

Glossary of HR terms

Term	Definition
Absolute ratings	A rating method where the rater assigns a specific value on a fixed scale to the behavior or performance of an individual instead of assigning ratings based on comparisons between other individuals.
Accident compensation	The Accident Compensation Corporation
Affirmative action	Also : Positive discrimination. Carried out on behalf of women and disadvantaged groups and members of such groups are placed in dominant positions.
Appraisal	See Performance planning.
Attrition	A term used to describe voluntary and involuntary terminations, deaths, and employee retirements that result in a reduction to the employer's physical workforce.
Autocratic leadership	Leader determines policy of the organisation, instructs members what to do/make, subjective in approach, aloof and impersonal.
Balanced Scorecard	A popular strategic management concept developed in the early 1990's by Drs. Robert Kaplan and David Norton, the balanced scorecard is a management and measurement system which enables organisations to clarify their vision and strategy and translate them into action. The goal of the balanced scorecard is to tie business performance to organisational strategy by measuring results in four areas: financial performance, customer knowledge, internal business processes, and learning and growth.
Behaviorally anchored rating scale (BARS)	An appraisal that requires raters list important dimensions of a particular job and collect information regarding the critical behaviors that distinguish between successful and unsuccessful performance. These critical behaviours are then categorised and appointed a numerical value which is used as the basis for rating performance.
Behavioural based	An interview technique which focuses on a candidates past experiences, behaviours, knowledge, skills and abilities by

interview	asking the candidate to provide specific examples of when they have demonstrated certain behaviours or skills as a means of predicting future behaviour and performance.
Behavioural competency	The behaviour of the employee which is the subject of measurement and appraisal in terms of whether or not the behaviours shown by an employee are those identified by job analysis/competency profiling as those contributing to team and/or organisational success.
Benchmarking	A technique using quantitative or qualitative data to make comparisons between different organisations or different sections of the organisations.
Bereavement leave	Section 69 to 72 of the Holidays Act 2003 provides a specific number of paid days off following the death of an employee's spouse, parent, child grandparent or in-law so that the employee may attend funeral proceedings, etc.
Branding	The process of identifying and differentiating an organization's products, processes or services from another organization by giving it a name, phrase or other mark.
Broadbanding	A pay structure that consolidates a large number of narrower pay grades into fewer broad bands with wider salary ranges.
Bumping	The practice of allowing more senior level employees whose positions have been slotted for elimination or downsizing the option of accepting an alternative position within the organisation, for which they may be qualified to perform and which is currently occupied by another employee with less seniority.
Change management	The deliberate effort of an organisation to anticipate change and to manage its introduction, implementation, and consequences.
Clean Slate	The Criminal Records (Clean Slate) Act 2004 establishes a clean slate scheme to limit the effect of an individual's convictions in most circumstances (subject to certain exceptions set out in Section 19) if the individual satisfies the relevant eligibility

	criteria.
Coaching	A one-to-one process between a manager and subordinate, whereby the former will ‘train’ the latter. See also Mentoring.
Collective Bargaining	The process by which [an] employer[s] will negotiate employment contracts with [a] union[s].
Common law	Decisions of the Courts also known as Precedent. Distinguished from Legislation.
Competency-based pay	Competency based pay is a compensation system that recognises employees for the depth, breadth, and types of skills they obtain and apply in their work. Also known as skill based and knowledge based pay.
Competencies	‘an underlying characteristic of a person’ ‘motive, trait, skill, aspect of one’s self-image or social role, or a body of knowledge’.
Competitive advantage	‘People are the source of competitive advantage’. Other systems in an organisation can be copied but not the people in the organisation.
Confidentiality agreement	An agreement restricting an employee from disclosing confidential or proprietary information.
Constructive dismissal	<ol style="list-style-type: none"> 1. Coercion by threats to act or promises to refrain and includes a resignation given as an alternative to be dismissed. 2. A breach of duty by the employer leading a worker to resign.
Contingent workers	Employees who may be: casual labour, part-timers, freelancers, subcontractors, independent professionals and consultants.
Contract for services	An agreement with an independent contractor.
Contract of service	An employment agreement.
Core competencies	The skills, knowledge and abilities which employees must possess in order to successfully perform job functions which are essential to business operations.

