

TRAINING

Introduction

- Employee training and development includes any activity that helps employees acquire new, or improve existing, knowledge or skills.
- Training is a formal process by which talent development professionals help individuals improve performance at work.
- Development is the acquisition of knowledge, skill, or attitude that prepares people for new directions or responsibilities.
- Training is one specific and common form of employee development; other forms include coaching, mentoring, informal learning, self-directed learning, or experiential learning.



Types of HRD Efforts

- **Employee Training and Development:** A strategic tool for improving business outcomes by implementing internal educational programs that advance employee growth and retention.
- **Management Training and Development:** The practice of growing employees into managers and managers into effective leaders by the ongoing enhancement of certain knowledge, skills and abilities.



Importance of Training & Development

- **Increased productivity:** When employees stay current with new procedures and technologies, they can increase their overall output.
- **Reduced micromanagement:** If workers feel empowered to perform a task, they typically require less oversight and work more independently. 1
- **Train future leaders:** Organizations must have a solid pipeline of well-trained and innovative potential leaders to grow and adapt over time.
- **Increased job satisfaction and retention:** Well-trained employees gain confidence in their abilities, leading to greater job satisfaction, a reduction in absenteeism and overall employee retention.
- **Attract highly skilled employees:** Top recruits are attracted to firms with an identifiable career path based on consistent training and development.

Importance of Training & Development

- **Increased consistency:** Well-organized training ensures tasks are performed uniformly, resulting in tight quality control that end users can trust.
- **Increased camaraderie:** Training and development helps create a sense of teamwork and collaboration.
- **Bolstered safety:** Continuous training and development helps ensure employees have the knowledge and skills to perform a task safely.
- **Ability to cross-train:** Providing consistent training creates a knowledgeable team overall where employees can help train or assist each other as needed.
- **Added innovation:** Consistently trained employees can help develop new strategies and products, contributing to the company's bottom line and continued success.

Training & Development

- Employee training and development can help in following ways:
- Employees become better at their jobs
- Employees overcome performance gaps that are based on lack of knowledge or skills.
- It can help organizations and teams be more productive
- Organisations obtain improved business outcomes, leading to a competitive advantage over other companies.
- Organizations can become more innovative and agile in responding to change
- Organisations can help with necessary upskilling and reskilling to help organizations ensure that their labor force meets their current needs.

Training & Development

- Employee training and development also can help with succession planning by helping to identify high-performing employees and then assisting those employees with the development of the knowledge and skills they need to advance into more senior roles.
- Employee training and development can be an effective tool for recruiting and retention.
- Many employees cite a lack of development opportunities at their current job as a primary reason for leaving.

Current Trends in Training & Development

- **Remote Mobile Training:** With the advancements in mobile technology, companies are relying more on mobile workforces. Training is migrating to mobile devices where apps provide “just-in-time” information and recommendations to workers across industries.
- **AI Training:** AI – based software can customize how training content is delivered to a learner, based on their learning style, suggest content based on a learner’s past performance and predict what information is most important for them to learn next.
- **Agile Learning:** Agile learning is a process that encourages employees to learn by doing and iterate often, inspiring organizational change and buy-in.
- **Remote Flexible Learning Models:** Organizations have learned that remote workforces need to be productive, engaged, and continually working towards learning and improvement.

Purpose of Training & Development

- **Lowers Attrition:** Training is one of the best ways to value your employees. It shows them that you are as invested in their well being and growth as they are in the your growth as a company. Employees who are looked after will never want to look elsewhere.
- **Prepares for upcoming challenges:** Training can be a pre-emptive step to train employees for expected/unexpected changes in the industry.
- **Fosters Leadership:** There is no better way to create future leaders than to train the best bunch.
- **Growth of the company:** Any company dedicated to training its workforce will only prosper and move forward. The employees are a major part of a company's assets and taking care of them will mean taking care of the organisation.

