Directorate of Distance Education
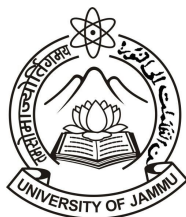
UNIVERSITY OF JAMMU
JAMMU

SELF LEARNING MATERIAL

PGDBM - IIND SEMESTER

Paper - 1st	Unit I - V
	Lesson 1 to 25

HUMAN RESOURCE MANAGEMENT

Course Co-ordinator

Rohini Gupta Suri

(M) : 9419186716

HUMAN RESOURCE MANAGEMENT

Content Editing by

Rohini Gupta Suri

© *Directorate of Distance Education, University of Jammu, 2021*

PGDBM Semester - II

Course Title : Human Resource Management **Total Marks : 100**
Paper : 1st **Internal Assessment : 20**
Contact Hours : 45 **Semester Examination : 80**
Duration of Examination : 3 Hours

OBJECTIVE :

The objective of this course is to sensitize the students to the various facets of managing people and to create an understanding of the various policies and practices of Human Resource Management

UNIT 1   Human Resource Management (HRM) : Concept, Nature, Scope, Importance and Challenges, HR Profession and HR Department, Line Management Responsibility in HRM, HR Philosophy, Policies, Procedures and Practice, Designing HR Systems, Functional Areas of HRM, Human Resource Development; Values and Tools, HR as a Factor of Competitive Advantage.

UNIT - II   Manpower Planning, Job Analysis, Recruitment and Selection Process, Induction - Performance and Potential Appraisal; Coaching and Mentoring; HRM issues and practices in the context of Outsourcing as a strategy.

UNIT - III   Training and Development : Methods, Design & Evaluation of Training & Development Programmes; Career Development - Promotions and Transfers; Personnel Empowerment; Retirement and other Separation Processes.

UNIT - IV   Compensation Management : Principles, Factors and Types, Job Evaluation - Concept and Methods, Employee Morale and Motivation, Stress Management and Quality of Work Life, Work life Balance, Human Resource Information System (HRIS), Knowledge Management and Human Resource Audit.

UNIT - V   Industrial Relations : Meaning and Characteristics - Parties to Industrial relations, Trade Unions - Nature, Problems and Types, Industrial Disputes - Causes and Settlement of Industrial Disputes, Collective Bargaining -

Features, Pre-requistes and process of Collective Bargaining, Workers Particpation in Management - Objectives and Forms for Successful Particpation

Note for Paper Setting :

The question paper shall contain two questions form each unit (Total 10 Questions) and the candidates shall be required to answer one question from each unit (total amount of questions) to be attempted shall be five i.e., there shall be internal choice within each unit).

Suggested Readings :

1. A framework for Human Resource Management : Desseler, Gary, Published by Pearson education (2010), 7th Edition.

2. Human Resource Management Text and Cases : Rao, VSP, Excel Books (2010) 3rd Edition

3. Training for Development : Lynton R. P., Pareek Udai. Sage Publication India Pvt. Ltd (2011) 3rd Edition

4. Human Resource Development : Rohmetra Neelu, Anmol Publication House Pvt. Ltd. (2005) Ist Edition

5. Strategic Thought in the New Age Management : Rohmetara Neelu, Dhotra, J. R. Excel Books (2006)

6. Managing Human Resources : Cascio W. F., Nambudiri Rajeet, Tara Mc Graw - Hill (2010) 8th Edition

7. Business Dynamics : Contemporary Issues and Challenges : Rohmetrea Neelu, Singh B. P. and Sharma. Vishal., Excel Books, New Delhi 2014

8. Sustainable Business Practices : Rohmetra Neelu, Singh B. P. and Sharma Vishal Excel Books 2014

9. Managing Human Resouves : Mejia L.R.G. Balkin D.B. Cardy R. L., PHI Learning Private Limited (2012) 7th Edition

10. Human Resource Development in Commerical Banks in India : Rohmetra Neeru Ashgate Publishing Co., UK (1998)

UNIT - I	LESSON NO. 1-5

INTRODUCTION TO HRM

STRUCTURE

1

1.1 INTRODUCTION

Organisations are nothing but people. They utilize resources- physical, financial and human to produce results. To be a long runner, every organisation requires extraordinary efforts from its people. It's the people factor that separates the mediocre organization from the outstanding ones. When people work to the best of their abilities and work with zeal, enthusiasm and commitment, organisations grow to gigantic proportions. When people fail to live up to expectations, organisation fall behind in the competitive race and get pushed to the wall eventually. In fact every organisation has more or less the same kind of resources to work with materials, equipments, land, building and finances. If the organisation is able to utilize its human resources to best advantage, there is nothing to stop the company from reaching the top to the ladder.

1.1 OBJECTIVE

After going through this lesson, you should be able to explain,

- meaning of HRM

- significance of HRM

- functions of HRM

- HRM as a competitive advantage

1.3 CONCEPT AND NATURE OF HRM

Human Resource Management is a process of bringing people and organisations together so that the goals of each one are met. It tries to secure the best from people by winning their wholehearted cooperation. It is the art of procuring, developing and maintaining competent workforce to achieve the goals of an organisation in an effective and efficient manner. It has the following features :-

- *Pervasive force:* HRM is pervasive in nature. It is present in all enterprises. It permeates all levels of management in an organisation. All managers, in fact, are human resource managers. At Infosys, for example, every manager is, expected to pay attention to the development and satisfaction of subordinates.

- *Action oriented*: HRM focuses attention on action, rather than on record keeping,

written procedures or or rules. The problems of employees at work are solved through employee-friendly policies aimed at eliminating - tension-points, resolving controversies, securing cooperation—with a clear intent to move closer to the hearts of people.

- *Individually oriented: It* tries to *help* employees develop their potential fully. It encourages them to give their best to the organisation. Employees are not treated as *second class citizens* but as valued members of an indispensable team. Every attempt is made to make them feel important.

- *People oriented*- HRM is all about people at work, both as individuals and groups. It tries to put people on assigned jobs in order to produce excellent results. The resultant gains are used to reward people and motivate them toward further improvements in productivity. Ultimately, employees should receive satisfaction equal to that of the company.

- *Future oriented:* Effective HRM prepares people for current as well as future challenges, especially working in an environment characterized by dramatic change. It is firmly believed that employees, not the buildings and machinery, give a company a competitive advantage.

- *Development oriented:* HRM intends to develop the full potential of employees. The reward   structure is tuned to the needs of employees. Training is offered to sharpen and improve their skills. Employees are rotated on various jobs so that they gain experience and exposure. Every attempt is made to use their talents fully in the service of organisational goals.

- *Integrating mechanism:* HRM tries to build and maintain cordial relations between people working at various levels in the organisation. In short, it tries to integrate *human assets* in the best possible manner in the service of an organisation.

- *Comprehensive Function:*. HRM is, to some extent, concerned with any organisational decision which has an impact 'on the workforce or the potential workforce; The term 'workforce' signifies people working at various levels, including workers, supervisors, middle and top managers. It is concerned with managing people at work. It covers all types 'of personnel. Personnel work may take different shapes and forms at each' level in the organisational hierarchy but

the basic objective of achieving organisational effectiveness through effective and efficient utilisation of human resources, remains the same. "It is basically a method of developing potentialities of employees so that 'they get maximum satisfaction out of their work and give their best efforts to the organisation"*(Pigors and Myers).*

- *Auxiliary service:* HR departments exist to assist and advise the line or operating managers to do their personnel work more effectively. HR manager is a specialist advisor. It is a staff function.

- *Interdisciplinary function:* 'HRM is a multi-disciplinary activity, utilizing knowledge and inputs drawn from psychology, sociology; anthropology; economics, etc. To unravel the mystery surrounding the human brain, managers, need' to understand and appreciate the contributions of all such 'soft' disciplines.

- *Continuous function:* According to *Terry,* HRM is not a one shot deal. It cannot be practiced only one hour each day or one day a week. It requires a constant alertness and awareness of human relations and their importance in every day operations. (See M. Armstrong, 2009 14-17)

1.1   SCOPE OF HRM

The scope of HRM is very wide. In fact, no organisational activity is completely removed from humans. Even automatic processes and equipments are designed and implemented by someone. Capable and motivated people can have a profound impact on everything an organisation does. Research in behavioural sciences, new trends in managing knowledge workers and advances in the field of training have expanded the scope of HR function in recent years. The Indian Institute of Personnel Management has specified the scope of HRM thus:

- **Personnel Aspect***:* This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, lay off and retrenchment, remuneration, incentives, productivity, etc.

- **Welfare aspect***:* It deals with working conditions and amenities such as canteens, crèches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.

- **Industrial relations aspect***:* This covers union-management, relations**,** joint consultation, collective bargaining, grievance and disciplinary procedures, settlement' of disputes, etc.

1.5   OBJECTIVES OF HRM

Human resource managers need to get the right people into the right place at the right time and then help them maximize their performance and future potential. The principle objectives of HRM may be listed thus:

1. **To help the organisation reach its goals***:* HR department, like other departments in an organisation, exists to achieve' the goals of the organisation first and if it does not meet this purpose, HR department (or for that matter any other unit) will wither and die.

2. **To employ the skills and abilities of the workforce efficiently.** The primary purpose of HRM is to make people's strengths productive and to benefit customers, stockholders and employees. Keep your employees happy and encourage them to do everything possible to keep customers happy. The results would be truly outstanding— like take the case of Southwest Airlines—delivering outstanding results for over three decades - based on its "employees first and customers next" policy.

3. **To provide the organisation with well-trained and well-motivated employees:** HRM requires that employees be motivated to exert their maximum efforts, that their performance be evaluated properly for results and that they be remunerated on the basis of their contributions to the organisation.

4. **To increase to the fullest the employee's job satisfaction and self-actualization:** It tries to prompt and stimulate every employee to realise his potential. To this end suitable programmes have to be designed aimed at improving the quality of work life (QWL).

5. **To develop and maintain a quality of work life**: It makes employment in the organisation a desirable, personal and social, situation. Without improvement in the quality of work life, it is difficult to improve organisational performance.

1.6   ROLE OF HUMAN RESOURCE MANAGEMENT / IMPORTANCE

Although managers and supervisors in the past often were arbitrary and autocratic in their relations with subordinates, today this type of leadership is being increasingly rejected. The present generation of employees is more enlightened and better educated than were preceding ones. Today's employees demand more considerate treatment and a more sophisticated form of leadership. Furthermore, because of the protection that is provided by the unions and government or because their skills are in short supply, many group of employees are in a position to demand and obtain more favourable employment conditions and treatment. In the light of these emerging trends, HRM role has been expanding all these years. Let's examine these in detail.

a. *It helps the organisation reach its goals*: HR department, like other departments in an organisation, exists to achieve the goals of the organisation first and if it does not meet this purpose, HR department (or for that matter any other unit) will wither and die.

b. *It employees the skills and abilities of the workforce efficiently*: The primary purpose of HRM is to make people's strengths productive and to benefit customers, stockholders and employees.

c. *It provides the organisation with well-trained and well-motivated employees*: HRM requires that employees be motivated to exert their maximum efforts, that their performance be evaluated properly for results and that they be remunerated on the basis of their contributions to the organisation.

d. *It increases to the fullest the employee's job satisfaction and self-actualisation*: It tries to prompt and stimulate every employee to realize his potential. To this end suitable programmes have to be designed aimed at improving the quality of work life(QWL)

e. *It develops and maintains a quality of work life*: It makes employment in the organisation a desirable personal and social situation. Without improvement in the quality of work life, it is difficult to improve organisational performance.

f. *It communicates HR policies to all employees*: It is the responsibility of HRM to communicate in the fullest possible sense both in tapping ideas, opinions and

feelings of customers, non-customers, regulators and other external public as well as in understanding the views of internal human resources.

g. *It helps to maintain ethical policies and behavior:* The Chief Personnel Officer in a large American Corporation put it thus: Personnel's purpose is "to practice morality in management in preparing people for change, dealing with dissent and conflict, holding high standards of productivity, building acceptance of standards that determine progression and adhering to the spirit and letter of high professional conduct"

Thus, HRM in short should try to (a) attain economically and effectively the organisational goals; (b) serve to the highest possible degree the individual goals; and (c) preserve and advance the general welfare of the community. The above eight objectives (drawn from Ivancevich and Glueck) should ultimately lead to employee satisfaction and fulfillment. This is however easier said than done. Unless HR people are thoroughly conversant with the social, legal and economic trends in the economically, managing people in today's world of work would always prove to be a ticklish affair.

1.7   SIGNIFICANCE OF HRM / IMPORTANCE

Human resources, along with financial and material resources, contribute to the production of goods and services in an organisation. Physical and monetary resources, by themselves, cannot improve efficiency or contribute to an increased rate of return on investment. It is through the combined and concerted efforts of people that monetary or material resources are harnessed to achieve organisational goals. But these efforts, attitudes and skills have to be sharpened from time to time to optimize the effectiveness of human resources and to enable them to meet greater challenges. This is where Human Resource Management plays a crucial role. It helps an organisation in multifarious ways:

i. **At the enterprise level**

• Good human resource practices can help in attracting and retaining the best people in the organisation. Planning alerts the company to the types of people it will need in the short, medium and long run.

ii. **At the individual level :** Effective management of human resources helps employees thus:

- It promotes team work and team spirit among employees.

- If offers excellent growth opportunities to people who have the potential to rise.

- It allows people to work with diligence and commitment.

iii. **At the society level:** Society, as a whole, is the major beneficiary of good human resource practices.

- Employment opportunities multiply.

- Scarce talents are put to best use. Companies that play and treat people well always race ahead of others and deliver excellent results.

  Human Resource Management becomes significant for business organisation due to the following reasons.

- **Objective:-** Human Resource Management helps a company to achieve its objective from time to time by creating a positive attitude among workers. Reducing wastage and making maximum use of resources etc.

- **Facilitates professional growth:-** Due to proper Human Resource policies employees are trained well and this makes them ready for future promotions. Their talent can be utilized not only in the company in which they are currently working but also in other companies which the employees may join in the future.

- **Better relations between union and management:-** Healthy Human Resource Management practices can help the organisation to maintain co-ordinal relationship with the unions. Union members start realizing that the company is also interested in the workers and will not go against them therefore chances of going on strike are greatly reduced.

- **Helps an individual to work in a team/group:-** Effective Human Resource practices teach individuals team work and adjustment. The individuals are now very comfortable while working in team thus team work improves.

- **Identifies person for the future:-** Since employees are constantly trained, they are ready to meet the job requirements. The company is also able to identify potential employees who can be promoted in the future for the top level jobs.

Thus one of the advantages of HRM is preparing people for the future.

- Allocating the jobs to the right person:- If proper recruitment and selection methods are followed, the company will be able to select the right people for the right job. When this happens the number of people leaving the job will reduce as the will be satisfied with their job leading to decrease in labour turnover.

1.8   FUNCTIONS OF HRM

Human resource Management is concerned with two sets of functions, namely – **managerial functions** and **operative functions.** Let us briefly throw light on them.

Managerial Functions

The basic managerial functions comprise planning, organising, directing and controlling.

- *Planning*: This function deals with the determination of the future course of action to achieve the desired results. Planning of personnel today prevents crises tomorrow. While carrying out this function, the personnel manager is expected to determine the personnel programme regarding recruitment, selection and training of the employees of the organisation.

- *Organising*: This function is primarily concerned with proper grouping of the personnel activities, assignment of different groups of activities to different individuals and delegation of authority. Creation of a proper structural framework is the primary task of the personnel manager in the organizing function. Organising, in fact, is considered to be the wool of the entire management fabric and hence cannot afford to be ignored by the personnel manager.

- *Directing*: This involves supervising and guiding the personnel of the enterprise. To execute plans, direction is essential; without direction there is no destination. Many a time, the success of the organisation depends on the direction of things rather than their design .Direction, most importantly, consists of motivation and leadership. The personnel manager must be a good motivator. At the same time, he must be a good leader and able to exercise a leadership style suitable to the situation. He should, in essence, effectively motivate and lead the employees at work.

- *Controlling*: Controlling functions of personnel management comprises measuring the employee's performance, correcting negative deviations and assuring the accomplishment of plans efficiently. Controlling essentially implies a detection of deviations of employee performance from standards and the correction of such deviations. Controlling also makes individuals aware of their performance through review reports, records and personnel audit programmes, etc. Controlling is necessary to ensure that the activities are being carried out in accordance with stated plans.

Operative Functions

The operative functions of Human Resource Management are related to specific activities of Human Resource Management, viz., employment, development, compensation and relations. These functions are to be performed in conjunction with managerial functions.

1. *Employment*: The first operative function of Human Resource Management is employment. It is concerned with procuring and employing the people possessing necessary skill, knowledge, aptitude, etc, to achieve the organisational objectives. It covers,the functions such as job analysis, manpower planning, recruitment, selection, placement, induction and internal mobility.

i. *Job analysis*: It is the process of collecting information relating to the operations and responsibilities of a specific job

ii. *Human resources planning*: It is a process of determining and assuring that the organisation will have an adequate number of qualified persons, available at proper times, performing jobs which would meet the needs of the organisation and which would provide satisfaction for the individuals involved.

iii. *Recruitment*: It is the process of searching for prospective employees and stimulating them to apply for jobs in an organisation.

iv. *Selection*: It is the process of ascertaining the qualifications, experience, skill, knowledge, etc., of an applicant with a view to appraising his/her suitability to a job.

v. *Placement*: It is the process of assigning the selected candidate with the most

suitable job.It is matching of employee specifications with job requirements.

vi. **Induction and orientation:** Induction and orientation are the techniques by which a new employee is rehabilitated in the changed surroundings and introduced to the practices, policies, proposes and people, etc, of the organisation.

2. **Human Resource Development:** It is the process of improving, moulding, changing and developing the skills, knowledge, creative ability, aptitude, attitude, values commitment, etc., based on present and future job and organisational requirements. This function includes:

i. **Performance appraisal:** It is the systematic evaluation of individuals with respect to their performance on the job and their potential for development.

ii. **Training:** Training is a systematic process by which employees learn skills, knowledge, abilities or attitudes to further organisational and personnel goals.

iii. **Management development:** It is the process of designing and conducting suitable executive development programmes so as to develop the managerial and human relations skill of employees.

iv. **Career planning and development:** It is the planning of one's career and implementation of career plans by means of education, training , job search and acquisition of work experiences. It includes internal and external mobility.

v. **Organisational development:** Organisation development is an organisation wide, planned effort, managed from the top, with a goal of increasing organisational performance through planned interventions. It seeks to change attitudes, values, organisations structures and managerial practices in an effort to improve organisational performance.

3. **Compensation:** It is the process of providing equitable and fair remuneration to the employees. It includes job evaluation, wage and salary administration, incentives, bonus, fringe benefits, social security measures,etc.

i. **Job evaluation :** It is the process of determining relating worth or jobs.

ii. **Wage and salary administration :** It is the process of developing and operating

a suitable wage and salary programme.

iii. **Incentives :** It is the process of formulating, administering and reviewing the schemes of financial incentives in addition to regular payment of wages and salary.

iv. **Bonus :** It includes payment of statutory bonus according to the payment of Bonus Act,1965.

v. **Fringe benefits :** In addition to compensating employees fairly and adequately, for their contributions in the performance of their jobs, organisations, these days, typically pay for a wide variety of supplementary benefits-often called 'fringe benefits'.

vi. **Social security measures :** Managements provide social security to their employees in addition to the fringe benefits. These measures include:

(a) Workmen's compensation to those workers (or their dependents) who are involved in accidents;

(b) Maternity benefits to women employees;

(c) Sickness benefits and medical benefits;

(d) Disablement benefits/allowance;

(e) Dependent benefits;

(f) Retirement benefits like provident fund, Pension, Gratuity, etc.

4. **Human relations:** It is the process of interaction among human beings. Human relations is an area of management practice in integrating people into work situation in a way that motivates them to work together productivity, cooperatively and with economic, psychological and social satisfaction.

5. **Effectiveness of Human Resource Management:** Effectiveness of various personnel programmes and practices can be measured and evaluated by means of organisational health and human resource accounting.

i. **Organisation health:** Organisational health may be studied by looking into employees' contribution to organisational goals and the employee job satisfaction.

Employee satisfaction could be understood by labour turnover, absenteeism, commitment and the like. Low rate of absenteeism and high rate of employee commitment indicate employee-satisfaction about the job and the organisation. Employee contribution to organisational goals can be measured through employee productivity of different types.

ii. *Human resource accounting, audit and research*: Effectiveness of human resource management can also be found out through human resource accounting, audit and research.

- **Human Resource Accounting (HRA):** It is a measurement of the cost and value of human resources to the organisation. Human resource management is said to be effective if the value and contribution of human resources to the organisation is more than the cost of human resources.

- **Human Resource Audit:** Human resource audit refers to an examination and evaluation of policies, procedures and practices to determine the effectiveness of HRM.

- **Human Resources Research:** It is the process of evaluating the effectiveness of human resources policies and practices and developing more appropriate ones.

DIFFERENCE BETWEEN HRM AND PERSONNEL MANAGEMENT

Some people don't make a distinction between HRM and Personnel Management. Both are taken to include identical functions. Some even say that HRM is a dignified term for personnel Management. They consider HRM as old wine in a new bottle. However, there are thinkers who feel that HRM is much more than Personnel Management. The very philosophy of Human Resource Management is different from that of Personnel Management.

Human Resource Management is viewed in entirely different perspective. *Though organizational interest is important in personnel management policies, HRM projects the development of individuals in accordance with the individual needs and aspirations* so that the individual would be motivated to make their best contribution towards the accomplishment of the common goals. While Personnel Management was designed to respond to the organisational objectives like profit maximization, HRM visualized human

elements of enterprise as important resources. Hence, development of human resources is the most crucial aspect of human resource management.

Personnel Management has been traditionally viewed as a *staff function* headed by Personnel Manager who is responsible for procurement, training, compensation and appraisal of personnel. On the contrary, HRM is a *part and parcel of every line function.* Since the primary job of every manager is leading and actuating, HRM cannot be isolated from leading and actuating. However, the traditional personnel functions are included in HRM. Thus, HRM includes not only manpower, compensation, appraisal, etc. but also career planning and development, counselling, motivation and potential appraisal.

Traditionally, Personnel Managers have operated through pressure tactics, and coercive measures including threats of punishments. But HRM aims to achieve workers' cooperation through *team building, mutual understanding and motivation.* HRM is, in fact, an integrated approach to management of human resources in the organisation.

Challenges of HRM

Because of continuous changing socio-economic, technological and political conditions, the human resource managers of the future shall have to face more problems in the management of labour. The human resource managers of today may find themselves obsolete in the future due to changes in environment if they do not update themselves some of the important challenges which might be faced by the managers in the management of people in business and industry are discussed below

1. **Increasing Size of Workforce:** The size of organisations is increasing. A large number of multinational organisations have grown over the years. The number of people working in the organisation has also increased. The management of increased workforce might create new problems and challenges as the workers are becoming more conscious of their rights.

2. **Increase in Education Level :** The governments of various countries are taking steps to eradicate illiteracy and increase the education level of their citizens. Educated consumers and workers will create very tough task for the future managers.

3. **Technological Advances :** With the changes coming in the wake of advanced technology, new jobs are created and many old jobs become redundant. There is

14

a general apprehension of immediate unemployment. In the competitive world of today, industry cannot hope to survive for long with old technology. The problem, of unemployment resulting from modernisation will be solved by properly assessing manpower needs and training of redundant employees in alternate skills.

4. **Changes in Political Environment :** There may be greater Government's interference in business to safeguard the interests of workers, consumers and the public at large. Government's participation in trade, commerce and industry will also pose many challenges before management. The Government may restrict the scope of private sector in certain areas in public interest. It does not mean chances of co-operation between the Government and private sector are ruled out. In fact, there will be more and more joint sector enterprises.

5. **Increasing Aspirations of Employees :** Considerable changes have been noted in the worker of today in comparison to his counterpart of 1950s. The workers are becoming more aware of their higher level needs and this awareness would intensify further in the future workers. 6. Changing Psychosocial System : In future, organisations will be required to make use of advanced technology in accomplishing their goals while satisfying human needs. In the traditional bureaucratic model, the organisations were designed to achieve technical functions with a little consideration given to the psychosocial system. But future management would be required to ensure effective participation of lower levels in the management of the organisation system.

7. **Computerised Information System :** In the past, the automation of manufacturing processes had a major effect upon the systems of production, storage, handling and packaging, etc. More recently, there has been and in the future there will be the impact of revolutionary computerised information system on management. This revolutionary development would cover two primary areas of personnel management which are as follows : (a) The use of electronic computers for the collection and processing of data, and (b) The direct application of computers in the managerial decision making process.

8. **Mobility of Professional Personnel :** Organisations will expand the use of ? boundary agents ? whose primary function will be achieving coordination with the

environment. One interesting fact will be an increase in the mobility of various managerial and professional personnel between organisations. As individuals develop greater technical and professional expertise, their services will be in greater demand by other organisations in the environment.

9. **Changes in Legal Environment :** Many changes are taking place in the legal framework within which the industrial relations systems in the country are now functioning. It is the duty of the human resource or personnel executive to be aware of these changes and to bring about necessary adjustments within the organisations so that greater utilisation of human resources can be achieved. This, indeed, is and would remain a major challenge for the personnel executive.

10. **Management of Human Relations :** On the industrial relations' front, things are not showing much improvement even after so many efforts by the government in this direction. Though a large number of factors are responsible for industrial unrest but a very significant cause is the growth of multi unions in industrial complexes having different political affiliations. Under the present conditions, it appears that inter-union rivalries would grow more in the coming years and might create more problems in the industry. Management of human relations in the future will be more complicated than it is today. Many of the new generation of employees will be more difficult to motivate than their predecessors. This will be in part the result of a change in value systems coupled with rising educational levels. Greater skepticism concerning large organisations and less reverence for authority figures will be more common. Unquestioning acceptance of rules and regulations will be less likely. New Role of Human Resource Management Human Resource Management in the New Millenium' has undergone a great revolution by questioning the accepted practices and re-inventing the organisations as well as structures. Many traditional practices have been thrown out. As an example, it can be seen that hierarchies are vanishing and there is greater emphasis on flat organisations. It means a great deal of specialisation and skills. It also means upgrading the norms and standards of work as well as performance. The new role of human resource management is much more strategic than before. Some of the new directions of the role of HRM can be summed up as follows :

1. **A Facilitator of Change :** To carry people through upheaval requires the true management of human resources.

2. **An Integrated Approach to Management :** Rather than being an isolated function, human resource is regarded as a core activity, one which shapes a company's values. In particular, this can have an impact on customer service.

3. **A Mediator :** Establishing and balancing the new and emerging aspirations and requirements of the company and the individual. These changes, which are taking place, involve more commitment of the organisation to the development of people by improving performance and cutting costs. As a result of this, the duration of tenure, which was traditionally long standing, is now limited, future is becoming less certain, management opportunities are self-determined and motivational factors are more concerned with enhancing future employability rather than loyalty to the company and, at the same time, the rewards are going up in terms of higher salaries. The future creative careers, will require more involved approach to career development, which will include : (i) Share employees with strategic partner organisations (customers of suppliers) in lieu of internal moves. (ii) Encourage independence : Employees may go elsewhere for career development, possibly to return in a few years. (iii) Fund-groups of employees to set-up as suppliers outside the organisation. (iv) Encourage employees to think of themselves as a business and of the organisation's various departments as customers. (v) Encourage employees to develop customers outside the organisation. (vi) Help employees develop self-marketing, networking and consultancy skills to enable them to search out, recognise or create new opportunities for both themselves and the organisation. (vii) Identify skilled individuals in other organisations who can contribute on a temporary project basis or part-time. (viii) Regularly expose employees to new people and ideas to stimulate innovation. (ix) Balance external recruitment at all levels against internal promotion to encourage open competition, ?competitive tendering? for jobs to discourage seeing positions as someone's territory which causes self-protective conformity. (x) Forster more cross-functional teamwork for self-development. 15 (xi) Eliminate the culture of valuing positions as career goals in favour of portraying a career as a succession of bigger projects, achievements and new skills learned. The concept of ?position? is part of the

outside static concept of the organisation. Positions are out. Processes and projects are in. (xii) Abandon top-down performance appraisal in favour of self appraisal based on internal customer satisfaction surveys and assessing people as you would suppliers. (xiii) Replace top-down assessment processes with self assessment techniques and measure performance in term of results.

1.10 LINE MANAGEMENT RESPONSIBILITY IN HRM

- The primary job of HR managers is "to create value by engaging in activities that produce the employee behaviours, the company needs to achieve its strategic goals" (Dessler). To this end, they may assume the role of a line manager,. the staff expert and even an integrator—coordinating various personnel activities. Viewed broadly all managers are HR managers as they are involved in activities like selecting, compensating, training and developing, employees. Yet most modern firms have the HR department headed by a person with requisite qualifications in behavioural sciences: How do the duties of this HR manager relate to the line managers' HR duties would be an interesting question to examine. Line managers have the final responsibility for achieving the organisation's goals. They also have the authority to direct the work of subordinates. Staff managers usually help and advise line managers in achieving organisational goals.

- HRM's line management responsibilities include, placing the right person on the right job, offering orientation to new hires, training employees and helping them develop their knowledge 'and skills, improving performance of each person, gaining creative cooperation and developing smooth working relationships, explaining firm's policies and procedures, taking steps to control labour costs, protecting employees' health; undertaking appropriate safety measures; boosting the morale of employees, etc.

