Utility analysis

Business, Human Resources

During the first three decades of the 20th century, there were many great leaders in the area of Industrial and OrganizationalPsychologywhose contributions have been largely documented in historical records. Leaders are not born they are made, and true leader leads by example. Sometimes people influence the way we live our lives. This could be a pastor, teacher, friend or manager. In any event, leaders must take the extra step and reach out to others.

In order to be effective, a leader must be able to initiate and develop his or her alliances in the quest for achieving commongoalsand objectives (Bills, 1925). Thus, leaders have the ability to influence, guide, direct and control the behavior of others while leading with dignity andrespect. Dr. Bills' studies, exemplified characteristics of trueleadership. She became a legendary figure in a scientific research to understand and resolve personnel issues within organizations (Koppes, 2007). In onecase study, Dr. Marion A.

Bills illustrated important duties for managerial position and how essential they are to the success of the organization. MARGINAL UTILITY ANALYSIS AND HRM VALUE Marginal utility is an economic concept that is used in determining the additional satisfaction that one obtains as he consumes additional amount of a particular commodity (Samuelson and Nordhaus, 2001). As applied to the management of human resources, it may be equivalent to the additional product that an employee can contribute to the attainment of organizational goals and objectives.

The additional product that an employee can contribute to the company or the additional value that it could provide will be the basis of determining the compensation or the pay that must be given to him. The concept of marginal utility may then be used by a human resource manager in wage and salary administration particularly in determining the salary for a new worker. The management must determine what the new employee is capable of contributing to the value of the company by analyzing his qualifications as to knowledge, skills, and abilities.

The salary that would be given must at least be equal to the marginal product to ensure that hiring the employee would add value to the firm. If the salary that would be paid is higher than his marginal product (may be equivalent to marginal utility), hiring him would not do good for the company or would not add to its value. REFERENCE: Samuelson, Paul A. and Nordhaus, William D. (2001). Economics. McGraw- Hill Companies, Inc.