

# **Personnel administration**

## **1.1 The World of Personnel Administration**

The management process of an organization's workforce, or human resources. It is responsible for the attraction, selection, training, assessment, and rewarding of employees, while also overseeing organizational leadership and culture and ensuring compliance with employment and labor laws. In circumstances where employees desire and are legally authorized to hold a collective bargaining agreement, HR will also serve as the company's primary liaison with the employees' representatives (usually a trades union).

HR is a product of the human relations movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work, such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, HR now focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, and diversity and inclusion.

In startup companies, HR's duties may be performed by trained professionals. In larger companies, an entire functional group is typically dedicated to the discipline, with staff specializing in various HR tasks and functional leadership engaging in strategic decision making across the business. To train practitioners for the profession, institutions of higher education, professional associations, and companies themselves have created programs of study dedicated explicitly to the duties of the function. Academic and practitioner organizations likewise seek to engage and further the field of HR, as evidenced by several field-specific publications.

In the current global work environment, all global companies are focused on retaining the talent and knowledge held by the workforce. All companies are focused on lowering the employee turnover and preserving knowledge. New hiring not only entails a high cost but also increases the risk of the newcomer not being able to replace the person who was working in that position before. HR

departments also strive to offer benefits that will appeal to workers, thus reducing the risk of losing knowledge.

## **History**

### **Antecedent theoretical developments**

HR spawned from the human relations movement, which began in the early 20th century due to work by Frederick Taylor (1856-1915). Taylor explored what he termed "scientific management" (later referred to by others as "Taylorism"), striving to improve economic efficiency in manufacturing jobs. He eventually keyed in on one of the principal inputs into the manufacturing process—labor—sparking inquiry into workforce productivity.

The movement was formalized following the research of Elton Mayo and others, whose Hawthorne studies (1924-1932) serendipitously documented how stimuli unrelated to financial compensation and working conditions—attention and engagement—yielded more productive workers. Contemporaneous work by Abraham Maslow, Kurt Lewin, Max Weber (1864-1920), Frederick Herzberg, and David McClelland (1917-1998) formed the basis for studies in organizational behavior and organizational theory, giving room for an applied discipline.

### **Birth and evolution of the discipline**

By the time enough theoretical evidence existed to make a business case for strategic workforce management, changes in the business landscape (à la Andrew Carnegie, John Rockefeller) and in public policy (à la Sidney and Beatrice Webb, Franklin D. Roosevelt and the New Deal) had transformed the employer-employee relationship, and the discipline was formalized as "industrial and labor relations". In 1913, one of the oldest known professional HR associations—the Chartered Institute of Personnel and Development—was founded in England as the Welfare Workers' Association, then changed its name a decade later to the Institute of Industrial Welfare Workers, and again the next decade to Institute of Labour Management before settling upon its current name. Likewise in the United States, the world's first institution of higher education dedicated to workplace studies—the School of Industrial and Labor Relations—was formed at Cornell University in 1945.

During the latter half of the 20th century, union membership declined significantly, while workforce management continued to expand its influence within organizations. "Industrial and labor relations" began being used to refer specifically to issues concerning collective representation, and many companies began referring to the profession as "personnel administration". In 1948, what would later become the largest professional HR association—the Society for Human Resource Management (SHRM)—was founded as the American Society for Personnel Administration (ASPA).

Nearing the 21st century, advances in transportation and communications greatly facilitated workforce mobility and collaboration. Corporations began viewing employees as assets rather than as cogs in a machine. "Human resources management", consequently, became the dominant term for the function—the ASPA even changing its name to SHRM in 1998. "Human capital management" is sometimes used synonymously with HR, although human capital typically refers to a more narrow view of human resources; i.e., the knowledge the individuals embody and can contribute to an organization. Likewise, other terms sometimes used to describe the field include "organizational management", "manpower management", "talent management", "personnel management", and simply "people management".

### **In popular media**

HR has been depicted in several popular media. On the U.S. television series of *The Office*, HR representative Toby Flenderson is sometimes seen as a nag because he constantly reminds coworkers of company policies and government regulations. Long-running American comic strip *Dilbert* also frequently portrays sadistic HR policies through character Catbert, the "evil director of human resources". Additionally, an HR manager is the title character in the 2010 Israeli film *The Human Resources Manager*, while an HR intern is the protagonist in 1999 French film *Ressources humaines*. Additionally, the BBC sitcom *dinnerladies* main character Philippa is an HR manager.

## **Practice**

### **Business function**

Dave Ulrich lists the functions of HR as: aligning HR and business strategy, re-engineering organization processes, listening and responding to employees, and managing transformation and change.

In practice, HR is responsible for employee experience during the entire employment lifecycle. It is first charged with attracting the right employees through employer branding. It then must select the right employees through the recruitment process. HR then onboards new hires and oversees their training and development during their tenure with the organization. HR assesses talent through use of performance appraisals and then rewards them accordingly. In fulfillment of the latter, HR may sometimes administer payroll and employee benefits, although such activities are more and more being outsourced, with HR playing a more strategic role. Finally, HR is involved in employee terminations - including resignations, performance-related dismissals, and redundancies.

At the macro-level, HR is in charge of overseeing organizational leadership and culture. HR also ensures compliance with employment and labor laws, which differ by geography, and often oversees health, safety, and security. In circumstances where employees desire and are legally authorized to hold a collective bargaining agreement, HR will typically also serve as the company's primary liaison with the employee's representatives (usually a labor union). Consequently, HR, usually through industry representatives, engages in lobbying efforts with governmental agencies (e.g., in the United States, the United States Department of Labor and the National Labor Relations Board) to further its priorities.