- HR managers use line authority - right to make decisions, direct other's work and give orders: to carry out the above activities. However, HR managers, by nature, are staff experts. They are there to assist and advise hue managers in areas like recruiting, selecting, training and compensating. Managing people, in a broader context, is every manager's business and successful organisations generally combine the experience of line managers with the experience of HR specialists while utilizing

18

the talents of employees to their, greatest potential. HR managers have to win the hearts of employees working alongside line mangers and deliver results in a cost effective manner. HR managers as indicated earlier are assuming a greater role in top management planning and decision making trend that indicates the growing realisation among executives that HRM can make significant contributions to the success of an organisation.

1.11   HUMAN RESOURCE POLICIES

After the establishment of objectives of personnel management, personnel policies are to be formulated. Policies are general statements that guide thinking and action in decision-making. (Dale Yoder; Beach)

Definition of Personnel Policy

Personnel policies guide action. They offer the general standards or parameters based on which decisions are reached. They serve as a road map for managers on a number of issues such as recruitment (the job, for example, reserved for physically challenged only), selection (selection based on merit only), promotion (performance leads to promotion) and compensation (only star performers would get performance bonus, not everyone.) Important features of an effective personnel policy can be broadly outlined as:

1.   It is generally derived from the personnel objectives of an organisation.

2.   It summaries past experience in the form of useful guidelines that help managers to speed-up the decision making process.

3.   As a guide to executive thinking it permits managers to transfer some of the recurring problems to subordinates.

4.   It helps in achieving coordination of organisational members and help predict more accurately the actions and decisions of others.

Characteristics of a Sound Personnel Policy

While developing sound personnel policies, management should pay attention to the following:

1.   *Related to objectives:* Policies must be capable of relating objectives to functions,

physical factors and company personnel.

2. ***Easy to understand:*** Policies should be stated in definite, positive, clear and understandable language.

3. ***Precise:*** Policies should be sufficiently comprehensive and prescribe limits and yardsticks for future action.

4. ***Stable as well as flexible:*** Personnel policies should be stable enough to assure people that there will not be drastic overnight changes. They should be flexible enough to keep the organisation in tune with the times.

5. ***Based on facts:*** Personnel policies should be built on the basis of facts and sound judgement and not on personal feelings or opportunistic decisions.

6. ***Appropriate number:*** There should be as many personnel policies as necessary to cover conditions that can + be anticipated, but not so many that they become confusing or meaningless.

7. ***Just, fair and equitable:*** Personnel policies should be just, fair and equitable to internal as well as external groups. For example, a policy of recruitment from within may limit opportunities to bright candidates from outside; and a policy of 'recruitment from outside only would limit promotional avenues to promising internal candidates. To ensure justice, it is necessary to pursue both the policies scrupulously and to apply them carefully.

8. ***Reasonable:*** Personnel policies must be. reasonable and capable of being accomplished. To gain, acceptance and commitment from employees, they should be 'conditioned by the suggestions and .reactions of those who will be affected by the policy'.

9. ***Review:*** Periodic review of personnel policies is essential to keep in tune with changing tithes and to avoid organisational complacency or managerial stagnation. For instance, if the current thinking is in. favour of workers' participation in management, the personnel policy should be suitably adjusted to accommodate the latest fad, accepted by many in the organisation.

Personnel policies, to be sound, should also have broad coverage, in addition to

satisfying the above .conditions. Hence, it would be appropriate, to discuss the coverage of personnel policies here.

Personnel Procedures and Programmes

Policies do not include detailed statements, describing specifically how the policy is to be implemented. Policies are implemented by procedures. A procedure is a well-thought out course of action. It prescribes the specific manner in which a piece of work is to be done. Procedures are called 'action guidelines'. They are usually derived from policies. 'Where policies define a abroad field, procedures show a sequence of activities within that area. The emphasis is on chronological, step-by-step sequence of required actions. For instance, a student is required to complete several customised steps in order to register himself for courses in a university. The basic purpose of a procedure is to spell out clearly the way one has to go about doing something.

Further, personnel rules and programmes help in translating procedures into concrete action. They spell out specific required actions or non-actions allowing no discretion.

Personnel programmes are complex sets of goals, policies, procedures, rules, steps to be taken, resources to be employed and other elements necessary to carry out a given course of action. As a single purpose 'metaplan', they show the major steps needed to achieve an objective, which will be responsible for each, and the appropriate time for carrying it out. A programme, this, is a comprehensive plan covering a large territory.

Types of Personnel Policies

These may be classified into several categories depending on (i) their source (originated appealed and imposed) (ii) scope (general or specific) and (iii) form (written or implied). These may be stated, thus:

1. *Originated policies:* These are established by top management deliberately so as to guide executive thinking at various levels.

2. *Appealed policies:* These are formulated to meet the requirements of certain peculiar situations which have not been covered by the earlier policies. Such requests usually came from subordinates who fail to handle the cases based on guidance offered by existing policies.

3. *Imposed polices:* These are formed under pressure from external agencies such as government, trade associations and unions.

4. *General policies:* They reflect the basic philosophy and priorities of the top management in formulating the broad plan for mapping out the organisation's growth chart.

4. *Specific policies:* These policies cover specific issues such as hiring, rewarding and bargaining. Such policies, however, should be in line with the basic framework offered by the general policies.

5. *Written or implied policies:* Implied policies are inferred from the behaviour of members (such as dress code, gentle tone while talking to customers, not getting angry while at work etc.). Written policies, on the other hand, spell out managerial thinking on paper so that there is very little room for loose interpretation.

Advantages of Personnel Policies

Policies, as useful instructional devices; offer many advantages to the personnel working at various levels. These are:

1. *Delegation:* They help managers operating at different levels to act with confidence without the need for consulting superiors every time.

2. *Uniformity:* They increase the chances of different people at different levels of the organisation making similar choices, when independently facing similar situations. They make the actions of organisational members more consistent.

3. *Better control: As* personnel policies specifies the relationship shared between the organisation, .management and its employees, they allow members to work towards achievement of the objectives of the organisation without friction/conflict, paving the way for better control.

4. *Standards of efficiency:* Policies can also serve as standards in the execution of work. They enable the management to see if they have been translated into action by various groups in the organisation or not. In the light of actual performance, existing policies may be subjected to amendment/refinement.

5. *Confidence:* Policies make the employees aware of where they stand in the organisation

and create confidence in them while confronting routine and recurring problems. They reduce chances of misinterpretation, misrepresentation and friction.

6. *Speedy decisions:* Policies can speed up decision-making by providing a blanker framework within which personnel decisions can be made. They summarise past experience.

7. *Coordinating devices:* Personnel policies help in achieving coordination. If organisational members are guided by the same policies, they can predict more accurately the actions and decisions of others. They ensure a steady course of action and prevent unwarranted deviations from planned operations.

Obstacles in Administering Personnel Policies

The factors which obstruct the implementation of personnel policies are:

1. Many times managers are reluctant to follow policy guidelines, for they restrict the scope of managerial work and curtail executive freedom.

2. Often conflicts erupt: between implied and expressed policy statements especially on employment matters. For example, a policy of promoting employees on the basis of merit only (expressed) may be sabotaged by unscrupulous managers by promoting 'yes men' (implied).

3. Personnel policies demand constant revision, modification and restructuring. However, they are characterized by considerable inertia. Once established, they persist and become unalterable. In the absence of review and appraisal, it would be difficult to break the cycle and effect a desirable policy change.

4. Personnel policies are not easy to communicate. From the time policies are initiated to the time they are used, there is always the danger of falling into 'generalities and pleasantries'.

Since policies grant freedom to managers as to what is to be done in a particular situation, there is always the danger of some managers strictly adheres to the policy rhetoric and others deviating from the path excessively. A manager may be more liberal than was originally intended and vice versa. In general, 'the extra margin' of liberty may or may not prove to be an investment in the long run.

23

In order to overcome these obstacles, it is necessary to understand the basics in policy formulation and revision. It would be pertinent to look into the essentials of a sound personnel policy at this stage.

Coverage of Personnel Policies

The coverage of personnel policies has been classified on the basis of functions of HRM by Michael Armstrong and is outlined as:

1. *Social responsibility:*

i. *Equity:* Treating employees fairly and justly by adopting an even-handed approach.

ii. *Consideration:* Considering individual circumstances when decisions affect the employee's prospects, seniority or self-respect.

iii. *Quality of work life:* Increase the interest in the job and organisation by reducing monotony, increasing variety of responsibilities avoiding stress and strain.

2. *Employment policies:* Provision of equal employment opportunities involves - selecting the candidates based on job requirements and encouraging them to put in their 100%.

3. *Promotion policies:* Promotion policies should reconcile the demands of employees for growth and the organisation's demands for fresh and much more promising talent. Promotion policy should be fair and just to all.

4. *Development policies:* Policies should cover the kind of employees to be trained, time span of training programmes, techniques, rewarding and awarding system, qualifications and experience of the trainer, encouraging the employees for self-advancement, etc. These policies also cover areas like career planning and development, performance appraisal, organisational change and organaisational development.

5. *Relations policies:* Relations policies cover different aspects of human relations like: policies regarding motivation, morale, communication, leadership styles, grievance procedure, disciplinary procedure, employee counseling, etc. These policies also cover the areas of industrial relations like union recognition, union representation,

collective bargaining, prevention and settlement of industrial disputes and participative management. In order to be effective they must be written on the basis of authentic information available from different sources.

Formulation of Personnel Policies

Policy formulation and implementation involves the following steps:

1. ***Identifying the need:*** Initially important areas of personnel management (recruitment, selection, training, compensation, bargaining) must have a policy formulation which is clearly spelt out. Additional policy guidelines can come at any stage depending on the recurrence of a ticklish issue at various levels. (appealed policies).

2. ***Collecting* data:** Once priority areas are listed, steps should be taken to collect facts before formulating a policy. Various sources could be tapped for this purpose such as (i) company's records (ii) past practices (iii) survey of industry practices (iv) experience of personnel handling various issues (v) top management philosophy (vi) organisational culture (vii) employee aspirations and (viii) changing economic, social and legislative environment etc.

3. ***Specifying alternatives:*** *Policy* alternatives should emerge clearly after collecting relevant data 'from various sources. These have to be evaluated carefully in terms of their contribution to organisational objectives. It is always better to involve people at various levels, especially those who are going to use and live with such policies. Top management should put the stamp of approval only when everything is above board and the stated policy clearly reflects organisational priorities

4. ***Communicating the policy:*** *To* gain approval at various levels, the formulated policy should be communicated throughout the organisation. Policy manual, in-house journal and 'discussions with people at various levels 'may be used to 'reach out to employees quickly. Special coaching programmes can also inform people about the manner of application.

5. ***Evaluating the policy:*** Personnel policies, to be effective, must be reviewed, evaluated and controlled regularly against certain established standards. Evaluation helps determine changes in existing policies. All the policies should be reviewed annually and some policies should be reviewed at specific times for example when there is

collective bargaining or after strike/lock out, etc. Departmental policies may be reviewed through participation of all employees. Outside consultants or experts from other organisations may be engaged to review crucial policies. Adequate care should be taken to review the policies in the following situations when (a) employees offer suggestions; (b) employees express grievances; (c) unsatisfactory reports about employee performance and behavior. Personnel policies to be effective should have favourable impact on the objectives and function of HRM and help the parties concerned.

Quality of work life: Increase the interest in the job and organisation by reducing monotony, increasing   variety of responsibilities avoiding stress and strain.

2. *Employment policies:* Provision of equal employment opportunities involves - selecting the candidates based on job requirements and encouraging them to put in their 100%.

3. *Promotion policies:* Promotion policies should reconcile the demands of employees for growth and the organisation's demands for fresh and much more promising talent. Promotion policy should be fair and just to all.

4. *Development policies:* Policies should cover the kind of employees to be trained, time span of training programmes, techniques, rewarding and awarding system, qualifications and experience of the trainer, encouraging the employees for self-advancement, etc. These policies also cover areas like career planning and development, performance appraisal, organisational change and organisational development.

Relations policies: Relations policies cover different aspects of human relations like: policies regarding motivation, morale, communication, leadership styles, grievance procedure, disciplinary procedure, employee counselling, etc. These policies also cover the areas of industrial relations like union recognition, union representation, collective bargaining, prevention and settlement of industrial disputes and participative management. In order to be effective they must be written on the basis of authentic information available from different sources.

Advantages of Personnel Policies

Policies, as useful instructional devices; offer many advantages to the personnel working at various levels. These are:
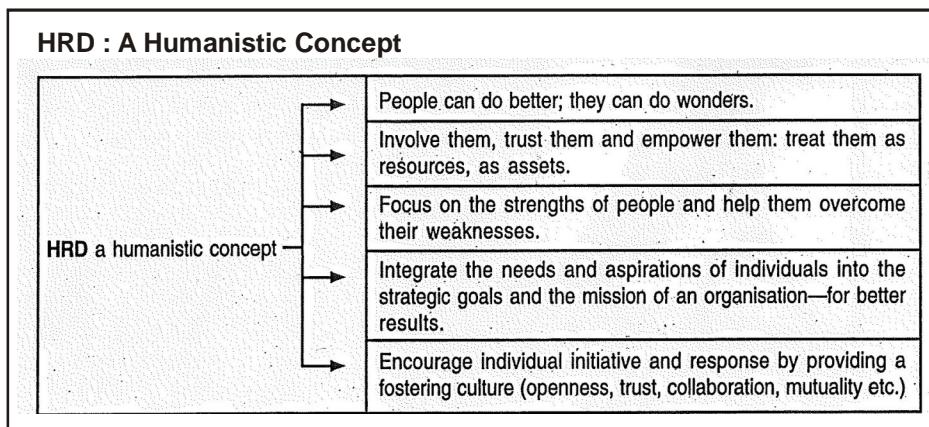
1. *Delegation:* They help managers operating at different levels to act with confidence without the need for consulting superiors every time.

2. *Uniformity:* They increase the chances of different people at different levels of the organisation making similar choices, when independently facing similar situations. They make the actions of organisational members more consistent.

3. *Better control: As* personnel policies specify the relationship shared between the organisation, management and its employees, they allow members to work towards achievement of the objectives of the organisation. without friction/conflict, paving the way for better control.

4. *Standards of efficiency:* Policies can also serve as standards in the execution of work. They enable the management to see if they have been translated into action by various groups in the organisation or not. In the light of actual performance, existing policies may be subjected to amendment/refinement.

5. *Confidence:* Policies make the employees aware of where they stand in the organisation and create confidence in them while confronting routine and recurring problems. They reduce chances of misinterpretation, misrepresentation and friction.

6. *Speedy decisions:* Policies can speed up decision-making by providing a blanker framework within which personnel decisions can be made. They summarise past experience.

7. *Coordinating devices:* Personnel policies help in achieving coordination. If organisational members are guided by the same policies, they can predict more accurately the actions and decisions of others. They ensure a steady course of action and prevent unwarranted deviations from planned operations.

Human Resource Development

Human Resource Development (HRD) is a positive concept in human resource development. It is based on the belief that an investment in human beings is necessary and will

invariably bring in substantial benefits to the organisation in the long run. It aims at overall development of human resources in order to contribute to the well being of the employees, organisation and the society at large.

HRD rooted in the belief that human beings have the potential to do better. It, therefore, places a premium on the dignity and tremendous latent energy of people. Where balance sheets show people on the left side, HRD seeks to show them as assets on the credit side.

HRD : A Humanistic Concept

HRD a humanistic concept	People can do better; they can do wonders.
	Involve them, trust them and empower them: treat them as resources, as assets.
	Focus on the strengths of people and help them overcome their weaknesses.
	Integrate the needs and aspirations of individuals into the strategic goals and the mission of an organisation—for better results.
	Encourage individual initiative and response by providing a fostering culture (openness, trust, collaboration, mutuality etc.)

According to Prof TV Rao, HRD is a process by which the employees of an organisation are helped in a continuous and planned way to: (1) acquire or sharpen capabilities required to perform various functions associated with their present Or expected future roles; (2) develop their general capabilities as individuals and discover and exploit their own inner potential for their own' and/or organisational development purposes; (3) develop an organisational culture in which superior-subordinate relationships, team work and collaboration among sub units are strong and contribute ta the professional well being, motivation and pride of employees. (Udal . Pareek and T.V.Rao)

In short, HRD aims, at helping people' to acquire competencies required to perform all their functions effectively and make their organisation do well. '

Features of HRD

HRD is a process by which the employees of an organisation are helped to help themselves and develop the organisation. It has the following features:

1. ***HRD is a system:*** It is a system having several interdependent parts or subsystems such as procurement, appraisal, development, etc. Change in any one subsystem leads

to changes in other parts. For example, if there is a change in the promotion policy where seniority is replaced with merit,' the chain reactions on affected individuals, unions shall have to be assessed - keeping the difficulties in framing acceptable guidelines regarding 'merit' in mind.

2. *HRD is a planned process:* It is a planned and systematic way of developing people. Further, it is undertaken on a continuous basis. Learning, as we all know, is a lifelong process and goes on and on.

   Human resources are the most important assets in organization. (Valuable assets). Human resources can be developed to an unlimited extent. Two plus two could be five, six or ten. (capable of producing outstanding results). A healthy organisational climate (openness, trust, **collaboration) is** essential for developing human resources. (Healthy organisational climate helps employees to find meaning in their lives)

   HRD can be planned and implemented to benefit both individuals and organisations.(mutually beneficial interchange of ideas, thoughts and actions could be worked out)

- If the organisation is able to inculcate a spirit of belongingness' in its employees, they will be more loyal and committed. (give love; get love)

- To ensure this healthy feeling, the organisation has to provide for their basic as well as higher order needs through appropriate management styles and systems. (Inducements must match contributions).

- The commitment of employee increases when he/she is able to find opportunities to use his/her potential while at work (find what the employee wants and offer him the best so that he has nothing to complain and look for). The managers must clear the paths, create a developmental climate and help employees realise their full potential. (put the employee on the right path, clarifying things, clearing fog and dispelling doubts)

- The higher the level of the manager the more attention should be paid to the HRD function in order to ensure its effectiveness (words and deeds must be in sync with each Other and managers must exhibit rare passion and commitment while moving closer to the hearts of employees)

- The maintenance of a healthy working climate and the development of its human resources are the responsibilities of every organisation. (work should be real fun; everyone participates and everyone gains; a culture of learning from experiences— good or bad—and getting ahead with confidence.

2. *HRD involves deuelopment of competencies:* Basically; it tries to develop competencies at four levels. At the individual level, employees are made to realise the importance of playing their roles inüne with overall goals and expectations of other people (regarding such roles). By enriching and 'redesigning jobs, the roles of employees are made more meaningful and interesting. At the interpersonal level, more stress is laid on developing relationships based on trust, confidence and help. At the group level, task forces, cross-functional teams are created to cement intergroup relations. At the organisational level, the organisation is made to nurture a 'development climate', where every effort is made to harness human potential while meeting organisational goals.

3. *HRD is an interdisciplinary concept:* HRD. is an amalgamation of various ideas, concepts, principles and' practices drawn from a number of soft sciences such as sociology, psychology, anthropology, economics, etc.

4. *HRD 'improves quality of life:* HRD enables the employee to discover and utilise his/her capabilities in service. of organisational goals. He finds a new meaning in work, when managers, support such initiatives through-incentive plans and challenging work assignneñts. The whole effort of H'RD, thus, is focused on impro1ing the quality of 'life of employees working at various levels in an oganisation.

5. *HRD aims at offering a motivating environment:* HRD aims at creating an enabling culture:

6. Where employees are encouraged to give their best—with fire in the belly— putting their potential

7. To best use. Where employees really love their company and are willing to take risks, experiment, innovate and deliver superior results.

   'Where people are trusted, encouraged to put their best foot forward showing enthusiasm, involvement and commitment

- Where people enjoy their—work, collaborate with each other, discuss problems openly,

30

care for each other and confront issues in 'a straight forward manner and arrive at solutions working like a team.

Objectives of HRD

HRD, basically, aims at developing:

1. The capabilities of each employee as an 'individual;

2. The capabilities, of each individual in relation to his or her present role;

3. The capabilities of each employee in relation to his or her expected, future role(s);'

4. The dyadic relationship between each employee and his or her employer;

5. The team spirit and functioning in every organisational unit;

6. Collaboration among different units of the organisation;

7. The organisation's overall health and self-renewing capabilities, which, in turn, increase the enabling capabilities of individuals, dyads, teams and the entire organisation.

Benefits of HRD

HRD is needed by any organisation that wants to grow continuously. In the fast changing environment, organisations can scale new heights only through, the effective and efficient use of human resources. Appropriate personnel policies help maintain employee motivation and morale at a high level, but this alone may not help the organisation achieve success and venture into new fields. To this end, employee capabilities must be continually trained, developed and expanded. The employees must be encouraged to take risks, experiment, innovate and make things 'happen in an atmosphere of mutual trust, goodwill and cooperation. "People need competencies to perform tasks. Higher degree and quality of performance of tasks requires higher level or degree of skills. Without continuous development of competencies in people, an organisation is not likely to achieve its goals. Competent and motivated employees are essential for organisational survival, growth and excellence" (1GNOU, MS 22, p.6).

He early part of the century saw a concern for improved efficiency through careful design of work. During the middle part of the century emphasis shifted to the availability of managerial personnel and employee productivity. Recent decades have focused on the demand for technical personnel, responses to new legislation and governmental regulations, increased

concern for the quality of working, total quality management, and a renewed emphasis on productivity Let us look into these trends more closely by examining the transformation of personnel function from one stage to another in a chronological sequence. (Table 12.2)

Evolution of the Personnel Function	
Concept	**What's it all about?**
The Commodity Concept	Labour was regarded as a commodity to be bought and sold. Wages were based on demand and supply. Government did very little to protect workers.
The Factor of Production Concept	Labour is like any other factor of production, *viz*, money, materials, land etc. Workers are like machine tools.
The Goodwill Concept	Welfare measures like safety, first aid, lunch room, rest room will have a positive impact on workers' productivity.
The Paternalistic Concept/ Paternalism	Management must assume a fatherly and protective attitude towards employers. Paternalism does not mean merely providing benefits but it means satisfying various needs of the employees just as parents meet the requirements of the children.
Humanitarian Concept	To improve' productivity, physical social and psychological needs of workers must be met. As Mayo and others stated, money is less a factor in determining output, than group standards, group incentives and security. The organisation is a social system that has both economic and social dimensions.
The Human Resource Concept	Employees are the most valuable assets of an organisation. There should be a conscious effort to realise organisational goals by satisfying needs and aspirations of employees.
The Emerging Concept: HRD	Employees should be accepted as partners in the progress of a company. They should have a feeling that the organisation is their own. To this end, managers must offer better quality of working life and provide opportunities to people to exploit their potential fully. There should be opportunities for self-fulfilment in one's work. The focus should be on Human Resource Development.

Historical Roots

Based on the work done at L&T Limited, Prof. Udai Pareek and Prof TV. Rao had pioneered the concept of Human Resource Development in 1974 signifying the people development orientation of organisations in India. The basic philosophy underwent significant changes from time to time, in sync with the changing aspirations and expectations of employees and found its way in many organisations, including the likes of the State Bank of India, Bharat Earth Movers Ltd., etc. To propagate the HRD message a series of workshops were held from time to time both at JIMA and in the Indian Society for Applied Behaviour Sciences. In course of time many organisations have either started new HRD department or have appointed HRD

managers or at least have strengthened their personnel departments to look after the HRD functions. Among the public sector companies it was BHEL which introduced this concept in 1980. Even while introducing HRD, many organisations were under the imprssion that it was nothing but Training and Development concept. Certain companies started renaming their Training and Development Departments as Human Resource Development Departments and some have created new departments. Later some other personnel management functions like Performance Appraisal, Potential Appraisal, Career Planning and Development, Feedback and Counselling, Organisational Development and Data Storage Systems were included as sub-systems of Human Resources Development.

As L&T Professor at XLRJ; Prof. TV. Rao was instrumental in spreading the HRD philosophy through a series of nationwide lectures, seminars, conferences, workshops, etc. The National HRD network was conceived in a seminar organised in Bombay in 1975. The first HRD Newsletter was started consequent to this seminar by the Centre for HRD for XLRI and was sponsored by L&T The National HRD Network grew from strength to strength during the last three decades of its existence—with concrete support from IIMA, XLRI and .L&T The National HRD Network later gave, birth to the Academy of Human Resource Development, Delhi,

HRD' at 'Macro and Micro Level

HRD as stated earlier is mainly concerned with developing the competencies of people. When we call it as a people-oriented concept then several questions come to mind like should the people be developed in the larger and national context or in the smaller institutional context? Is it different at the macro level and micro level? As things stand now, HRD applies to both institutional (micro) as well as national (macro) issue The main. objective, however, is to develop the newer capabilities in people so as to enable. them to tackle both present and future challenges while realizing organisational goals. However, it is useful both at macro and micro levels.

Macro Levek At the macro level, HRD is concerned with the 'development of people for the nation's well-being. It takes health, capabilities, skills, attitudes of people which are more useful to the development of ili-tiation as a whole. While calculating the national income and economic growth, the prospective HRD concept examines the individuals' potentialities, their attitudes, aspirations, skills, knowledge, etc., and establishes a concrete bass for economic planning. However, HRD's contribution at macro level has not gained popularity as ***Micro***

LeveLS HRD has concern for grass root development in the organisations. Small wonder, then, that HRD was well received by companies' managements as they realised its importance and foresaw its future contribution for the individual and organisatioxal development. Generally, HRD at micro level talks of the organisations' manpower planning, selection, training, performance appraisal, development, potential appraisal, compensation, organisational development, etc. HRD's- involvement in all these areas is mainly, with an objective to* develop certain new capabilities in .people concerned to equip them to meet the present job 'challenges and to accept future job requirements.

HRD vs Personnel Function

The traditional personnel function is a service oriented activity; responding to the needs of the organisation as and when they arise. On the other hand, HRD is a productive function which does not merely .respond to organisational requirements but anticipates them and prepares the people and the organisation to face future challenges .with confidence. 'HRD is wider in scope as it tries to develop the whole organisation instead of focusing attention on people alone. Instead of concentrating on maintenance factors (wages$_5$ incentives, day-to day plans, operating procedures, etc) it tries to focus on motivating factors (job enrichment, developing potentialities of people, creating, fostering -innovation and creativity; developing trust etc.'). Personnel function, traditionally, 'is viewed as the primary job of personnel department. HRD, however, is. the responsibility of all managers in the organisation The personnel function views higher morale and improved job satisfaction as the causes of improved performance. HRD, on the other hand, regards "job challenges, creativity and opportunities for development as the main motivating force" (Udai Pareek, T.V. Rao)

HRD Matrix

The HRD Matrix shows the interrelationships between HRD instruments, processes, outcomes and organisational etfctiveness as shown in Table 12.4.

1. *HRD instruments:* These include performance appraisal, counselling, role analysis potential development, training, communication policies, job rotations, rewards, job enrichment programmes, etc. These instruments may vary depending on the size of the organisation, the internal environment the support and commitment of the top management, the competitive policies, etc.

2. *HRD processes:* The .HRD instruments lead to the generation of HRD of processes like role clarity, performance planning, development climate, risk-taking, dynamism in employees. Such HRD processes should result in more competent, satisfied and committed people that would make the organisation grow by contributing their best to it.

3. *HRD outcomes: As* shown in Figure 12.4, HRD instruments and processes make, people more committed and satisfied, where they tend to give their best to the organisation enthusiastically.

4. *Organisational effectiveness:* Dimensions: Such HRD outcomes influence the organisational effectiveness, which in turn, depends on a number of variables like environment, technology, competitors, etc.

HRD Mechanisms or Sub-systems

Many HRD mechanisms are available to develop the competencies of employees and improve the overall organisational climate. The major ones are discussed below: (T.V. Rao 1975,1990,1991)

1. ***Performance appraisal:*** Performance appraisal have become increasingly important tools for organisations to use in managing and improving the performance of employees, in making timely and accurate staffing decisions and in improving the overall quality of the firm's products and services. The appraisal process isa formal way of evaluating an employee's performance. Its purpose is to provide an accurate picture of past and/or future employee performance. To meet this, performance targets are set. The targets are based on job-related criteria that best determine successful job performance. Where possible actual performance is measured directly and objectively. Using a wide variety of techniques, specialists select an appropriate method to measure employee's actual performance against the previously set targets. The process is used to strengthen the, effort-performance linkage. Appraisals help an organisation communicate its expectations regarding performance and the connection between performance and rewards to employees. They increase employees' confidence when employees' receive feedback that their efforts are being adequately rewarded. The feedback is offered through an evaluation interview. Here the rater tries to give both positive and negative sides of employee performance. To be useful, raters or supervisors should use HRD oriented

appraisals as a mechanism to:

- Uncover difficulties faced by the subordinate while handling assigned tasks and try to remove these hurdles.

- Understand the strengths and weaknesses of subordinates and help the subordinate to overcome the obstacles in the way.

- Encourage subordinates to meet problems head-on, accept responsibilities and face challenges with confidence and courage.

- Plan for effective utilisation of the talents of subordinates.