Core Labour Force	A small group of permanent workers, for example, strategists, planners.
Corporate mission	The aims and objectives of an organisation.
Cost leadership	A strategy of becoming the lowest-cost producer in its industry.
Critical incidents	A method of avoiding the subjective judgements which are the feature of most ranking and rating systems. It is the keeping, by management, of a record of on-job incidents or behaviours which may be examples of [in]effective behaviour and used as background information for subsequent discussions and performance appraisals.
Customer capital	The relationships an organisation has with the people it does business with, including suppliers, 'brand equity' and 'goodwill'. See also Structural capital
Cyclical unemployment	A form of unemployment – rises in times of economic recession and falls in times of prosperity. Now shows signs of being able to withstand increased prosperity.
Decision Tree Model	One of the Contingency theories of leadership – developed by Vroom and Yetton (1973).
Delaying	The removal of hierarchical layers in an organisation.
Delegated Legislation	Laws made by Ministers by authority of an Act of Parliament
Deregulation	The removal of entities such as financial markets, road and transport from governmental control.
Differentiation	A strategy of being unique in an industry on dimensions customers value.
Distance Learning	The process of delivering educational or instructional programmes to locations away from a classroom or site to another location by varying technology such as video or audio-conferencing, computers, web-based applications or other multimedia communications.

Disciplinary procedure	A procedure carried out in the workplace in the event of an employee committing some act contrary to terms of the employment agreement. If the act is regarded as Gross Misconduct this may lead to Summary Dismissal.
Discrimination	The favouring of one group of people to the detriment of others.
Distributive bargaining	Related to the process of Negotiation. Known also as Competitive bargaining – The parties are concerned with their respective shares of the benefits available and compete and conflict with each other until one side wins an increased share at the expense of the other.
Dual Labour Markets	Organisations will operate with a small Core Labour Force and a Peripheral Labour Force
Due diligence	A critical component of mergers and acquisitions, it is the process by investigation and evaluation is conducted to examine the details of a particular investment or purchase by obtaining sufficient and accurate information or documents which may influence the outcome of the transaction.
E-commerce	The use of the internet to market and sell goods and services.
Emotional Intelligence	Describes the mental ability an individual possess enabling him/her to be sensitive and understanding to the emotions of others as well as being able to manage their own emotions and impulses.
Employee	See Section 6 Employment Relations Act 2000
Employment Court	Ultimate court dealing with employment disputes.
Employee Relations	A broad term used to refer to the general management and planning of activities related to developing, maintaining, and improving employee relationships by communicating with employees, processing grievances/disputes, etc.
Employee retention	Organisational policies and practices designed to meet the diverse needs of employees, and create an environment that encourages employees to remain employed.
Employment Relations Authority	New body to be set up under Section 156 of the Employment Relations Act 2000 which replaces the Employment Tribunal.

Empowerment	The process of enabling or authorising an individual to think, behave, take action, and control work and decision-making in autonomous ways.
Ergonomics	The measurement of physical characteristics of the human body and the development of equipment to fit them, so that strain on the body is reduced.
Equity theory	Based on the notion that people are motivated by a desire for fairness, that is, to be treated fairly and will compare their own efforts and the rewards of others in the organisation with a view to judging the fairness of their treatment.
Exit Interview	An interview between a member of staff of the organisation that an employee is leaving to ascertain the reasons for the employee leaving the organisation. Should not be carried out by employee's immediate superior. Used for possible changes.
Extrinsic rewards	Two forms : Money and non-money rewards. Examples : job enrichment, job enlargement, personal and working relationships with colleagues and supervisors and managers.
Fixed Term Employment	An employee and an employer may agree that the employment of the employee will end at the close of a specified date or period or on the occurrence of a specified event or at the conclusion of a specified project. See Section 56 of the Employment Relations Act 2000.
Freedom of association	The right to belong to a union. As protected by the Human Rights Act 1993.
Functional job analysis	The preparation required for the construction of a job description. It is necessary to collect data on the job to be advertised.
Generations	<p>Baby Boomers –The term used to describe those individuals born between 1945 and 1970.</p> <p>Generation X - The term used to describe individuals born between 1965 and 1980.</p> <p>Generation Y - The term used to describe individuals born between 1985 and the present.</p>

