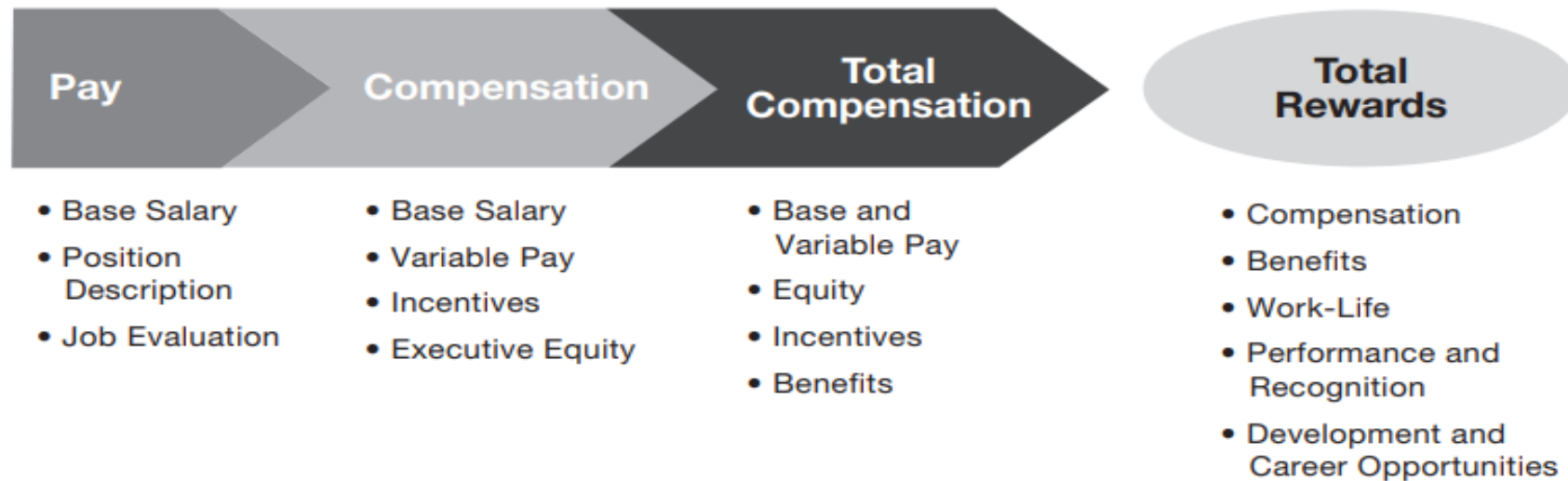
- **Total rewards:** All of the tools available to an employer that may be used to attract, motivate, and retain employees.
- Total rewards can include anything the employee perceives to be of value resulting from the employment relationship

THE ROLE OF A GLOBAL ASSOCIATION

- In 2000, after facilitating a discussion with leading thinkers in the field, WorldatWork introduced its first total-rewards framework intended to advance the concept and help practitioners think and execute in new ways.
- The model focused on three elements:
 1. Compensation
 2. Benefits
 3. The work experience: acknowledgment, balance (of work and life), culture, development (career/professional), and environment (workplace)

THE CONCEPT OF TOTAL REWARDS

Figure 3.10. The concept of total rewards.

