
HUMAN RESOURCE MANAGEMENT

CHAPTER THREE

CIHAN UNIVERSITY – BUSINESS ADMINISTRATION DEPARTMENT
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INTRODUCTION TO COMPENSATION AND BENEFITS

- **Compensation and benefits** are fundamental components of the employee-employer relationship. These elements play a pivotal role in attracting, retaining, and motivating employees.
- **Compensation** refers to the financial rewards an employee receives for their work, including salary, bonuses, and more.
- **Benefits** encompass the non-financial perks and services offered to employees, such as healthcare, retirement plans, and leave policies.

THEIR IMPORTANCE IN HR MANAGEMENT

HR professionals are responsible for designing and managing compensation and benefits packages.

1. These packages are critical in attracting top talent, ensuring employee satisfaction, and reducing turnover.
2. Properly structured compensation and benefits contribute to a company's competitiveness in the job market.
3. Effective management of compensation and benefits aligns with HR's broader goals of talent management and organizational success.

COMPENSATION:WHAT IS IT?

Compensation encompasses the monetary rewards an employee receives for their work. It includes:

1. Base salary or hourly wages.
2. Variable pay, such as bonuses, commissions, and incentives.
3. Allowances, like housing or transportation allowances.
4. Overtime pay for hours worked beyond regular schedules.
5. Equity-based compensation, such as stock options or grants.

BENEFITS:WHAT ARE THEY?

Benefits refer to the non-financial incentives and services provided to employees.

These typically include:

1. Health benefits, including medical, dental, and vision insurance.
2. Retirement benefits.
3. Time-off benefits, such as vacation days, sick leave, and holidays.
4. Employee assistance programs (EAPs) for personal and work-related challenges.
5. Additional benefits like tuition reimbursement, wellness programs, and childcare assistance.

COMPENSATION COMPONENTS

Compensation includes the following:

1. Base salary
2. Variable pay (bonuses, incentives)
3. Allowances
4. Overtime pay
5. Equity-based compensation

COMPENSATION COMPONENTS

■ **Base Salary:**

- Base salary is the fixed amount paid to employees for performing their job roles.
- It is usually determined based on factors such as skills, experience, and market rates.
- Base salary provides financial stability to employees and serves as a foundation for their total compensation package.

■ **Variable Pay (Bonuses, Incentives):**

- Variable pay includes performance-based rewards such as bonuses and incentives.
- These payments are typically tied to achieving specific goals or targets.
- Variable pay can motivate employees to excel and contribute to the company's success.

COMPENSATION COMPONENTS

■ Allowances:

- Allowances are additional payments provided to cover specific expenses or circumstances.
- Common types of allowances include housing, transportation, and meal allowances.
- Allowances help employees manage specific costs associated with their job or location.

■ Overtime Pay:

- Overtime pay is compensation for hours worked beyond the standard workweek or daily hours.
- Overtime rates are often higher than regular pay rates, typically 1.5 times the base hourly wage.
- Overtime pay ensures fair compensation for employees who work extra hours.

COMPENSATION COMPONENTS

■ **Equity-Based Compensation:**

- Equity-based compensation involves granting employees shares of the company's stock or stock options.
- It aligns employees' interests with the long-term success of the organization.
- Equity-based compensation is common in startups and publicly-traded companies.

COMPENSATION STRATEGIES

Compensation Strategies include:

1. Internal Equity
2. External Competitiveness
3. Pay for Performance
4. Pay Structure Design

COMPENSATION STRATEGIES

1. Internal Equity:

- Internal equity focuses on ensuring fairness and consistency in compensation within the organization.
- It involves evaluating and comparing pay for similar roles and responsibilities within the company.
- Internal equity helps prevent pay disparities and maintain employee morale.

2. External Competitiveness:

- External competitiveness aims to pay employees at levels that are competitive with the external job market.
- It involves analyzing industry standards, regional wage trends, and benchmarking against competitors.

COMPENSATION STRATEGIES

■ **Pay for Performance:**

- Pay for performance links compensation directly to an employee's individual or team performance.
- Performance-based incentives, bonuses, and merit-based pay increases are common.
- This strategy motivates employees to excel and aligns their efforts with organizational goals.

■ **Pay Structure Design:**

- Pay structure design involves creating a well-defined and organized system for compensation.
- It includes salary ranges, salary bands, and pay grades for different job positions.
- A structured approach streamlines compensation management and ensures consistency.

BENEFIT OVERVIEW

Benefits include Health Benefits, Retirement Benefits, Time-Off Benefits, Employee Assistance Programs, and Other Benefits.

■ **Health Benefits:**

- Health benefits encompass medical, dental, and vision insurance.
- They help employees access medical care, dental treatments, and vision services.
- Health benefits contribute to employees' well-being and can include coverage for dependents.