Types of Training

- **Technical Training:** A type of training meant to teach the new employee the technological aspects of the job.
- **Quality Training:** Familiarizing employees with the means of preventing, detecting, and eliminating non-quality items, usually in an organisation that produces a product.
- **Skills Training:** Includes development of skills and proficiency needed to actually perform the job.
- **Soft Skills Training:** Soft skills refer to personality traits, social graces, communication, and personal habits that are used to characterize relationships with other people.
- **Professional Training:** is a type of training required to be up to date in one's own professional field.

Difference: Training vs Development

Training	Development
<ul style="list-style-type: none">• Training refers to the process of increasing the knowledge, skills and abilities of employees for doing a work.	<ul style="list-style-type: none">• Development refers to the overall growth of the employees. These are learning opportunities which are designed for employees to grow.
<ul style="list-style-type: none">• Its main aim is to help the employee to do the job better.	<ul style="list-style-type: none">• Its main aim is overall growth of employees.
<ul style="list-style-type: none">• It is job oriented.	<ul style="list-style-type: none">• It is career oriented.
<ul style="list-style-type: none">• It has a narrow scope as it is a part of development.	<ul style="list-style-type: none">• It has a broader scope as it includes training.
<ul style="list-style-type: none">• It is more suitable for technical staff.	<ul style="list-style-type: none">• It is more suitable for managerial staff.

Difference: Training vs Development

Training	Development
<ul style="list-style-type: none">• It involves teaching technical skills.	<ul style="list-style-type: none">• It involves teaching technical, human and conceptual skills.
<ul style="list-style-type: none">• It is a short-term process.	<ul style="list-style-type: none">• It is a long-term process as it is career oriented.
<ul style="list-style-type: none">• Trainees are non-managerial here.	<ul style="list-style-type: none">• Trainees are managerial here.
<ul style="list-style-type: none">• Knowledge is imparted for doing a specific kind of job.	<ul style="list-style-type: none">• Knowledge is imparted for the growth of an employee in all respects.
<ul style="list-style-type: none">• Employers take initiative in providing training to their employees.	<ul style="list-style-type: none">• Individuals take initiative by themselves for their growth and development.

TRAINING



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DEVELOPMENT

COMPENSATION

Introduction

- Compensation or Remuneration is a systematic approach to provide monetary value to employees in exchange for work performed by them is called as compensation or remuneration.
- The employee compensation definition is any money or benefits paid to an employee in exchange for work.
- From the employee's standpoint, compensation is everything that they get for the work they put in.
- Different businesses compensate their employees in different ways. Some employees earn a wage, and that's all.



Introduction

- Other employees earn a base salary and then receive bonuses or commissions.
- In certain cases, compensation can include things like stock options, company cars, or even housing.
- The employee compensation definition in human resource management is a tool that can be used to make the company better and meet its needs.
- Human Resources uses compensation as a tool to make sure that the company is getting the best candidates, retaining employees, and keeping up internal morale.



Compensation Types

- The three main categories of compensation are:
 - Fixed Incomes
 - Variable Income
 - Benefits



Compensation Types: Base Pay

- When a company lists a salary as a base salary, it generally means that it pays both a fixed income and a variable income.
- Most positions with a base salary have some sort of variable compensation that is paid above and beyond the base salary.
- That compensation could be based on sales of the individual employee, the department, or even the company itself.
- Base pay is very common in sales jobs where the base pay is low, and the employee can increase their salary by increasing their sales.



Compensation Types: Commissions

- When an employee is compensated based on commission, they are given an agreed-upon rate based on some sort of action of the employee.
- Most times, a commission is based on sales.
 - Example: An employee might get paid 7% of total sales, for example.
- Other times the action might be on volume.
 - Example: An employee might be paid a certain amount based on how many items they produce, sell, or ship.



Compensation Types: Overtime Pay

- It is compensation to employees who work more than 40 hours a week.
- This type of pay can be controversial because it is very hard to monitor beyond workers who are paid by the hour.
- Hourly employees have to clock in and out, and if their hours go beyond 40, they are paid at a higher rate of pay for the time.
- Technically salaried employees should fall under overtime rules as well, but since they are not tracked for time, most salaried employees don't get overtime pay.