The discipline may also engage in mobility management, especially pertaining to expatriates; and it is frequently involved in the merger and acquisition process. HR is generally viewed as a support function to the business, helping to minimize costs and reduce risk.

## **Careers**

There are half a million HR practitioners in the United States and thousands more worldwide. The Chief HR Officer is the highest ranking HR executive in most companies and typically reports directly to the Chief Executive Officer and works with the Board of Directors on CEO succession.

Within companies, HR positions generally fall into one of two categories: generalist and specialist. Generalists support employees directly with their questions, grievances, and projects. They "may handle all aspects of human resources work, and thus require an extensive range of knowledge. The responsibilities of human resources generalists can vary widely, depending on their employer's needs." Specialists, conversely, work in a specific HR function. Some practitioners will spend an entire career as either a generalist or a specialist while others will obtain experiences from each and choose a path later. Being an HR manager consistently ranks as one of the best jobs, with a #4 ranking by CNN Money in 2006 and a #20 ranking by the same organization in 2009, due to its pay, personal satisfaction, job security, future growth, and benefit to society.

Human resource consulting is a related career path where individuals may work as advisers to companies and complete tasks outsourced from companies. In 2007, there were 950 HR consultancies globally, constituting a USD \$18.4 billion market. The top five revenue generating firms were Mercer, Ernst & Young, Deloitte, Watson Wyatt (now part of Towers Watson), Aon (now merged with Hewitt), and PwC consulting. For 2010, HR consulting was ranked the #43 best job in America by CNN Money.

## **Education**

### **Higher education**

The School of Industrial and Labor Relations at Cornell University was the world's first school for college-level study in HR.

Several universities offer programs of study pertaining to HR and related fields. The School of Industrial and Labor Relations at Cornell University was the world's first school for college-level study in HR. It continues to offer education at the undergraduate, graduate, and professional levels; and it operates a joint degree

program with the Samuel Curtis Johnson Graduate School of Management, which HR Patriot termed the "crown jewel for aspiring HR professionals".

Other universities with entire colleges dedicated to the study of HR include Michigan State University, University of Minnesota, University of Illinois at Urbana-Champaign, and Renmin University of China. Dozens of other universities house departments and institutes related to the field, either within a business school or in another college.

### **Professional associations**

HR education also comes by way of professional associations, which offer training and certification. The Society for Human Resource Management, which is based in the United States, is the largest professional association dedicated to HR, with over 250,000 members in 140 countries. It offers a suite of Professional in Human Resources (PHR) certifications through its HR Certification Institute. The Chartered Institute of Personnel and Development, based in England, is the oldest professional HR association, with its predecessor institution being founded in 1918.

Several associations also serve niches within HR. The Institute of Recruiters (IOR) is a recruitment professional association, offering members education, support and training. Worldat Work focuses on "total rewards" (i.e., compensation, benefits, work life, performance, recognition, and career development), offering several certifications and training programs dealing with remuneration and work-life balance. Other niche associations include the American Society for Training & Development and Recognition Professionals International.

### **1.2 Chief Human Resources Officer**

A Chief Human Resources Officer (CHRO) is a corporate officer who oversees all human resource management and industrial relations operations for an organization. Similar job titles include: Chief People Officer, Chief Personnel Officer, Executive Vice President of Human Resources and Senior Vice President of Human Resources. Roles and responsibilities of a typical CHRO can be categorized as follows: (1) workforce strategist, (2) organizational and performance conductor, (3) HR service delivery owner, and (4) compliance and

governance regulator. CHROs may also be involved in board member selection and orientation, executive compensation, and succession planning.[3][4] In addition, functions such as communications, facilities, public relations and related areas may fall within the scope of the CHRO role. Increasingly, the CHRO reports directly to the Chief Executive Officer and is a member of the most senior-level committees of the company (e.g., executive committee or office of the CEO).

### **Evolution of the profession**

The role of the Chief Human Resource Officer has evolved rapidly to meet the human capital needs of organizations operating across multiple regulatory and labor environments. Whereas CHROs once managed labor operations in just one or two countries, today many oversee complex networks of employees on more than one continent and implement workforce development strategies on a global scale. CHROs are especially important now in helping companies navigate the workforce issues associated with expanding into emerging markets, and in developing labor policies to suit different regions of the world while preserving a company's core culture.

The strategic role of the CHRO has also expanded as workforces are increasingly composed of knowledge workers, and companies have required better systems to compete for scarce high-skilled workers. Rather than focusing exclusively on personnel issues and service delivery, CHROs today must concentrate on creating strong talent pipelines to both enhance organizational decision-making and secure future growth. These changes in the business landscape have required the CHRO to heighten the focus on talent, capabilities and company culture.

### **Responsibilities**

According to an annual survey conducted over the past six years by the largest industry group for Chief Human Resource Officers, the HR Policy Association in the United States, top CHRO concerns over the years fall roughly into three broad categories: talent, capabilities, and culture.

## **Talent**

Talent management includes building the quality and depth of talent, including a focus on succession and leadership/employee development. In a separate survey of over 200 U.S. and European CHROs, University of South Carolina Professor Patrick Wright found that nearly all participants cited ‘talent’ as the top priority on their CEO’s agenda for HR.

Based upon a company’s business strategy, goals and objectives, the human resources function will help to ensure there is a pipeline of talent to meet its performance and growth objectives. This requires that turnover is managed effectively, that there is a broad and robust pool of potential external candidates to fill position openings, and that programs are established to develop the internal bench of talent to fill successively broader and more responsible positions. Additionally, the human resources function must help ensure the company retains high performing and high potential talent through the proper management of training and development opportunities, mentoring, coaching and the allocation of rewards.