	Generation I - The term used to describe children born after 1994 that are growing up in the Internet age.
Goal Setting	The process of setting and assigning a set of specific and attainable goals to be met by an individual, group or organisation.
Good faith bargaining	A duty under Section 4 of the Employment Relations Act 2000 to conduct negotiations where two parties meet and confer at reasonable times with open minds and the intention of reaching an agreement.
Grievance	A complaint brought by one party to an employment contract against another party.
Group dynamics	The social manner in which people interact with each other within a group.
Gross misconduct	An act committed by any personnel likely to lead to Summary Dismissal. Examples may be:
HR Audit	A method by which human resources effectiveness can be assessed. Can be carried out internally or HR audit systems are available.
Hawthorne Effect	A term produced as a result of an experiment conducted by Elton Mayo whereby he concluded that expressing concern for employees and treating them in a manner which fulfills their basic human needs and wants will ultimately result in better performance.
Hierarchy of needs	A psychology theory ascribed to Abraham H. Maslow in which he proposed that people will constantly seek to have their basic needs (sleep, food, water, shelter, etc.) fulfilled and that such needs ultimately determine behaviour.
HR information systems	A discrete computerised information system for HR purposes.
HR Management	The management of human resources within an organisation.
HR planning	The activity of planning human resources usually in connection with the overall strategic planning of the organisation.

Human Capital	The collective knowledge, skills and abilities of an organisation's employees.
Incentive pay	Additional compensation used to motivate and to reward employees for exceeding performance or productivity goals.
Independent contractor	A person who works for him/herself but has a contract for services with another person/organisation.
Individual employment agreement	The legal relationship between an employee and employer. See Part 6 of the Employment Relations Act 2000
Induction	The process of introducing a new employee into the organisation.
Industrial relations	The study of theories and practices in the workplace relationship.
Intangible rewards	Non-monetary re-enforcers such as praise given to an employee in recognition of a job well done, or a particular achievement.
International Labour Organisation	An organisation set up by the United Nations to establish, amongst other matters, conventions on practices in the workplace.
Intrinsic reward	A reward given to an employee for achievement of a particular goal, objective or project.
ISO 9000	Developed by the International Organisation for Standardisation (ISO), it is a set of standards for quality management systems that is accepted around the world. Organisations that conform to these standards can receive ISO 9000 certification. The standard intended for quality management system assessment and registration is ISO 9001. The standards apply uniformly to organisations of any size or description.
Job analysis	The preparatory stage for writing job descriptions.
Job Description	A written description of a job which includes information regarding the general nature of the work to be performed, specific responsibilities and duties, and the employee characteristics required to perform the job.
Job evaluation	Used for compensation planning purposes, it is the process of comparing a job with other jobs in an organization to determine

an appropriate pay rate for the job.

Key Result areas	Used to establish standards and objectives, key result areas are the chief tasks of a job identified during the job evaluation process.
KPI's	'Knowledge, Skills and Abilities' - Key Performance Indicators. Tasks that have been agreed between an employee and line manager/HR with an expectation that they will be completed satisfactorily in the time agreed or as an ongoing task.
KSAs	Knowledge, skills and abilities – the personal attributes that a person has to have to perform the job requirements.
Labour Market	A geographical or occupational area in which factors of supply and demand interact.
Labour force mobility	The willingness of potential employees to travel or move to where work is offered.
Labour force participation	A rate at which the number of people in the labour force is divided by the number of people of working age x 100.
Leadership	The process, by which an individual determines direction, influences a group and directs them toward a specific goal or organizational mission.
Leadership Development	Formal and informal training and professional development programmes designed for all management and executive level employees to assist them in developing the leadership skills and styles required to deal with a variety of situations.
Legislation	Law emanating from Parliament in the form of Acts.
LIFO	In the event of a redundancy situation occurring, the system of 'last in first out' is regarded as the most equitable method of choosing those who should be made redundant.
Lump sum payment	A fixed negotiated payment which is not typically included in an employee's annual salary. Often times given in lieu of pay increases.
Matrix organization	An organizational structure where employees report to more than one manager or supervisor.