■ **Retirement Benefits:**

- Retirement benefits include 401(k) plans, pensions, and other savings options.
- These benefits help employees plan for their financial future and retirement.
- Employers may offer contributions or matching to support retirement savings.

BENEFIT OVERVIEW

■ Time-Off Benefits (Vacation, Sick Leave):

- Time-off benefits provide paid leave for vacations and personal time.
- Sick leave allows employees to take paid time off when they are unwell.
- These benefits promote work-life balance and support employee well-being.

■ Employee Assistance Programs:

- Employee Assistance Programs (EAPs) offer confidential support for personal and work-related challenges.
- They can include counseling (therapy or psychotherapy), legal advice, financial planning, and stress management services.
- EAPs help employees address life issues and maintain productivity.

LEGAL CONSIDERATIONS

Legal Considerations can be as follows:

1. Equal Pay Act
2. Fair Labor Standards Act (FLSA)
3. Pay Equity and Discrimination Laws

Equal Pay Act:

- The Equal Pay Act of 1963 mandates that employers must pay equal wages to employees in the same workplace performing substantially equal work.
- It prohibits wage discrimination based on gender, ensuring that men and women receive equal pay for equal work.
- Employers must adhere to the Act's provisions to avoid legal consequences.

LEGAL CONSIDERATIONS

■ Fair Labor Standards Act (FLSA)

- FLSA sets federal standards for minimum wage, overtime pay, and child labor.
- It classifies employees as exempt or non-exempt, affecting overtime eligibility.
- Non-compliance with FLSA regulations can result in wage and hour lawsuits.

■ Pay Equity and Discrimination Laws:

- Various federal and state laws, such as the Civil Rights Act , address pay equity and discrimination based on factors like race, color, religion, sex, and more.
- Employers must ensure that their compensation practices are free from discrimination.
- Violations of these laws can lead to costly legal actions and reputational damage.

CHALLENGES IN COMPENSATION AND BENEFITS

Challenges in Compensation and Benefits can be in a variety of forms such as:

1. Retention and Attraction
2. Managing Costs
3. Employee Expectations

❖ **Retention and Attraction:**

- Attracting top talent and retaining existing employees can be challenging in a competitive job market.
- Employees are often drawn to organizations that offer attractive compensation and benefits packages.
- Balancing the need to retain current employees while attracting new talent is an ongoing challenge.

CHALLENGES IN COMPENSATION AND BENEFITS

■ **Managing Costs:**

- Controlling costs while maintaining competitive compensation packages can be a delicate balance.
- Rising healthcare costs and other benefit expenses can strain an organization's budget.
- Effective cost management is crucial to ensuring long-term sustainability.

■ **Employee Expectations:**

- As employees' expectations evolve, they may demand more flexible benefits and personalized packages.
- Meeting diverse expectations can be challenging, especially in a diverse workforce.
- Organizations must adapt to changing employee needs while staying within budget constraints.

TRENDS IN COMPENSATION AND BENEFITS

Trends in Compensation and Benefits can be as follows:

1. Remote Work Incentives
2. Flexible Benefits Packages
3. Sustainability and Wellness Initiatives

■ Remote Work Incentives:

- ✓ With the rise of remote work, companies are offering incentives for remote employees.
- ✓ These incentives may include stipends for home office setup, internet expenses, or flexible work hours.
- ✓ Remote work incentives help support a productive and engaged remote workforce.

TRENDS IN COMPENSATION AND BENEFITS

■ Flexible Benefits Packages:

- Many organizations are moving towards flexible benefits packages that allow employees to customize their benefits.
- Employees can choose from a menu of options to create a package that suits their individual needs.
- This trend enhances employee satisfaction and engagement.

■ Sustainability and Wellness Initiatives:

- Organizations are increasingly integrating sustainability and wellness initiatives into their compensation and benefits programs.
- These initiatives may include eco-friendly benefits, like bike-to-work programs or sustainable commuting options.
- Wellness programs address employee well-being, focusing on physical and mental health.

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Thanks For Your
ATTENTION

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- Key aspects of performance appraisal
- Performance Appraisal Methods
- Addressing Poor Performance

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- Employee engagement
- Managing workplace conflicts

WHAT IS PERFORMANCE APPRAISAL

Performance appraisal, also known as a performance review or evaluation, is a structured process used by organizations to assess and evaluate an employee's job performance and overall contribution to the company. It involves the systematic and periodic assessment of an employee's work-related achievements, skills, strengths, weaknesses, and areas for improvement.

Performance appraisals help set expectations, provide feedback, and make decisions about compensation, promotion, and development.