The focus on talent includes recruiting, hiring, staffing, training, developing talent and building capabilities, together with integrating, assessing, motivating and retaining skilled talent across the corporation. It also includes employee, management and executive development as well as succession planning. The CHRO is the key resource in working with the board on CEO and senior management succession. Successful companies are highly selective in hiring, source candidates from a broad pool of applicants, invest in developing all employees, and disproportionately invest in high performing, high potential employees in high impact positions.

## **Capabilities**

Managing corporate capabilities includes dealing with rapid changes in technology, globalization, and the increasingly complex external context of government regulations and public policy (impacting union and employee

relations, executive compensation, health care, retirement programs, health and safety, etc.).

The key capabilities required will vary by company based on business strategy and the competitive global environment. Adapting to new technologies and sources of information and communications are essential to success for all companies. Other capabilities include managing the external context, managing a multi-generational workforce, adapting to change and operating effectively in different cultures and business structures are capabilities the HR function must help the company develop.

## **Culture**

Cultural issues include organizational change, agility, social networking, ethics and values, innovation, customer focus, employee engagement, diversity and inclusiveness, and multiculturalism.

The human resources function has a leadership role in helping shape the culture of the company. Ensuring that the values of the company are communicated and understood at all levels, providing clarity as to the expected behavior of all employees and the development of a high performance culture are important aspects of the CHRO role. When an employee's behavior is inconsistent with the values of the company, the human resources function is responsible for ensuring that such situations are dealt with fairly. The HR function also helps the organization establish and maintain high levels of employee engagement and commitment.

Increasingly, companies are relying on external partners, joint-ventures, as well as merged and acquired companies as sources of innovation, capabilities and growth. Establishing a culture that is supportive of such external partnerships is an area where the HR function plays an important role.

Summarizing the findings of a recent study of HR leaders, Randy MacDonald, IBM's CHRO, indicated that three key workforce gaps CHROs cite as the biggest opportunities for HR include:

Cultivating creative leaders - who can more nimbly lead in complex, global environments

Mobilizing for greater speed and flexibility - producing significantly greater capability to adjust underlying costs and faster ways to allocate talent

Capitalizing on collective intelligence - through much more effective collaboration across increasingly global teams.

### **Path to becoming a CHRO**

The CHRO is the top HR position, but few people who attain this role arrive there by working exclusively in the HR function. In a 2011 survey of top HR leaders, roughly two-thirds of CHROs indicated they worked outside HR at some time in their career. There is also significant movement between companies with only 36% of US CHROs gaining their position through internal promotion. In terms of HR experience, one survey indicated that the most common area of functional experience for CHROs is talent management; the next most common experience is compensation and benefits, followed by organizational culture. Current CHROs have had broader functional experience in HR than their predecessors and are less likely to have had experience in labor relations than past CHROs.

### **How CHROs describe their job**

Two recently published books about the CHRO profession, *The Talent Masters: Why Smart Leaders Put People Before Numbers* by Bill Conaty and Ram Charan; and *The Chief Human Resource Officer, Defining the Role of Human Resource Leaders* by Pat Wright, offer unique insights into the profession from its leading practitioners.

The perennial top priority for CHROs is talent management. In *The Chief Human Resource Officer, Defining the Role of Human Resource Leaders*, Eva Sage-Gavin, CHRO for the Gap emphasizes this point saying, "... at the end of the day, you and your team are the experts at talent management and must be able to understand and identify good versus great talent... Identifying critical positions, the great attributes needed to fill them, and prioritizing recruiting strategies accordingly was the key to success, whether I was working with engineers, apparel designers, or international operations management." Kevin Cox, CHRO for

American Express, argues that "Great CHROs (and great CEOs) understand that talent needs to be developed in thoughtful, but not incremental, ways. Getting the balance right between 'stretch' and 'in over her head' isn't easy, but it is vital to the success of a world-class talent strategy."

The CHRO helps the company build sustainable competitive advantage through the selection and development of top talent that possess capabilities that help differentiate the company from its competitors. Conaty and Charan emphasize this point in *Talent Masters* by noting that "Only one competency lasts. It is the ability to create a steady, self-renewing stream of leaders. Money is just a commodity. Talent supplies the edge. We can't put it any better than Ron Nersesian, the head of Agilent Technologies' Electronic Measurement Group: 'Developing people's talent is the whole of the company at the end of the day. Our products all are time-perishable. The only thing that stays is the institutional learning and the development of the skills and the capabilities that we have in our people.'"

Other leading CHROs emphasize additional aspects of HR leadership, such as delivering results with a global team – a major challenge identified by Hugh Mitchell, CHRO for Royal Dutch Shell – and developing and communicating an employee value proposition that will differentiate the company in its efforts to attract and retain the caliber of talent needed to achieve its business objectives, as emphasized by Michael Davis, CHRO for General Mills.

### **1.3 Environment Challenges**

Environmental resource management is the management of the interaction and impact of human societies on the environment. It is not, as the phrase might suggest, the management of the environment itself. Environmental resources management aims to ensure that ecosystem services are protected and maintained for future human generations, and also maintain ecosystem integrity through considering ethical, economic, and scientific (ecological) variables. Environmental resource management tries to identify factors affected by conflicts that rise between meeting needs and protecting resources. It is thus linked to environmental protection and sustainability.

## **Significance**

Environmental resource management is an issue of increasing concern, as reflected in its prevalence in seminal texts influencing global socio-political frameworks such as the Brundtland Commission's *Our Common Future*, which highlighted the integrated nature of environment and international development and the Worldwatch Institute's annual *State of the World* (book series) reports.