Compensation Types: Bonuses

- A bonus is a set amount or percentage based on an achieved target or objective.
- Bonuses are different than commissions because they are usually paid above and beyond an employee's regular salary.
- Bonuses might be paid on an individual basis for meeting agreed on goals or targets.
- Some companies give bonuses as a percentage based on overall company performance.
- Bonuses can also be performance-based on an individual level, where an employee receives a bonus percentage based on their yearly performance evaluation.
- Bonuses based on performance evaluations are common in positions where the employee cannot meet a specific target.



Compensation Types: Profit Sharing

- Profit-sharing is a kind of bonus given to employees based on the performance and profits of the company in a year or a quarter.
- Profit-sharing is usually a percentage of the profit for the period that is divided across the eligible employees.
- The bonus from profit sharing will vary once it gets to the individual employee level and is agreed on as part of a compensation package.



Compensation Types: Stock Options

- If a company is publicly traded, they can give employees certain shares of the company stock as a part of their compensation package.
- Stock options are seen as an attractive way to entice employees to perform for the betterment of the company while not having to dole out liquid cash.
- Stock options can be used in several ways to compensate, such as part of monthly earnings, commission-based, or as a regular or sporadic bonus.



Compensation Types: Allowances

- Allowances are a compensation method that gives employees money towards work-related expenses like transportation, housing, or food.
- If a company is in a large city like New York, they may offer a potential employee from outside the city a certain housing allowance to entice them to come and work and live in the city.
- Transportation allowances give employees money towards transportation costs through reimbursement.



Compensation Types: Other Benefits

- Most of the other compensation methods beyond the ones described fall into a very broad category known as perks. Perks are something extra and desirable that comes from being in a certain job or position.
 - **Freebies** – Freebies are given to employees for free simply because they work for the company. They are usually not very valuable but can be uplifting and morale-boosting. Company shirts, stress balls, and other trinkets are considered freebies.
 - **Discounts** – Discounts are almost always a percentage reduction in a product or service price. Some retailers give up to 50% discounts, and workers for the automotive industry get a generous employee discount on vehicles.
 - **Other Perks** – Employers have a vast list of perks they can use to entice employees like secretaries, office equipment, food, car services, wardrobes, and travel expenses.

Importance of Employee Compensation

- To attract well-qualified and competent personnel.
- To motivate them for higher levels of performance by making arrangement of incentive payments.
- To retain the present workforce by keeping their pay levels at the competitive levels.
- To raise the morale of workforce.
- To establish internal as well as external equity. Internal equity refers to payment of similar wages for similar work. External equity means payment of similar wages to similar jobs in comparable firms.



Importance of Employee Compensation

- To maintain the labour and administrative costs in line with the ability of the organization to pay.
- To comply with wage legislation.
- To project a good image of company.
- To satisfy employees and to reduce the incidents of grievances, absenteeism and quitting.
- To reward the desired behaviour such as good performance, loyalty, dedication, etc.



Factors Affecting Employee Compensation: External

- Demand and supply of labour in the labour market.
- Labour union influence.
- Government policies like Minimum Wages Act, 1948, the Equal Remuneration Act 1976, etc.
- The prevailing rate of pay or comparable wage rates also influence the employee compensation.
- The present cost of living.
- The state of the economy (boom, recession, depression, etc.).



Factors Affecting Employee Compensation: Internal

- Ability of the organization to pay.
- Organization's strategy regarding employee compensation.
- The performance, experience and seniority of the employee.
- Requirements of the job such as physical and mental abilities.
- Job evaluation helps to establish satisfactory wage differentials.



Compensation Planning

- The steps involved in employee compensation planning are as follows:
 1. Understanding the company's wage philosophy, guidelines, policy and so on.
 2. Defining the boundaries and limits of employees in the organisation.
 3. Knowing the expectations and want lists of the employees.
 4. Estimating cost of various alternative programmes and comparing the same with the estimates of their effectiveness.
 5. Cost-benefit analysis of financial and non-financial rewards.
 6. Recognising a part of compensation cost as investment in employees which pays for long.
 7. Based on all of these, working out a final pay package including financial and non-financial rewards.