KEY ASPECTS OF PERFORMANCE APPRAISAL INCLUDE:

- 1. Goal Setting:** Typically, at the beginning of a performance cycle, specific goals and objectives are established for employees. These goals serve as benchmarks for evaluating their performance.
- 2. Feedback:** Employees receive feedback on their performance, usually in the form of a formal meeting or discussion with their manager. Feedback can be both positive, acknowledging accomplishments, and constructive, addressing areas that need improvement.
- 3. Documentation:** Performance appraisal often involves maintaining records and documentation of an employee's performance, including achievements and any issues or challenges faced.

KEY ASPECTS OF PERFORMANCE APPRAISAL INCLUDE:

- 4. Development Planning:** The appraisal process often includes creating a development plan for employees, which may involve identifying training and development opportunities to enhance their skills and performance.
- 5. Compensation and Career Decisions:** The results of performance appraisals may influence decisions regarding compensation adjustments, promotions, or career development opportunities.
- 6. Communication:** Effective communication is essential during the performance appraisal process. It provides employees with a clear understanding of their performance, expectations, and areas where they can improve.

PERFORMANCE APPRAISAL METHODS

Various methods are used for performance appraisal, including:

1. Graphic Rating Scales
2. Behaviorally Anchored Rating Scales (BARS)
3. Management by Objectives (MBO)
4. 360-Degree Feedback
5. Self-Assessment
6. Peer Review

Each method has its strengths and weaknesses, and the choice depends on organizational goals and employee roles.

PERFORMANCE APPRAISAL METHODS

■ **Graphic Rating Scales**

- Graphic Rating Scales are a traditional method for assessing employee performance.
- They use predefined criteria to rate employees on various aspects, such as job knowledge, communication skills, and teamwork.
- Employees are rated on a numerical scale, typically from 1 to 5 or 1 to 10, based on their performance.

■ **Behaviourally Anchored Rating Scales (BARS)**

- BARS is a more detailed and specific method of performance appraisal.
- It combines the elements of a traditional rating scale with behavior-based descriptions for each level of performance.
- BARS provides a clear, objective, and structured way to evaluate performance based on observable behaviours.

PERFORMANCE APPRAISAL METHODS

■ Management by Objectives (MBO)

- MBO is a performance appraisal method that focuses on setting clear, specific, and measurable objectives.
- Employees and managers collaborate to establish performance goals and key results (KPIs).
- The evaluation is based on the extent to which employees achieve their predetermined objectives.

■ 360-Degree Feedback

- 360-degree feedback is a multi-rater assessment that involves gathering input from various sources, including peers, supervisors, subordinates, and self-assessment.
- It provides a comprehensive view of an employee's performance and behavior.
- 360-degree feedback is valuable for personal development, identifying blind spots, and enhancing interpersonal skills.

PERFORMANCE APPRAISAL METHODS

■ Self-Assessment

- Self-assessment involves employees evaluating their own performance.
- It encourages self-reflection and self-awareness.
- Self-assessment can be part of a broader performance appraisal process, allowing employees to provide insights into their strengths and areas for improvement.

■ Peer Review

- Peer review is a method where an employee's colleagues assess their performance.
- It offers a more holistic view of an individual's performance, as peers can provide insights into teamwork, collaboration, and interpersonal skills.
- Peer review can enhance the fairness and objectivity of the appraisal process.

ADDRESSING POOR PERFORMANCE

Addressing poor performance is a critical aspect of performance management.

Steps for addressing poor performance include:

1. Identifying performance gaps through regular feedback and appraisals.
2. Setting clear expectations and goals for improvement.
3. Providing training, coaching, and resources to help the employee succeed.
4. Monitoring progress and offering ongoing feedback and support.
5. If necessary, taking corrective actions, which may include performance improvement plans or disciplinary actions.



EMPLOYEE RELATIONS

Introduction to Employee Relations in Human Resource Management

Employee Relations in Human Resource Management (HRM) is a crucial aspect of managing the relationship between employees and the organization. It encompasses all efforts made by an organization to maintain a positive and productive workplace, fostering a healthy relationship between employees, management, and the company.

- **What is the goal of employee relation?**
 1. The primary goal of Employee Relations is to create an environment where employees can thrive while aligning their interests with the organization's objectives.
 2. It involves a proactive approach to addressing workplace issues, ensuring compliance with labor laws, and promoting a harmonious workplace culture.
 3. Effective Employee Relations leads to improved employee morale, reduced turnover, increased productivity, and enhanced organizational performance.

**GREATER
EMPLOYEE**

SATISFACTION

**INCREASED
LOYALTY**

WHY IS MAINTAINING GOOD EMPLOYEE RELATIONS IMPORTANT?