2. *Potential appraisal-* The term 'potential' refers to the abilities possessed by an employee but not put to use currently or the abilities to assume challenging responsibilities in future assignments. The term 'performance' refers to one's skills, abilities in meeting the requirements of the job which one is holding currently. Potential appraisal is different from performance appraisal which shows an employee's current performance in his existing role. If the employee is required to play a completely different set of roles at higher levels, potential appraisal needs to be carried out at regular intervals. "The objective of potential appraisal is to identify the potential of a given employee to occupy higher positions in the organisational hierarchy and undertake higher responsibilities". The appraisal is carried out on the basis of: (i) supervisor's observations (ii) performance data relating to various previous roles played by an employee; (iii) performance on roles in simulated settings relating to a new position. A good potential appraisal system helps management to pick up a suitable candidate for a given job and offer additional training, if necessary.

3. *Career planning:* A career is a sequence of positions held by a person in the course of a lifetime. Career planning is a process of integrating the employees' needs and aspirations with organisational needs. Career - programmes and HR programmes are linked to the degree that they help each individual meet individual and organisational requirements.

   In the HRD system, the long-term growth plans of a company are not kept secret. They are made known to the employees. Major changes are discussed at all levels to promote understanding and commitment among employees. The immediate concern

of employees would be to find out where do they stand in such a road map. Do they have any chance to grow while building the organisation brick by brick? Since managers have information about the growth plans of the company, they need to transmit their information to their subordinates. The subordinates should be assisted in planning their careers within the company. It is, however, not necessary that each one of them would scale new heights every year but at least they are aware of the opportunities and get ready for greater challenges ahead. Career planning does not guarantee success. But without it, employees are rarely prepared to encash the opportunities that come their way.

4. *Training and employee development:* Training has gained importance in present day environment where jobs are complex and change rapidly. Training is a learning experience designed to achieve a relatively permanent change in an individual that will improve the ability to perform on the job. Employee development, on the other hand, is a future-oriented training process, focusing on the personal growth of the employee. To illustrate: a bank officer can receive training to improve skills oil a latest computer.

5. **Whereas development may come from a workshop in 'Effective Interpersonal Skills'.** Both training and development focus on learning. To be effective, training should be conducted in a systematic way - backed up by careful needs' assessment, solid programme design and thorough evaluation of results. Training programmes should not be designed as quick fixes for organisational problems, nor should they depend on faddish techniques just because they are popular now and are followed by our next-door-neighbour. Instead, training should be planned to meet the specific needs of the organisation and its employees. (It should be viewed as a continuous learning exercise which is designed to help employees and managers to stay current and to anticipate future needs.) To survive and grow in a competitive environment, organisations have to motivate their employees to get ready for all kinds of future challenges. An emphasis on continual training and education can help firms in this direction.

6. *Organisation development (OD):* Organisations are never perfectly static. They keep on changing. Employees' skills and abilities, therefore, require continual upgrading. The future is uncertain and full of surprises. It is not easy to fight the forces of change without adequate preparation and training. A systematic planned way of managing this change is through the, process of OD.

7   OD may be defined as a change effort that is planned, focused on an entire organisation or a large sub-system, managed from the top, aimed at enhancing organisational health and effectiveness and based on planned interventions made with the help of a change agent Or third party who is well-versed in the behavioural sciences (Beckhard). Let us examine the important components of this definition:

8.   The change effort is planned and proactive.

9.   Changes are aimed either at a whole organisation or any department/division.

10.   Effort is managed from the top, integrating various parts of the system.

11.   The major focus is on increasing the capability for long-run effectiveness, developing the organisation's self-renewing capacity, including its ability to, create new and innovative solutions to its problems.

12.   OD uses several interventions such as process consultation (interpersonal relations and dynamics operating in workgroups), team building (aimed at helping work groups ,become effective at task accomplishment), third-party intervention (resolving differences through an experienced, 'knowledgeable third party), sensitivity training (training groups that seek to change behaviour through unstructured group interaction), survey feedback (the use of questionnaires to identify discrepancies among member perceptions; discussion follows and remedies are suggested), etc.

13.   The changes are brought about through a consultant/specialist.

14.   Initially, the change agent tries to find' the psychological health of the organisation through employee surveys. After identifying the problems such as absenteeism, low output, conflicts, etc, efforts are made to improve the overall climate through various means.

15.   *Rewards:* People do what they do to satisfy needs. They choose to behave in ways which will maximise their rewards. The most obvious reward is pay, but there are many others. Intrinsic rewards come from the job itself; such as feelings of achievement, pride in doing a job, etc. Extrinsic 'rewards come from a source outside the job, including pay, promotions and benefits offered by management. Rewards could be linked to performance as well to motivate high achievers to do well. If rewards are allocated completely on non-performance factors such as seniority, job title, etc., then

employees are likely to reduce their effort. Nowadays, organisations also use team-based rewards to' motivate empowered work teams to exceed established targets.

16. Behavioural scientists point out the need to practice the principle of equity or fairness while designing the reward structure within a company. The question involves consideration of three kinds of equity:

17. *External equity:* The extent to which pay rates for particular jobs correspond to rates paid for similar jobs in the external job market.

- *Internal equity:* The degree to which pay rates for various jobs inside the organisation reflect the relative worth of these jobs.

- *Individual equity.* The extent to which pay rates allocated to specific individuals within the organisations reflect variations in individual merit.

  To incorporate these three types of equity into compensation systems, jobs are evaluated systematically to determine equitable pay differentials among jobs. To address the external equity issue, pay surveys are undertaken. A pay survey is a survey of the labour market to find the current rates of pay for key jobs included in the survey - reflecting a cross section of jobs in the organisation. The pay survey data for key jobs is matched to job evaluation points with a view to develop, an equitable pay structure. As far as individual equity is concerned, every effort is made in HRD systems to encourage employees to acquire new skills and capabilities so that they become eligible to obtain suitable rewards in the form of bonus, special privileges, letter of application, stock options, etc.

18 *Employee welfare and quality of work life (QWL):* The term employee welfare means "the efforts to make life worth living for workmen". It includes various services, facilities and benefits offered to employees by the employers, unions and government. The purpose is to improve the living standards of workers and thereby improve the quality of work life. Employers voluntarily extend a number of benefits to employees in the hope that these indirect compensation plans motivate employees to perform better; Over the years, the types of benefits offered have been expanding in line with competitive pressures, changing job market trends, employee expectations, union demands and legislative requirements.

Quality of Work Life (QWL) efforts are systematic efforts by organisations to give workers a greater opportunity to affect the way they do their jobs and the contributions they make to the organisation's overall effectiveness. It is a way of empowering employees by giving them a greater 'say in the decision-making process. QWL means having good working conditions, good wages and benefits, good leadership and interesting, challenging jobs. QWL efforts include the following:

- *Employee involvement:* Here employees are given the opportunity to participate in the decisions that affect them and their relationship with the company.

- *Quality circles:* These are small groups of employees who meet regularly to find, analyse and solve quality and other work-related problems of a particular department/ section/area.

- *Socio-technical systems:* These are interventions in the work situation that redesign the work, the workgroups and the relationship between workers and the technologies they use to perform their jobs.

- *Co-determination:* In this method, representatives of workers meet management in a formal way to discuss and vote on important decisions that affect the lives of workers.

19. *Self-managed work teams:* These are employee groups (also 'called autonomous workgroups) with a high degree of decision-making, responsibility and behavioural control for completing their work. - The team is usually given the responsibility for producing an entire product or service.

- *Suggestion programmes:* It is a formal method for generating, evaluating and implementing employee ideas.

- *Open door policies:* 'Where open door policies exist, employees are free to walk into any manager's office with their problems and seek solutions to such problems. HRD systems focus on employee welfare and QWL by continually examining employee needs and meeting them to the best, possible extent.

20. *Human resource information system:* Human Resource Information System (HRIS) is a method by which an organisation collects, maintains and reports information on people and jobs. The information is generally stored in a central human resource data bank, preferably in a computer containing the following details:

- *Personal Data :* identification, education, reserved category, place of origin, etc.;

- *Recruitment data :* entry date, grade in aptitude tests, grade in leadership tests;

- *Experience data :* placement history, promotions, tasks performed grade wise;

- *Appraisal data :* appraisal on each job, ratings of behaviours in a group, commitment to overall goals

- *Training data :* nature of training received at each level, current training assignment, etc.;

- *Miscellaneous :* health status, personal problems, security needs, record of incentives received absence and sickness data, etc.;

   This information is put to use whenever there is a need to identify employees for certain special assignments.

Each of the subsystems described contribute to the achievement of overall HRD goals. Performance and potential appraisal helps an employee develop his role capabilities and prepare himself for future changes. Training improves his learning abilities. Feedback. and performance coaching helps him correct mistakes and improve interpersonal relationships. OD promotes the collaborative spirit atid self-renewing skills. Rewards and welfare amenities enrich the life of employees and help them carry out the assigned tasks with zeal and enthusiasm. It should be remembered that the subsystems discussed above should not be viewed in isolation. They are all interconnected and interdependent parts. When viewed in isolation, they do not offer the synergistic advantages of a well developed HRD system.

Hr and competitive advantage

Company's human resources are its most fundamental source of competitive advantage. When they get inspired and work to their full potential, people can bring a lot to the table. They can bring smiles to customers through unmatched service and winning ways of doing things. They can combine the scarce organisational inputs in such a wonderful manner; the end result could be stunningly superior and vastly different from the one offered by a rival firm. The expertise, knowledge and experience that capable employees of an organisation possess could often spell the difference between success and failure in the corporate world. Competitive advantage is the ability of a firm to win consistently over the long-term in a

competitive situation. Competitive advantage occurs if customers perceive that they receive value from their transaction with an organisation. It occurs when the firm does something that others cannot do or does it better than others. For example, Dell has a competitive edge over its rivals, arising out of its exceptional ability to create a direct selling 'c-commerce channel that is highly responsive to customers.

Human resource professionals have, more or less, agreed now' that the key to a firm's success depends on a set of core competencies—in the form of employee skills, knowledge, experience and the ability to use these to the advantage of the firm when required—that separate the firm from its rivals and deliver value to customers. Most often, a core competence (may also be viewed as a competitively superior resource strength) is knowledge based, residing in people and in a company's intellectual capital and not in its assets or the balance sheet (Thompson et al 2006). For example, Federal Express has core competencies in package routing, delivering and employee relations. The quality of 3M's R&D department is the principal source of 3M's sustained growth. Generally speaking, core competencies tend to be limited in number but they definitely offer a solid basis for technology innovation, product development and service delivery. It must also be remembered here that it is not enough for an organisation to possess valuable resources that offer competencies; those resources have to be managed in a way that gives the organisation an edge over competition. organisations can achieve a sustained competitive advantage through people if they meet the following conditions.

- *Superiority:* This requires single-minded *focus on customer needs and expectations. To* achieve this, the organisation needs to tune its policies in line with changing customer's requirements and deliver superior service. For example, Federal Express was one of the first companies to introduce package tracking capability. It created a system for tracking a package all along its path. Obviously, it was better than UPS at finding where a customer's package was. HR can bring that plus value to the firm by hiring the best talent that actually matches with organisational culture. Organisations will have to invest heavily in their human resources in order to be competitive during the twenty-first century. Human resources become a source of strength when they find ways to reduce costs offer something unique to customers and thereby improve the efficiency, or effectiveness of a company.

- *Inimitability:* Superiority alone does not guarantee competitive advantage. To

gain the edge, the firm must erect barriers that are insurmountable. That is, it must offer a product or service that is not easy to imitate or copy. An organisation should always try to be unique in its industry along dimensions that are widely valued by customers. For example, Disney's theme parks are often quoted as having a competitive advantage in friendly, smiling employees. Now, is it easy for other firms to replicate this? If the answer is yes, Disney's superior advantage will soon disappear. But how easy is it to find and keep employees who can smile for hours on end even while being asked where the nearest restroom is for the ten-thousandth time that day? The harder it is for other firms with theme parks to hire, develop and keep friendly employees, the longer Disney's competitive advantage will persist. Through employee friendly policies and practices HR can instill confidence in people and inspire them to give their best to the organisation. Beth Southwest Airlines and Starbucks are known for creating unique, cultures that get the most from employees and are difficult to imitate.

- *Durability:* For over two decades, some analysts now argue, the Disney brand was largely neglected—especially after the death of Walt Disney. It nonetheless endured in the minds of children and their parents. Again, what is the glue that holds employees together in HDFC to be able to offer home loan products to individuals for over two decades—with surprisingly low attrition rates when compared to rivals'—and deliver superior returns to shareholders at the same time? IBM and GE have, over the years, perfected the art f blending the diverse skill sets of people and deploying them on challenging assignments at a moment's notice.

- *Non-substitutability:* Competitive advantage demands a low possibility of substitution. Substitution is is concerned with whether or not the customer's need that you fulfill can be met by alternative ways. It is not possible to sustain a competitive advantage over extended periods of time. After the emergence of Internet, students have almost forgotten Encyclopaedia Britannica (and its 30 bound volumes as ready sources of information). The best way to maintain leadership is to continually seek new forms of advantage through constant experimentation, innovative efforts and investments in latest technology. In order to enjoy the competitive advantage, the firm should be a cost-leader, delivering value for money.

- *Appropriability:* This is a funny way of asking whether you actually end up making profits that are above the average for a comparable set of firms. In other words, you may have a smaller share of the market, but you are able to ride over the market, enjoying supernormal returns, enjoying usually a cost advantage.

To deliver superior value and offer unmatched service, every firm requires the services of a committed and competent workforce. There is increasing research evidence indicating that employees are most productive if (i) they are loyal to the company, informed about its mission, strategic and current levels of success, (ii) involved in teams which collectively decide how things are to be done and (iii) are trusted to take the right decisions rather than be controlled at every stage by managers above them *(Thompson).* A good team of competent and committed employees will deliver the goals if they are involved in all important activities and are encouraged to develop goals that they are supposed to achieve. In recent years, a new line of thinking has emerged to support this view-known as Strategic Human Resources Management. (SHRM).

1.12   HR AS A FACTOR OF COMPETITIVE ADVANTAGE

Design Method for HR Business systems :

Regardless of the design, most HR systems fulfill similar business needs, including job planning, employee recruitment and selection, workforce development employee safety and health and labor relations. If a union is involved. HR manager may also design research method to provide vital information to management about the workforce Management must ensure that HR systems function with in the law by providing equal opportunity employment and practicing nondiscrimination

Planning, Recruitment and Selection :

Methods for job planning include establishment the requirement for specific jobs within the organization and creating systems that alert HR when it's time to hire new employees. Business use different systems to forecast workforce needs. HR managers may look at a business's objectives, link those objectives to specific tasks, create a job or jobs that include those tasks and then seek out an hire an employee capable of performing the tasks.

Development :

Employee development systems require HR planning and method design. Types of employee development include employee orientation, training and team building. A variety of systems exist to facilitate this HR Function. Some business use classroom-style training, on the job training or online training. Other organizations use a combination of training methods. Similarly, team building comes in many forms, from team work contest to corporate retreats.

Safety and Health :

HR Departments are often charged with designing and implementing employee health and safety programs. Under the occupational Health and safety administration, or OSHA, employers must provide a safe work environment for employees. Different industries require different safety systems. For Example, construction sites and banks require different safety precautions. Some HR department develop ongoing employee health programs designed to keep the workforce in good physical

Labour Relations :

HR personnel often act as intermediaries between the union and management. In this role, HR employees designs methods for negotiation, attempting to smooth the interaction between employee unions and company executives. The HR department is also responsible for handling employee grievances, and must set up methods for dealing with official and unofficial employee complaints.

Research :

Some industries have a pre-existing knowledge base, complete with training suggestions and best practices. HR departments may be responsible for sorting through existing research to create a knowledge base that fits the company's needs. When research is sparse or nonexistent, HR employees may need to develop a system for locating and applying research. HR departments may also create and maintain a system for communicating research to employees.

Five Functional Areas of Human resource Management :

HRM has five functional areas that include : Staffing, Human Resource Development

(HRD) Compensation and Benefits, Safety and Health and Employee and Labor Relations :

Staffing :

Achieving organizational objectives requires having the proper number of employee with the appropriate skills. Staffing accomplishes this objective through four tasks. The first task is job analysis, which examines specific job functions in determining the skills, duties and knowledge required for each position. The second task is ensuring that the required numbers of employees, with the appropriate skills, are available when needed organizations engage in Human Resource Planning (HRP). The third task is recruitment, which is the process of attracting enough skilled people to apply for jobs in the organization. Fourth, the last step in the staffing process, is selection. The involves choosing the best suited individuals to fill the open positions in the firm.

Human Resource Development (HRD)

Six functions, including training, development, career planning, career development, organization development and performance appraisal, make up Human Resource Development (HRD)

Training is a process designed to provide employees with the knowledge and skills needed for their present job. Focusing on long-term learning needs is development. The ongoing process of career planning sets career to achieve them. Career development is a formal approach used by firms to ensure that people with the proper qualifications and experiences are available when needed. A planned process for improving the firm by developing its structures, systems and processes to improve effectiveness and achieving desired goals is organizational development (OD). And finally, performance appraisal is a formal system of review and evaluation of individual or team task performance.

Compensation and Benefits :

Compensation includes all rewards that individuals receive as a result of their employment. Pay is the money that a person receives for performing a job. Additional financial rewards other than base pay include paid vacations, sick leave, holidays and medical insurance, and they are called benefits. Non-financial rewards are non monetary rewards, such as enjoyment of the work performed or a pleasant working environment.

Safety and Health :

Employees who work in a healthy and safe environment are more likely to be productive. Safety involves protecting employees form work. Safety involves protecting employees from work related accidents and injuries. Health activities seek to prevent illness and provide for general physical and mental well being.

Employee and Labor Relations :

Business firms are required by law to recognize a union and bargain with it in good faith if the firm' employees want the union to represent them. This is still true despite the fact that the private sector membership has fallen to 9 percent.

HUMAN RESOURCE PHILOSOPHY

Introduction :

Human resource management relates to strategic and coherent approach to the management of human resources of an organisatization. It involves a set of inter related policies with ideological and philosophical orientation and forms a business focused approach to manage people for competitive advantages.

Organizational Philosophy and Vision :

The starting point of HRM is to define philosophical orientation which help in defining visionary long - term concepts of organization its mission. Policies as shown in figure 1.

Key decision maker's philosophies
↓
Visionary long - Term concepts of Organization
↓
Organizational Mission and Goals
↓
Organizational Policies
↓
Human Resources Policies
↓
Human Resources Management Practices

Figure 1. Organizational Philosophy and Vision

The key terms in this linkage that require our attention are philosophy. Vision mission, and policies which may be arranged in a hierarchy, and which ultimately determine various organizational practice including HRM practices.

Philosophy :

Philosophy, in the context of management of an organization, consists of an integrated set of assumptions and beliefs about the way the things are the purpose of the activities. And the way these should be. These assumptions and beliefs of those who create an organization (owners) and those who manage it (managers, specially the key decision makers) become base for defining vision of the organization. These assumption and beliefs are sometimes explicit, and occasionally implicit, in the minds of the decision makers. The philosophy of a person has its origin in two premises in two premises-fact premises and values premises. Fact premises represent our descriptive view of how the world behaves. They are drawn from research findings and our experiences. Value premises represent our view of the desirability of certain goals and activities.

Machine approach, a person is treated as a part of the machine that can be fitted like any other part. Both these approaches treat a person as physiological human being. In humanistic approach, a person is treated as human being a having psychological. Therefore, HR philosophy should take into account all these endowments of human beings mor specifically; HR philosophy should be base on the following beliefs :

1. Human beings are the most important in the organization.

2. Human beings can be developed to a great extent as they have creative energy which is utilized only partially.

3. Human being feel committed to their work in the organization if they develop belongingness with it.

4. Human being are likely to develop a feeling of belongingness if the organization takes care of them and their need satisfaction.

5. Human beings contribute to the maximum if they get an opportunity to discover their full potential and to use it.

6. It is the responsibility of the organization to create healthy and motivating work climate characterized by openness, enthusiasm, trust, mutually, and collaboration.

The management philosophy of ITC limited is charged with the following concerns :

1. Concern for their ultimate customers - millions of customers.

2. Concern for their intermediate customer - the trend

3. Concern for their suppliers - their sources of raw materials and ancillaries.

4. Concern for their employees - the most valued assets.

5. Concern for their competitors whom they wish well for healthy competition ultimately, benefits the customers.

6. Concern for their shareholders the investing public.

7. Concern for the national aspiration India's future.

The human resource philosophy of the company is based on the seven cardinal belief's

1. **Self-Managing Resource :**

   We believe that the human being is a fundamentally different and unique resource in that he/she is simultaneously a source, a resource and the end of all economic and social activity. He is the means as well the purpose. He is capable, willing and in the normal course of evolution, developing

2. **Potential**

   We believe in the inherent potential of people. There are different kinds and degree of potential which can be developed and utilized in the context of task challenges, responsibility and commitment.

3. **Limitations :**

   We believe that any apparent limitations in people are the results of a variety of circumstances and factors, and can be overcome with support, awareness and correction following which, the potential has a chance to flower again.

49

4. **Quality Work Life :**

We believe that ITC as a business institution can provide a high quality of work life for all its members. Through opportunities for a meaningful carrier, job satisfaction and professional. Through this, ITC members will contribute to quality of life in the interface with society

5. **Meritocracy**

We believe that people accept meritocracy as a just equitable system and contribute best under conditions of open opportunities and challenges and different commensurate with performance

6. **Membership :**

We believe that people can blend harmoniously the components in there membership of ITC, Namely leadership, fellowship and peer ship

7. **Actualisation**

We believe that the design, implementation, and update of human resource management systems, enhancement of skills and creation of an enabling climate will facilitate the self-actulization of us as individuals and of ITC as a valued business institution.

1.13   SUMMARY

Human resource management is the art of procuring, developing and maintaining competent workforce to achieve the goals of an organisation in an effective and efficient way. HRM role comprise of attaining organisational goals economically and effectively; preserving & advancing general welfare to the community. Efficient HRM ultimately lead to employee satisfaction and fulfillment. Its significance can be seen from enterprise level, individual level and societal level. HRM functions are divided into two i.e. managerial functions comprising of planning, organising, directing and controlling and operative function including employment, development, compensation and relations

Human resource Development aims at helping people to acquire competencies required to perform all their functions effectively and make the organisation do well. HRD improves the capabilities of people; promotes team spirit among employees, and helps an organisation

achieve its goals efficiently. HRD has gained importance in recent times, as companies have realised the benefits of treating their employees as valuable assets. The traditional personnel function is a service-oriented activity; responding to the needs of the organisation as and when they arise. HRD, on the other hand, is proactive function as it prepares people to face future challenges with confidence. Many HRD mechanism (performance appraisal, potential appraisal, career planning, training, organisation development, rewards, welfare amenities, etc.) are available to develop the competencies of people and improve the overall organisational climate. These mechanisms are designed to work together as an integrated system and deliver results. There is an increasing realisation in business circles that HRD (not a Highly Redundant Department please) would help people acquire knowledge, skills, and capabilities needed to survive and flourish in a competitive world.

1.14   GLOSSARY

*   **Human Resource Management :** It is an art of Procuring developing, maintaing and compensating the required manpower to achieve the goal of an organisation in an effective and efficient maner.

*   **Policies :** Policies provide a guide to action.

1.15   SELF ASSESSMENT QUESTIONS

1. What is Human Resource Management?

    _____

    _____

2. Give difference between Human Resource Management and Personnel Management.

    _____

    _____

3. What are Human Resource Policies?

    _____

    _____

1.16   LESSON END EXERCISE

Q1   What is the role of human resource management?

Ans.   _____

_____

Q2   Human resource management is important. Why?

Ans.   _____

_____

Q3 What are the managerial functions of human resource management?

Ans.   _____

_____

Q4 What are the operative functions of human resource management?

Ans.   _____

_____

1.17 BOOKS RECOMMENDED

• Personal Management & Industrial Relations: B.P.Singh; T.N.Chhabra And P.L.Taneja

• Human Resource Management: V.S.P.Rao

• Personnel Management: C.B.Mamoria and S.V.Gankar

• Principles and Practice of Management: L.M.Prasad

MANPOWER PLANNING

STRUCTURE

2.1   INTRODUCTION / CONCEPT

Manpower planning also known as human resource planning. It is the starting point in staffing function. HR planning basically deals with forecasting of additional human resources required in an organisation in future, though there is no complete agreement among writers and practiotners on the exact scope of HR. It is process of getting right number of people in the right job at the right time doing the right kind of things.

2.2   OBJECTIVES

After going through this unit, you will be able :

- To determine the factors affecting human resource planning

- To find out the steps required to be taken in human resource planning

- To critically analyze the human resource planning

- To know the concept of succession planning

- To know the concept of job analysis.

- To determine the whole process of job specification.

- To have better insight of the idea of job description and its content

- To determines the uses of job description and to know how to make job description

- To find out the good characteristics of job description

2.3   FACTORS AFFECTING MANPOWER PLANNING

The following factors affecting manpower planning are as follows :

i.   **Employment :** HRP is affected by the employment situation in the country i.e. in countries where there is greater unemployment; there may be more pressure on the company, from government to appoint more people. Similarly some company may force shortage of skilled labour and they may have to appoint people from

other countries.

ii. **Technical Changes in the Society :** Technology changes at a very fast speed and new people having the required knowledge are required for the company. In some cases, company may retain existing employees and teach them the new technology and in some cases, the company has to remove existing people and appoint new.

iii. **Organisational Changes :** Changes take place within the organisation from time to time i.e. the company diversify into new products or close down business in some areas etc. in such cases the HRP process i.e. appointing or removing people will change according to situation.

iv. **Demographic Changes :** Demographic changes refer to things referring to age, population, composition of work force etc. A number of people retire every year. A new batch of graduates with specialization turns out every year. This can change the appointment or the removal in the company.

v. **Shortage of Skill due to Labour Turnover :** Industries having high labour turnover rate, the HRP will change constantly i.e. many new appointments will take place. This also affects the way HRP is implemented.

vi. **Multicultural Workforce :** Workers from different countries travel to other countries in search of job. When a company plans its human resources, it needs to take into account this factor also.

vii. **Pressure Groups :** Company has to keep in mind certain pleasure. Groups like human rights activist, woman activist, media etc. as they are very capable for creating problems for the company, when issues concerning these groups arise, appointment or retrenchment becomes difficult.

2.4 HUMAN RESOURCE PLANNING PROCESS

Process of human resource planning (Fig. 1) involves the following steps:

1) Determination of objectives of human resource planning.

2) Current human resource inventory.

55

3) Demand forecasting.

4) Supply forecasting.

5) Estimating net human resource requirements.

6) Action plan for redeployment.

7) Action plan for recruitment and selection.

8) Training and development programme.

```
┌──────────────────────────┐
│    Objective of Human    │──────────────────────┐
│    Resource Planning     │                      │
└──────────────────────────┘                      │
            │                                      │
            ▼                                      │
┌──────────────────────────┐                      │
│    Current Inventory of  │                      │
│      Human Resource      │                      │
└──────────────────────────┘                      │
            │                                      │
            ▼                                      │
┌──────────────────────────┐                      │
│   Demand Forecasting and │                      │
│     Supply Forecasting   │                      │
└──────────────────────────┘                      │
            │                                      │
            ▼                                      │
┌──────────────────────────┐                      │
│ Action plans for:        │                      │
│ -Redeployment            │                      │
│ -Recruitment &Selection  │                      │
│ -Training & Development   │                     │
└──────────────────────────┘                      │
            │                                      │
            ▼                                      │
┌──────────────────────────┐                      │
│   Critical Evaluation    │                      │
└──────────────────────────┘                      │
            │                                      │
            └──────────────────────────────────────┘
```
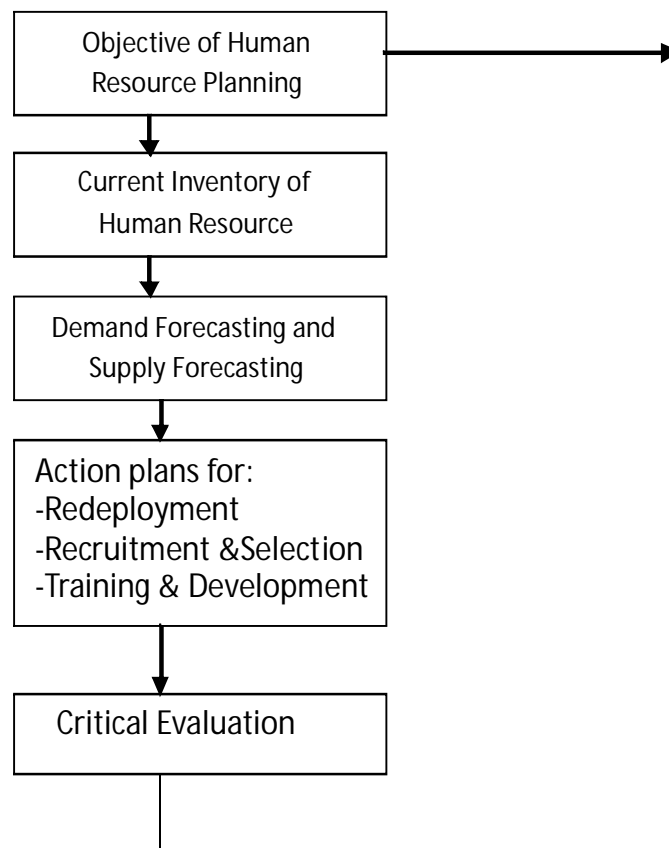
Fig.1 Steps in Human Resource Planning

1. **Determination of Objectives of Human Resource Planning :** The persons concerned with human resource planning must be clear about the goals of human resource planning. According to Sikula, "The ultimate purpose of human resource planning is to relate future human resources to future enterprise need so as to maximize the future return on investment in human resources."