Compensation Process

- Thus, compensation should be determined very systematically by following the steps mentioned below:
- **Step 1 – Conduct Job Analysis:** It describes the duties, responsibilities and other important job characteristics. Thus, it helps to determine and weigh the compensable factors (experience, skill, responsibility, effort, etc.).
- **Step 2 – Rate Worth of All Jobs by Job Evaluation:** The next step is to determine the worth of jobs with the help of job evaluation. This is to achieve internal equity. For each degree of a compensable factor, some points are assigned.
- **Step 3 – Create a Job Hierarchy:** The listing of jobs is done in the order of their importance to the organization (starting from highest point to lowest point).
- **Step 4 – Conduct Market Survey:** After job hierarchy is created, the next step is to determine the prevailing wage rates. This is done to achieve external equity. Usually, a survey is conducted on a sample of selected key jobs and selected companies in the industry. Thus, the rates of key jobs in the labour market are determined.

Compensation Process

- Thus, compensation should be determined very systematically by following the steps mentioned below:
- **Step 5 – Establish a Pay Policy:** The market survey may provide a range of wage and salary rates. The organization has to decide its pay policy keeping in view this range.
- **Step 6 – Pricing the Jobs:** In this step, the job evaluation worth is matched with labour market worth. Then appropriate pay levels for each job are established and different pay levels are grouped into pay grades.
- **Step 7 – Achieve Individual Equity:** Individual equity refers to fairness in pay decisions for employees holding the same job. At this stage, each employee is assigned a pay rate within the range established for his job. Generally, firms use previous experience, seniority and performance appraisal ratings to determine how much an employee should be paid within that job's pay range.

Compensation Principles

- Different jobs require different kinds and levels of skills, knowledge and abilities and these vary in their value to the organization. So, efforts should be made to ensure that differences in pay are according to these variations.
- Compensation administration should always be consistent with overall organizational plans.
- Wage structure should be flexible enough to accommodate the changes in internal and external environment.
- Compensation administration plans should be carefully designed and developed by considering the best interests of all the concerned parties such as management, trade unions, employees, society and government.
- There should be equal pay for equal work.
- Wage plans should be clearly defined and written to ensure stability and uniformity.

Compensation Principles

- The level of wages should be in line with the prevailing rates in the labour market.
- The employees should receive guaranteed minimum wages in order to maintain a reasonable standard of living.
- There should not be any secrecy in the establishment of wage rates. Employees and trade unions should be well- informed regarding the procedure of setting wage rates.
- There should be a provision of hearing and handling grievances related to wages.
- Wages should be paid in time and wage rates revised periodically. For this a wage committee should be appointed.
- Finally, wages should be such that they attract, motivate and retain competent personnel.

LEADERSHIP

Introduction

- Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation.
- Leadership is the ability of a manager to induce the subordinates to work with confidence and zeal.
- Leadership is the potential to influence behaviour of others. It is also defined as the capacity to influence a group towards the realization of a goal.
- Leaders are required to develop future visions, and to motivate the organizational members to want to achieve the visions.
- According to Keith Davis, “Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals.”

Characteristics of Leadership

- It is an inter-personal process in which a manager is into influencing and guiding workers towards attainment of goals.
- It denotes a few qualities to be present in a person which includes intelligence, maturity and personality.
- It is a group process. It involves two or more people interacting with each other.
- A leader is involved in shaping and moulding the behaviour of the group towards accomplishment of organizational goals.
- Leadership is situation bound. There is no best style of leadership. It all depends upon tackling with the situations.

Leadership & Management

- Leadership differs from management in a sense that:
- While managers lay down the structure and delegates authority and responsibility, leaders provides direction by developing the organizational vision and communicating it to the employees and inspiring them to achieve it.
- While management includes focus on planning, organizing, staffing, directing and controlling; leadership is mainly a part of directing function of management.
- Leaders focus on listening, building relationships, teamwork, inspiring, motivating and persuading the followers.
- While a leader gets his authority from his followers, a manager gets his authority by virtue of his position in the organization.
- While managers follow the organization's policies and procedure, the leaders follow their own instinct.