## **Scope**

Improved agricultural practices such as these terraces in northwest Iowa can serve to preserve soil and improve water quality

Environmental resource management can be viewed from a variety of perspectives. Environmental resource management involves the management of all components of the biophysical environment, both living (biotic) and non-living (abiotic). This is due to the interconnected and network of relationships amongst all living species and their habitats. The environment also involves the relationships of the human environment, such as the social, cultural and economic environment with the biophysical environment. The essential aspects of environmental resource management are ethical, economical, social, and technological. These underlie principles and help make decisions.

## **Aspects**

### **Ethical**

Environmental resource management strategies are intrinsically driven by conceptions of human-nature relationships. Ethical aspects involve the cultural and social issues relating to the environment, and dealing with changes to it. "All human activities take place in the context of certain types of relationships between society and the bio-physical world (the rest of nature)," and so, there is a great significance in understanding the ethical values of different groups around the world. Broadly speaking, two schools of thought exist in environmental ethics: Anthropocentrism and Ecocentrism each influencing a broad spectrum of environmental resource management styles along a continuum. These styles perceive "...different evidence, imperatives, and problems, and prescribe different

solutions, strategies, technologies, roles for economic sectors, culture, governments, and ethics, etc."

### **Anthropocentrism**

Anthropocentrism, "...an inclination to evaluate reality exclusively in terms of human values," is an ethic reflected in the major interpretations of Western religions and the dominant economic paradigms of the industrialized world. Anthropocentrism looks at nature as existing solely for the benefit of man, and as a commodity to use for the good of humanity and to improve human quality of life. Anthropocentric environmental resource management is therefore not the conservation of the environment solely for the environment's sake, but rather the conservation of the environment, and ecosystem structure, for human sake.

### **Ecocentrism**

Ecocentrists believe in the intrinsic value of nature while maintaining that human beings must use and even exploit nature to survive and live. It is this fine ethical line that ecocentrists navigate between fair use and abuse. At an extreme end of the ethical scale, ecocentrism includes philosophies such as ecofeminism and deep ecology, which evolved as a reaction to dominant anthropocentric paradigms. "In its current form, it is an attempt to synthesize many old and some new philosophical attitudes about the relationship between nature and human activity, with particular emphasis on ethical, social, and spiritual aspects that have been downplayed in the dominant economic worldview."

### **Economic**

A water harvesting system collects rainwater from the Rock of Gibraltar into pipes that lead to tanks excavated inside the rock.

The economy functions within, and is dependent upon goods and services provided by natural ecosystems. The role of the environment is recognized in both classical economics and neoclassical economics theories, yet the environment held a spot on the back-burner of economic policies from 1950 to 1980 due to emphasis from policy makers on economic growth. With the prevalence of environmental problems, many economists embraced the notion that, "If environmental sustainability must coexist for economic sustainability, then the overall system

must identification of an equilibrium between the environment and the economy." As such, economic policy makers began to incorporate the functions of the natural environment—or natural capital — particularly as a sink for wastes and for the provision of raw materials and amenities. Debate continues among economists as to how to account for natural capital, specifically whether resources can be replaced through the use of knowledge and technology, or whether the economy is a closed system that cannot be replenished and is finite. Economic models influence environmental resource management, in that management policies reflect beliefs about natural capital scarcity. For someone who believes natural capital is infinite and easily substituted, environmental management is irrelevant to the economy. For example, economic paradigms based on neoclassical models of closed economic systems are primarily concerned with resource scarcity, and thus prescribe legalizing the environment as an economic externality for an environmental resource management strategy. This approach has often been termed 'Command-and-control'. Colby has identified trends in the development of economic paradigms, among them, a shift towards more ecological economics since the 1990s.

## **Ecological**

A diagram showing the juvenile fish bypass system, which allows young salmon and steelhead to safely pass the Rocky Reach Hydro Project in Washington

Fencing separates big game from vehicles along the Quebec Autoroute 73 in Canada.

"The pairing of significant uncertainty about the behavior and response of ecological systems with urgent calls for near-term action constitutes a difficult reality, and a common lament" for many environmental resource managers. Scientific analysis of the environment deals with several dimensions of ecological uncertainty. These include: structural uncertainty resulting from the misidentification, or lack of information pertaining to the relationships between ecological variables; parameter uncertainty referring to "uncertainty associated with parameter values that are not known precisely but can be assessed and reported in terms of the likelihood...of experiencing a defined range of outcomes"; and stochastic uncertainty stemming from chance or unrelated factors. Adaptive

management is considered a useful framework for dealing with situations of high levels of uncertainty though it is not without its detractors.

A common scientific concept and impetus behind environmental resource management is carrying capacity. Simply put, carrying capacity refers to the maximum number of organisms a particular resource can sustain. The concept of carrying capacity, whilst understood by many cultures over history, has its roots in Malthusian theory. An example is visible in the EU Water Framework Directive. However, "it is argued that Western scientific knowledge ... is often insufficient to deal with the full complexity of the interplay of variables in environmental resource management. These concerns have been recently addressed by a shift in environmental resource management approaches to incorporate different knowledge systems including traditional knowledge, reflected in approaches such as adaptive co-management community-based natural resource management and transitions management, among others.

## **Sustainability**

Sustainability and environmental resource management involves managing economic, social, and ecological systems within and external to an organizational entity so it can sustain itself and the system it exists in. In context, sustainability implies that rather than competing for endless growth on a finite planet, development improves quality of life without necessarily consuming more resources. Sustainably managing environmental resources requires organizational change that instills sustainability values that portrays these values outwardly from all levels and reinforces them to surrounding stakeholders. The end result should be a symbiotic relationship between the sustaining organization, community, and environment.