    Human resource planning is an integral part of the corporate planning. It must be integrated with the overall organisational plans. Human resource planning should be done carefully as it has got long-term repercussions. Once the wrong forecast of future requirement of human resources and the wrong analysis of the available human resource inventory are made, it may not be possible to rectify the errors in the short-run. Therefore, human resource planning should be more concerned with filling future vacancies with right type of people rather than with matching existing personnel with existing jobs.

2. **Preparation of Current Human Resource Inventory :** Analysis of current human resource supply may be undertaken by department, by function, by occupation, or by level of skill or qualifications. Appropriate adjustments in these would need to be made in the light of any foreseeable changes in weekly hours of work, holidays, leave entitlements, etc. It may be noted that assessment of demand for the operative personnel presents less problems of uncertainty and current human resource supply can be adjusted accordingly. But projections of human resource requirements for supervisory and managerial levels present a complex problem because the required talents are not available at a short notice. This explains the need to ascertain the present human resource inventory in the enterprise. This will also help in drawing recruitment and development plans to meet the needs of certain skills in the future.

    Systematic steps must be taken in order to ensure that a reservoir of talent is available when vacancies occur. The search for talented employees in the organisation must be continuous. To be sure that available talent has been included; the inventory of various skills in the enterprise should be indexed. Detailed bio-data of each individual included in the human resource inventory must be obtained separately for the purpose of human resource planning. This record will provide the foundation for a programme of individual development. It will also reveal the

57

scarcity or non-availability of certain talents for which outside sources of human resource may be tapped.

3. **Forecasting Demand for Human Resource :** A proper forecast of human resource required in the future (say, after one year, two years, three years and so on) must be attempted. The factors relevant for human resource forecasting are as follows:

i. **Employment trends:** The human resource planning committee at the corporate level should make an examination of number of employees on the payroll during the past five years to know the trend within each employee's group. With the help of this, it would be possible to determine whether a particular group has been stable or unstable and whether it has been expanding or contracting.

ii. **Replacement needs:** The need for replacement arises due to death, retirement, resignation and termination of employees. The examination of replacement needs may relate to specific human resource groups: supervisory, skilled, clerical, unskilled, etc. For some groups like managerial or supervisory, it is very difficult to predict the needs. One of the major difficulties involved in predicting the need for managerial skill is that the management development cycle takes a long time. So the needs for managerial human resource should be anticipated sufficiently in advance.

iii. **Productivity:** An important area to which the human resource planning is related is the improvement in productivity. Gains in productivity add to the growth potential of the organisation and can make possible healthy wage increase. Gains in productivity will also influence the requirements of human resource.

iv. **Expansion and Growth:** The Company's growth plans and expansion programme should be carefully analysed to judge their impact on human resource requirements in future. Steps must be taken in time for procuring and developing the talent required to implement expansion and growth plans without delay.

v. **Absenteeism:** It means a situation when a person fails to come to work when he is scheduled to work. The rate of absenteeism can be calculated by the following formula :

$$\text{Absenteeism} = \frac{\text{Man-days lost}}{\text{Man-days worked} + \text{Man-days lost}}$$

There are certain employees who are more prone to absenteeism in any organisation. 10 to 20 percent of such employees may account for 70 to 80 percent of total number of absences. It should be noted that excessive absenteeism (more than the irreducible minimum, say 3 to 5%) involves a considerable cost to the firm even when the absent employees receive no pay. Work schedules are upset leading to overtime work which in turn leads to increased cost of production. The management should go into the causes of absenteeism and attempt to reduce the absenteeism rule as far as possible. The human resource planning experts will have to consider the known rate of absenteeism in their decision regarding estimation of human resource requirements.

4. **Forecasting Human Resource Supply :** In order to meet anticipated requirements at the time of their opening, it is also necessary to plan for supply of adequate number of personnel at the time they are needed. There are two sources of supply of human resource - internal and external. But internal supply is more important for human resource planning. It comprises of present employees working in the organisation that can be promoted or transferred to fill up various jobs as and when they fall vacant. This would require evaluation of the present personnel abilities, their strengths and weaknesses, so as to gauge their suitability for the required opening. Therefore, in order to estimate internal supply of personnel for the future openings, a manager needs to conduct what is called human resource audits and prepare replacement charts in advance.

i. **Human resource audit :** Systematic audit of executive personnel or managers are called management inventories while those recording skills of non-managerial workers are called skill inventories. Human resources audits give a thorough idea of potential and capabilities of persons working in an organisation. Those audits need to be reviewed and updated regularly or periodically so as to record the new accomplishments or qualifications and skills achieved over the time.

ii. **Replacement charts:** Replacement charts are records listing each key position and indicating time when it is likely to be vacated. It also lists the most likely candidates working in the organisation suitable to fill each vacancy and also the time when they would be ready for promotion. In short, a replacement chart presents

clearly who will replace whom in case of vacancy. These also contain their relative strengths and weaknesses. Often, large enterprise use, computer to record job analysis information and human resource audits and replacement summaries.

5. **Estimating the Net Human Resource Requirements:** Net human resource requirements in terms of number and components are to be determined in relation to the overall human resource requirements (demand forecast) for a future date and supply forecast for that date. The difference between overall human requirement and future supply of human resources is to be found out.

6. **Action Plan for Redundancy:** If future surplus is estimated, the organisation has to plan for redeployment, redundancy, etc. If surplus is estimated in some job/ departments, employees can be redeployed in other jobs/departments, where the deficit of employees is estimated. The organisation should also plan for training or re-orientation before redeployment of employees. Redundancy plan includes the type and number of employees, time of and place of retrenchment, type of help to be extended to retrenched employees in the form of compensation, help in getting new job, priority in filling future vacancies

7. **Action Plan for Recruitment and Selection :** This phase deals with planning how the organisation can obtain the required number of right type of personnel as reflected by the personnel forecasting. In other words, there is a need to prepare programmes of recruitment, selection, training, transfer and promotion so that personnel needs of various departments of the organisation are met.

8. **Plan for Training and Development :** The preparation of skill inventory helps in identifying the training and development needs of the organisation. Training is necessary not only for new employees, but also for old employees .Executive development programmes have to be devised for the development of managerial personnel. No enterprise has a choice of whether to provide training or not, the only choice is that of method or technique .All types of jobs usually require some sort of training for their efficient performance. Even when the persons appointed have some job experience, they must be given some training to refresh their knowledge and skills and to tell them what they are expected to do. The talents of

the employees are not fully productive without a systematic programme of training and development

2.5   CRITICAL EVALUATION OF HUMAN RESOURCE PLANNING

After the employment and training programmes have been implemented, an appraisal must be made of the effectiveness of human resource planning. Deficiencies in the programme should be pointed out and the catalogue of human resource inventory should be updated periodically. Corrective actions should also be taken wherever it is feasible and necessary to remove the deficiencies in human resource planning. An appraisal of the existing human resource plans will also serve as a guide in the future human resource planning.

i.   Quantitative Dimension of Human Resource Planning

Quantitative aspect of human resource planning is concerned with the determination of the total number of employees required in future. For proper assessment, the human resource planner must have thorough knowledge of the company's future production and sales plans because the demand for human resources is related with the overall organisational objectives which provide the basis for estimating human resource requirements in terms of the number and characteristics of employees. Management scientists have suggested various methods to assess the number of employees required in an organisation. Two most commonly used methods are: work load analysis and work-force analysis.

- Work-load Analysis: In work-load analysis, the human resource planning expert needs to find out sales forecast, work schedules and thus determine the human resource required per unit of product. The sales forecasts are translated into work performance for the various departments of the enterprise. In a manufacturing enterprise, one shall first find out the master schedule and then departmental schedules. The departmental work-loads are converted into man-hours in terms of different skills required. Work- loads analysis is used to determine how many employees of various types are required to achieve total production targets. Similarly, plans are made concerning the amount of work that each other part (marketing department, purchase department, etc.) of the organisation is expected

to accomplish during the coming year. It is essential to determine the work load in some tangible units so that they may be translated into man-hours required per unit. Past experience can, of course, be utilized for translating work-loads into man-hours required.

To take an illustration, let us assume that the annual production budget of a company is 1,80000 units. The standard man-hours required to complete a unit of the product are 2 hours. The past experience reveals that a worker on an average can contribute about 2,000 hours per year. The work-load may be calculated as under:

a)   Annual Production Budget   =   1, 80000 units.

b)   Standard Man-hours required per unit   =   2 hrs.

c)   Planned Man-hours for the year (a × b)   =   360000 hrs.

d)   Annual contribution of a worker   =   2000 hrs.

e)   No. of Workers required [c/d]   =   180.

Thus, 180 workers are needed throughout the year to meet the production target of 180000 units. But this figure cannot be relied upon fully as the actual production is influenced by many other factors such as availability of inputs and power, breakdown of machinery, strike, lockout, etc. Nonetheless, work-load analysis is quite suitable for short-term projections of human resource requirements. Long-term projections can be made with the help of work-force analysis.

• **Work-force Analysis:** In the above illustration, we came to a conclusion that 180 workers are required to make 180000 units in a year. Assuming that all other factors are favourable, this conclusion is illusory because it is almost certain that all the 180 workers will not be available on all working days because of the two major problems:

i.   Absenteeism, and

ii.   Labour Turnover.

Both these factors operate to reduce the number of workers available. Therefore,

it is essential to do work-force analysis in the light of these major problems which have been discussed later in the book. In other words, it is necessary to keep a sufficient margin for absenteeism, labour turnover and idle time on the basis of past experience. If it is essential to keep a margin of 20% of the human resource required as per work-load analysis, the company must ensure that it has atleast 210 workers on its payroll to meet the annual production target.

ii. Qualitative Dimension of Human Resource Planning

The qualitative aspect of human resource planning deals with skills-mix analysis. Each job in a company has its own peculiarities. Hence, the quality of personnel required to perform each job differs. Thus, identification and determination of job requirements is necessary to determine the quality of employees required to perform that job. For knowing the job requirements of a particular job, 'job analysis' is made. Job analysis refers to the detailed and systematic study of all elements of a job such as tasks or activities included in it, responsibilities, abilities, working conditions, skills and knowledge required to perform it, qualifications, and its relation to other jobs in the company. In short, job analysis indicates what activities, responsibilities, and abilities a job demands.

With the help of the facts and information obtained through job analysis, two statements are prepared:

i. Job description-it contains details about the contents of a job; and

ii. Job specification-it reveals physical, educational, and other qualifications as well as the experience required in an individual to perform the job satisfactorily.

Thus, job analysis obtains information about jobs, and it uses that information to develop job descriptions and job specifications which, in turn, help in conducting job evaluation. Job descriptions and job specifications are valuable in helping managers to identify the kinds of individuals they should recruit, select, and develop, as well as to provide guidance for decisions about training and career development, performance appraisal, and compensation management.

- **SUCCESSION PLANNING**

Many progressive organisations generate a separate executive inventory report that it is called succession planning. Succession planning is the process that is used by human resource planners to convert information about current employees into decisions about future internal job placements through possible promotions, transfers, resignations, retirements, etc. Since promotions and other placement decisions are usually the responsibility of operating (line) managers, the personnel department serves in a advisory role. Owing to the complexities and time-consuming nature of succession plans, succession planning is usually limited to key employees in middle management and top-executive positions, and to those employees identified as having long-term potential. By identifying successors to key jobs and high-potential employees, an organisation may ensure a steady flow of internal talent to fill important openings or vacancies.

Succession planning encourages hiring from within and creates an environment in which employees have careers, not merely jobs. Moreover, it identifies human resource shortages and skill deficiencies before vacancies occur. Through special assignments, job rotation and other forms of development techniques, internal candidates may be prepared to accept greater responsibilities of future job openings. All this results in greater continuity of organisations operations, better qualified incumbents and more unified corporate culture.

2.6   JOB ANALYSIS

Determination of manpower requirements is one of the most important problems in manpower planning. Manpower planning is concerned with the determination of requirements of manpower for the organisation both in terms of quantity and quality. The quantitative aspect deals with determining the total amount of work to be done in a particular period of time and the total number of workers required to do the work. But the type of people to be employed for doing the work comes under qualitative aspect of manpower requirements. The process by which qualitative requirements are determined is known as job analysis.

Job analysis is a detailed and systematic study of jobs to know the nature and

characteristics of people to be employed for a job. It is a process of discovering and identifying the pertinent information relating to the nature of a specific job .It is the determination of the tasks which comprise the job and of the skills, knowledge, abilities and responsibilities required of the worker for successful performance of the job. The process of job analysis is essentially one of data collection and then analysis that data. It provides the analyst with basic data pertaining to specific jobs in terms of duties, responsibilities, skills, knowledge, etc. This data may be classified as follows:

a) Job Identification: Its title, including its code number.

b) Important Characteristics of a Job: Its location, physical setting, supervision, union jurisdiction, hazards and discomforts.

c) What the Typical Worker Does? This includes collection of information on specific operations and tasks to be performed by the typical worker including their relative timing and importance, their simplicity, routine or complexity, the responsibility for others, etc.

d) Job Duties: A detailed list of duties along with the probable frequently of occurrence of each duty.

e) What Materials and Equipments the Worker Uses? Metals, plastics, grains, and yarn or lathes, milling machines, testers, punch presses and micrometers.

f) How the Job is Done? The focus here is on the nature of operations like lifting, handling, cleaning, washing, feeding, removing, drilling, driving, setting up and the like.

g) Required Personal Attributes :These include experience, training undertaken, apprenticeship, physical strength, coordination or dexterity, physical demands, mental capabilities, aptitudes, social skills, etc,

h) Job Relationship: This includes opportunies for advancement, patterns of promotion, essential cooperation, etc.

The information relating to a job which is thus classified, if examined carefully, would suggest that some information relates to the job and some concerns the individual

doing the job. The requirements of a job are known as Job Descriptions and the qualities demanded from the job holder are termed as Job Specification. Thus, job description and job specification are the immediate products of job analysis.

The emphasis in job analysis is upon determining the principal duties of a job, the nature and level of skills and aptitudes required to perform these activities, the relation of the job to others in the organisation, responsibilities involved, and working conditions. Its purpose is to describe and define the distinctions among various jobs. Considerable emphasis is placed upon an accurate listing of the human characteristics-physical and mental skills, personality traits and so on-needed to adequately perform the job. This will facilitate the process of job evaluation which is concerned with determining the worth of various jobs.

OBJECTIVES OF JOB ANALYSIS

The objectives of job analysis are to study processes, simplify methods, measures work for establishing job and time standards, provide information for compensation and incentive plans, and improve the safety, recruiting, selecting, training, appraising and compensating of employees. These objectives of job analysis can be grouped under three headings:

1) Work simplification (job redesign).

2) Establishment of work standards.

3) Support of other personnel activities.

NEED FOR JOB ANALYSIS

Job analysis is an important component of human resource management. It provides important information which aids in redesigning jobs and organisation structure, planning staffing procedures, designing training and appraisal programmes and so on as shown in Fig.2.
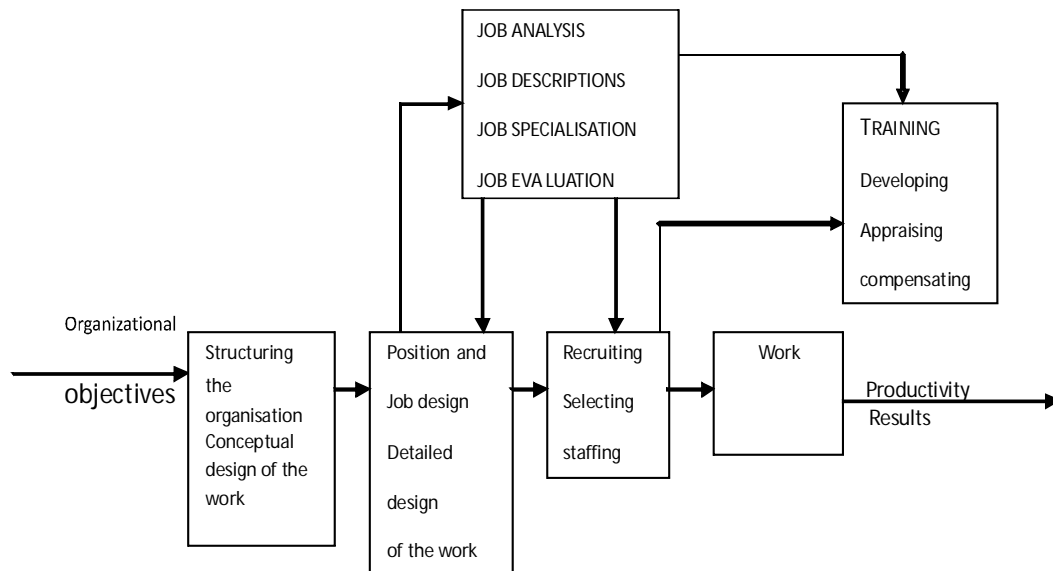
Fig. 2 Uses of Job Analysis.

The need of job analysis are as follows:

1) **Manpower Planning :** Job analysis represents the qualitative aspect of human resource requirements. It determines the demands of a job in terms of responsibilities and duties and then translates these in determining the number and kinds of jobs and qualifications needed to fill these jobs. It is job analysis which reveals what an average person can do on a job in a day. It facilitates the division of work into different jobs. Thus, it is an essential element of effective manpower planning.

2) **Recruitment and selection :** To make employment programme successful, it is necessary to have clear statements of jobs to be performed and of the skills and knowledge that must be possessed by the employees who will fill these jobs. The information regarding these two is procured from job description and job specification respectively. These help in matching as closely as possible the job requirements with workers' aptitudes, abilities and interests to facilitate the execution of employment programme.

3) **Training :** If there is any confusion about what the job is and what is supposed to be done, proper training efforts cannot be initiated. Whether or not a current or

67

potential job-holder requires additional training can be determined only after the specific needs of the job have been identified through job analysis.

4) **Counselling :** Managers can properly counsel employees about their careers when they understand the different jobs in the organisation. Likewise, employees can better appreciate their career options when they understand the specific needs of various other jobs. Job analysis can point out areas that an employee might need to develop to further a career.

5) **Job Evaluation :** Job evaluation aims at determining the relative worth of various jobs. The worth of a job would in turn help in determining the base compensation of the job. Job evaluation ensures internal pay equity of one job to another. To calculate the worth of a job, information concerning the job is provided by the job description.

6) **Performance Appraisal :** Performance of the employees can be appraised objectively if clear-cut standards of performance for every job are established. Job analysis data can be adapted to establish clear-cut standards of performance for every job. In evaluating the performance of an employee, the supervisor can compare the actual contribution of each man with the set standards.

7) **Employees Safety :** A thorough job analysis reveals unsafe conditions associated with a job. By studying how the various operations are taken up in a job, managers can find unsafe practices. This helps in rectifying things easily.

8) **Job Design and Redesign :** Once the jobs are understood properly, it is easy to locate weak spots and undertake remedial steps. We can eliminate unnecessary movements, simplify certain steps and improve the existing ones through continuous monitoring. In short, we can redesign jobs to match the mental make-up of employees.

9) **Career Planning :** Job analysis provides a clear idea of opportunities in terms of career paths and jobs available in the organisation. With the help of such understanding, employees and the organisation both can make efforts for career planning and career development.

Steps in Job Analysis

The major steps in a job analysis programme are as follows:

1) Organise and plan for the programme. The company must determine who will be in charge of the programme and must assign responsibilities. A schedule should be established and a budget estimated.

2) Obtain current job design information. The job analyst should next obtain organisation charts, current position descriptions and job specification procedures manuals and system flow charts to the degree that these are available.

3) Conduct "needs research". The job analyst should investigate to determine which organisation, managers, or staff people require job analyses or output from job analyses. The analyst should also determine for what purpose and to what extent jobs must be analysed and how the information will be used.

4) Establish priorities in the jobs to be analysed. The personnel department, working with manners of the various organisational units, identify the jobs to be analysed and the priority of each job analysis.

5) Collect job Data. Collect data about the selected jobs as they are currently being performed using established systematic techniques.

6) Evaluate and redesign the jobs.

7) Prepare job descriptions and job classifications.

8) Prepare job specifications.

There are three types of job analyses: Job-oriented, workers-oriented, and combined. Analysis of jobs based on describing the tasks required for successful performance is called worker-oriented analysis. Usually a combination of each type of analysis is used.

PROCESS OF JOB ANALYSIS

There are five basic steps required for doing a job analysis, viz.,

Step 1: Collection of Background Information : According to Terry, "the make-up of

a job, its relation to other jobs, and its requirements for competent performance are essential information needed for a job evaluation. This information can be had by reviewing available background information such as organisation charts (which show how the job in question relates to other jobs and where they fit into the overall organisation); class specifications (which describe the general requirements of the class of job to which the job under analysis belongs); and the existing job descriptions which provide a starting point from which to build the revised job description.

CHART - 1
Job Analysis
(At Process for Obtaining All Pertinent Job Facts)

Job Description	Job Specification
a) Job Identification (job title, location, occupational code, alternative name in use, name of division, department and unit where it exists. b) Job Summary (gives a quick capsule explanation of the contents of a job, its hazards and discomforts). c) Duties performed (says the what, how and why of a job; also describes a worker's responsibilities in regard to custody of money, supervis ion of other workers, training of subordinates, etc.) d) Relation to other jobs (gives how many persons may be supervised). e) Supervision given/taken (helps in locating a job in the job hierarchy). f) Machines, tools, equipment (what type of tools/equipment materal is used). g) Materials and forms used. Conditions of work Location -factory/office/inside /outside/overhead/Underground/solitary gang; Time day, night, overtime, peak loads, uniformity of work; Posture-standing, sitting, stopping, clinging, walking, reaching, lifting; Speed -quick, moderate, slow; Accuracy-coarse, fine, exacting, Health hazards - ventilation, illumination, nerve strain, eye -strain, physical strain, moisture, heat, dust, humidity, fumes, acids, exposure to such disagreeable features as dirt, noise, etc, Hazards (accident hazards)	a) Physical make-up or characteristics. b) Psychological characteristics. c) Personal characteristics. d) Responsibilities. e) Other factors of a demographic nature (sex, age, education, language, ability to read, write and speak).

Step 2 : Selection of Representative Position to be Analysed : Since the analysis of all jobs would be time-consuming, flow representative positions should be analysed.

Step 3: Collection of Job Analysis Data : Job data on features of the job, required employee qualifications and requirements, should be collected either from the employees who actually perform a job; or from other employees (such as foremen or supervisors) who watch the workers doing a job and thereby acquire knowledge about it; or from the outside persons, known as the trade job analysts who are appointed to watch employees performing a job.

The duties of such a trade job analysts are:

 i. to outline the complete scope of a job and to consider all the physical and mental activities involved in determining what the worker does.For this purpose, he studies the physical methods used by a worker to accomplish his task (including the use of machinery, tools and his own movements and necessary mental facilities);

 ii. find out why a worker does a job; and for this purpose he studies why each task is essential for the overall results; and

 iii. the skill factor which may be needed in the worker to differentiate between jobs and establish the extent of the difficulty of any job.

Step 4 : A job Description : The information collected is to be developed in the form of a job description. This is a written statement that describes the main features of the job, as well the qualifications/activities which the job incumbents must possess.

Step 5 : Developing Job Specification : The last step is to convert the job description statements into Job Specifications, i.e.; to specifically mention what personal qualities, traits, skills and background is necessary for getting the job done.

TECHNIQUES OF COLLECTION OF JOB ANALYSIS DATA

 1. **Job Performance**

  Under this technique, the job analyst actually does the job under study in order to have direct exposure and get first-hand experience of and information about the actual tasks, physical demands and environment conditions of the job. This method

is appropriate in circumstances where skill requirements were low and therefore can be learnt by the analyst quickly and easily. However, this is a crude and time-consuming method and is not suitable in case of those jobs which require extensive training before performing them.

2. Observation

Under observation method, the analyst simply observes a worker or group of workers doing the job. Sometimes he reviews films of workers engaged in doing the job. Without interfering, the analyst records the what, why and how of the various parts of the job. During a complete cycle of performance of a job, he also observes the working conditions and the hazards involved. Information is also collected on the sequences of observed behavior. Usually this information is recorded in a standard format.

The observation method is quite simple as the analyst has to observe certain facts and records the same. It is often used for the analysis of jobs that consists largely of repeated manual operations over a relatively short time cycle. It may also be preferred when analyst wants to confirm or remove doubt about the data collected through questionnaires. Though this method provides first hand method information yet workers in many cases do not function most efficiently when they are being observed. Thus, distortions in the job analysis may occur. It is slow, costly, and sometimes less accurate if the analyst misses the irregularly occurring activities. It is inapplicable to jobs which involve high proportions of unobservable mental activities (e.g. manager's job) and those which do not have complete and easily observable job cycles. Moreover, the analyst needs to be trained to carefully observe and record the competence of a job incumbent (such training involves additional cost). However, better results will be available when observation method is used along with other methods of job analysis.

2. Interview

Face-to-face interview with the job-holders are an effective way to collect job information. In addition to job-holders, their supervisors and other concerned persons may also be interviewed. The results of these interviews are combined

into a single job analysis. The interviews are usually structured. In other words, a standard format containing specified questions is used to collect answers from all workers to survey the requirements of a particular job. In this way, all questions and responses are restricted to job –related topics.

This method relies on workers' own descriptions of what is done, why it is done, and how it is done, etc. During the interview, the analyst usually makes judgements about the information to be included and its degree of importance. In many jobs where it is not possible for the analyst to actually perform the jobs (e.g.; airline pilot) or where observation approach is impractical (e.g.; architect), interview method is widely used. It is also used along with observation method in order to seek sufficient information for the purpose of job analysis.

Three types of interviews are desirable. An initial interview provides most of the job information. A verification interview is made after the results from the first interview have been checked with other sources and prepared in task form. A follow-up interview with a group of incumbents and supervisors may be used to polish up the final draft for language, clarity and correctness of terms. Effective interview involves the following steps:

- **Preparation for the Interview:** All interviewees should be notified in advance of the purpose of the study. The questionnaire, the task inventory, or other materials such as draft of task lists should be given to the interviewees in advance. A time for the interview should be established that allows for an adequate period of questioning.

Opening the Interview: Workers who participate in job analysis frequently have fears that the results will be used to lower their salaries, demean their jobs, or increase their tasks. Until rapport is established, the analyst should try to put the worker at ease with some casual talk and explanation of the service he is providing.

- **Getting Information :** The job analyst while collecting data should focus his attention on the contents of the job and not on the personality of the employee. The objective is not to describe this particular employees but rather the job that the employee performs and also the skills and education necessary for proper execution of job duties. If the job incumbent in question possesses a University

degree which is not essential for performing the job the analyst must refrain from inferring that a University degree is a must for proper performance of the said job. The approach of the job analyst should be scientific in so far as it attempts to distinguish between fact and inference and between fact and opinion.

- **Verification of Information:** The collection of job information should not be confined to work done by the best worker in the job, rather it should represent a reasonable sample of good, poor and average job doers. Information collected from one employee should be checked in consultation with others holding the same or similar jobs. This would help the analyst to get additional information and strike out inconsistencies and contradictions in the information already collected.

- **Position Analysis Questionnaire (PAQ)**

    The Position Analysis Questionnaire, developed at Purdue University, is a method for analyzing jobs in quantitative form. The PAQ covers 195 job elements grouped into six sections:

1) Information input: Where and how do workers get information to do their jobs?

    ... 35 elements

2) Mental processes: What reasoning, planning, organizing and decision-making is done   ....14 elements

3) Work output: What physical activities, tools and machines are used?

    ....49 elements

4) Relationship: What contact with other people, both in the company and outside of it, is maintained or developed?   ....36 elements

5) Job context: What is the physical and social context in which the job is performed?

    ....19 elements

6) Other job characteristics: What other activities, conditions, or characteristics not covered by the other categories are relevant?   ....41 elements

    A major problem with PAQ is the time it takes for a job analysts to fill out the ratings. However, PAQ has been widely researched and tested and appears to be

both reliable (among different raters) and valid (correlates with the job pay).

3. **Checklists**

Questionnaires and checklists, though appear to be similar, differ somewhat in the degree to which they are structured. Questionnaires rely on job-holders to provide most of the narrative description of the tasks, skills, knowledge, abilities, working conditions, hazards etc. involved in the performance of their jobs. On the other hand, checklist already contains the characteristics likely to be found in the job being analysed. The respondent is often asked how frequently a task is performed, or how important it is to overall performance in his position. Thus, checklist is more structured than a questionnaire and contains fewer subjective judgements and tends to be either 'yes' or 'no' variety.