Mediation Services	The process of intervention by a specialist in an employment dispute. Provided under the Employment Relations Act 2000.
Mentoring	A one-to-one process between an outside trainer and an employee, whereby the former will 'train' the latter. See also Coaching.
Minimum wages	The lowest level of earnings of employees set by Government.
Mission Statement	A statement illustrating who the company is, what the company does, and where the company is headed.
Motivation	The reason(s) why a person works at a particular job and for a particular organization. Subject to various theories relating to the way they do things.
Motivational theories	An attempt to explain how people are motivated, in the form of work behaviour and performance.
Mutuality of interests	Relating to Performance Management. Both employer and employee have a mutual interest in achieving organizational objectives.
Myers-Briggs Type Indicator	A psychological test used to assess an individuals personality type.
Negotiation	The process of discussion with a view to mutual settlement usually by the means of a conference.
Nepotism	Favouritism shown to relatives by individuals in a position of authority such as CEO's, managers or supervisors.
Observation interview	The process of observing employees while performing their respective jobs or tasks used to collect data regarding specific jobs or tasks.
Onboarding	A relatively new term, it is more far reaching than historical orientation programmes. It links new employees with team members very early in the employment process and continuing after the traditional orientation programme ends.
OSH	Occupational health and safety – the law relating to the health and safety of personnel at work.

Organizational Culture	A pattern that emerges from the interlocking system of the beliefs, values and behavioral expectations of all the members of an organization.
Organizational theories	The scientific management movement and human relations school were two early organizational theories. Both had impact on the development of human resources management.
Orientation	The introduction of employees to their jobs, co-workers, and the organization by providing them with information regarding such items as policies, procedures, company history, goals, culture, and work rules. Similar to Induction.
Outplacement	A benefit offered by the employer to displaced employees which may consist of such services as job counseling, training, and job-finding assistance.
Outsourcing	A contractual agreement between an employer and an external third party provider whereby the employer transfers responsibility and management for certain HR, benefit or training related functions or services to the external provider.
Paid Parental Leave	Supported by legislation allowing [possibly later in 2000] 12 weeks paid leave which a new mother may share with her partner, funded by a payroll levy.
Pareto chart	A bar graph used to rank in order of importance information such as causes or reasons for specific problems so that measures for process improvement can be established.
Peer appraisal	A performance appraisal strategy whereby an employee is reviewed by his/her peers who have sufficient opportunity to examine the individual's job performance.
Peripheral Labour Force	Employees less critical to organizational success and can be expendable.
Performance Management	This is a process of identifying, evaluating and developing the work performance of employees in an organization, in order that organizational objectives are more effectively achieved and understood by employees.
Performance planning	A total approach to managing people and performance. Involving setting performance aims and expectations for the organization,

departments and individuals employees.

Personal grievance	A complaint brought by one party to an employment contract against another party. See Part 9 of the Employment Relations Act 2000.
Positive discrimination	See Affirmative action.
Precedent	See Common law.
Probationary Arrangements	Where the parties to an employment agreement agree as part of the agreement that an employee will serve a period of probation or trial after the commencement of the employment. See Section 66 Employment Relations Act 2000
Quality management	The process or system of ensuring that a product or service should do what the user needs or wants and has a right to expect. There are five dimensions to quality, design, conformance, availability, safety and field use.
Random Testing	Drug and alcohol tests administered by an employer which selects employees to be tested on a random basis.
Recruitment	The process of bringing into an organization personnel who will possess the appropriate education, qualifications, skills and experience for the post offered.
Redundancy	The act of dismissing an employee when that employee is surplus to the requirements of the organization.
Replacement charts	A summarization in visual form the numbers of incumbents in each job or family of jobs, the number of current vacancies per job and the projected future vacancies. See Succession planning.
Request for proposal (RFP)	A document an organization sends to a vendor inviting the vendor to submit a bid for a product or, service.
Restrictive covenant	A contract clause requiring executives or other highly skilled employees to refrain from seeking and obtaining employment with competitor organizations in a specific geographical region and for a specified period of time.
Return on	A ratio of the benefit or profit derived from a specific investment