Leadership & Management

- Management is more of science as the managers are exact, planned, standard, logical and more of mind.
- Leadership, on the other hand, is an art.
- In an organization, if the managers are required, then leaders are a must/essential.
- While management deals with the technical dimension in an organization or the job content; leadership deals with the people aspect in an organization.
- While management measures/evaluates people by their name, past records, present performance; leadership sees and evaluates individuals as having potential for things that can't be measured, i.e., it deals with future and the performance of people if their potential is fully extracted.
- Management can be termed as reactive, leadership can be termed as proactive.
- Management is based more on written communication, while leadership is based more on verbal communication

Leader vs Manager

Manager	Leader
<ul style="list-style-type: none">• A person becomes a manager by virtue of his position.	<ul style="list-style-type: none">• A person becomes a leader on basis of his personal qualities.
<ul style="list-style-type: none">• Manager has got formal rights in an organization because of his status.	<ul style="list-style-type: none">• Rights are not available to a leader.
<ul style="list-style-type: none">• The subordinates are the followers of managers.	<ul style="list-style-type: none">• The group of employees whom the leaders leads are his followers.
<ul style="list-style-type: none">• A manager performs all five functions of management.	<ul style="list-style-type: none">• Leader influences people to work willingly for group objectives.
<ul style="list-style-type: none">• A manager is very essential to a concern.	<ul style="list-style-type: none">• A leader is required to create cordial relation between person working in and for organization.
<ul style="list-style-type: none">• It is more stable.	<ul style="list-style-type: none">• Leadership is temporary.

Leader vs Manager

Manager	Leader
<ul style="list-style-type: none">• All managers are leaders.	<ul style="list-style-type: none">• All leaders are not managers.
<ul style="list-style-type: none">• Manager is accountable for self and subordinates behaviour and performance.	<ul style="list-style-type: none">• Leaders have no well defined accountability.
<ul style="list-style-type: none">• A manager's concern is organizational goals.	<ul style="list-style-type: none">• A leader's concern is group goals and member's satisfaction.
<ul style="list-style-type: none">• People follow manager by virtue of job description.	<ul style="list-style-type: none">• People follow them on voluntary basis.
<ul style="list-style-type: none">• A manager can continue in office till he performs his duties satisfactorily in congruence with organizational goals.	<ul style="list-style-type: none">• A leader can maintain his position only through day to day wishes of followers.
<ul style="list-style-type: none">• Manager has command over allocation and distribution of sanctions.	<ul style="list-style-type: none">• A leader has command over different sanctions and related task records. These

Leadership Styles

- **Democratic Leadership:** The leaders make or break decisions democratically, based on their team's opinion and feedback. Although it is the leader who makes the final call, every opinion counts. This is easily one of the most effective leadership styles since it allows employees to have a voice.
- **Autocratic Leadership:** This is exactly opposite to democratic leadership wherein the opinions of employees are not considered. Leaders with this style expect others to adhere to the decisions they take, which is not a sustainable approach for the long term.
- **Laissez-faire Leadership:** Laissez-fire means “let them do”. This style is the least intrusive and leaders with this approach ensure that the authority lies with the employees. While this leadership style can empower, it may also limit development, therefore, must be kept in check.
- **Strategic Leadership:** Strategic leadership acts as a bridge between the senior team and the employees. Leaders adopting this style ensure that both executive interests and working conditions for the team are stable when a decision is made.

Leadership Styles

- **Transformational Leadership:** This kind of leadership always aims at transforming and improving functions and capabilities. There may be tasks and schedules assigned and leaders following this style may ask employees to push their boundaries constantly. Most growth-minded companies tend to adopt this kind of a leadership style.
- **Transactional Leadership:** This is a very common leadership style today based on the action-and-reward concept. For instance, an employee or team may receive an incentive or bonus for achieving a target set by the company.
- **Coach-Style Leadership:** This leadership style focuses on larger growth while encouraging individual team members to focus on their strengths and talent. Though this is similar to strategic and democratic leadership styles, the focus here is more on the individual.
- **Bureaucratic Leadership:** This kind of leadership style goes by the books. Although leaders with this approach do listen to employees and their opinions, they may negate or reject it, in case they go against the company's ethos or policy.