A checklist may cover as many as 100 activities, and job-holders tick only those tasks that are included in their jobs. After many job-holders have responded, highly related behaviours are clustered by using statistical methods to form factors representing common underlying dimensions of tasks characteristics. However, preparation of a checklist is a challenging job. The specialist who prepares the list has to collect all relevant information about the job concerned. Checklist method is useful in large organizations that have a large number of people assigned to a particular kind of job. This technique is amendable to tabulation and recording on computer. However, this technique is costly and therefore not suitable for small firms

4. **Work Sampling**

Under this method, a small proportions of the behavior required of any given job-holder is recorded. Two types of sampling are usually done:cross-selection and longitudinal. In the former, work samples are selected from different sections, and in the latter, they are taken from the same selection. In a cross-sectional approach, the recording of the job activities of several job-holders at the same time, may yield a picture of the overall job. For example, the observation of one day's behavior for each of the ten engineers may give a good picture of what the total job encompasses. If few persons are engaged in a given job, the analyst may observe

their behaviours at separate time periods. For example, the engineer may be observed for one day each of the thirty random days out of a year to build a description of the job. This method resembles the observation method in spirit, but differs from that because of the application of sampling technique.

5. **Diary or Log of Job Incumbent**

The diary or log is a recording by job incumbent of job duties, frequently of the duties, and when the duties were accomplished. This technique requires the incumbent to keep a diary/log on a daily basis. Unfortunately, most individuals are not disciplined enough to keep such a diary/log.

If a diary/log is kept up to date, it can provide good information about the job. Comparisons on a daily, weekly or monthly basis can be made. This will permit an examination of the routineness or non-routineness of job duties, The diary/log is useful when attempting to analyse jobs that are difficult to observe, such as those performed by engineers, scientists, and senior executives.

Any of the above methods can be used in combination. In fact, all these can be used to acquire a comprehensive picture of a job. Of course, using all would take time and be rather costly. The analyst decides which method or combination is needed to do a thorough job analysis. Job analysts often use a more specific, widely used technique that incorporates various features of these general techniques and provides a quantitatives

2.7   JOB DESCRIPTION AND ITS CONTENTS

A job description is an organized factual statement of job contents in the form of duties and responsibilities of a specific job. The preparation of job description is necessary before a vacancy is advertised. It tells in brief the nature and type of a job. In other words, it emphasises the job requirements. As the title indicates, the documents are descripitive in nature and constitute a record of job facts in an organized way.

Job description document discloses what is to be done, how it is to be done and why it is to be done. It must disclose at least the facts relating to these three points in detail. The data to be recorded on the description document must be objectively determined by

the job analyst. To make this document more meaningful, the personnel department may invite job descriptions from workers, foremen and supervisors.

1) **Job title :** It is desirable that the job title should be short, definite and suggestive of the nature of the job. Commerce and industry nomenclature, wherever applicable, should always be considered in phrasing meaning job titles

2) **Job Location :** It is necessary to give the location of the job. By location we mean the name of the department where the job under consideration exists.

3) **Job Summary :** A short paragraph succinctly summarizing the tasks performed by the employee is helpful for subsequent convenient identification of the job.

4) **Duties to be Performed :** Each task performed should be written out and estimate made of the percentage of the time that is devoted to the performance of each task. This is the most important phase of the job description and should be carefully prepared

5) **Machines, Tools, Materials :** The tools, machines, equipments and materials used in the performance of the job should be included in the job description. This is necessary since these items tend to indicate the nature and complexity of the job.

6) **Relation to Other Jobs :** Clear-cut relation of the job under consideration with other jobs in the organisation will help to understand the nature of the job well

7) **Nature of Supervision :** There are certain jobs, particularly unskilled jobs, which require intensive supervision, while other jobs require less supervision, because people manning these positions are more committed to the achievement of organisation goals. Nature of supervision must be given in the job description.

8) **Working Environment :** The working conditions, hazards and other characteristics of the physical surroundings within the working area should be described to help in subsequent interpretation of job evaluation.

A specimen of job description is given below:

Specimen of Job Descriptions

X. Y. Z. Co. Ltd.

Job Title - Personal Secretary   Job No…………..

Department…………………   Grade…………....

Immediate Supervisor………………….   Date……………

Job Summary Perform secretarial duties involving taking dictation, typing, preparing routine correspondence and reports, maintaining records and related clerical duties.

Job Duties. Take dictation in shorthand or from dictation machine, transcribe and type letters, memoranda, reports, etc. Take shorthand notes in meetings, transcribe and type into final form.

Compose and type routine letters, memoranda, open, read, sort, distribute and follow-up incoming mail. Maintain files of letters, reports, catalogues and other documents.

Obtain data and information by telephone or personal contacts for the boss.

Answer telephone calls and take messages.

Compile routine departmental reports.

Receive, disburse and keep records of petty cash funds.

Receive visitors.

Arrange hotel and travel reservations.

May be required to take technical dictation involving engineering and chemical terminology.

Equipment, Instruments and Machines, Typewriters, dictation machine.

Relation to Other Jobs…………

Nature of Supervision…………

Working Environment…………….

USES OF JOB DESCRIPTION

Job description has several uses, such as:

i. Preliminary drafts can be used as a basis for productive group discussion, particularly if the process starts at the executive level.

ii. It aids in the development of job specifications, which are useful in planning recruitment, in training and in hiring people with required skills.

iii. It can be used to orient new employees toward basic responsibilities and duties

iv. It is a basic document used in developing performance standards.

v. It can be used for job evaluation, a wage and salary administration technique.

A job description enables the manager to frame suitable questions to be asked during an interview. It is particularly helpful when the application form is used as a tool for eliminating the unfit personnel. According to Zerga, who analysed 401 articles on job description about 30 years ago, a job description helps us in:

i. Job grading and classification;

ii. Transfers and promotions;

iii. Adjustments of grievances;

iv. Defining and outlining promotional steps;

v. Establishing a common understanding of a job between employers and employees;

vi. Investigating accidents;

vii. Indicating faulty work procedures or duplication of papers;

viii. Maintaining, operating and adjusting machinery;

ix. Time and motion studies;

x. Defining the limits of authority;

xi. Indicating case of personal merit;

xii. Studies of health and fatigue;

xiii. Scientific guidance;

xiv. Determining jobs suitable for occupational therapy;

xv. Providing hiring specifications; and

xvi. Providing performance indicators.

Job description helps top executives, especially when they jointly discuss one another's responsibilities. Overlapping or confusion can then be pointed out; questions can be raised about the major thrust of each position, and problems of structure can be identified. A job description becomes a vehicle for organizational change and improvement.

Some companies have more than one job description for each job. A detailed version may be used in training and in evaluating a job, while a shorter version may be used in planning and training of management.

PREPARATION OF JOB DESCRIPTION

Job description provides the data of the job itself in terms of duties and responsibilities. In other to prepare this document, detailed information is to be collected about job title, job contents duties and responsibilities and so on. The information necessary for the preparation of the job description can be obtained in one or more of the following ways:

1) By observation of job being performed.

2) By discussion with the supervisor of the job.

3) By requesting the supervisor of the job to fill in a questionnaire describing the job.

4) By discussion with some of the employees working on the job.

5) By requesting some of the employees working on the job to fill in the questionnaire describing the job.

The most practical method of getting information is through personal observation of the work performed, coupled with discussion with the supervisor of the job. The technique of questionnaires is time consuming and generally does not yield satisfactory results. Most of the employees cannot be depended upon to complete the questionnaire

because of their own limitations. At the same time, supervisors also cannot be depended upon fully. He may either attempt to magnify the job in order to increase its importance or may fail to include pertinent information in the reply. When questionnaires are used, invariably the job analyst must discuss the job with the supervisor concerned in order to clarify the information provided in the questionnaire. The use of questionnaires is recommended only in case of those technical jobs where the job contents are not completely known to the supervisor, or the operation is too complex to observe, or the job is actually what the employee makes it.

Job description may well be prepared out in the shop. Every job should be described as it exists and as it is currently performed. Changes in procedure that might be planned should never be included in a job description until they take place. Sometimes, instances are found where the way in which the job is performed does not correspond to the way in which supervision wants the job to be done. In such cases, the preparation of the job description should be held up until the operator is trained in the method which is finally decided upon

Accountability for Job Descriptions. Usually, the chief executive of the organisation will hold the personnel department accountable for coordinating the development and maintenance of job description. Managers throughout the organisation are held accountable for cooperating in this programme and for supplying accurate information. Thus, the personnel director and other top managers are held jointly accountable for the development and maintenance of job descriptions.

Validity of Job Descriptions. A job description is valid to the extent that it accurately reflects job contents. The importance of job description validity becomes clear when the influence of job descriptions on employment and evaluation practices is taken into consideration. These two functions are likely to be performed away from the job scene and possibly by people not immediately familiar with details of the various jobs. If the job description is inaccurate and misleading, candidates without the proper qualifications may be referred to departmental heads, or jobs may be ranked improperly with others in terms of worth to the organization. When used for this purpose, inaccurate job descriptions can also reduce the effectiveness of training, or they can result in the development of unrealistic standards of performance. These problems demonstrate the importance of systematic, periodic information-gathering and the careful writing of the descriptions.

81

CHARACTERSTICS OF GOOD JOB DESCRIPTION

Opinions differ on how to write job descriptions. Some experts are of the view that these should be written in detail and in terms of work flow. Others feel that these should be written in terms of goals or results to be achieved, in other words as performance standards (or what is popularly known as "management by objectives"). The prevalent thinking is that job descriptions should be written in terms of duties and responsibilities, i.e., in terms of functions performed.

Job descriptions are written by Personnel Department or its representatives.

Although there is no set way of writing a job description, the following pattern is fairly typical, and used by many companies.

1) A paragraph is allocated to each major task or responsibility.

2) Paragraphs are numbered and arranged in a logical order, task sequence or importance.

3) Sentences are begun with an active verb, e.g., "types letters", "interviews the candidates", "collects, sorts out, routes and distributes mail".

4) Accuracy and simplicity are emphasized rather than an elegant style.

5) Brevity is usually considered to be important but is largely conditioned by the type of job being analysed and the need for accuracy.

6) Examples of work performed are often quoted and are useful in making the job description explicit.

7) Job descriptions, particularly when they are used as bases for training, often incorporate details of the faults which may be encountered in operator tasks and safety check-points.

8) Statements of opinion, such as "dangerous situations are encountered", should be avoided.

9) When job description are written for supervisory jobs, the main factors (such as manning, cost control, etc.) are identified and listed. Each factor is then broken down into a series of elements with a note on the supervisor's responsibility.

The British Institute of Management Publication adds four more guidelines:

1) Give a clear, concise and readily understandable picture of the whole job;

2) Describe in sufficient detail each of the main duties and responsibilities;

3) Indicate the extent of direction received and supervision given;

4) Ensure that a new employee understands the job if he reads the job description.

LIMITATIONS OF JOB DESCRIPTION

In any use of job descriptions, it should be remembered that these descriptions are not perfect reflections of the job. "The object of a job description is to differentiate it from other jobs and set its outer limits." Future, executives tend to carry work patterns with them into new jobs, thus modifying the job drastically.

To avoid such problems, care must be exercised in writing a job description to make it as accurate as possible, and at the managerial or professional level, it should be reviewed and discussed after the job. Job tend to be dynamic, not static and a job description can quickly go out of date. Therefore, jobs should be constantly revised and kept up-to-date, and the personnel and the other departmental heads should be apprised of changes.

Both supervisors and subordinated should understand the uses to which a job description would be put so that appropriate information is recorded by them. The relevant parties should agree that a job description fairly reflects the job; other job evaluation and job performance review would seem to be unfair.

2.8   JOB SPECIFICATIONS

Job specification, also known as man or employee specification, is a statement of minimum acceptable qualities required in a job incumbent for the effective performance of the job. In contrast to job description which provides various features of the job, job specification specifies various features of the job holder.

"Job Specification involves listing of employee qualifications, skills and abilities required to meet the job description. These specifications are needed to do job satisfactorily." In other words, it is a statement of minimum and acceptable human qualities necessary to perform job properly. Job specification seeks to indicate what kind of persons

may be expected to most closely approximate the role requirements and thus, it is basically concerned with matters of selection, screening and placement and is intended to serve as a guide in hiring.

Job specification is a statement which tells us minimum acceptable human qualities which helps to perform a job. Job specification translates the job description into human qualifications so that a job can be performed in a better manner. Job specification helps in hiring an appropriate person for an appropriate position. The contents are:

i.   Personal characteristics such as age, sex, education, job experience and extra- and co-curricular activities.

ii. Physical characteristics such as height, weight, chest, vision, hearing, health, voice, poise and hand and foot coordination.

iii. Mental characteristics such as general intelligence, memory, judgement, foresight, ability to concentrate, etc.

iv. Social and psychological characteristics such as emotional stability, flexibility, manners, initiative, drive, conversational ability, creativity, etc.

Various contents of a job specification can be prescribed in three forms: (i) essential attributes which a person must possess, (ii) desirable attribute which a person may possess, and (iii) contra-indicators which will become a handicap to successful job performance. So far as essential attributes are concerned, these are mandatory. Organisations provide flexibility so far as desirable attributes are concerned. In this case, it is desirable to prescribe the extent to which desirable attributes contributes to satisfactory job performance and these attributes will be acquired by the job incumbent. **Chart 1** shows the specification of Human Resource Director in a company on whose behalf Stanton Chase International, an executive search firm, has inserted advertisement.

Chart 1

Job Specification of Human Resource Director: Qualification and Experience

1. Demonstrated expertise over atleast 5 to 6 years in human resource management, in a leading role, in a large organisation environment preferably with experience in change management.

2. Understanding in HR management for multiple HR constituencies- general managers, highly skilled scientists, sales force and workers. Should be IT savvy.

3. Should be capable of effectively understanding the HR nuances for the recruitment of expatriates for the senior position aboard.

4. Preferably (but not essential) MBA from a good abroad or one of the top institutes in India.

5. Age 40-45 years

Personality Traits

1. Ability to be a strong team player and to lead from behind.

2. Sensitivity to people-related issues at different levels/backgrounds in the organizations.

3. Ability to be perceived as a counselor and peer by senior management.

4. Strong selling and communication abilities.

5. Thinking on the feet and on-line creativity.

A job specification is a document which states the minimum acceptable human qualities necessary to perform a job properly. It sets forth requirements sought in the person who is to be selected to perform a particular job. Job specifications translate the job descriptions into human qualifications, and sometimes level of performance, required for successful performance of the job. Specifications are often appended to the job descriptions. They are intended to serve as a guide in hiring and to be used in job evaluation. In hiring, they are presumed to be a partial quide to the characteristics sought in the application blank, the tests, the interviews, and the checking of references.

In contrast to job description, job specification is a measuring rod of personnel and it combines qualities required for acceptable performance of a particular job like formal education experience, psychological attitude, physical measurements, etc. The qualities as assessed and recorded on job specification document involve an element of subjectivity. The proper assessment of these qualities depends upon the value judgements of a number of people such as job analysts, job-holder and his supervisor.

Because of the admitted impossibility of presenting a completely objective and accurate standard of personnel, some firms have discarded the idea of preparing job specifications. Instead, they prefer to deliver the description to the employment interviewers as they are sure of the accuracy of that information. But this does not mean that job specification has been eliminated or discarded. It now exists in the minds of the interviewers. Instead of having one standard of personnel for the job, there may be as many as readers of the job descriptions.

If kept separate from job description, the job specification includes two sections-Job identification and human requirements. The exact list of human requirements will vary from company to company and according to uses to which job specification is to be put. Such attributes as education and experience are always indicated. As far as possible, the specification is to be put. Such attributes as education and experience are always indicated. As far as possible, the specifications written for each characteristic should be quantified.

Specimen of Job Specifications

<div style="border:1px solid black;">

X. Y. Z. Co. Ltd

Job Grade Title: Middle Management

Department : …………….

Age Limits: 30-35, Relaxable in exceptional cases.

Education and Qualifications: Must be graduate in commerce or any other Discipline with emphasis on business. Post-graduate degree in Commerce or Business Management preferred. Proficiency in accounting, marketing and personnel management.

Physical and Health: Good health; emotional stability.

Appearance: Charming personality.

Mental abilities: Alertness, ability to listen with an open mind, conceptual clarity.

Special abilities: Flexibility, adjustability.

Previous abilities: 5-7 years experience in executive position in a reputed company

Skill in operating special equipment: Working of computers.

Degree of stability and Dependability: High.

Maturity: Must be capable of accepting responsibility in company and community affairs.

Innovation: Must be a self-starter and self-reliant.

Dominance: Must be a strong man who sticks with his decisions.

Must be able to provide leadership to subordinates and get the things done from them.

Any other requirement…………………

</div>

ADVANTAGES OF JOB SPECIFICATION

Job specification has following advantages:

i.   It is helpful in preliminary screening in the selection procedure.

ii.   It helps in giving due justification to each job.

iii.   It also helps in designing training and development programmes.

iv.   It helps the supervisors for counseling and monitoring performance of employees.

v.   It helps in job evaluation.

vi.   It helps the management to take decisions regarding promotion, transfers and giving extra benefits to the employees.

A job specification can be developed by talking with the current jobholders about the attributes required to do the job satisfactorily. Opinions of supervisors could also be used as additional inputs. Checking the job needs of other organizations with similar jobs will also help in developing job specifications.

Job specification is useful in the selection process because it offers a clear set of qualifications for an individual to be hired for a specific job. Likewise, a well-written job specification offers a clear picture to new recruits of what they will be doing in the organization. A specimen (table 1) job specification is given below:

Table1 : Job Specification of Compensation Manager

Education	• MBA with specialization in HRM/MA in social work/PG Diploma in HRM/MA in industrial psychology. • A degree or diploma in Labor Laws is desirable.
Experience	• At least 3 years experience in a similar position in a large manufacturing company.
Skill, Knowledge, Abilities	• Knowledge of compensation practices in competing industries, of job analysis procedures, of compensation survey techniques, of performance appraisal systems. • Skill in writing job descriptions, in conducting job analysis interviews, in making group presentations, in performing statistical computations • Ability to conduct meetings, to plan and prioritise work.
Work Orientation Factors	• The position may require upto 15 per cent travel.
Age	• Preferably below 30 years.

PREPARATION OF JOB SPECIFICATIONS

The job specifications should define the minimum acceptable standards for employment and performance on the job. Exceptional functions, which are of non-routine nature, should not be allowed to influence the overall description. Specifications should not be coloured by the personalities of or special skills exhibited by particular people from whom job information may have obtained.

Job specifications are generally developed with the cooperation of the personnel department and various supervisors throughout the organisation. The personnel Manager co-ordinates the writing of job descriptions and specifications. So he should see that useful information regarding the preparation of job descriptions and specifications is obtained by studying actual practice in the different jobs. There is no doubt that because of supervisor's knowledge of the job, the personnel department will give a great deal of weight age to his suggestions while preparing job specifications, but it should also ensure

that specifications are realistic, fair and designed to assist the organisation in attaining its goals.

Accountability for Job Specifications. As an outgrowth of job descriptions are typically developed with the cooperation of the personnel department and various supervisors throughout the organization. The personnel department coordinated the writing of job descriptions and job specifications and secures agreement on the qualifications desired.

Because of the supervisor's knowledge of the job, the personnel director will give a great deal of weight to the suggestions of a supervisor concerning needed qualifications, but the personnel director will want to make certain that specifications are realistic, fair and designed to assist the organization in attaining its goals

PROCESS OF JOB SPECIFICATION

The first step in the programme of job specification is to prepare a list of all jobs in the company and where they are located. The second step is to secure and write up information about each of the jobs in a company. Usually, this information about each of the jobs in a company. Usually this information includes:

1. **Physical specifications :-** Physical specifications include the physical qualifications or physical capacities that vary from job to job.

2. **Physical qualifications or capacities :-** Include physical features like height, weight, chest, vision, hearing, ability to lift weight, ability to carry weight, health, age, capacity to use or operate machines, tools, equipment etc.

3. **Mental specifications :-** Mental specifications include ability to perform, arithmetical calculations, to interpret data, information blue prints, to read electrical circuits, ability to plan, reading abilities, scientific abilities, judgment, ability to concentrate, ability to handle variable factors, general intelligence, memory etc.

4. **Emotional and social specifications :-** Emotional and social specifications are more important for the post of managers, supervisors, foremen etc. These include emotional stability, flexibility, social adaptability in human relationships, personal appearance including dress, posture etc.

5. **Behavioural Specifications :-** Behavioral specifications play an important role in selecting the candidates for higher-level jobs in the organizational hierarchy. This specification seeks to describe the acts of managers rather than the traits that cause the acts. These specifications include judgments, research, creativity, teaching ability, maturity trial of conciliation, self-reliance, dominance etc.

2.9   RECRUITMENT

If the HR department fails to indentify the quality and the number of persons to be recruited and also fails to procure the services of persons with required qualifications, skill and calibre continuously, a time may come ultimately when all the qualified persons have retired and no qualified person remains in the organization. Therefore, the importance of recruitment and selection of the right type of persons at the right time is indispensable to the organization. According to **Flippo,** recruitment "is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization". In the words of **Mamoria,** "recruiting is the discovering of potential applicants for actual or anticipated organizational vacancies".

Sources of Recruitment : Basically, the sources of recruitment are of two types: **(a) Internal;** and **(b) External.** (a) Internal Sources Internal sources include personnel already on the pay roll of an organization. Filling a vacancy from internal sources by promoting people has the advantages of increasing the general level of morale of existing employees and of providing to the company more reliable Human Resource Management Among the internal sources, may be included promotions transfers, and response of employees to notified vacancy.

Merits of Internal Sources of Recruitment: Absorbing people already acquainted with the company culture. Having tried and tested people on whom the company can depend. It is a useful signal to employees that assures them that their services are recognized; this helps in maintaining their motivation and morale. It reduces labour turnover as it gives employees a sense of job security and opportunity for advancement. Fully acquainted employees minimizes job training. Internal sources of recruitment are less costly than the other sources of recruitment.

Demerits of Internal Sources of Recruitment: Internal sources of recruitment

91

suffer from certain demerits which are: It limits the choice to a few employees only. The likes and dislikes of the superiors play an important role in the selection of an employee. It creates frustration among the unselected employees. (b) External Sources These sources lie outside the organization. They may include: (i) Advertisements: Advertising in newspapers, trade journals and magazines is the most frequently used method. In order to be successful, an advertisement should be carefully written. If it is not properly written, it may not draw the right type of applicants or it may attract too many applicants who are not qualified for the job. (ii) Employment Exchanges: An employment exchange is an office set up for bringing together as quickly as possible candidates searching for employment and employees looking for prospective employees. The main functions of employment exchanges are registration of job seekers and their placement in notified vacancies. (iii) Campus Recruitment: Sometimes, recruiters are sent to educational institutions where they meet the placement officer or the faculty members who recommend suitable candidates. This system is prevalent in USA where campus recruitment is a major source. However, today the idea of campus recruitment has slowly caught up the fancy of Indian employers too. (iv) Unsolicited Applicants: Unsolicited applicants are another source. Some candidates send in their applications without any invitation from the organization. (v) Labour Contractors: Many organizations employ labour contractors to hire workers. This method is usually resorted to when the work is of a temporary nature. (vi) Employee Referrals: Friends and relatives of present employees are also a good source from which employees may be drawn. (vii) Field Trips: An interviewing team makes trips to towns and cities, which are known to contain the kinds of employees required. In this method of recruitment, carefully prepared brochures describing the organization and the job it offers are distributed to the candidates before the interviewer arrives. The arrival dates and the time and venue of interview are given to the candidates in advance. Merits of External Sources of Recruitment: Fresh talent and skill come into the organization. New employees may try to change old habits. HR Planning, Recruitment, Selection, Placement and Induction New employees may be selected at the latest terms and conditions of the organization. Highly qualified and experienced employees may help the organization to boost performance. Since persons are recruited from a large market, the best selection can be made. In other words, the recruiter has a wide range of candidates to choose from. External sources provide the requisite type of personnel having the required skill and standard.

Demerits of External Sources of Recruitment: They reduce the morale of existing employees because outsiders are preferred to fill up superior vacancies. They deny carrier advancement for existing employees. Proper evaluation may not be possible due to the time constraint resulting in faulty selection. Outsiders not being acquainted with the policies and procedures of the organization need training, before they can deliver. From all this we can conclude that there is no hard and fast rule whether the recruitment must be internally or externally or exclusive to each other. The best management policy regarding recruitment must be to first look within the organization and if no able talent is available, external sources may be looked at. To use the words of Koontz and O'Donnell "the (recruitment) policy should be to 'raise' talent rather than 'raid' for it".

Recruitment Policy : A policy is standing plan policies are directives providing continuous framework for executive actions on recurrent managerial problems. A policy assists decision-making but deviations may be needed, as exceptions and under some extraordinary circumstances. Such a policy asserts the objectives of the recruitment and provides a framework of implementation of the recruitment programme in the form of procedures. The essentials of policy formation may be listed as follows: 1. It should be definite, positive and clear. Everyone in the organization should understand it. 2. It should be translatable into practice. 3. It should be flexible and at the same time have a high degree of permanency. 4. It should be formulated to care all reasonable anticipated conditions. 5. It should be founded upon facts and sound judgment. 6. It should conform to economic principles, statutes and regulations. 7. It should be a general statement of the established rules. Therefore, a well-considered and pre-planned recruitment policy, based on corporate goals and needs may avoid hasty decisions and help the organization to appoint the right type of personnel. According to Yoder, 'a recruitment policy may involve a commitment to broad principles such as filling vacancies with the best-qualified individuals... It may also involve the organization system to the developed for implementing recruitment programme and procedures to the employed'. Therefore, recruitment policy involves a commitment by the organization to principles such as: (i) To find and employ the best qualified persons for each job. (ii) To retain the best talent by offering life-time carriers, and (iii) To facilitate personal growth on the job. Conditions Necessary for a Good Recruitment Policy: A good recruitment policy must satisfy the following conditions: Human Resource Management NOTES 40 Self-Instructional Material (a) Organization's Objectives

93

A good recruitment policy should be in conformity with the organization's objectives. It must take into consideration the basic parameters for recruitment decisions. (b) Identification of Recruitment Needs A good recruitment policy should be flexible enough to meet the changing needs of an organization. The recruiters should prepare profiles for each category of workers and accordingly work out the employees' specifications. (c) Ensure Long Term Employment Opportunities for Its Employees A good recruitment policy should be so designed as to ensure career growth for its employees on a long-term basis. It should help in developing the potentialities of employees. (d) Preferred Sources of Recruitment A good recruitment policy should match the qualities of employees with the requirements of the work for which they are employed. The preferred sources of recruitment, which would be tapped by the organization for, such staff as skilled or semi-skilled workers could be internal sources or employment exchanges whereas for highly specialized managerial personnel, external sources could be preferred.

2.10   SELECTION

MEANING AND DEFINITION OF SELECTION

Workers are essential, active and sensitive factor of production, therefore utmost care should be taken in their selection. Any carelessness at the time of selection may endanger the future prospects of the enterprise. The manager should make fair and impartial selection, based upon scientific testing. Where efficient workers are no doubt, the permanent asset of the future, inefficient will prove to be liability. **Selection of employees is the process of choosing up the most competent and suitable candidates.** It is the process of picking individual who have relevant qualifications to fill jobs in an organisation. The basic purpose is to choose the individual who can most successfully perform the job from the pool of qualified candidates. Selection is the process of finding out the right candidate (out of the pool of job candidates) to fill the job organisation. The process of selection leads to employment of person having the ability and qualifications to perform the jobs which have fallen vacant in the organisation. It divides the candidates for employment into two categories, namely, those who will be offered employment and those who will not be. This process could be called 'rejection' since more candidates may be turned away than are hired. That is why selection is frequently described as a negative process in contract with the positive process of recruitment. The basic purpose of the selection process is

choosing right type of candidates to man various positions in the organisation. In order to achieve this purpose, a well organised selection procedure involves many steps and at each steps more and more information is obtained about the candidates.

According to Dale Yoder, "selection is the process in which candidates for employment are divided into two classes those who are to be offered employment and those who are not. Selection means a process by which qualified personnel may be chosen from the applicants offering their services to the organisation for employment".

SELECTION VS. RECRUITMENT

Selection is the process of choosing or picking up the most suitable candidates out of many available or interested. It is the process of selecting few and rejecting the unwanted applicants. Recruitment is the positive function which aims at increasing the selection ratio, that is, the number of applicants available per job. The selection process is a negative function as it attempts to eliminate unsuitable applicants, leaving only the best to be taken in the organisation.

Both recruitment and selection are the two phases of the same process. Recruitment being the first phase envisages taking decisions on the choice of tapping the sources of labour supply. Selection is the second phase which involves giving various types of tests to the candidates and interviewing them in order to select the suitable candidates.

Difference between Recruitment and Selection

Basis of Difference	Recruitment	Selection
Meaning	Recruitment is the process of searching prospective candidates and encouraging them to apply for jobs in the organisation.	Selection is the process of selecting most suited candidates from among those who have applied for job in the organisation.
Object	Main object of recruitment is to encourage more a nd more candidates to apply for jobs in the organisation.	Main object of selection is to select the most suited candidates.
Number	There is no restriction upon the number of candidates.	Only a certain number of candidates are selected.
Order	Recruitment is the first step of employment process.	Selection is made only after recruitment.
Nature	Recruitment is always treated as positive process.	Selection is a negative process as it leads to elimination of unsuitable candidates.

SIGNIFICANCE OF SELECTION

Selection is a critical process these days because it requires a heavy investment of money to get right types of people. Induction and training costs are also high. If the right types of persons are not chosen, it will lead to huge loss of the employer in terms of time, effort and money. Therefore, it is essential to device a suitable selecting procedure. Each step in the selection procedure should help in getting more and more information about the applicants to facilitate decision-making in the area of selection.