Many drivers compel environmental resource management to take sustainability issues into account. Today's economic paradigms do not protect the natural environment, yet they deepen human dependency on biodiversity and ecosystem services. Ecologically, massive environmental degradation and climate change threaten the stability of ecological systems that humanity depends on. Socially, an increasing gap between rich and poor and the global North-South divide denies many access to basic human needs, rights, and education, leading to further

environmental destruction. The planet's unstable condition is caused by many anthropogenic sources. As an exceptionally powerful contributing factor to social and environmental change, the modern organization has the potential to apply environmental resource management with sustainability principals to achieve highly effective outcomes. To achieve sustainable development with environmental resource management an organization should coincide with sustainability principles, such as: social and environmental accountability, long-term planning; a strong, shared vision; a holistic focus; devolved and consensus decision making; broad stakeholder engagement and justice; transparency measures; trust; and flexibility, to name a few.

### **Current paradigm shifts**

To adjust to today's environment of quick social and ecological changes, some organizations have begun to experiment with various new tools and concepts. Those that are more traditional and stick to hierarchical decision making have difficulty dealing with the demand for lateral decision making that supports effective participation. Whether it be a matter of ethics or just strategic advantage organizations are internalizing sustainability principles. Examples of some of the world's largest and most profitable corporations who are shifting to sustainable environmental resource management are: Ford, Toyota, BMW, Honda, Shell, Du Pont, Swiss Re, Hewlett-Packard, and Unilever. An extensive study by the Boston Consulting Group reaching 1,560 business leaders from diverse regions, job positions, and expertise in sustainability, industries, and sizes of organizations, revealed the many benefits of sustainable practice as well as its viability.

It is important to note that though sustainability of environmental resource management has improved, corporate sustainability, for one, has yet to reach the majority of global companies operating in the markets. The three major barriers to preventing organizations to shift towards sustainable practice with environmental resource management are: not understanding what sustainability is; having difficulty modeling an economically viable case for the switch; and having a flawed execution plan, or a lack thereof. Therefore the most important part of shifting an organization to adopt sustainability in environmental resource management would be to create a shared vision and understanding of what sustainability is for that particular organization, and to clarify the business case.

## **Stakeholders**

### **Public sector**

A conservation project in North Carolina involving the search for bog turtles was conducted by United States Fish and Wildlife Service and the North Carolina Wildlife Resources Commission and its volunteers

The public sector comprises the general government sector plus all public corporations including the central bank. In environmental resource management the public sector is responsible for administering natural resource management and implementing environmental protection legislation. The traditional role of the public sector in environmental resource management is to provide professional judgment through skilled technicians on behalf of the public. With the increase of intractable environmental problems, the public sector has been led to examine alternative paradigms for managing environmental resources. This has resulted in the public sector working collaboratively with other sectors (including other governments, private and civil) to encourage sustainable natural resource management behaviors.

### **Private sector**

The private sector comprises private corporations and non-profit institutions serving households. The private sector's traditional role in environmental resource management is that of the recovery of natural resources. Such private sector recovery groups include mining (minerals and petroleum), forestry and fishery organizations. Environmental resource management undertaken by the private sectors varies dependent upon the resource type, that being renewable or non-renewable and private and common resources (also see Tragedy of the Commons). Environmental managers from the private sector also need skills to manage collaboration within a dynamic social and political environment.

### **Civil society**

Civil society comprises associations in which societies voluntarily organize themselves into and which represent a wide range of interests and ties. These can include community-based organizations, indigenous peoples' organizations and non-government organizations (NGO). Functioning through strong public pressure,

civil society can exercise their legal rights against the implementation of resource management plans; particularly land management plans. The aim of civil society in environmental resource management is to be included in the decision-making process by means of public participation. Public participation can be an effective strategy to invoke a sense of social responsibility of natural resources.

#### **1.4 Administration of Wages and Salaries**

In the national accounts, in accordance with the System of National Accounts, wages and salaries include the values of any social contributions, income taxes, etc., payable by the employee even if they are actually withheld by the employer for administrative convenience or other reasons and paid directly to social insurance schemes, tax authorities, etc., on behalf of the employee. Wages and salaries may be paid in various ways, including goods or services provided to employees for remuneration in kind instead of, or in addition to, remuneration in cash (SNA 7.32-7.42).

Wages and salaries in cash consist of wages or salaries payable at regular weekly, monthly or other intervals, including payments by results and piecework payments; plus allowances such as those for working overtime; plus amounts paid to employees away from work for short periods (e.g., on holiday); plus ad hoc bonuses and similar payments; plus commissions, gratuities and tips received by employees.

Wages and salaries in kind consist of remuneration in the form of goods and/or services that are not necessary for work and can be used by employees in their own time, and at their own discretion, for the satisfaction of their own needs or wants or those of other members of their households

#### **Salary**

A salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract. It is contrasted with piece wages, where each job, hour or other unit is paid separately, rather than on a periodic basis. From the point of a view of running a business, salary can also be viewed as the cost of acquiring and retaining human resources for running operations, and is

then termed personnel expense or salary expense. In accounting, salaries are recorded in payroll accounts.

Salary is a fixed amount of money or compensation paid to an employee by an employer in return for work performed. Salary is commonly paid in fixed intervals, for example, monthly payments of one-twelfth of the annual salary.

Salary is typically determined by comparing market pay rates for people performing similar work in similar industries in the same region. Salary is also determined by leveling the pay rates and salary ranges established by an individual employer. Salary is also affected by the number of people available to perform the specific job in the employer's employment locale.