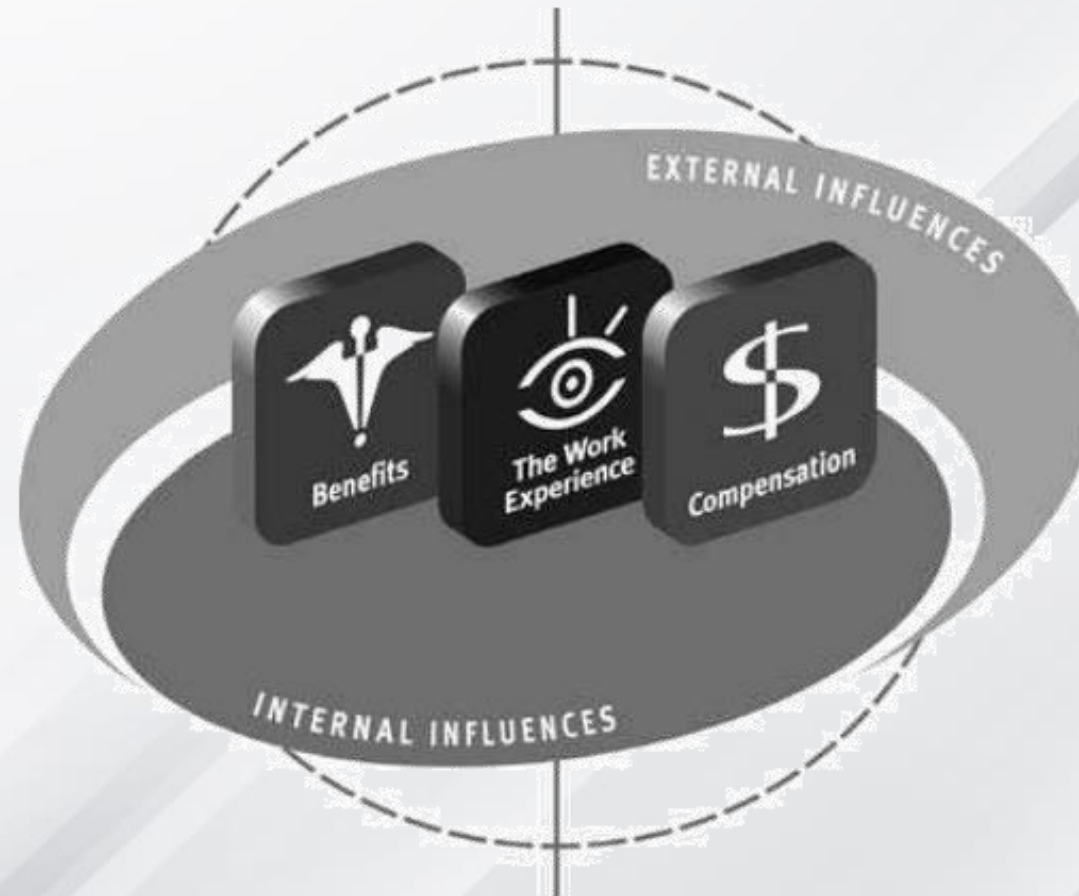


THE ASSOCIATION'S FIRST TOTAL-REWARDS MODEL (2000)

- By mid-decade, survey data from WorldatWork members revealed that professionals were primarily using the terms total rewards, total compensation, or compensation and benefits to describe the collective strategies deployed by their companies to attract, motivate, and retain talent, as shown in Figure 3.11.

The Association's First Total-Rewards Model (2000)

Figure 3.11. First total-rewards model.



THE NEW TOTAL REWARD MODEL

- The new model contained five total-rewards elements, each of which included ***programs, practices, elements, and dimensions*** that collectively defined an organization's strategy to attract, motivate, and retain employees.
- The five elements were: ***compensation, benefits, work life, performance and recognition, and development and career opportunities***.

THE NEW TOTAL REWARD MODEL



COMPENSATION

Includes *fixed (base) pay* and *variable pay (pay at risk)*.

Also includes several forms of variable pay, such as short- and long-term incentives.

The most traditional element in total rewards and a key to business success

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BENEFITS

Benefits: Programs that protect employees and their families from financial risks.

Includes traditional programs such as medical, dental, and retirement, as well as newer, nontraditional programs such as identity theft and pet insurance.

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WORK LIFE

Work life: Any programs that help employees do their job effectively, such as flexible scheduling, telecommuting, and child-care programs.

Some organizations have indicated that work life is the “secret” to their success in attracting, motivating, and retaining talent.

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PERFORMANCE AND RECOGNITION

Performance and Recognition: The alignment of organizational and individual goals toward business success.

Recognition is a way for employers to pay special attention to workers for their accomplishments, behaviors, and successes.

It reinforces the value of performance improvement and fosters positive communication and feedback.

Recognition can be programmatic or cultural in its execution.