Absenteeism and employee turnover are the important problems which are being faced by most of the organisations. The intensity of these problem can be reduced if in the future all selections are made carefully so that there are 'round pegs in the round holes'. Whenever unsuitable employees are appointed, the efficiency of the organisation will go down. Such employees will shirk work and absent themselves from the work more often.

They may also be compelled to leave their jobs. If this happens, all the expenses incurred on the selection and training of such employees will go waste.

Scientific selection and placement of personnel will go a long way towards building up a stable work-force. It will keep the rates of absenteeism and labour turnover low and will increase the morale of the employees. If the employment is suitable according to the requirement of the jobs, they will show higher efficiency its objectives effectively.

SCIENTIFIC SELECTION

Fitting the worker to the job is the first and the most important step in promoting individual efficiency in industry. Scientific selection of employees is an important function of the personnel department. The object of scientific selection is to place on each job a worker who can maintain a given output with minimum expenditure of energy and who will be best fitted to the job.

The factors to be considered for selecting the right person for the right job are as under:

(i) **Physical Characteristics:** Sound body, limbs, height, weight, sight, etc.

(ii) **Personnel Characteristics:** Age, sex, marital status, number of children, family background, etc.

(iii) **Proficiency or Skill and Ability:** Qualifications and previous experience.

(iv) **Competency:** Potentiality of an individual for learning and becoming proficient in a job. Competency points out capability to acquire knowledge and skill for success on the job.

(v) **Temperament and Character:** Emotional, morale and social qualities, honesty, loyalty, etc. a high degree of intellectual competency can never serve as a substitute for such qualities as individual's character, his habits of work, his way of reacting in this or that situation, his driving forces in determining his fitness for the job.

(vi) **Interest:** Without interest, work is colourless and monotonous. With interest, work seems meaningful and worthwhile to the individual and abilities are developed as well as accomplishments are realised. Even if a person has skill, competency, efficiency, but if he has no interest in the job, he will be unhappy in his work.

SELECTION POLICY

The enterprise should adopt the following policy, while making the selection of the suitable candidates:

(i) Selection based on vacant post. The number of employees to be appointed must be according to the number of vacancies. If candidates appointed are lesser than required, effective use of the business resources cannot be made. If more than required employees are appointed, this will be an additional burden on the enterprises.

(ii) Selection of employees according to work: after the analysis and the study of the work, right persons may be appointed, who can perform the specific job efficiently. It means the basis for selection should be work, not employees. It will be the worse policy to select the worker first and to decide afterwards the job, where he may be absorbed.

(iii) Sanctioned by department heads: the concerned departmental heads should be consulted regarding the job, its nature and the type of persons required. It will be in the interest of organisation, if the department heads are also one of the members of selection committee.

(iv) Fixing minimum qualification: the minimum qualification, training, experience and proficiency for the vacant post should be fixed, so that incompetent persons may not be appointed. It will be advisable to mention desirable qualification also, in addition to the minimum qualification.

(v) Recruitment through employment exchange: it will be fair to recruit through employment exchanges, where qualified unemployment persons are available.

SELECTION PROCEDURE

The selection procedure is concerned with securing relevant information about an applicant. This information is secured in a number of steps or stages. The objective of selection process is to determine whether an applicant meets the qualifications for a specific job and to choose the applicant who is most likely to perform well in that job.

Selection is a long process, commencing from the preliminary interview of the applicants and ending with the contract of employment.

The hiring procedure is not s single act but it is essentially a series of methods or steps or stages by which additional information is secured about the applicant. At each stage, facts may come to light which may lead to the rejection to the applicant. A procedure may be compared to a series of successive hurdles or barriers which an applicant must cross. These are intended as screens, and they are designed to eliminate an unqualified applicant at any point in the process. This technique is known as the successive hurdles techniques. Not all selection processes include all these hurdles. The complexity of a process usually increases with the level and responsibility of the position to be filled.

According to Yoder, "the hiring process is of one or many 'go, no-go' gauges. Candidates are screened by the application of these tools. Qualified applicants go on to the next hurdle while the unqualified are eliminated". Thus, an effective selection programme is a non-random process because those selected have been chosen on the basis of the assumption that they are more likely to be "better" employees than those who have been rejected. Chart 1 gives the hiring requirements as outlined by Yoder.

CHART - I

HIRING REQUIREMENTS

Types of qualifications or specifications	Types of gauges

1. Arbitrary
    Security
    Sex
    Age
	1. Application blank
	2. Security check
	3. Police records
	4. Personnel records

2. Physical health and adequacy	1. Physical examination
3. Skills (including specialised knowledge)	1. Application blank 2. Education, training, apprenticeship 3. Grades 4. Employment records 5. References 6. Biography 7. Trade tests
4. Experience	1. Application blank 2. Biography 3. Employment records 4. References 5. Tests
5. Aptitude (including intelligence)	1. Employment records 2. Personnel appraisals 3. Reference 4. Tests
6. Interests	1. Application blank 2. Reference 3. Biography 4. Test in
7. Emotional maturity, moods, motivations	1. Biography 2. Employment records 3. Tests
8. Attitudes	1. Interviews 2. References

Selection processes or activities typically follow a standard pattern, beginning with an initial screening interview and concluding with the final employment decision. The traditional selection process includes: preliminary screening interview; completion of application form; employment tests; comprehensive interview; background investigations, physical examination and final employment decision to hire.

ESSENTIALS OF SELECTION PROCEDURE

The selection procedure adopted by an organisation is mostly tailor made to meet its particular needs. The thoroughness of the procedure depends upon three factors:

First, the nature of selection, whether faulty or safe, because faulty selection affects not only the training period that may be needed, but also results in heavy expenditure on the new employee and the loss that may be incurred by the organisation in case the job-occupant fails on his job.

Second, the policy of the company and the attitude of the management. As a practice some companies usually hire more than the actual number needed with a view to removing the unfit persons from the jobs.

Third, the length of the probationary or trial period. The longer the period, the greater the uncertainty in the minds of the selected candidate about his future.

The hiring process can be successful, if the following preliminary requirements are satisfied:

(i)   Someone should have the authority to hire. This authority comes from the employment requisition, as developed by an analysis of the work-load and work force.

(ii) There must be some standard or personnel with which a prospective employee may be compared, i.e., there should be available, beforehand, a comprehensive job description and job specifications as developed by a Job Analysis.

(iii) There must be a sufficient number of applicants from whom the required number of employees may be selected.

STEPS INVOVLED IN SELECTION PROCESS/PROCEDURE

Every organisation will design a selection procedure (Figure 1) that suits its requirements. However, the main steps which could be incorporated in the selection procedures are discussed below:

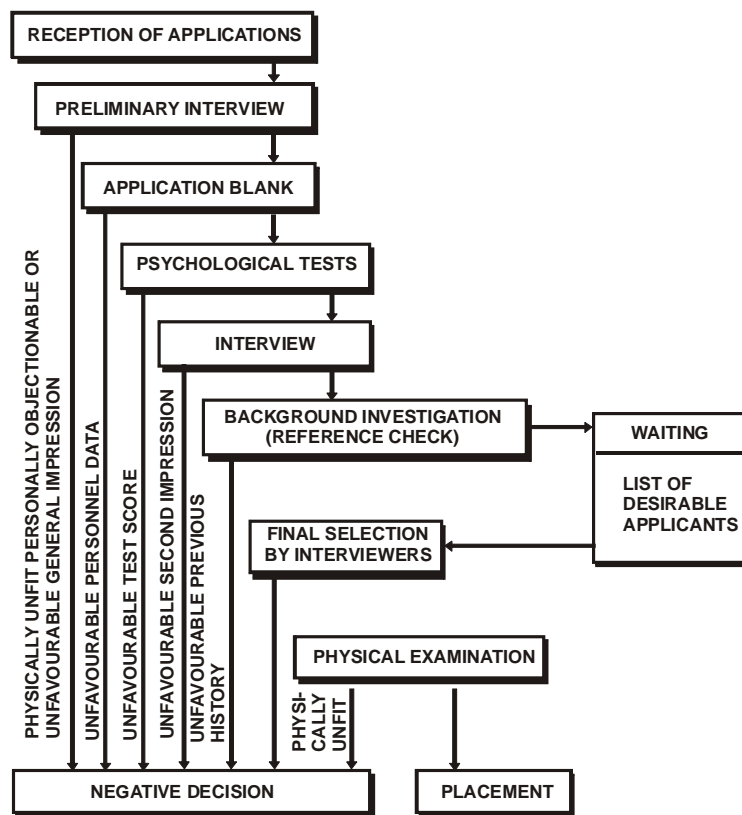**(i)** **Receipts of applications:** In the first step, applications from the interested candidates are received.

Figure 1: Selection Process

(ii) **Preliminary interview:** The preliminary interview is the first screening device utilised in the personnel department. As a district step in selection, handled by special preliminary interviewers, it is considered desirable where large number of applicants are to be processed. The initial appraisal of the applicant is in the nature of a general survey, not a detailed probing of qualifications.

102

The preliminary interview is considered with eliminating those who cannot be employed because of such factors as age, citizenship, status, disqualifying physical handicaps and inexperience or lack of training. He also determines whether the type of work, hours, wages, and other working conditions are agreeable. Personal interview, many a times, is resorted to elicit further information from the applicants and to know them in person. It may be used as a good device to judge the overall personality of the candidates. Those who pass this crude screening are usually asked to fill in the application blank available with the employment office of the organisation.

(iii) **Application blank:** Whenever there is a vacancy, it is advertised or enquiries are made from the suitable sources, and applications are received from the candidates. Standards application forms may be drawn up for all jobs and supplied to the candidates on request. The application form is useful for several reasons. It gives a preliminary idea of the candidates to the interviewer and helps him in formulating the questions to have more information about the candidate. The written information about age, qualification, experience, etc. may prove to be of greater value to the interviewers. It makes the processing of applications very easy since there is uniformity of filling the data in the application form.

After the applications are received, they are screened by a screening committee and a list is prepared of the candidates to be interviewed. Applicants may be called for the interview on some specific criteria like sex, desired age group, experience and qualifications. The number of candidates to be called for interview is normally five to seven times the number of posts to be filled up. The screened applications are then reviewed by the personnel manager and interview letters are despatched by registered post.

(iv) **Employment tests:** Formal testing of candidates has become a common practice in selection. A test provides indications of some aspects of an individual's such as his attitudes, knowledge, ability, behaviour, and performance. It also provides a systematic basis for comparing these aspects among candidates. Valid test can be extremely valuable tools in the selection process. Systematic use of tests helps in rejecting applicants. They are especially useful when the number of applicants is

large. Tests help to reduce bias and favouritism in selection by serving as a supplementary screening device. They are designed to better match the candidates and the jobs. The testing programme is highly effective and useful if it contains valid tests. 'Validity' means that the test scores (marks) are significantly related to job performance or to some other relevant criterion. The stronger the relationship between test results and performance, the more effective the test is as a selection tool. When scores and performance are unrelated, the test is invalid and should not be used for selection. Tests should not only be validly designed but also be properly and honestly administered.

The important types of tests used in industry for selection of skilled and professional personnel include the following:

- **Intelligence tests:** These tests are used to judge the mental capacity of the applicants. They measure the individual learning ability, i.e., ability to catch or understand instructions and also ability to make decision and judgement. There are many verbal as well as non-verbal intelligence tests constructed by the psychologists for different jobs. One such standardised intelligence test developed by U.S. Army in Second World War is known as the Army General Classification Tests (AGCT). When applied to children, it is called Intelligence Quotient (IQ) Test, where IQ is defined as follows.

    IQ = Mental Age/Chronological Age

- **Aptitude tests:** Aptitude means the potential which an individual has for learning the skills required to do a job efficiently. Aptitude tests measure an applicant's capacity and his potential for development. Aptitude tests are the most promising indices for predicting worker's success.

- **Psycho-motor tests:** Here applicant's mental dexterity, control and coordination of muscles are checked. It is useful for workers employed on semi-skilled and repetitive jobs such as assembling, packing, checking, testing and inspection work. Two popular standardised psycho-motor tests are McQuarril Test and Purdue Mechanical Adaptability Test (PMAT).

- **Proficiency tests:** Proficiency tests are those which are designed to measure the

skills already acquired by the individuals. They are also known as performance, occupational or trade tests. They are used to test the level of knowledge and proficiency acquired by the applicants. A trade a trade tests takes a sample of individual's behaviour which is designed as replica of the actual work situation such as typing. A trade test should be differentiated from the aptitude test. An aptitude test measures the potential of the applicant to learn skills required on a job.

- **Interest test :** interest test identify pattern of interests that is areas in which the individual shows special concern, fascination and involvement. These tests will suggest what types of jobs may be satisfying to the employees. Interest tests are more often used for vocational guidance also. They help the individuals in selecting occupations of their interest.

- **Personality tests :** Research studies have shown that more employees fail in their performance due to defects in personality and not due to lack of aptitude or ability. This is especially true in case of supervisors and managers. This is because their success depends to a great extent on their ability to deal with people effectively. This is called the human relations skill. Success depends on many attributes of his personality like his own value system, emotional stability, attitude and maturity. The purpose of personality test is to assess an applicant's motivation.

(v) Comprehensive employment interview: After having cleared the employment tests, the candidates are given a comprehensive interview. An 'interview' refers to a conversation with a purpose. 'selection interview' is a formal in-depth conversation conducted to evaluate the applicant's suitability and acceptability. The interviewer seeks to satisfy himself with the reference to the applicant about three board issues: (i) can the applicant do the job? (ii) will the applicant do the job? (iii) how does the applicant compare with the other applicants who are being considered for the job.

Selection interview is the most widely used selection technique especially due to its salient feature of flexibility. Interviews can be adapted to unskilled, skilled, managerial, and professional employees. They serve three fold purpose, i.e., obtaining information, giving information, and motivation. The interviewers learn about the applicant – his background, training, work history, education, and

interests. The applicant learns about the employer- the enterprise, its personnel policies, compensation levels, job environment, and career paths. Further, the selection interview seeks to establish a positive relationship between the employer and the employee, and to motivate the prospective employees to accept the offer of appointment with the enterprise.

The interview is taken by the Interview or Selection Committee consisting of chairman of the organisation, head of the department, personnel manager, and outside experts. During the interview, the members of the selection committee appraise each candidate according to merit. At the end of the interview of each candidate, the chairman consults the members and after a brief discussion finalises the grading of the candidate. After all the candidates have been interviewed, a panel is prepared. The number of person in the panel is generally about two to three times the number of vacancies to be filled up.

The proper physical arrangement for the interview is of great importance. It enhances the reputation of the organisation in the eyes of the candidates. The interview should be conducted in a room free from any disturbance, noise and interruption, so that interview may be held confidentially and in a quite environment. Another important condition for successful interviewing is that the interviewers should look ready for the meeting and the room should look ready for a private discussion. Privacy and comfort are recognised as aids to free talk. People generally speak more freely and frankly when they are at ease and do not feel threatened.

According to Jucius Michael, "An interview is a face to face, oral observational and personal appraisal method. Usually, it is more than a means of getting information. It involves giving information that will help the applicant make up his mind about the company, and giving advice that may serve to change the mental or emotional attitudes of the interviews". Since talking with other is such a familiar experience, perhaps the interview is apparently a simple, but essentially a very difficult and intricate part of the selection procedure.

Interview is an important aspect of selection procedure. The final selection is partly on his performance of the candidate in different tests and partly on his performance in the final interview. In this interview, the candidate has to appear before the

interviewer or a panel of interviewers. The candidate's overall personality is judged in the interview.

Kinds of Interviews

The nature of interview varies from firm to firm. It may be conducted in the following forms.

- **Structured or guided interview.** In this interview a series of questions which can illuminate the significance aspects of the applicant's background are standardised in advance. Answers to these questions are compared with a critical score and used in determining who is best to be selected. In the interview process these standard questions are asked as they are written; the order may be varied but not the phrasing of the questions.

  The interviewer may occasionally depart from the prepared list of questions and put other questions, but the important characteristics of structures interview remain one of the questioning and active participation by the interviewed. The interviewee is supposed only to answer the questions put by the interviewer.

- **Unstructured or non-directed interview.** The interviewer does not ask direct and specific questions. He tries to create an atmosphere in which the candidate feels free to talk on the subject selected by the interviewer. The interviewer is basically a passive listener as he avoids making value judgement interrupting the candidates and revealing his personal opinion.

- **Preliminary or background information interview.** This type of interview is conducted when the history of applicant has to be known in terms of his experience, education, health, interest, likes, dislikes, etc. it is more or less like the preliminary interview.

- **Stress interview.** The applicant is intentionally put under a stress by interrupting him, criticising his viewpoint and keeping silent after he has finished speaking. It requires that the interviewer must be tactful and skilful. It is used for higher posts.

- **Group interview.** It is an interview of a number of applicants in a group. Reactions of the applicants in dealing with each other can be seen by the interviewers. It is

used where it is essential to know how the candidates behave in groups.

(vi) **Checking references :** A referee is potentially an important source of information about a candidate's ability and personality if he holds a responsible position in some organisation or has been the boss or employer of the candidate. Prior to final selection, the prospective employer normally makes an investigation on the references supplied by the applicant and undertakes more or less a thorough search into the candidate's past employment, education, personal reputation, financial condition, police record, etc. However, it is often difficult to persuade a referee to give his opinion frankly. The organisation may persuade him to do so by giving an assurance that all information provided by him will be treated as strictly confidential.

(vii) **Medical test:** Medical or physical examination of the potential employee is necessary for the company must protect itself against the risk of claims for the company must protect itself against the risk claims for compensation from individuals who are afflicted with disabilities. The medical examination should be both general and thorough. The findings should be carefully recorded as to give a complete medical history, the scope of current physical capabilities, and the nature of disabilities, if any. Such information should be kept confidential.

The physical examination should reveal the physical characteristics of the individual that are significant from the standpoint of his efficient performance of the job he may be assigned or those jobs to which he may reasonably be expected to be transferred or promoted. A qualified medical expert appointed by the organisation should certify whether the candidate is physically fit to the requirements of the job. A proper medical examination will ensure higher standard of health and physical fitness of the employees and will reduce the rates of accident, labour turnover, and absenteeism.

The advantages of physical examinations are: (i) it serves to ascertain the applicant's physical capability to meet the job requirement; (ii) it serves to protect the organisation against the unwarranted claims under workers' compensation laws or against law suits for damagers; and (iii) it helps to prevent communicable diseases entering the organisation.

(viii) Final selection and job offer: After a candidate has cleared all the stages in the selection procedure, he is formally appointed by issuing him an appointment letter. The letter of appointment contains the terms and conditions of employment including pay-scale, starting, salary, allowances and other benefits (perks or perquisites), the period of probation, reporting officers, etc. The final hiring decision marks the end of the selection process, assuming that the candidate accepts the job offer. If during the probation period, an employee is not found suitable, the management may transfer him to some other job to which he may be expected to do justice. But if the organisation cannot offer him a job which he can do well, the management may sack him or give him time and training to improve himself.

(ix) Placement: Putting the right man at the right job is also an important function of the personnel manager. Proper placement reduces labour turnover, eliminate wastes, increase productivity and improves morale. Determination of a suitable job for the worker and providing right type of worker for the job is called placement. Placement has an experimental element, but for most of the employees it is a decisive step and should consist in matching what the supervisor has the reason to think the new employees   can do with what the job demands (job requirements), imposes (in strain, working conditions, etc.), and offers (in the form of pay-rate, interest, promotional possibilities, etc.). it is not easy to match all these factors for a new worker, who is still, many ways, an unknown quantity. For this reason, the first placement usually carries with it the condition of probation.

2.11   INDUCTION

Induction is a technique, by which a new employee is rehabilitated into his surroundings and introduced to the practices, polices and purposes of the organisation. In other words, it is a welcoming process – the idea is to welcome a newcomer, make him feel at home and generate in him a feeling that his own jobs, however small, is meaning and has significance as a part of the total organisation.

In the words of **Armstrong,** induction is "the process of receiving and welcoming an employee when he first joins a company and giving him the basic information he needs to settle down quickly and start work".

According to Edwin B. Flippo, "Induction is the welcoming process to make the new employee feel at home and generate in him a feeling of belongingness to the organisation". It is concerned with the problem of orienting a new employee to his work group, supervisor and the organisation. It is the beginning of the fusion process and it helps in integration between the organisation goals and the personal goals of the new employee. Planned induction creates a good impression on the new employee to feel at home right from the beginning.

Orientation or induction expands on the information received during the recruitment and selection stages and helps to reduce the initial anxiety which all employees feel when they first begin a new job. For example, an orientation programme familiarises the new member with the organisation's objective, history, philosophy, procedures, and rules; communicates relevant personnel policies such as hours of work, pay procedures, overtime requirements, and fringe benefits; reviews the specific duties and responsibilities of the new member's job; provides a tour of the organisation's physical facilities; and introduces the employee to his superior and co-workers.

The experience during the initial period with an organisation can have a major impact on a new employee's career. A new employee stands on the "boundary" of the organisation- certainly he is no longer an outsider, but he is not yet embraced by those within. There is great stress for the new employee. He wants to reduce this stress or anxiety by becoming incorporated into the "interior" as quickly as possible. Consequently, it is during this period that an employee is more receptive to cues (signals) from the organisational environment than he is ever again likely to be. Such cues to proper behaviour are provided through orientation programmes and this is the major objective of orientation. However, an orientation programme may be designed to achieve certain specific objectives also.

OBJECTIVES OF ORIENTATION / INDUCTION

Established orientations conduct formal orientation of employees to achieve the following objectives:

(i) **To infuse confidence.** An induction programme is designed to help the newcomer to overcome his shyness or nervousness that he may experience in meeting new

people in the new environment, and to infuse confidence in him to successfully face the new situations. The confidence built up in the new employee through orientation makes him an efficient worker.

(ii) **To develop sense of belongingness.** Orientation integrates new employees with the organisation and develops a sense of commitment and loyalty which is a strong motivation force.

(iii) **To supply required information.** The orientation programme aims at supplying necessary information to the new employee regarding the nature of the workforce, service conditions, welfare facilities, benefits, career paths, company's programmes, and policies. Neglect in the area of induction may lead to labour turnover, psychological tensions and avoidable grievances.

(iv) **To foster cordial relationships.** Orientation also aims at foster close and cordial relationship between the newcomers and their supervisors as well as the existing employees, by introducing him to these people.

SIGNIFICANCE OF INDUCTION

Induction is a socialisation process by which the organisation seeks to make an individual its agent for the achievement of its objectives and the individual seeks to make an agency of the organisation for the achievement of his personal goals. The basic purpose of induction is to introduce the new employee and the organisation to each other, to help them become acquainted, and to help them accommodate each other. The new employee is explained what is expected of him and is also told the rules, regulations, policies and procedures that directly affect him. He is made aware of how his job fits into the overall operations of the organisation, his own duties and responsibilities, and to whom he should look for when he has any problem or difficulty.

The first impression made on the mind of the employees is likely to be a lasting impression, and the treatment he receives during the early days on the new job will help to form his opinion of his employers. Careful introduction to his job will make his adjustment to the job more rapid, his mistakes fewer and his attitude more co-operative.

Indoctrination or orientation is very important in India, where the percentage of

illiteracy is quite high. The new worker finds himself completely at sea when by force of circumstances he has to shift from rural surroundings into an industrial unit. It is no use trying to push a handbook of certified rules and regulations into his hands and expecting him to turn out into a loyal and efficient employee. He needs a short and simple induction conducted by someone who speaks his own language. This will go a long way in reducing turnover and, above all, in preventing a worker from the likelihood of falling a prey to subversive elements which thrive on creating labour unrest by misrepresenting employers to illiterate employees.

ELEMENTS OF INDUCTION

Induction is the process of welcoming new staff into their role within the organisation. While induction and orientation are sometimes used interchangeably. The following are the elements of induction.

(1) **Corporate Policies and Procedures:** This step covers all organisational-level policies and strategies. This step of the process helps with clarification of overall organisational goals, operating environment and internal policies. Where relevant, staff should be familiarised with:

- Organisation mission statement;

- Organisational planning and strategy;

- Organisational structure and chart;

- Operating framework;

- Privacy principles with respect to sensitive information;

- Quality assessment and training processes;

- Codes of practice;

- Compliance requirements for reporting, best practice, and transparency; and

- Facilities and internet usage policies for staff.

(2) **Human Resource and Payroll Forms:** Terms of employment and the probationary period should be made clear to new staff. Attention can be drawn to

annual leave periods, holidays, sick days and other terms of employment. Human resource and payroll forms can be completed and forwarded to the HR and payroll departments.

(3) Environment and Occupational Health and Safety: Environment and occupational health and safety issues can also be addressed. Some of the issues to clarify during the induction process are:

- Fire exits;

- First aid officers, kits and procedures;

- Safety procedures, including how to report safety and health issues;

- Any potential hazards in the workplace and how to manage them;

- Any duties to report potential hazards, accidents, injuries, and incidents;

- Appropriate ways to use equipment; and

- Fire and emergency procedures.

(4) Role Description, Tasks, and Responsibilities: A comprehensive role description should be provided to the employee. Even if the work contract already covers the employee's tasks and responsibilities, it can help to present it again to new staff as part of the induction process. Any on-the-job training or professional development opportunities can also be communicated here.

(5) IT and Work Facilities: Staff can be informed as to how the organisation's IT and other work facilities are to be used with respect to their role, particularly if there are varying levels of information access or system privileges in your organisation.

(6) Orientation: The orientation or workplace induction stage often begins on the first day. With an effective induction strategy, such as staff induction software, the orientation stage can be fairly brief and relatively less time consuming for both staff members and managers. Some of the issues to cover during orientation are:

- Introduction and physical tour of company facilities;

- Workstation and chairs;

- Keys/passes for staff;

- Emergency exits;

- Office security;

- Office procedures;

- Location of fire extinguishers;

- Meeting colleagues and managers; and

- Amenities areas.

PROCEDURE OF INDUCTION

Induction may be informal in case of small firms and formal of the duration of two to four weeks in case of big organisations. Orientation training course should not be too lengthy. It need not necessarily be given on the day when the new employee joins his work. But if a formal course is to be attended after two or three weeks on the job, the initial introduction and the immediately needed information may be given by the supervisor of the department.

The induction programme should be handled by persons who are fully conversant with the course contents. The success of the induction course will depend upon the quality of trainers and their ability to draw out the interest of their listeners. The range of information that may be covered in such a course is as follows:

(a) Company's history: a brief description of the early history and growth of the organisation and its future potentialities. This can be made more interesting when the company's history is built around personalities than around events.

(b) Product of the company: a brief story of the original products and its evolution to meet competition and consumer needs. Use of sale literature, exhibits and films can also help.

(c) Company's organisation: brief description of the organisation structure, relation of new employee's department with other departments and so on.

114

(d) Location of departments: location and layout of the company's plants, stores, departments, canteen, etc.

(e) Personnel policies: policies of the companies regarding compensation, training, promotion, retirement, insurance, etc.

(f) Employee's activities: statement of available programmes and activities carried on by workers, such as recreation, mutual benefit association, credit union, etc.

(g) Rules and regulations: description of rules and regulations of the company regarding attendance, working hours, pay, advances, sick leave, conduct, etc.

(h) Safety: safety measures taken by the company for the protection of the workers and their use by the workers.

(i) Standing orders: grievance and disciplinary procedure and suggestion system in the company.

(j) Counselling service. Information about the counselling service provide by the company to go into personal complaints of individuals and to help them about their problems.

(k) Job routine: requirement of the particular job to which presently assigned as well as the job to which this may lead in the chain of promotions.

(l) Special training: information about the training programmes carried out by the company to help the employees learn new skills in doing their jobs.

INDUCTION PRACTICES

Different induction practices used in industry are discussed below:

(a) Induction guide or check-list may be prepared to provide supervisor with information on what induction steps have been taken and what are still to be covered. This is done by listening the necessary steps to be taken in induction, by whom and when the instruction is to be given.

(b) The supervisor may take the new workers expected to work under him and induct them by introducing and counselling them by reassuring and reinforcing his

115

confidence and by guarding against false impression.

(c) Follow up interview may be taken by the officers of the personnel department permitting the new worker to open up about shop, supervisor or fellow workers without any fear. On the basis of this interview, personnel department can take action to reassure the workers, dispel fears, gains their confidence and promote their efficiency the best method of induction training is talk plus pictures, followed by printed materials. However, their use depends upon the size of plant, number of new workers to be inducted, etc. Motion pictures, visual aids, charts, printed materials, etc. can be used to explain company policies, processes and products of the company. A round of the plant and the department should also be arranged to acquaint the new workers with the overall operations of the company.

TYPICAL TECHNIQUES OF INDUCTION PROGRAMMES

A typical induction programme should consist primarily of three steps:

(i) General orientation by the staff of the personnel department: the first phase of the programme should ordinarily be conducted by the personnel department. This type of induction is general, for it gives the necessary general information about the history and the operation of the firm – the purpose of which is to help an employee to build some pride and interest in the organisation. Information is also given on specific employee services, such as pension, health and welfare plans, safety programme, etc. The better policy is not to give everything in one day, but to administer smaller doses over a long period.