While there is no first pay stub for the first work-for-pay exchange, the first salaried work would have required a society advanced enough to have a barter system which allowed for the even exchange of goods or services between tradesmen. More significantly, it presupposes the existence of organized employers—perhaps a government or a religious body—that would facilitate work-for-hire exchanges on a regular enough basis to constitute salaried work. From this, most infer that the first salary would have been paid in a village or city during the Neolithic Revolution, sometime between 10,000 BCE and 6000 BCE.

A cuneiform inscribed clay tablet dated about BC 3100 provides a record of the daily beer rations for workers in Mesopotamia. The beer is represented by an upright jar with a pointed base. The symbol for rations is a human head eating from a bowl. Round and semicircular impressions represent the measurements.

By the time of the Hebrew Book of Ezra (550 to 450 BCE), salt from a person was synonymous with drawing sustenance, taking pay, or being in that person's service. At that time, salt production was strictly controlled by the monarchy or ruling elite. Depending on the translation of Ezra 4:14, the servants of King Artaxerxes I of Persia explain their loyalty variously as "because we are salted with the salt of the palace" or "because we have maintenance from the king" or "because we are responsible to the king".

## **Salarium**

Similarly, the Latin word *salarium* linked employment, salt, and soldiers, but the exact link is not very clear. The latest common theory is that the word soldier itself comes from the Latin *sal dare* (to give salt), but previous theories were on the same ground. Alternatively, the Roman historian Pliny the Elder stated as an aside in his *Natural History's* discussion of sea water, that "In Rome. . .the soldier's pay was originally salt and the word salary derives from it...". Others note that soldier more likely derives from the gold *solidus*, with which soldiers were known to have been paid, and maintain instead that the *salarium* was either an allowance for the purchase of salt or the price of having soldiers conquer salt supplies and guard the Salt Roads (*Via Salaria*) that led to Rome.

## **Roman Empire and medieval and pre-industrial Europe**

Regardless of the exact connection, the *salarium* paid to Roman soldiers has defined a form of work-for-hire ever since in the Western world, and gave rise to such expressions as "being worth one's salt".

Within the Roman Empire or (later) medieval and pre-industrial Europe and its mercantile colonies, salaried employment appears to have been relatively rare and mostly limited to servants and higher status roles, especially in government service. Such roles were largely remunerated by the provision of lodging, food, and livery clothes (i.e., "food, clothing, and shelter" in modern idiom), but cash was also paid. Many courtiers, such as *valets de chambre*, in late medieval courts were paid annual amounts, sometimes supplemented by large if unpredictable extra payments. At the other end of the social scale, those in many forms of employment either received no pay, as with slavery (although many slaves were paid some money at least), serfdom, and indentured servitude, or received only a fraction of what was produced, as with sharecropping. Other common alternative models of work included self- or co-operative employment, as with masters in artisan guilds, who often had salaried assistants, or corporate work and ownership, as with medieval universities and monasteries.

## **Commercial Revolution**

Even many of the jobs initially created by the Commercial Revolution in the years from 1520 to 1650 and later during Industrialisation in the 18th and 19th centuries would not have been salaried, but, to the extent they were paid as employees, probably paid an hourly or daily wage or paid per unit produced (also called piece work).

### **Share in earnings**

In corporations of this time, such as the several East India Companies, many managers would have been remunerated as owner-shareholders. Such a remuneration scheme is still common today in accounting, investment, and law firm partnerships where the leading professionals are equity partners, and do not technically receive a salary, but rather make a periodic "draw" against their share of annual earnings.

## **Second Industrial Revolution**

From 1870 to 1930, the Second Industrial Revolution gave rise to the modern business corporation powered by railroads, electricity and the telegraph and telephone. This era saw the widespread emergence of a class of salaried executives and administrators who served the new, large-scale enterprises being created.

New managerial jobs lent themselves to salaried employment, in part because the effort and output of "office work" were hard to measure hourly or piecewise, and in part because they did not necessarily draw remuneration from share ownership.

As Japan rapidly industrialized in the 20th century, the idea of office work was novel enough that a new Japanese word (salaryman) was coined to describe those who performed it, as well as referencing their remuneration.

### **20th century**

In the 20th century, the rise of the service economy made salaried employment even more common in developed countries, where the relative share of industrial production jobs declined, and the share of executive, administrative, computer, marketing, and creative jobs—all of which tended to be salaried—increased.

## **Salary and other forms of payment today**

Today, the concept of a salary continues to evolve as part of a system of the total compensation that employers offer to employees. Salary (also now known as fixed pay) is coming to be seen as part of a "total rewards" system which includes bonuses, incentive pay, commissions, benefits and perquisites (or perks), and various other tools which help employers link rewards to an employee's measured performance.

Compensation has evolved considerably. Consider the change from the days of and before the industrial evolution, when a job was held for a lifetime, to the fact that, from 1978 to 2008, individuals who aged from 18 to 44, held an average number of 11 jobs. Compensation has evolved gradually moving away from fixed short-term immediate compensation towards fixed + variable outcomes-based compensation.[citation needed] An increase in knowledge-based work has also lead to pursuit of partner (as opposed to employee) like engagement.