investment (ROI)	compared to the cost of the investment itself.
Right to manage	The 'right' of management to make decisions and to run an organization without interference from external or internal forces.
Risk management	The use of insurance and other strategies in an effort to minimize an organization's exposure to liability in the event a loss or injury occurs.
Scalar chain	A concept from the French industrialist <i>Henri Fayol</i> who established the concept of <i>unity of command</i> [<i>'and employee should receive orders from one superior only'</i>] and <i>scalar chain</i> [<i>'the chain of superiors ranging from the ultimate authority to the lowest ranks.....the line of authority followed by all communications'</i>].
Selection ratio	The ratio of the number of people hired to the number of suitably qualified candidates obtained.
Six Sigma	Six Sigma is a disciplined, data-driven methodology used to eliminate defects and improve processes and cut costs from manufacturing to transactional and from product to service.
Stakeholders	The term given to the situation whereby firms have a number of groups, each having their own set of interests, possibly conflicting with each other.
Strategic architecture	The core competencies that an organization has.
Strategic HRM	The process of aligning human resources more closely to the strategic and operating objectives of the organization.
Strategic Planning	The process of identifying an organization's long-term goals and objectives and then determining the best approach for achieving those goals and objectives.
Structural capital	The databases, customer files, manuals, trademarks etc that remain in a firm once employees go home. See Customers capital.
Succession planning	Involving identifying a potential candidate to replace core individual employees either known to be leaving the firm at some

	point in the future and/or whose sudden departure would pose a risk to the operation of the firm.
Summary dismissal	The act of dismissing personnel immediately, usually because the person has committed some act of Gross Misconduct.
Suspension	A form of disciplinary action resulting in an employee being sent home without pay for a specified period of time.
Tangible rewards	Rewards which can be physically touched or held (i.e. a gift certificate, gifts in the form of merchandise, or a savings bond.)
Theory X & theory Y	Two conflicting assumptions which are behind thinking on human nature and human behavior as related to the employee and the workplace.
360-degree feedback	An appraisal process whereby an individual is rated on their performance by people who know something about their work. This can include direct reports, peers, managers, customers or clients; in fact anybody who is credible to the individual and is familiar with their work can be included in the feedback process. The individual usually completes a self-assessment exercise on their performance, which is also used in the process.
Total Remuneration	The complete pay package awarded employees on an annual basis, including all forms of money, benefits, services, and in-kind payments.
Training and development	A process dealing primarily with transferring or obtaining knowledge, attitudes and skills needed to carry out a specific activity or task.
Training Needs Analysis	A method of analyzing how employee skill deficits can be addressed through current or future training and professional development programs, as well as determining the types of training/development programs required, and how to priorities training/development.
Turnover	Describes changes in the work force resulting from voluntary or involuntary resignations.
Unions	Groups of workers who have formed incorporated associations relating to the type of work that they perform.

Unjustifiable dismissal	The act of terminating an employee's employment agreement for a reason that the Employment Relations Authority or Employment Court regards as unjustifiable.
Wage curve	Depicts pay rates currently being paid for each job within a pay grade in relation with the rankings awarded to each job during the job evaluation process.
Wage drift	The gap between the Collective Agreement rate and the rate actually paid. Evidence of geographical variations in wage levels.
Wellness programme	Programmes such as on-site or subsidised fitness centres, health screenings, smoking cessation, weight reduction/management, health awareness and education which target keeping employees healthy therefore lowering costs to the employer associated with absenteeism, lost productivity and increased health insurance claims.
Whistleblower	Whistle blower protection is contained in the Protected Disclosures Act 2000. The Act provides protection to employees against retaliation for reporting illegal acts of employers. An employer may not rightfully retaliate in any way, such as discharging, demoting, suspending or harassing the whistle blower. Employer retaliation of any kind may result in the whistle blower bringing a personal grievance against the employer.
Work-life Balance	Having a measure of control over when, where and how an individuals works, leading to their being able to enjoy an optimal quality of life. Work-life balance is achieved when an individual's right to a fulfilled life inside and outside paid work is accepted and respected as the norm, to the mutual benefit of the individual, business and society.
Workplace Bullying	Persistent, offensive, abusive, intimidating or insulting behaviour or unfair actions directed at another individual, causing the recipient to feel threatened, abused, humiliated or vulnerable.