(ii) Specific orientation by the job supervisor, or his representative: at the second stage, induction should be conducted by the job supervisor. Induction is specific and requires skill on the part of the foreman. The employee is shown the department and his place of work, introduced to other employees, informed of the location of the bathrooms, laboratories, canteen, and time clock; and told about the organisation's specific practices and customs (such as whether the personnel bring their lunch or whether lunch is supplied to them at concessional rates, the timings and the length of rest periods, the work dress, etc.). The purpose of specific induction is to enable an employee to adjust himself to his work and environment.

116

(iii) Follow-up orientation by either the personnel department or the supervisor: Follow-up induction takes place sometimes within one week to six months from the time of the initial hiring and orientation. It is conducted either by a foreman or a specialist. Its purpose is to find out whether the employee is reasonably well-satisfied with him. The employee may be asked whether his hours of work and his pay are as represented to him before employment; how he feels about his fellow-workers: how he feels about his boss; and whether he has any suggestions to make for changes in the induction procedure or in other company practices. The interviewer records the answers as well as his own comments on the employee's progress. At the same time, the line supervisor completes an evaluation of the employee, indicating his strong and weak points, indicating also whether he is doing well.

Through personal talks, guidance and counselling, efforts are made to remove the difficulties experienced by the newcomer.

ADVANTAGES OF INDUCTION PROGRAMME

The benefits of formal induction programme are as under:

(i) It reduces new employee's anxieties and provides him an opportunity to know the organisations and its people.

(ii) It helps the new employees in knowing expectations of the organisation and its executives.

(iii) It foster a uniform understanding among employees about the company, its objectives, principles, strategies, and what the company expects of its people. New employees are interested in learning about the total organisation. Orientation tells them how they and their unit fit into the "big picture".

(iv) It builds a positive attitude towards the company and its surrounding communities. First day is crucial because new employee remembers it for years. A well managed orientation forms good impressions on the mind of new employee which last long.

(v) It builds and strengthens a two-way communications channel in the company.

(vi) It helps speed up socialisation process by making the new recruit understand the

social, technical and cultural aspects of the workplace. New employee becomes a part of the social fabric of the organisation and develops a sense of belongingness.

(vii) It facilitates informal relations and team-work among employees.

(viii) It reduces voluntary turnover, employee grievances, and absenteeism by making new employees more aware, adjusting and satisfied.

PROBLEMS OF INDUCTION

Induction programmes suffers from the following potential problems:

(i) Orientation may remain a superficial indoctrination into company philosophy, policies and rules. Sometimes, it includes the presentation of an employee handbook and a quick tour of the office or plant. The likely result is that the new employees do not feel like part of the company.

(ii) Giving too much information in an orientation sessions becomes almost as much of a problem as providing too little. If a great deal of information is given to employees all at once, they may feel overwhelmed, overloaded, and "suffocated" and may not retain much. On the other hand, sketchy overview of the basis, i.e., a quick or superficial orientation after which the new employee is immediately put to work (to sink or swim), results in ineffective, sometimes negative, socialisation. Thus, providing an appropriate amount of information, becomes a real problem in orientation.

(iii) The weakest part of most orientation programmes is at the supervisory level. Even when the personnel department has designed an effective orientation programme and trained supervisors to conduct their part of it, orientation still may not be effective. The supervisors are more interested in immediate production issues and may see orientation as far less important than other problems they face.

(iv) Orientation suffers from 'mickey mouse' assignment, i.e., small and unimportant tasks. Sometimes, the new employee's first tasks are in the nature of insignificant duties, perhaps intended to teach the job from the ground up. Giving only menial tasks to the new employee might discourage job interest and company loyalty in him.

118

2.12   CONCEPT OF PERFORMANCAE APPRAISAL

Appraisal is the evaluation of worth, quality or merit. In the organisation context, performance appraisal is a systematic evaluation of personnel by superiors or others familiar with their performance. Performance appraisal is also described as merit rating in which one individual is ranked as better or worse in comparison to others. The basic purpose in this merit rating is to ascertain an employee's eligibility for promotion. However, performance appraisal is more comprehensive term for such activities because its use extends beyond ascertaining eligibility for promotion. Such activities may be training and development, salary increase, transfer, discharge, etc. besides promotion. A formal definition of performance appraisal is as follows:

"It (performance appraisal) is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for the purpose of administration including placement, selection for promotion, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally".

According to Beach, "Performance appraisal is the systematic evaluation of the individual with regard to his or her performance on the job and his potential for development".

Scott, Clothier and Spriegel have defined performance appraisal as the process of evaluating the employee's performance on the job in terms of requirement of job. According to Dale Yoder, performance appraisal refers to all formal procedures used in working organisations to evaluate personality, contribution and potential group members. This definition reveals that performance appraisal is a formal programme in an organisation which is concerned with not only the contribution of the members who form part of the organisation but also aims at spotting the potential of the people. Heley observes, "performance appraisal is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, purpose of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally". Other regard it as a "process of

estimating or judging the value, excellence, qualities or status of some object, person or thing". Individually and collectively, it is a part of all the other staffing processes, viz., recruitment, selection, placement and indoctrination.

Thus, performance appraisal is a systematic and objective way of judging the relative worth or ability of an employee in performing his job. It emphasises on two aspects: systematic and objective. The appraisal is systematic when it evaluates all performance in the same manner, utilising the same approaches so that appraisal of different persons is comparable. Such an appraisal is taken periodically according to plan; it is not left to chance. Thus, both raters and rates know the system of performance appraisal and its timing. Appraisal has objectivity also. Its essential feature is that it attempts at accurate measurement by trying to eliminate human biases and prejudices.

FEATURES OF PERFORMANCE APPRAISAL

The main characteristics of performance appraisal may be listed thus,

(i)   The appraisal is a systematic process. It tries to evaluate performance in the same manner using the same approach. A number of steps are followed to evaluate an employee's strength and weaknesses.

(ii)   It provides an objective description of an employee's job's relevant strength and weaknesses.

(iii)   It tries to find out how well the employee is performing the job and tries to establish a plan for further improvement.

(iv)   The appraisal is carried out periodically, according to a definite plan. It is certainly not a one-shot deal.

(v)   Performance evaluation is not job evaluation. Performance appraisal refers to how well someone is doing an assigned job.

(vi)   Performance appraisal may be formal or informal. The informal evaluation is more likely to be subjective and influenced by personal factors. Some employees are liked better than others and have, for that reason only, better chances of receiving various kinds of rewards than others. The formal system is likely to be more fair

and objective, since it is carried out in a systematic manner, using printed appraisal forms.

PERFORMANCE APPRAISAL VS. JOB EVALUATION

Performance appraisal should be differentiated from job evaluation which is concerned with the determination of worth of different jobs. Performance appraisal refers to the task of rating or assessing the individual performance and abilities of the workers. Both the process differ from each other in regard to the following points.

(i) Performance appraisal is concerned with the differences among the employees in terms of their performance. But job evaluation is the analysis of various jobs to know the demands which the normal performance of particular jobs makes on average employees. It does not take into account the individual abilities of performance of the employees concerned.

(ii) The purpose of performance appraisal or merit rating is to appraise the performance of individuals for taking decisions like increase in pay, transfer, promotion, etc. But the purpose of job evaluation is very limited, i.e., to determine the worth of the job on the basis of demands made by it on the average workers.

(iii) Performance appraisal rates the performance of job-holder and not the job. As a matter of fact, it measures the worth of men to the organisation. But job evaluation rates the jobs in the organisation in order to determine their worth and fix the wage or salary level that will be fair and equitable.

(iv) The results of performance appraisal are used for taking important personnel decisions such as training, transfer, promotion, etc. but job evaluation si used as a basis of wage structure in the organisation.

PURPOSES/USE OF PERFORMANCE APPRAISAL

Performance appraisal could be taken either for evaluating the performance of employees or for developing them. The evaluation is of two types: telling the employee where he stands and using the data for personnel decisions concerning pay, promotions, etc. The developmental objectives focus on finding individual and organisational strengths and weaknesses; developing healthy superior-subordinate relations; and offering appropriate

counselling/coaching to the employee with a view to develop his potential in future.

The purposes or uses of performance appraisal fall in two categories:

(1) Administrative; and

(2) Self-improvement.

(1) Administrative Use.

(i) Promotions. This is perhaps the most important administrative use of performance appraisal. It is to the common interests of both the management and employees to promote employees into positions where they can most effectively utilise their abilities. It is mismanagement to promote employees into positions where they cannot perform effectively at the time in question. A properly developed and administered performance appraisal system can aid in determining whether individuals should be considered for promotions. The system must rate the ratee for the present job and potentialities for the higher job. A person performing his job well does not necessarily mean that he fit for promotion.

(ii) Transfers. In an organisation, it may be necessary to consider various types of personnel actions such as transfers, layoffs, demotions and discharges. In some cases, such actions are called for because of unsatisfactory performance while in other cases it may be called for due to economic conditions over which the organisation has no control because of changes in production process. Such actions can be justified if they are based on performance appraisal.

(iii) Wage and Salary Administrative. In some cases, the wage increases are based on the performance appraisal reports. In some cases, appraisals and seniority are used in combination.

(iv) Training and Development. An appropriate system of performance appraisal can be helpful in two ways. First, it can help in identifying the areas of skills or knowledge in which numerous employees are not upto par, thus pointing out general training deficiencies which presumably should be corrected by additional training, interviews, discussions, or counselling. Secondly, these appraisals help in spotting the potentials to train and develop them to create an inventory of executive skills.

122

It can also provide the areas where the employee/executive could be further trained and positioned to meet retirement and expansion situations.
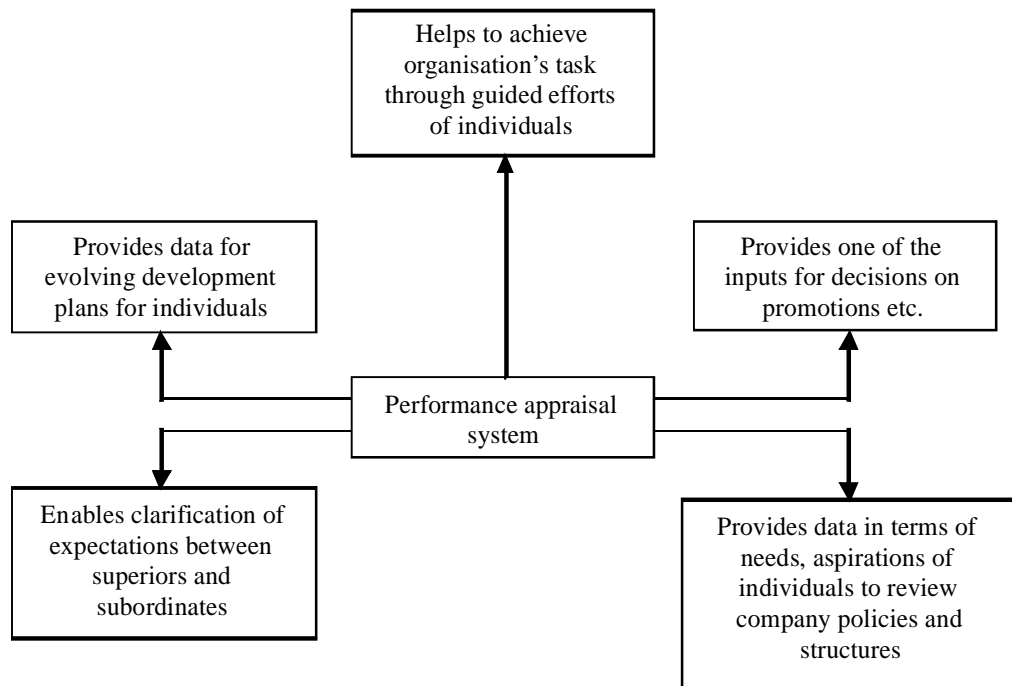

Figure 1: Purposes of performance appraisal

(v) Personnel Research. Personnel research helps in research in the field of personnel management. Various theories in human relationships are the outcome of efforts to find out the cause and effect relationship between the personnel and their performance.

(2) Self Improvement. The performance appraisal brings out the deficiencies and shortcoming of the rates. A discussion between the rater and the rate conducted in a spirit of co-operation and mutual understanding gives the chance to employee to have an insight on his performance in the general set up of the organisation. The way these discussions are conducted give chance to the employees to take suitable steps to improve upon their performance or the correct their shortcomings. Performance rating answers the questions of the employee like 'How am I doing?'

and 'Where do I stand?'

Performance appraisal helps manpower development in another way also. A promotion minded individual can ask for the target programme of a position he seeks and use the information given by performance appraisal to prepare him for the job and enhances his candidacy.

In short, performance appraisal helps to spot out a person's ability to see an organisational problem, devise ways of attacking it, translate his ideas into action, incorporate new information as it arises and carry his plans through the results. It highlights a sort of total managerial action in contrast to thing we customarily factor out ad conceptual entities- things such as the planning function, leadership ability, or financial knowledge. The manager's selection will often be improved by this emphasis on the whole managerial job. It should be noted that best predictor of future success as a manager is past success in managerial duties. The appraisal programme asks the raters to look at the record of managerial success, not the manger's personality.

NEED OF PERFORMANCE APPRAISAL

Performance appraisal has been considered as a most significant and indispensable tool for an organisation, for the information it provides is highly useful in making decisions regarding various personal aspects such as promotions and merit increases. Performance measures also link information gathering and decision-making processes which provide a basis for judging the effectiveness of personnel sub-divisions such as recruiting, selection, training and compensation. Accurate information plays a vital role in the organisation as a whole. They pinpoint weak areas in the primary systems (e.g., production foreman, sales manager, financial analyst). These categories can be broken into smaller and smaller groups, if necessary. If valid performance data are available, timely, accurate, objective, standardised and relevant, management can maintain consistent promotion and compensation policies throughout the total system.

Mcgragor say: "Formal performance appraisal plans are designed to meet three needs, one of the organisation and other two of the individual, namely:

(i) They provide systematic judgements to back up salary increases, transfers, demotions, or terminations.

(ii)   They are means of telling a subordinate how he is doing, and suggesting needed changes in his behaviour attitudes, skills, or job knowledge. They let him know "where he stands" with the boss.

(iii) They are used as a base for coaching and counselling the individual by the superior. According to Roland Benjamin, a "performance appraisal determines who shall receive merit increases; counsels, employees on their improvement; determining training needs; determines promotability; identifies those who should be transferred. Moreover, it improves employee job performance; encourages employees to express their views or to seek clarification on job duties; broadens their outlook, capacity and potential; promotes a more effective utilisation of the best qualified employee; prevents grievances and increases the analytical abilities of supervisors'.

Levinson has given three functions of performance appraisal: (i) It seeks to provide an adequate feedback to each individual for his or her performance. (ii) It purports to serve as a basis for improving or changing behaviour toward some more effective working habits. (iii) It aims at providing data to managers with which they may judge future job assignments and compensation. He stresses the fact that the existing systems of performance appraisal do not serve any of these functions effectively but focus on 'outcome of behaviour'.

APPROACHES OF PERFORMANCE APPRAISAL

Generally speaking three approaches are used in making performance appraisal:

(i)   A casual, unsystematic, and often haphazard appraisal: this method was commonly used in the past, but now it has given place to a more formal method, the main basis being seniority or quantitative measures of quantity and quality of output for the rank-and-file personnel.

(ii) The traditional and highly systematic measurement: it measures (i) employee characteristics, and (ii) employee contribution, or both. It evaluates all the performances in the same manner, utilising the same approach, so that the rating obtained of separate personnel are comparable.

(iii) The behaviour approach, emphasising mutual goal-setting: according to Mcgragor,

125

in the traditional approach, the supervisor is placed in the position of "playing gods". He judges and times criticise the personal worth of his men. Therefore, emphasis has been laid upon providing mutual goal-setting and appraisal of progress by both the appraiser and the appraise. The approach is based on the behavioural value of fundamental trust in the goodness, capability and responsibility of human being.

COMPONENTS OF PERFORMANCE APPRAISAL

Performance appraisal can be made for a variety of reasons- counselling, promotion, research, salary, administration or a combination of these. So it is necessary to begin by stating very clearly the objectives of the evaluation programme. Having done this, the personnel evaluation system should address the questions who, what, when, where and how? of performance appraisal.

So, the first question involved is who? And this issue states "who should be rated, and who should do the rating". The answer to first issue is that all employees of an organisation should be appraised, from the operator to the top-level management need be appraised for one reason or the other. Regarding the second issue, it may be said that personnel experts assist and advise the top and the line management, who should participate in the appraisal programme; and the line management should actually do the evaluation work. The personnel officer obtains the ratings of different raters and analyses and determines the reliability and validity of such ratings. Such validity can be checked against certain objective evidence such as production quantities, quality, absenteeism, and by comparing the results of one system with those of another. The rating should not be changed by the personnel expert. However, he has the obligations to point out inconsistencies to the rater.

"WHO" OF THE APPRAISAL?

As Ruderman observes, "the appraisal can be accomplished by one or more individuals involving a combination of the immediate supervisor, other managers acquainted with the assessee's work, a higher level manager, a personnel manager, the assessee's peers, the assessee himself and the assessee's subordinates".

Usually the immediately supervisor must be entrusted with the task of rating the

assessee because he is most familiar with his work; and because he is also responsible for recommending or approving personnel actions based on the performance appraisal; and for providing a feedback of performance appraisal to the subordinate. Because of these reasons supervisors' rating are regarded as the best possible assessment; and they are often considered as the "heart of the most appraisal system". This is so because getting supervisor's   appraisal is relatively easy and also makes sense. Therefore, most appraisal system relies heavily on the supervisor's evaluation. In such rating hierarchical control is maintained over the appraisal process.

Appraisal is done, by the staff specialists, i.e., the personnel officers. They may advise the supervisor while evaluating their subordinate stressing the need for evidence for making specific appraisal judgements and comparing a particular subordinate's evaluation with those of others.

The appraisal of an individual may also be done by his peers. Such appraisal proves effective in predicting future management success. Researchers have verified that rating made by peers have been quite accurate in predicting which persons would be promoted and which would not.

Sometimes self-evaluation is also employed for evaluating performance. Self rating emphasises human relations, which supervisors focus on technical knowledge and initiative. Flippo observes: "The major value lies in the development and motivation areas, it being claimed that this approach (1) results in a superior upward flow of information (2) forces the subordinate to become more personally involved and, to some extent constrains him to think about himself and his work, (3) improves communication between superior and subordinate, in that each is given more information by other when disagreements are discovered, and (4) improves motivation as a result of great participation". But this approach has its disadvantage that the individual rates himself excessively high than it would be if he was rated by his superior. Because of this fairly consistent upward bias in self-appraisals, the best thing would be to use these appraisals for counselling and developing subordinates. They are not as useful for making salary and promotion decisions.

Many companies use rating committees to evaluate employees. These committees consist of supervisors, peers, and subordinates. Everyone on the committee is a person who is able to intelligently evaluate some aspect of the employee's performance. Many

127

discrepancies in the rating may occur – such as "very strict" or very "lenient" ratings- when evaluations are done by the individuals. It has, therefore, been felt that "the combined use of several rates" can help "cancel out" problems like 'bias' as 'halo' effect on the part of the individual rates. Second, the raters at different levels in the organisation usually observe different facets of an employee's job performance and the appraisal by a group reflects these differences.

Last in many countries, subordinates and superiors jointly establish goals and periodically evaluate the subordinate's performance with respect to these goals.

"WHAT" OF APPRAISAL

The "what" of the performance appraisal consists in appraising non-supervisory employees for their current performance, and managers for future potentials. It also includes evaluation of human traits.

THE "WHY" OF APPRAISAL

The "why" of an appraisal is concerned with:

(a) Creating and maintaining a satisfactory level of performance of employees in their present job,

(b) Highlighting employee needs and opportunities for personal growth and development.

(c) Aiding in decision making for promotions, transfers, lay-offs and discharges; and

(d) Promoting understanding between the supervisor and his subordinates.

(e) Providing a useful criterion for determining the validity of selection and training methods and techniques and forming concrete measures for attracting individual of higher calibre to the enterprise.

THE "WHEN" OF APPRAISAL

The 'when' answers the query about the frequency of appraisal. It has been suggested informal counselling should occur continuously. The manager should discuss an employee's work as soon as possible after he has judged it. He should use good as an

opportunity to provide positive reinforcement and use poor work as a basis for training.

In most organisations employees are formally evaluated once in a year, in others twice in a year. New employees are rated more frequently than the older ones. The ideal thing is that each employee should be rated three months after being assigned to a job, after six months on the job, and every six months thereafter. The time of rating should not coincide with the time of salary reviews, for if the two occur together constructive evaluation and consideration of self-development will probably take second place to the pressure of pay.

THE "WHERE" OF APPRAISAL

The 'where" indicates the location where an employee may be evaluated. It is usually done at the place of work or office of the supervisor.

Informal appraisals may take anywhere and everywhere, both on the job in work situations and off the work job.

THE "HOW" OF APPRAISAL

Under 'how', the company must decide what different methods are available and which of these may be used for performance appraisal. On the basis of the comparative advantages and disadvantages it is decided which method would suit the purpose best.

THE PERFORMANCE APPRAISAL PROCESS

Performance appraisal is planned, developed and implemented through a series of steps (FIGURE 2):

(a) **Established performance standards:** The process of evaluation begins with the establishment of performance standards. At the time of designing of a job and formulating a job description, performance standards are usually developed for the position. These standards should be clear and not vague, and objective enough to be understood and measured. These standards should be discussed with the supervisors to find out which different factors are to be incorporated, weights and points to be given to each factor and these then should be indicated on the appraisal form, and later on used for appraising the performance of the employees.

129

(b) Communicate the standards: Performance appraisal involves atleast two parties; the appraiser who does the appraisal and the appraise whose performance is being evaluated. Both are expected to do certain things. The appraiser should prepare job description clearly; help appraise set his goal and targets; analyse result objectively; offer coaching and guidance to appraise whenever required and reward good results. The appraisee should be very clear about what he is doing and why he is doing. For this purpose, performance standards must be communicated to appraisees and their reactions be noted down initially. If necessary, these standards must be revised or modified. As pointed out by De Cenzo and Robbins, "too many jobs have vague performance standards and the problem is compounded when these standards are set in isolation and do not involve the employee".
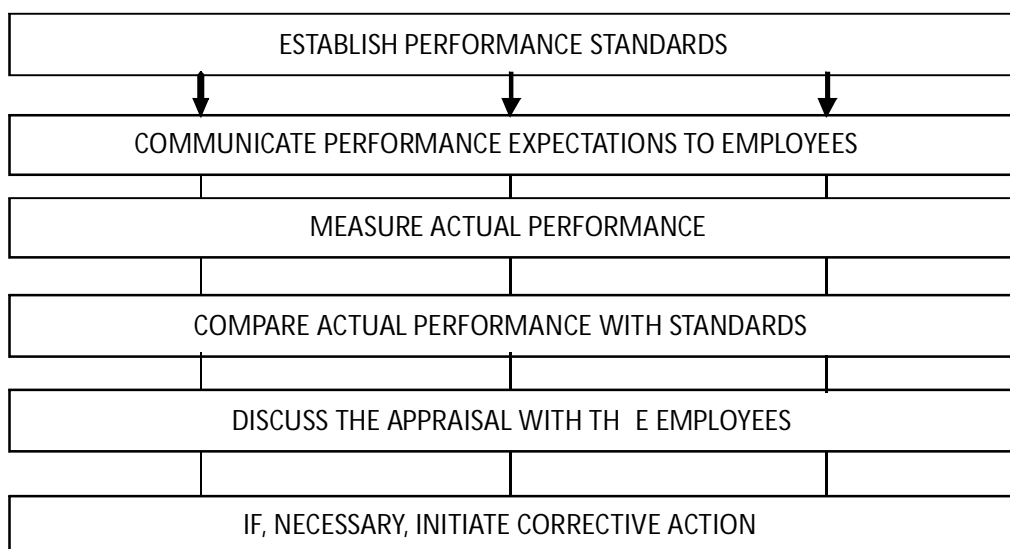
ESTABLISH PERFORMANCE STANDARDS
COMMUNICATE PERFORMANCE EXPECTATIONS TO EMPLOYEES
MEASURE ACTUAL PERFORMANCE
COMPARE ACTUAL PERFORMANCE WITH STANDARDS
DISCUSS THE APPRAISAL WITH TH E EMPLOYEES
IF, NECESSARY, INITIATE CORRECTIVE ACTION

Figure 2 : THE Performance Appraisal Process

(c) Measure actual performance: after the performance standards are set and accepted, the next step is to measure actual performance. This requires the use of dependable performance measures, the rating used to evaluate performance. Performance measures, to be useful must be easy to use, be reliable and report on the critical behaviours that determine performance. Four common sources of

information which are generally used by managers regarding how to measure actual performance: personal observation, statistical reports, oral reports and written reports.

Performance measures may be subjective or objective. Objective performance measures are indications of job performance that can be verified by others and are usually quantitative. Objective criteria include quality of production, degree of training needed and accidents in a given period, absenteeism, length of service, etc. Subjective performance measures are rating that is based on the personal standards of opinion of those doing the evaluation and are not verifiable by others. Subjective criteria include rating by superiors, knowledge about overall goals, contribution to social-cultural values if the environment. It should be noted here that objective criteria can be laid down while evaluating lower level jobs which are specific and defined clearly. This is not the case with middle level positions that are complex and vague.

(d) **Compare actual performance with standards and discuss the appraisal:** Actual performance may be better than expected and sometimes it may go off the track. Whatever be the consequences, there is a way to communicate and discuss the final outcome. The assessment of another person's contribution and ability is not an easy task. It has serious emotional overtones as it affects the self esteem of the appraisee. Any appraisal based on subjective criteria is likely to be questioned by the appraisee and leave him quite dejected and unhappy when the appraisal turns out to be negative.

(e) **Taking corrective actions, if necessary:** A corrective action is of two types. The one which puts out the fires immediately and other one which strikes at the root of the problem permanently. Immediate actions sets things right and get things back on track whereas the basic corrective action gets to the source of deviations and seeks to adjust the difference permanently. Basic corrective steps seek to find out how and why performance deviate.

Potential Appraisal :-

The potential appraisal refers to the appraisal i.e. identification of the hidden talents

and skills of a person. The person might or might not be aware of them. Potential appraisal is a future oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher position and responsibilities in the organisational hierarchy Many organisation consider and use potential appraisal as a part of the performance appraisal process.

The Purposes of a Potential review are :-

1. to inform employees of their future prospects.

2. to enable the organisation to draft a management sucession programme.

3. to update training and recruitment attitudes

4. to advise employees about the work to be done to enhance their career opportunities.

Methods of Performance appraisal :

Performance appraisal is defined by **Wayne Cascio** as "the systematic description of employee's job relevant, strength, weakness. Companies use different methods of appraisal for identifying and appraising the skills and qualities of their employees. The different methods used can be explained with the help of following diagram.

Methods of performance appraisal :

1. Check list method

2. Confidential method

3. Critical incident method

4. Ranking method

5. Graphic rating scale

6. Narrated essay

7. 360^0 Appraisal

Traditional Method :

Traditional method of performance appraisal has been used by companies for

very long time. A common feature of these methods is that they are all relatively simple and involve appraisal one senior.

1. **Check list method :**

   In this method, the senior the boss is given a list of question about the junior. These questions are followed by check boxes. The superior has to put a tick mark in any one of the boxes. This method can be explained with the following eg.

   Y N

   Does the employee have leadership qualities ?

   Is the employee capable of group efforts ?

   Y N

   Has the employee shown analytical skills on the Job ?

   As seen in the above eg. A questioner containing question is given to the senior. This method is an extremely simple method and does not involve a lot of time. The same set of questioner can be given for every employee so that there is uniformity in selecting employee.

Methods of Performance Appraisal :

1. **Confidential Report :-**

   This method is very popular in government department to appraise IAS officers and other high level officials. In this method the senior or the boss writes a repot about the junior giving him details about the performance about the employee. The +ve an -ve traits, responsibilities handled on the job and recommendations for future incentives or promotions. The reports is kept highly confidential and access to the report is limited

2. **Critical incident method :**

   In this method critical or important incidents which have taken place on the job are noted down along with employee's behaviour and reaction in all these situations. Both +ve and -ve incidents are mentioned. This is followed by an analysis of the

person, his abilities and talent, recommendations for the future incentives and promotions.

3.   Ranking method :

In this method ranks are given to employees based on their performance. There are different methods of ranking employees.

Simple Ranking Method

Alternative Ranking Method

Paired Comparison Method

i.   Simple Ranking Method :

Simple ranking method refers to ranks in serial order from the best employee eg. If we have to rank 10 best employees we start with the first best employee and give him the first rank this is followed by the 2nd best so on until all 10 have been given ranks.

ii.   Alternative Ranking :-

In this method the serial alternatives between the best and the worst employee. The best employees is given rank 1 and then we move to the worst employee give him rank 10 again to 2nd best employee and give him rank 2 and so on.

iii. Paired Comparision :-

In this method each and every person in the group, department or team is compared with every other person in the team / group / department. The comparison is made on certain criteria and finally ranks are given. This method is superior because it compares each and every person on certain qualities and provides a ranking on that basis.

5.   Graphic Rating scale :-

Graphic rating scale refers to using specific factors to appraise people. The entire appraisal is presented in the form of a chart. The chart contains certain columns which indicate qualities which are being appraised and other columns which specify

the rank to be given.