### **By country**

#### **Botswana**

In Botswana, salaries are almost entirely paid on a monthly basis with pay dates falling on different dates of the second half of the month. Pay day usually ranges from the 15th of the month to the last day. The date of disbursement of the salary is usually determined by the company and in some cases in conjunction with the recognized Workers Union. The Botswana Employment Act Cap 47:01 Chapter VII regulates the aspect of protection of wages in the contracts of employment. The minimum and maximum wage payment period with the exception of casual employees should not be less than one week or more than a month, and where not expressly stipulated a month is the default wage period as per section 75 of the Act payable before the third working day after the wage period. The wages are to be paid during working hours at the place of employment, or in any other way like through a bank account with the consent of the employee. Salaries should be made in legal tender however part payment in kind is not prohibited provided its appropriate for the personal use and benefit of employee and his family, and the value attributable to such payment in kind is fair and reasonable. The payment in kind should not exceed forty per cent of the total amount paid out to the employee.

The minimum wage is set, adjusted and can even be abolished by the Minister on the advise of the Minimum Wages Advisory Board for specified trade categories. The stipulated categories include building, construction, hotel, catering, wholesale, watchmen, the domestic service sector, the agricultural sector etc. The current minimum wages set for these sectors are set out in the Subsidiary legislation in the Act.

Women on maternity leave are entitled to 25% of their salaries as stipulated by the Employment Act but the majority of the companies pay out at about 50% for the period.

### **Denmark**

By working for the Danish Government, it has been agreed under political agreements, that the salary is dependent on the seniority, education, and also of a qualification allowance.

### **European Union**

According to European law, the movement of capital, services and (human) resources is unlimited between member states. Salary determination, such as minimum wage, is still the prerogative of each member state. Other social benefits, associated with salaries are also determined on member-state level.

### **India**

In India, salaries are generally paid on the last working day of the month (Government, Public sector departments, Multinational organizations as well as majority of other private sector companies). According to the Payment of Wages Act, if a company has less than 1000 Employees, salary is paid by the 7th of every month. If a company has more than 1000 Employees, salary is paid by the 10th of every month.

The minimum wages in India are governed by the Minimum Wages Act, 1948. Employees in India are notified of their salary being increased through a hard copy letter given to them.

## **The Netherlands**

In the Netherlands the salary which occurs most frequently is referred to as Jan Modaal. The term "modaal" is derived from the statistical term Modus. If the governments' macro economic policy negatively affects this "Modaal" income or salary-group often the policy is adjusted in order to protect this group of income earners. The Dutch word "soldij" can be directly linked to the word "soldaat" or soldier, which finds its origin in the word for the gold coin solidium, with which soldiers were paid during the Roman Empire.

The Netherlands is in the top 5 of the highest salary paying countries in the EU. The focus has been on the salary levels and accompanying bonuses whereas secondary benefits, though present, has been downplayed yet that is changing. The Netherlands claims a 36th position when it comes to secondary benefits when compared to other countries in Europe.

The minimum wage is determined through CAO's which stands for collective labor negotiations. The minimum wage is age dependent; the legal minimum wage for a 16year old is lower than for instance for a 23 year old person. Adjustments to the minimum wage are made twice a year; on January 1 and on July 1. The minimum wage for a 21 year old on January 1, 2013 is 1,065.30 Euro per month and on July 1, 2013 this minimum wage is 1,071.40 Euro per month.

## **United States**

In the United States, the distinction between periodic salaries (which are normally paid regardless of hours worked) and hourly wages (meeting a minimum wage test and providing for overtime) was first codified by the Fair Labor Standards Act of 1938. At that time, five categories were identified as being "exempt" from minimum wage and overtime protections, and therefore salariable. In 1991, some computer workers were added as a sixth category but effective August 23, 2004 the categories were revised and reduced back down to five (executive, administrative, professional, computer, and outside sales employees). Salary is generally set on a yearly basis.

"The FLSA requires that most employees in the United States be paid at least the federal minimum wage for all hours worked and overtime pay at time and one-half the regular rate of pay for all hours worked over 40 hours in a workweek.

However, Section 13(a)(1) of the FLSA provides an exemption from both minimum wage and overtime pay for employees employed as bona fide executive, administrative, professional and outside sales employees. Section 13(a)(1) and Section 13(a)(17) also exempt certain computer employees. To qualify for exemption, employees generally must meet certain tests regarding their job duties and be paid on a salary basis at not less than \$455 per week. Job titles do not determine exempt status. In order for an exemption to apply, an employee's specific job duties and salary must meet all the requirements of the [Labor] Department's regulations."

Of these five categories only Computer Employees has an hourly wage-based exemption (\$27.63 per hour) while Outside Sales Employee is the only main category not to have the minimum salary (\$455 per week) test though some sub categories under Professional (like teachers and practitioners of law or medicine) also do not have the minimum salary test.

A general rule for comparing periodic salaries to hourly wages is based on a standard 40 hour work week with 50 weeks per year (minus two weeks for vacation). (Example: \$40,000/year periodic salary divided by 50 weeks equals \$800/week. Divide \$800/week by 40 standard hours equals \$20/hour).

## **Zimbabwe**

Zimbabwe operates on a two tier system being wages and salaries. Wages are managed by the various industry councils called NEC. National Employment Council. Each sector has its own NEC i.e. agriculture, communications, mining, catering, educational institutions etc. On the council there are representatives from the unions and the employers. The public sector is under the Public Service Commission and wages and salaries are negotiated there.

Wages are negotiated annually or biannually for the minimum wages and basic working conditions and remunerations. If there is a stalemate it goes for arbitration

with the Ministry of labour. The ruling will become binding on all companies in that industry. Industries often then use their associations to negotiate and air their views. For example the mining industry nominates an employee within the chamber of mines to attend all meetings and subcommittee with industry players is a forum for discussions.