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- US company rewards its employees with \$ 100,000 per person
- A Chinese company rewards its employees by traveling to Switzerland
- And another one rewards them with a 5-star trip to the Maldives

DEVELOPMENT AND CAREER OPPORTUNITIES

The concept of motivating and engaging the workforce through planning for the advancement and/or change in responsibilities to best suit individual skills, talents, and desires.

Tuition assistance, professional development, sabbaticals, coaching and mentoring opportunities, succession planning, and apprenticeships are all examples of career-enhancement programs.

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THE CONCEPT OF TOTAL REWARDS

- The concept of total rewards strives to cause employees to behave in a way that achieves the highest performance levels.
- Motivation comprises two types:

Intrinsic Motivation.

- Linked to factors that include an employee's sense of achievement, respect for the whole person, trust, and appropriate advancement opportunities, intrinsic motivation consistently results in higher performance levels.

Extrinsic Motivation.

- Most frequently associated with tangible rewards such as pay, working conditions, co-worker relations, benefits, and such.

APPLYING A TOTAL-REWARDS MODEL

Some companies are beginning to brand their own versions of total rewards—a type of “internal branding” that seems the next move in this field

- **Notre Dame** University promotes total rewards to its employees’ compensation to top performers.
- **Dominos pizza** encourages employees to get their “piece of the pie,” referring to its variety of rewards programs. Reportedly, the company extends the pizza analogy to its employee collateral materials, showing how various elements of its programs can be combined to customize a “benefits pizza.”
- **Starbucks** has branded its total rewards concept as “your special blend,” again, making an obvious play on its coffee products. “Your special blend” indicates the ability that employees have to customize their total-rewards offering.

HUMAN CAPITAL AND BUSINESS MANAGEMENT FOR SUSTAINABILITY

- **Human Capital Management Survey, aimed at understanding the discriminators on people management among the best companies in Brazil.**
- **The companies' scores in the survey are based on the following pillars:**
 - * Business value creation
 - * Safety and health
 - * Labor and union relationships
 - * Retention
 - * Equity and internal income distribution
 - * Learning, training, and development
 - * HR professionals and HR team

COMPANY MISSION, VISION, AND VALUES

The identified values include:

- *Teamwork
- * Respect for the internal and external client
- *Innovation
- * Respect for the employees
- * Individual and group responsibility
- * Common good
- * Commitment
- * Ethics
- * Respect for the environment

COMPANY MISSION, VISION, AND VALUES

- **In each case, it is considered critical that**
- (1) all employees understand and, furthermore, commit themselves to the company's mission and vision.
- (2) that they put these values into daily practice.
- For these companies, HR is responsible for communicating these principles to every new employee, ensuring full understanding and maintenance. Management has the responsibility to disseminate and guarantee these practices in all levels of the organization. In practice, there is constant focus on adding value to all that is done.

HR STRATEGIES AND BEST PRACTICES

- The role of HR is to attract, maintain, develop, and retain people; strengthen attitudes and behaviors aligned to the company's strategy and culture; and give meaning to work, generating pride in the team's accomplishments, facilitating organizational changes, and fostering learning and human growth via new scenarios aligned to values and company culture

HR STRATEGIES AND BEST PRACTICES

HR pursues the following points of excellence:

- Alignment focused on the company's strategic planning
- Speed in problem solving
- High quality in techniques, methodologies, systems, and people support
- Information system to properly support strategic decisions

HR STRATEGIES AND BEST PRACTICES

- *HR departments, though they adopt different processes, programs, and systems to attract and retain excellent people who are committed and engaged with the company through the following:*
 - * Integration and company culture acquisition
 - * Performance development and evaluation
 - * Internal acquisition, career, and succession
 - * Leadership development
 - * Climate management and quality of life
 - * Communication: listen, listen, listen
 - * Learning organization

A PARTNERSHIP BETWEEN HR AND EXECUTIVES

- HR function acts as a strategic partner for the line managers
- HR works with simplicity and objectivity
- In all of the best companies, leaders are responsible for people management and they share the final decisions with HR, which provides instruments, methodology, and systems to support the whole process

COMMUNICATIONS WITH THE EMPLOYEES

- The best companies assume that communication is an integral part of achieving planned results.
- Key actions in this area are *keeping the employees informed about all relevant matters, with speed and transparency, and evaluating the effectiveness of the ongoing process.*
- There is freedom of expression in all levels, on all topics.
- Communications happen naturally and are multidirectional

ORGANIZATIONAL CLIMATE MANAGEMENT

- All the best companies manage their organizational climate and show results above 80 percent for responses to the survey question, “Are you proud to belong to . . . ?”
- For all companies, it is important that there be a healthy relationship between the executives and employees, in all levels and directions. Solid leadership is fundamental in this process, as good internal relationships.