**REDUCED
WORKPLACE
CONFLICTS**

**TRUST AND
CONFIDENCE
AMONGST
EMPLOYEES**

**A BETTER
WORKPLACE
CULTURE**

**INCREASED
MOTIVATION**



EMPLOYEE RIGHTS AND DISCIPLINE

Understanding Employee Rights

Employee Rights are the fundamental entitlements and protections granted to employees within the workplace. These rights ensure that employees are treated fairly, equitably, and in compliance with labor laws and company policies.

Common examples of employee rights include the right to a safe workplace, fair pay, and freedom from discrimination.

EMPLOYEE RIGHTS LAWS

- Employee rights are enforced through a range of labor laws and regulations.
- Key laws that protect employee rights may include the Fair Labor Standards Act (FLSA), Title VII of the Civil Rights Act, and the Family and Medical Leave Act (FMLA).
- In Iraq there is Iraqi work law that includes Labour rights and other Iraqi laws for government employees. These can be found in the Administrative law section.
- Employers are required to adhere to these laws and provide employees with a safe and discrimination-free environment.

DISCIPLINARY PROCEDURES

Maintaining Workplace Discipline

- Disciplinary procedures are essential to address employee misconduct and ensure a well-functioning workplace.
- These procedures outline the steps taken when an employee's behavior or performance falls below expectations.
- They typically include verbal warnings, written warnings, suspension, and, as a last resort, termination.

Due Process and Fairness

- Proper disciplinary procedures are characterized by due process and fairness.
- Employees should be given an opportunity to respond to allegations, and the consequences should be proportionate to the misconduct.
- Consistency in applying disciplinary procedures is essential to prevent claims of discrimination or bias.

DISCIPLINARY PROCEDURES

Importance of Documentation

- Comprehensive documentation of the disciplinary process is crucial.
- Records of warnings, discussions, and actions taken should be kept to protect the organization and provide a clear history of the situation.
- Documentation helps in case of legal disputes or claims.

EMPLOYEE ENGAGEMENT

Understanding Employee Engagement

- Employee Engagement is a workplace approach resulting in the right conditions for all members of an organization to give their best each day, committed to their organization's goals and values.
- Engaged employees are emotionally and intellectually invested in their work, leading to higher productivity and job satisfaction.

Importance of Employee Engagement

1. Engaged employees contribute positively to an organization's success.
2. Engaged workers are more motivated, innovative, and loyal.
3. They are also more likely to provide excellent customer service and collaborate effectively with their colleagues.

EMPLOYEE ENGAGEMENT

Strategies for Boosting Engagement

- Implement strategies such as providing opportunities for skill development, clear communication, and a supportive work environment.
- Encourage open and constructive feedback, recognize and reward good performance, and promote work-life balance.

Measuring Engagement

- Utilize metrics and surveys to measure employee engagement.
- Common methods include employee surveys, one-on-one discussions, and performance metrics.

MANAGING WORKPLACE CONFLICTS

- Workplace Conflicts are: **disagreements, disputes, or clashes of interests** between individuals or groups within an organization. They can manifest in various forms, from **differences in opinions and values** to **conflicts over resources, roles, or work methods**.

Common Sources of Workplace Conflicts

- Workplace conflicts can arise from various sources, including **differences in communication styles, personality clashes, competition for resources, and misunderstandings**.
- Understanding the root causes is essential to effective conflict resolution.

MANAGING WORKPLACE CONFLICTS

- **Conflicts can be both constructive and destructive.**
- Not all conflicts are damaging; some can be **constructive** and lead to positive change, innovation, and growth within the organization.
- However, if conflicts are not managed effectively, they can become **destructive**, causing harm to relationships, productivity, and the work environment.

APPROACHES TO RESOLUTION

There are several conflict resolution strategies that can be employed to address workplace conflicts effectively, such as:

- 1. Communication:** Open and honest communication is the foundation of resolving conflicts. Encourage parties to express their concerns and actively listen to one another.
- 2. Negotiation:** In situations where there is a compromise to be made, negotiation allows parties to find a mutually acceptable solution by trading concessions.
- 3. Mediation:** Mediation involves a neutral third party who helps facilitate discussions between conflicting parties. This method is especially useful when communication has broken down.
- 4. Arbitration:** In cases where an impartial decision is needed, arbitration can be employed. An arbitrator reviews the evidence and makes a binding decision.

CONFLICT RESOLUTION STRATEGIES

When to use each strategy:

The choice of strategy depends on the nature and severity of the conflict. **Communication** is often the first step in resolving most conflicts, while **negotiation** is useful when there are issues to be bargained. **Mediation** is valuable when parties need assistance in communication, and **arbitration** is employed when a final, legally binding decision is required.

THANK YOU

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