Salaries are negotiated by the respective employees. However, NEC obviously affects the relativity and almost acts as a barometer for salaried staff. Salaries and wages in Zimbabwe are normally paid monthly. Most companies pay around the 20th does allow various statutory payments and processing for the month end. Government employees are also staggered to ease the cash flow though teachers are paid around mid-month being 16th. Agricultural workers are normally paid on the very last day of the month as they are contract employees. Zimbabwe is a highly banked society with most salaries being banked. All government employees are paid through the bank. Since "dollarization" (movement from the Zimbabwean dollar to USD) we have been moving towards a more informal sector and these are paid in 'brown envelopes'.

PAYE(Pay As You Earn) is a significant contributor to tax being 45%. Given the high unemployment rate the tax is quite heavy. This of course captures those that pay and keep records properly. The average salary is probably \$250. This is skewed downwards by the large number of government employees whose average salary is around there. At the top end salaries are quite competitive and this is to be able to attract the right skills though the cost of living is high so it balances this out. A Zimbabwe top earner spends a lot more money on necessities than say a South African top earner. This is more evident when a comparison with USA or England is done. The need to have a generator, borehole or buy water or take care of the extended family since there is no welfare given the government's financial position. Flashback: In the hyperinflation days salaries was the cheapest factor of production given that it was paid so irregularly though it went to twice monthly. As workers could not withdraw their money remuneration was often in the following forms • Fuel coupons most popular and individuals were paid in liters of fuel • The product that the company is selling i.e. Sugar for the sugar producers, pork/meat for the abattoirs, potatoes for farmers, drinks for beverage manufacturers • Foreign currency payment was illegal and one had to seek special dispensation or had to show that their revenue/ funding was received in foreign currency like NGOs, or

exporters • Prices were price controlled and by remunerating in the product it basically allowed the employees to side sell for real value. • Shares for the listed companies on the stock market (not in the traditional option scheme but just getting shares) Zimbabwe traditionally had a competitive advantage in its cost of labor. But with "dollarization" and higher cost of living this is slowly being eroded. For example your average farm employee probably earned the equivalent of \$20 but they could buy a basket of goods currently worth \$500. Now your average farm worker earns \$80 and that basket of goods is as mentioned \$500. The basket being soap, "mealie" meal, school fees, a bit of protein, etc.

### **Negotiation of salary**

Prior to the acceptance of an employment offer, the prospective employee usually has the opportunity to negotiate the terms of the offer. This primarily focuses on salary, but extends to benefits, work arrangements, and other amenities as well. Negotiating salary can potentially lead the prospective employee to a higher salary. In fact, a 2009 study of employees indicated that those who negotiated salary saw an average increase of \$4,913 from their original salary offer.[27] In addition, the employer is able to feel more confident that they have hired an employee with strong interpersonal skills and the ability to deal with conflict. Negotiating salary will thus likely yield an overall positive outcome for both sides of the bargaining table.

Perhaps the most important aspect of salary negotiation is the level of preparation put in by the prospective employee. Background research on comparable salaries will help the prospective employee understand the appropriate range for that position. Assessment of alternative offers that the prospective employee has already received can help in the negotiation process. Research on the actual company itself will help identify where concessions can be made by the company and what may potentially be considered off-limits. These items, and more, can be organized in to negotiations planning document that can be used in the evaluation of the offers received from the employer.

### **Effects of perspective**

The same 2009 study highlighted the personality differences and negotiation mind-sets that contributed to successful outcomes. Overall, individuals who are risk-

averse (e.g., worried about appearing ungrateful for the job offer) tended to avoid salary negotiations or use very weak approaches to the negotiation process. On the contrary, those who were more risk-tolerant engaged in negotiations more frequently and demonstrated superior outcomes. Individuals who approached the negotiation as a distributive problem (i.e. viewing the a higher salary as a win for him/her and a loss to the employer) ended up with an increased salary, but lower rate of satisfaction upon completion. Those who approached the negotiation as an integrative problem (i.e. viewing the negotiation process an opportunity to expand the realm of possibilities and help both parties achieve a “win” outcome) were able to both secure an increased salary and an outcome they were truly satisfied with.

### **Gender differences**

Salary disparities between men and women may partially be explained by differences in negotiation tactics used by men and women. Although men and women are equally likely to initiate in a salary negotiation with employers, men will achieve higher outcomes than women by about 2% of starting salary. Studies have indicated that men tend to use active negotiation tactics of directly asking for a higher salary, while women tend to use more of an indirect approach by emphasizing self-promotion tactics (e.g. explaining the motivation to be a good employee). Other research indicates that early-childhood play patterns may influence the way men and women negotiate. Men and women tend to view salary differently in terms of relative importance. Overall level of confidence in a negotiation may also be a determinant of why men tend to achieve higher outcomes in salary negotiations. Finally, the awareness of this stereotype alone may directly cause women to achieve lower outcomes as one study indicates. Regardless of the cause, the outcome yields a disparity between men and women that contributes to the overall wage gap observed in many nations.

The Constitution of the Republic of South Africa 239 provides for the right to fair labor practices in terms of section 23. Section 9 of the Constitution makes provision for equality in the Bill of Rights, which an employee may raise in the event of an equal pay dispute. In terms of section 9(1) “everyone is equal before the law and has the right to equal protection and benefit of the law” Furthermore, “the state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic

or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language, and birth.” South African employees who were in paid employment had median monthly earnings of R2 800. The median monthly earnings for men (R3 033) were higher than that for women (R2 340) - women in paid employment earned 77,1% of what men did.

### **Role of weight**

Research done in 2011 showed that the “weight double standard” may be more complex than what past research has suggested. This is not only relevant to women, but also to men. The smallest income gap differences occur at thin weights (where men are penalized and women are rewarded) and the opposite happens at heavier weights, where the women are affected more negatively.