SUSTAINABILITY ACTIONS

- All companies follow sustainability guidelines that are part of a complete chain linking the internal community, customers/suppliers, and the external community/society/environment.
- Guidelines for action start with employee participation: The social responsibility is shared, which enhances the employees' feelings of “belonging.”

GOING BEYOND THE “WHAT” TO THE “HOW”

- The best management practice is not always the same for those that operate in the same economic sector or in the same region.
- Best practices rely exclusively on an enlightened way of being, thinking, feeling, and wanting.
- This way is unique to each company .
- It's imperative to understand how these results have been achieved.

GOING BEYOND THE “WHAT” TO THE “HOW”

- The ‘ ‘how’ ’ of good HR management naturally respects the individual company’s particular way of doing business, so knowing the culture of an organization is essential to ensuring people’s commitment to sustainable development
- In these best companies, there has been a search for coherence between theory and practice.

GOING BEYOND THE “WHAT” TO THE “HOW”

- For them, success has been the result of healthy internal relations; engagement; and commitment to the common goal, a sharing of values and principles, and overall caring for the company.
- More than systems and processes, it has been relationships that have made the DNA workforce different.
- A good working environment and healthy relationships guided by respect and genuine interest promote the integration and strengthening of a group that feels proud to belong.

HUMAN RESOURCES VERSUS HUMAN CAPITAL PLANNING

- HCM:21, or the new HR model, is shown in Figure 4.1. This management model for human capital development is an integrated, comprehensive approach that aligns each HR function with the business vision, values, and plan, as well as with each other HR function.

HUMAN RESOURCES VERSUS HUMAN CAPITAL PLANNING

Models are common in organizations.

- *Production* has a model for managing material and processes.
- *Finance* has a model for managing cash flow.
- *Marketing* has a model for managing customer relations.
- Information technology has a model for delivering data and intelligence.
- However, human resources' traditional “operating model” can be compared to the man who jumped on his horse and rode off in all directions.

Figure 4.1 HCM:21® management model.



Finance — GAAP



Info Tech — ERP



HR — HCM:21



Marketing — CRM

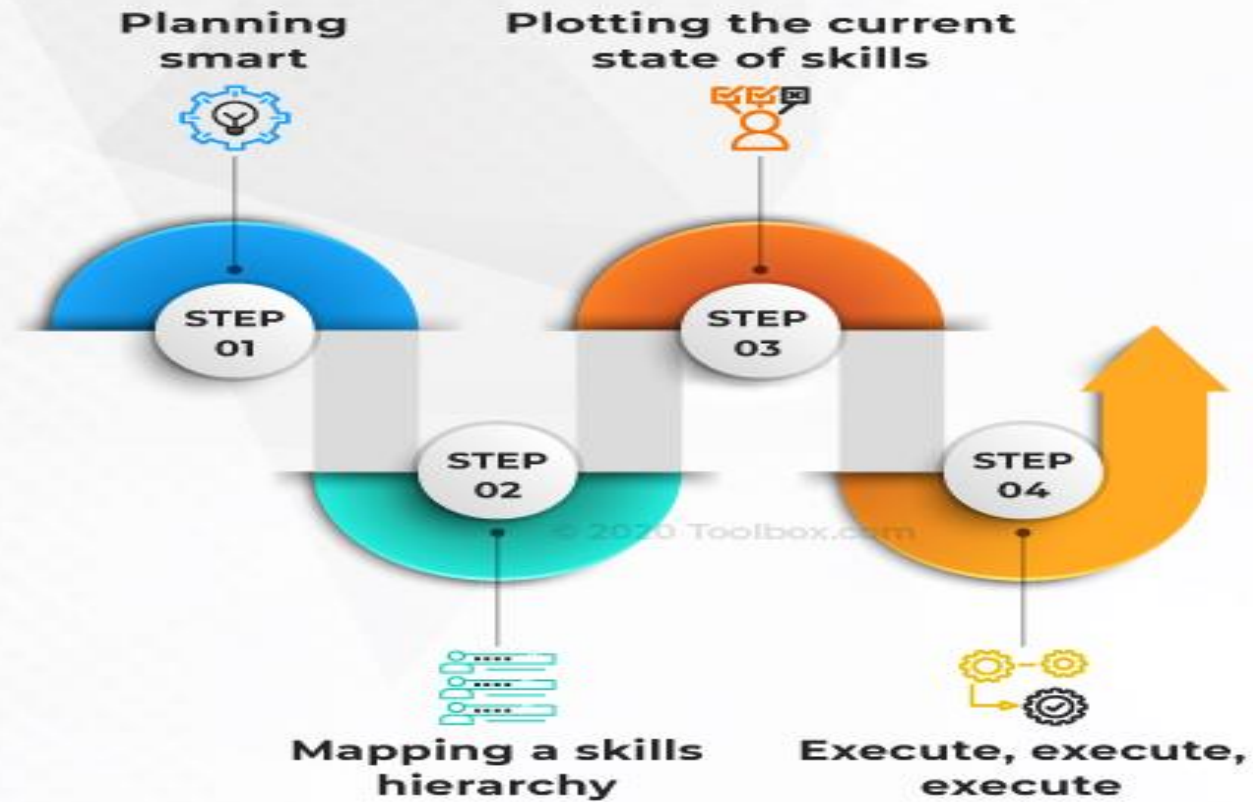


Production — MRP

The Why of HCM: Capability Planning

- HCM can be integrated only if we think beyond HR processes
- With the results of the environmental scan, described earlier in you can begin to design a capability plan
- With capability planning, the focus is on the success of the organization. Your conclusions and recommendations are driven by the data you collected in the scan and your risk assessment.
- Capability planning is a live, ongoing program. It doesn't happen once a year and then shut down, the way workforce planning does.
- Your organization must function at a high level, no matter what the future may bring.

THE PROCESS OF TALENT GAP ANALYSIS



THE SEGMENTATION OF SKILLS

Capability planning starts with skills segmentation. While all people are important, all skills are not of equal importance. Instead, subdivide the workforce into four categories, in terms of valued capabilities

THE SEGMENTATION OF SKILLS

Mission Critical. A few capabilities are absolutely key to ongoing success. If you think about it you know what these are. They can relate to technology, leadership, finance, sales, production, or anything else that represents a make-or-break situation. The question is, do you currently have sufficient mission-critical capabilities in place? Do you have backups being developed? This is where you start capability planning

THE SEGMENTATION OF SKILLS

Differentiating. Given your current or desired future market position, which capabilities separate your organization from the competition? These can be unique technical, financial, service, or knowledge that only your organization has or needs to acquire.

These often augment the mission-critical capabilities, but are not identical.

THE SEGMENTATION OF SKILLS

Operational. Certain skills are necessary to keep the operation going. These are often characterized as administrative and maintenance, but also include technical skills. At times they are taken for granted or ignored. They need to be reviewed as insurance, as their absence would reduce efficiency, impair timely response to customer needs, and increase operating costs.

THE SEGMENTATION OF SKILLS

Movable. As markets, customers, and products change, some skills become less important or even obsolete.

Companies sometimes forget this and allow these to remain, causing operational expenses to build.

This situation became such a massive problem in the 1980s that American businesses had to lay off 3 million people to regain competitive cost structures. People in these positions need to be retrained, reassigned, or let go, and the processes outsourced, if needed at all.

THE SEGMENTATION OF SKILLS

So, the question is: *What new capabilities do you need to acquire or build to meet changing market trends?*

- Changes in technology, customers, market niches, competition, or other forces signal this need to develop new capabilities.
- At this initial point, you are better able to build the scenarios for *planning, acquiring, deploying, developing, and retaining* those **new capabilities**.
- Next Lecture we will be dealing with this topic



Thank You