Eg. Employee A

Quality of work quantity of work intelligence

Excellent

Good

Satisfactory

Poor

The senior has to put a tick mark for a particular quality along with the ranking. Such charts are prepared for every employee. According to the department in which they work. Sometimes the qualities which are judged may change depending upon the department.

6. **Narrated Essay :**

In this method, the senior or the boss is supposed to write a narrative essay describing the qualities of his junior. He may describe the employee strength and weakness, analytical abilities etc. the narrative essay ends with a recommendations for future promotion or for future incentives.

Modern Methods :

Modern methods of appraisal are being increasingly used by companies. Now days one of the striving feature that appraisal involves is the opinion of many people about the employee and in some cases psychological test are used to analyze the ability of employee. These methods are as follows :

1. **Role analysis :-**

In this method of appraisal the person who is being appraised is called the focal point and the members of his group who are appraising him are called role set members.

These role set members identify key result areas (KRA 2 marks) areas where you want improvement are called KPA) which have to be achieve by the employee.

The KRA and their improvement will determine the amount of incentives and benefits which the employee will receive in future. The appraisal depends upon what role set members have to say about the employee

2. **Assessment centers :**

Assessment centers (AC) are places where the employee's are assessed on certain qualities talents and skills which they posses. This method is used for selection as well as for appraisal. The people who attend assessment psychological test, puzzles, questioners about different management related situations etc. based on their performance in these test an games appraisal is done.

3. **Management by objective :**

This method was given by Petter Drucker in 1974. It is a method of group decision making it can be use performance appraisal also. In this method all members of the department starting from the lowest level employee to the highest level employee together discuss, fix target goals to be achieved, plan for achieving these goals and work together to achieve them. The seniors in the department get an opportunity to observe their junior-group efforts, communication skills knowledge levels, interest level etc. based on this appraisal is done.

4. **Behavioral anchored rating scale :**

In this method the appraisal is done to test the attitude of the employee towards his job. Normally people with +ve approach or attitude view and performance their job differently as compared to people with a -ve approach.

5. **Psychological testing :-**

In this method, clinically approved psychological test are conducted to identify and appraise the employee. A feedback is given to the employee and areas of improvement are identified.

6. **Human resource audit / accounting :-**

In this method the expenditure on the employee is compared with the income received due to the efforts of the employee. A comparison is made to find out the utility of the employee to the organization. The appraisal informs the employee

about his contribution to the company and what is expected in future.

7. **360⁰ degree appraisal :-**

   In this method of appraisal and all round approach is adopted. Feedback about the employee is taken from the employee himself, his superiors, his juniors, his colleagues, customer he deals with, financial institutions and other people he deals with etc. Based on all these observations an appraisal is made and feedback is given. This is one of the most popular methods.

2.13 HRM ISSUES AND PRACTICES IN THE CONTEXT OF OUTSOURCING AS A STRATEGY

In The Context of Outsourcing As A Strategy : Outsourcing is changing the way HR departments operate as well. Technology makes it easy to outsource HR activities to specialist service providers, by allowing service providers real time internet based access to the employer's human resource information database. Payroll, benefits, applicant testing and screening, carrying out reference checks, exit interviews, employee training etc. are some of the popular human resource tasks that are being outsourced currently. Companies are outsourcing more HR activities nowadays because the transactional functions could be turned over to a service provider—with a piocess 'and technology expertise—and the core company can concentrate its efforts on strategic acquisition, motivation and retention of talent which by all means is critical to business success.

Offshoring (also known as global sourcing) refers to the movement of jobs overseas. For example, in an age of cheap telecommunications, almost any job—professional or blue collar—can be performed in India for a fraction of U.S. wages. MNCs are forced to indulge in this kind of 'labour arbitrage' and remain ahead of competition. Cost reduction is the overwhelming motivation, for doing so. The cost savings are estimated to be varying between 40-60 per cent in terms of labour costs when offshoring work is moved to countries such as India, Philippines, Russia, China, Mexico, Brazil and Hungary. It is estimated (according to a Wall Street Journal's report, and also according to Frester Researh, Inc.) that three to four million U.S jobs ranging from office support, computer operations, sales management, legal services and many more are likely to move offshore to some of these countries by 2015. Rising levels of educational attainment in developing countries such as

China, Philippines and India, especially in fields such as science, technology., electronics, telecommunications etc. make offshoring increasingly attractive for MNCs in the years ahead.

Human Resource Outsourcing

Human Resource Outsourcing (HRO) is a process in which a company utilizes the services of a third party to take care of its HR functions. A company may outsource a few or all of its HR related activities to a single or combination of service provides located in offshore destinations like India, China, Philippines, The decision by Unilever, for example in 2006, to outsource its HR'activities—mostly transaction oriented such as pay roll administration, applicant tracking, training and development, record keeping, performance appraisal follow up etc.— to Accenture appears to be iia the right directiom These are basically people and effort-intensive activities but are quite routine in nature.. Such repetitive work can easily be turned over to a third party specialist—who would be able to deliver excellent results, leading to significant savings in cost and effort. Through standardisation of processes the specialist is able to. deliver service at unbelievable speed also. At the same time, the organisation should continue to perform transformational HR roles—such--as attracting and retaining talent, bringing about strategic change in partnership with line managers, championing employee concerns etc. Across boardrooms and business schools HR is primarily viewed as a powerful tool to attract and retain talent, build workforce capabilities, handle grievances and bring out the best in people. With high attrition rates still haunting most.

- **Potential Appraisal-** The term 'potential' refers to the abilities possessed by an employee but not put to use currently or the abilities to assume chal1engingresponsibilities in future assignments. The term 'performance' refers to one's skills, abilities in meeting the requirements of the job which one is holding currently.. Potential appraisal is different from performance appraisal which shows an employee's current performance in his existing role. If the employee is required to play a completely different set of roles at higher levels, potential appraisal needs to be carried out at regular intervals. "The objective of potential appraisal is to identify the potential of a given employee to occupy higher positions in the organisational hierarchy and undertake higher responsibilities". The appraisal is carried out on the basis of: (i) supervisor's observations (ii) performance data

138

relating to various previous roles played by an employee; (iii) performance on roles in simulated settings relating to a new position. A good potential appraisal system helps management to pick up a suitable candidate for a given job and offer additional training, if necessary.

Flexible Manufacturing Systems

The term 'Flexible Manufacturing' refers to the ability of computerised machines to perform a variety of programmed functions. It is the integration of computer aided design, engineering and manufacturing to produce low volume products at mass production costs. Here a single machine can make dozens or even hundreds of different parts in any order the management wants. When management wants to produce a new part, it need not change machines - it has to just change the computer programme. Robots operate the computer controlled mechanical arms that can be equipped with grippers, vacuum cups, painting guns, welding torches or other tools. They take care of tasks that require precision under hazardous conditions (spray painting, welding), handle dangerous materials (hot ingots, radioactive rods) and paint, repair, or carry out any other task under inhuman conditions without suffering any ill effects.

Here is an example of how the computer aided manufacturing works. A-machine tool operator can select, and combine from a colour graphics screen, the geometric shapes that match the shape in which the metal is to be cut and provide the location and dimensions of the cut. Conventional machine tools, by contrast, require every single machine tool movement to be specially plotted. By eliminating programming steps, the system makes it easier to get a machine tool to- perform new tasks.

The implications of flexible manufacturing are fairly obvious. Employees require more training and higher skills. Since there are fewer employees, each one has to be able to do a greater variety of tasks. Additionally, they are supposed to keep away from interdepartmental competition, conflict and politics and get along with other members as teammates Cross-functional team work is essential in factories of the future-where, for example, engineers may have to design products by working hand in hand with market research and, manufacturing specialist

The impact of technology on the HR function, thus, is quite profound. Hazardous and risky jobs could be turned over to robots increasingly in the days ahead. Repetitive

jobs could also be handed over to sophisticated robots. As organisations turn to computerisation and full-scale automation, the demand for people with multi-skills will grow. One -negative impact of technology would be the growing worker alienation, since job opportunities may shrink along with opportunities for socialization on the job. High-paying factory work for skilled and unskilled categories may become scarce as organisations begin to use lighter, faster, stronger and more intelligent robots in. the years ahead.

Outsourcing, Offshoring and HR

Outsourcing is the force behind the virtual organisation movement. Outsourcing is simply obtaining work previously done by employees inside the company from sources outside the company. If someone is specialised in an activity-which 'is not strategically critical to our business— and is able to do that cost-effectively, it is better to get it from outside. You get benefited in the form of excellent quality, reliable supply and rock bottom price. You can also focus exclusively on doing what you are good at (the so called mission critical activities)—thereby enhancing your own competitive advantage. For example, Dell outsources the manufacture of its computers. It concentrates all its efforts on- enhancing its Web-based direct sales capability and does. dilute its energies on other aspects of the game. Unable to fight rivals, IBM sold its -PC division to the Chinese firm; Len ovo (at present, keeping an 18 per -cent minority interest in Lenovo). It's is now doing what it knows - -best—that is providing clients with IT management services. It just buys PCs very cheaply from Lenovo as it needs them. It's able to free up capital locked up in this division (and also release people doing this job previously) and is able to focus more intensely on its new emphasis on IT systems, BPO and consulting. Outsourcing, not surprisingly, is a big hit with many global- firms. Companies such as Nike and Reebok have succeeded by focusimg on their core strengths in design and marketing and contracting all their footwear manufacturing to outside suppliers. Sun Microsystems relies so heavily on outside manufacturers and distributors that its own employees never touch one of its computers.

2.14   COACHING AND MENTORING :

- **Coaching :** Coaching is a form of development in which a person called a coach supports a learner or client in achieving a specific personal or professional goal by providing training, advise and guidance. The learner is called coaches. Occasionally,

coaching may mean an informal relationship between two people of whom one has more experience & expertise than the other and offers advice and guidance.

- **Mentor :** It is a powerful personal development and empowerment tool. It is effective way of helping people to progress in their careers & is becoming increasing popular as its potential is realised. It is partnership between two people (Mentor and Mentee) normally working in a similar filed or sharing similar experiences. It is helpful relationship based upon mutual trust & respect.

  A mentor is a guide who can help the mentee to find the right direction & who can help them to develop solutions to career issues. Mentoring provides the mentee with an opportunity to think about career options & progress.

  A mentor should help the mentee to believe in herself and boost her confidence. A mentor should ask questions & challenge. While providing guidance and encourgement mentoring allows the mentee to explore new ideas in confidence. It is a chance to look more closely at yourself, your issues, opportunities and what your want in life. Mentoring is about becoming more self aware, taking responsibility for your life and directing your life in the direction you decide, rather than learning it to chance.

Difference between Coaching and Mentoring :

- **Coaching is task oriented :** The focus is on concrete issues, such as managing more effectively, speaking more articulately, and learning how to think strategically. This requires a content expert (coach) who is capable of teaching the coachee how to develop these skills.

- **Mentoring is relationship oriented :** It seeks to provide a safe environment where the mentoree shares whatever issues affect his or her professional and personal success. Although specific learning goals or competencies may be used a basis for creating the relationship, its focus goes beyond these areas to include things, such as work / life balance, self-confidence, self-perception, and how the personal influences the professional.

- **Coaching is Short term :** A coach can lead to his or her success. Successful mentoring relationship last nine months to a year.

- **Coaching is performance driven :** The purpose of coaching is to improve the individual's performance on the job. This involves either enhancing current skills or acquiring new skills. Once the coachee successfully acquires the skills, the coach is no longer needed.

- **Mentoring is development driven :** Its purpose is to develop the individual not only for the current Job, but also for the future. This distinction differentiates the role of the immediate manager and that of the mentor. It also reduces, the possibility of creating conflict between the employee's manager and the mentor.

Coaching does not require design.

- Coaching can be conducted almost immediately on any given topic. If a company seeks to provide coaching to a large group of individuals, then certainly an amount of design is involved in order to determine the competency area, expertise needed, and assessment tools used, but this does not necessarily require a long read-time to actually implement the coaching program.

- Mentoring requires a design phase in order to determine the strategic purpose for mentoring, the focus areas of the relationship, the specific mentoring models, and the specific components that will guide the relationship, especially the matching process.

- The coachee's immediate manager is a critical partner in coaching. He often provides the coach with feedback on areas in which his or her employees is in need of coaching. This coach uses this information to guide the coaching process.

  In mentoring, the immediate manager is indirectly involved. Although he or she may offers suggestions to the employees on how to best use mentoring experience or many provide a recommendation to the matching committee on what would constitute a good match, the manager has no link to the mentor and they do not communicate at all during the mentoring relationship. This helps maintain the mentoring relationship's integrity.

When to consider coaching :

- When a company is seeking to develop it employees in specific competencies using performance management immediate manager.

- When a company has a number of talented employees who are not meeting expectations.

- When a company is introducing a new system or program

- When a company has a small group of individuals (5-8) in need of increased competency in specific areas.

- When a leader or executive needs assistance in acquiring a new skill as an additional responsibility

The benefits :

The great benefit of coaching is that you are very likely to see quick, positive result as an outcome. This is because it is participative and people tend to learn and adopt new habits more easily when they are actively engaged in the learning process as soon as a coaching ends you can implement a new practice.

The process is entirely devoted to you - your issues and the attainment of news behaviour goals. One great point about coaching is that it takes places over an extended period of time. Which means will constantly challenges an encourage to work on issues that need improvement.

By Constantly doing better you practice good habits and the more your practice - the more natural it becomes to automatically change and improve your behaviours.

Benefits of coaching to an individuals include :

- Improvement an individual's performance, targets and goals

- Increased openness to personal learning and development

- Increased ability to identify solutions to specific work-related issues

- Greater ownership and responsibility

- Development of self- awareness

143

- Improvement of specific skills or behaviour

- Greater clarity in roles and objectives

- The opportunity to correct behaviour / performance difficulties

Benefits of coaching to an organisation :

- Allows fuller use of individual's talent / potential

- Demonstrates commitment to individuals and their development

- Higher organisational performance / productivity

- Increased creativity, learning and knowledge

- Motivates people

- Facilitates the adoption of a new culture / management style

- Improve relationship between people and departments.

Benefits of Mentoring :

- The employee feels supported and has a mechanism for working through any problems that exist as a result of being in a minority.

- Women often - but not always feels more comfortable being mentored by another woman

- Women mentors are uniquely places to understand the issues faced by other women in engineering taking into account the specific issues and challenges experienced.

- Mentoring includes training support, encouragement, advice and guidance from people who have both 'done it before' and are usually independent of the mentee's current organisation.

- Both the mentees and mentors gain confidence and leadership skills

- Mentees report the benefits of a different perspective

- Mentees are more likely to plan and apply for promotions

- Mentors and mentees can gain insights into best business practices in other companies

- The process allows mentors and mentees to make useful networking connections, and have access to role models.

2.15 GLOSSARY

- **Recruitement :** It is a process of searching for prospective candidates and stimulating them to apply for jobs in an organisations.

- **Selection :** It is the process of picking individuals who have relevant qualification to fill jobs in an organisation.

- **Induction :** It is a process of introducing new employees to the culture of the organisation.

- **Performanace Appraisal :** It means systematically evaluation of the performanace of the employee with respect to his or her present job performances and potential for future growth

2.16 SELF ASSESSMENT QUESTIONS :

Q1   What are the factors that affect the human resource planning?

Ans   _____

_____

Q2   Explain in brief process involved in human resources planning?

Ans   _____

_____

Q3   Discuss the process of Performance Appraisal ?

Ans   _____

_____

Q4   What do you mean by succession planning?

Ans   _____

          _____

2.17   LESSON END EXERCISE

Q1   What is meant by job specification?

Ans   _____

          _____

Q2   What are the advantages of job specification?

Ans   _____

          _____

Q3   Distinction between Job Specification and Job Description.

Ans   _____

          _____

Q4   Give points of Difference between Job Evaluation and Performance Appraisal.

Ans   _____

          _____

2.18   BOOKS RECOMMENDED

- Personal Management & Industrial Relations: B.P.Singh; T.N.Chhabra And P.L.Taneja

- Human Resource Management: V.S.P.Rao

- Personnel Management: C.B.Mamoria and S.V.Gankar

- Principles And Practice of Management: L.M.Prasad

TRAINING AND DEVELOPMENT

STRUCTURE:

3.1   Introduction

3.2   Objectives

3.3   Training and Development

3.4   Evaluation of a Training Programme

3.5   Development

3.6   Transfer

3.7   Promotion

3.8   Separation and Other Processes

3.9   Summary

3.10   Glossary

3.11   Self Assessment Questions

3.12   Lesson End Exercise

3.13   Books Recommended

3.1   INTRODUCTION

After employees have been selected for various positions in an organisation, training them for the specific tasks to which they have been assigned assumes great importance. It is true in many organisations that before an employee is fitted into a harmonious working relationship with other employees, he is given adequate training. Training is the act of

increasing the knowledge and skills of an employee for performing a particular job. The major outcome of training is learning. A trainee learns new habits, refined skills and useful knowledge during the training that helps him improve performance. Training enables an employee to do his present job more efficiently and prepare himself for a higher level job. (Lynton; Gupta; Rajamani; Group; Goldstnin)

3.2   OBJECTIVES :

After going through this lesson, you will be able to understand

- Meaning of training

- Methods of training

- Evaluation of development

- Promotions and Transfers

- Retirement and other separations process

3.3   TRAINING AND DEVELOPMENT

Training often has been referred to as teaching specific skills and behaviour. Examples of training are learning to fire a rifle, to shoot foul shots in basketball and to type. It is usually reserved for people who have to be brought up to performing level in some specific skills. The skills are almost always behavioural as distinct from conceptual or intellectual.

Development, in contrast, is considered to be more general than training and more oriented to individual needs in addition to organisational needs and it is most often aimed toward management people. There is more theory Involved with such education and hence less concern with specific behaviour than is the case with training. Usually, the intent of development is to provide knowledge and understanding that will enable people to carry out non-technical organisational functions more effectively.

Training is meant for operatives and development is meant for managers. Training tries to improve a specific skill relating to a job whereas development aims at improving the total personality of an individual. Training is a one-shot deal; whereas development is an ongoing, continuous process. The scope of training is on individual employees, whereas the scope of development is on the entire work group or the organisation. Training is

mostly the result of initiatives taken by management. It is the result of some outside motivation. Development is mostly the result of internal motivation. Training seeks to meet the current requirements of the job and the individual; whereas development aims at meeting the future needs of the job and the individual; In other words, training is a reactive process whereas development is a proactive process. Development is future oriented training, focusing on the personal growth of the employee.

TRAINING VS EDUCATION

The term 'education' is wider in scope and more general in purpose when compared to training. Training is the act of increasing the knowledge and skills of an employee while doing a job. It is job-oriented (skill learning). Education, on the other hand, is the process of increasing the general knowledge and understanding of employees. It is a person-oriented, theory-based knowledge whose main purpose is to improve the understanding of a particular subject or theme (conceptual learning). Its primary focus is not the job of an operative. Education is imparted through schools or colleges and the contents of such a programme generally aim at improving the talents of a person. Training is practice-based and company-specific. However, both have to be viewed as programmes'- that are complementary and mutually supportive. Both aim at harnessing the true potential of a person/employee.

IMPORTANCE

Training is an indispensable part of HR functions in every organisation now. Gone are the days when training was considered to be futile, waste of time, resources and money. Other departments such as Finance, Marketing and Sales, Production are dependent on Training and Development Department in a major way. Training is a vital investment because the payoffs are immeasurable in terms of employee growth, involvement and commitment. It is an important tool of HRM as it helps to control the attrition rate-it helps in motivating people to stay on,-acquire new skills and remain, continually useful to the organisation; it helps in increasing the job knowledge and skills of employees at each level. The importance of training can be studied under the following heads. (Tessin; Morrow et al)

IMPORTANCE OF TRAINING

Benefits to the business	Benefits to the employees
Trained workers can work more efficiently.	Training makes an employee more useful to a firm. Hence, he will find employment more easily.
They use machines, tools, materials in a proper way. Wastage is thus eliminated to a large extent.	Training makes employees more efficient and effective. By combining materials, tools and equipment in a right way, that can produce more with minimum efforts˙
There will be fewer accidents. Training improves the knowledge of employees regarding the use of machines and equipment. Hence, trained workers need not be put under close supervision, as they know how to handle operations properly.	Training enables employees to secure promotion easily. They can realize their career goals comfortably.
Trained workers can show superior performance. They can turn out better performance. They can turn out better quality goods by putting the materials, tools, and equipment to good use.	Training helps an employee to move from one organisation to another easily. He can be more mobile and pursue career goals actively.
Training makes employees more loyal to an organisation. they will be less inclined to leave the unit where there are growth opportunities	Employees can avoid mistakes, accidents on the job. They can handle jobs with confidence. They will be more satisfied on their jobs. Their morale would be high.
	Thus, training can contribute to higher production, fewer mistakes, greater job satisfaction and lower labour turnover. Also, it can enable employees to cope with organisation, social and technological change. Effective training is an invaluable investment in the human resources of an organisation.

A CHECKLIST TO AVOID TRAINING PITFALLS

Attempting to teach too quickly: Trying to teach too quickly results in frustration. It is not wise to push employees beyond their learning limits.

Trying to teach too much: There are limits to the amount that one can learn. It is recommended to teach segments of the job in sequential fashion in order to develop a greater appreciation and understanding of the whole job.   .

Viewing all trainees as the same: All employees are different. This must be recognised when it comes to training. Since-some workers learn faster or slower than others, these differences must be accounted for in the training programme.

Not providing time to practice: Practice makes perfect. There is no such thing as natural-born skilled workers. Adequate practice time must be provided for employees to develop their skills.

Providing a pat on the back: It is always a good idea to reinforce, employees during the learning process. Encouragement, praise, and reward are highly recommended.

Not frightening the employee: As a supervisor, it is possible to know the job for which the employee is training so thoroughly that a new employee may feel inadequate or intimidated.

LEARNING PRINCIPLES THE PHILOSOPHY OF TRAINING

Training is essential for job success. At can lead to higher production, fewer mistakes; greater job satisfaction and lower turnover. These benefits accrue to both the trainee and the organisation, if managers understand the principles behind the training process. To this end, training efforts must invariably follow certain learning-oriented guidelines. (Silverman; Goldstein; Gagne)

Modelling: Modelling is simply copying someone else's behaviour. Passive class room learning does not leave any room for modelling. If we want to change people, it would be a good idea to have videotapes of people showing the desired behaviour. The selected model should provide the right kind of behaviour to be copied by others. A great deal of human behaviour is learned by modelling others. Children learn by modelling parents and older children, they are quite comfortable with the process by the time they grow up. As experts put it. "Managers tend to manage as they were. managed"

Motivation: For learning to take place, intention to learn is important. When the employee is motivated, he pays attention to what is being said, done and presented. Motivation to learn is influenced by the answers to questions such as: How important is my job to me? How important is the information? Will learning help me progress in the company? etc. People learn more quickly when the material is important and relevant to them. Learning is usually quicker and long-lasting when the learner participates actively. Most people, for example, never forget how to ride a bicycle because they took an active part in. the learning process!

Reinforcement: If a behaviour is rewarded, it probably will be repeated. Positive reinforcement consists of rewarding desired behaviours. People avoid certain behaviours that invite criticism and punishment. A bank officer would want to do a post graduate course in finance, if it earns him increments and makes him eligible for further promotions. Both the external rewards (investments, praise) and the internal rewards (a feeling of pride and achievement) associated with desired behaviours compel subjects to learn properly. To be effective, the trainer must reward desired behaviours only. If he rewards poor performance, the results may be disastrous: good performers may' quit in frustration, accidents may go up, productivity may suffer. The reinforcement principle is also based, anthe premise that punishment is less effective 'in learning than reward. Punishment is a pointer to undesirable behaviours. When administered, it causes pain to the employee. He may or may not repeat the mistakes. The reactions may be mild or wild. Action taken to repeal a person from undesirable action is. punishment. If administered properly, punishment may force the trainee to modify the undesired or incorrect behaviours.

Feedback :

People learn best if reinforcement is given as soon as possible after training. Every employee wants to know what is expected of him and how well he is doing. If he is off the track, somebody must put him back on the rails. The errors in such cases must be rectified immediately. The trainee after learning the right behaviour is motivated to do things in a 'right' way and earn the associated rewards. Positive feedback (showing the trainee the right way of doing things) is to be preferred to tiegative feedback (telling the trainee that he is not correct) when we want to change behavior

Spaced Practice :

Learning takes place easily if the practice sessions are spread over a period of time. New employees learn better if the orientation programme is spread over a two or three day period, instead of covering it all in one day. For memorising tasks, 'massed' practice is usually more effective. Imagine the way schools ask the kids to say the Lord's prayer, aloud. Can you memorise a long poem by learning only one line per day? You tend to forget. the beginning of the poem by the time you reach the last stanza. For 'acquiring' skills as stated by Mathis and Jackson spaced practice is usually the best. The incremental approach to skill acquisition minimizes the physical fatique that deters learning.

Applicability of Training

Training should be as real as possible so that trainees can successfully transfer the new knowledge to their jobs. The training situations should be set up so that trainees can visualise - and identify with - the   types of situations they can come across on the job.

Environment

Finally cnvironnent plays a major role in training. It is natural that workers who are exposed to training in comfortable environments with adequate, well spaced rest periods are more likely to learn than employees whose training conditions are less than ideal. Generally speaking, learning is very fast at the beginning. Thereafter, the pace of learning slows down as opportunities for improvement taper off.

Areas of Training

The Areas of Training in which training is offered may be classified into the following categories:

Knowledge

Here the trainee learns about a set of rules and regulations about the job, the staff and the products or services offered by the company. The aim is to make the new employee fully aware of what goes on inside and outside the company.

Technical Skills

The employee is taught a specific skill (e.g., operating a machine, handling computer etc.) so that he can acquire that skill and contribute meaningfully.

Social Skills.

The employee is made to learn about himself and others, and to develop a right mental attitude towards the job, colleagues and the company. The principal focus is on teaching the employee how to be a team member and get ahead.

Techniques

This involves the application of knowledge and skill to various on-the-job situations.In addition to improving the skills and knowledge of employees, training aims at moulding employee attitudes: When administered properly, a training programme will go a long way in obtaining employee loyalty, support and commitment to company activities.

Types of Training

There are many approaches to training. We focus here on the types of training that are commonly employed in present-day organisations. (Zalman; Smith)

- **Skill** *training:* This type of training is most common in organisations. The process here is fairly simple. The need for training in basic skills (such as reading, writing, computing, speaking, listening, problem solving, managing oneself, knowing how to learn, working as part of a team, leading others) is identified through assessment. Specific training objectives' are set and training content is developed to meet those objectives. Several methods are available for imparting these basic skills in modern organisations (such as • lectures, apprenticeship, on-the-job) coaching, etc.). Before employing these methods, managers should:

- *Explain* how the training will help the trainees in their jobs.

- *Relate* the training to the trainees' goals.

- *Respect* and consider participant responses and use these as a resource.

- *Encourage* trainees to learn by doing.

- *Give* feedback on progress toward meeting learning objectives.

- *Refresher training:* Rapid changes in technology may force companies to go in for this kind of training. By organising short-term courses which incorporate the latest developments in a particular field, the company may keep its employees up-

to-date and ready to take on emerging chllenges. It is conducted at regular intervals by taking the help of outside consultants who specialise in a particular descriptive.

- *Cross-functional training:* Cross-functional Training involves training employees to perform operations in areas other than their assigned job. There are many approaches to cross functional training. job rotation can be used to provide a manager in one functional area with a broader perspective than he would otherwise have. Departments can exchange personnel for a certain period so that each employee understands how other departments are functioning. High performing workers can act as peer trainers and help employees develop skills in another area of operation. (Buchen; Messner) Cross-functional training provides the following benefits to an organisation (and the workers as well): (1) Workers gain rich experience in handling diverse jobs; they become more adaptable and versatile (2) They can better engineer their own career paths (3) They not only know their job well but also understand how others are able to perform under a different set of constraints. (4) A broader perspective increases workers' understanding of the business and reduces the need for supervision. When workers can fill in for other workers who are absent, it is easier to. use flexible scheduling, which is increasingly in demand as more employees want to spend more time with their families. Eli Lilly and Company (India), for example, encourages cross-functional movements to make the organisation equally attractive to both specialists and generalists.

Team training :

Team training generally covers *two* areas: content tasks and group processes Content tasks specifies the team's goals such as cost control and problem solving. Group processes reflect the way members function as a team - for example, how they interact with each other, how they sort out, differences, how they participate etc. Companies are investing heavy amounts, nowadays, in training new employees to listen to each other and to cooperate They are using outdoor experiential training techniques to develop teamwork and team spirit among their employees (such as scaling a mountain, preparing recipes for colleagues at a restaurant, sailing through uncharted waters, crossing a jungle, etc.). The training basically throws light on (i) how members should communicate with each, other (ii) how they have to cooperate and get ahead (iii) how they should deal with conflictful

situations (iv) how they should find their way, using collective wisdom and experience to good advantage. (Buchen)

Creativity Training:

Companies like Mudra Communications, Titan Industries, Wipro encourage their employees to think unconventionally, break the rules, take risks, go out of the box and devise unexpected solutions. (Hequet; Kawatra; Solomon). In creativity training, trainers often focus on three things:

(a) *Breaking away:* In order to break away from restrictions, the trainee is expected to (i) identify the dominant' ideas influencing his own thinking (ii) define the boundaries within which he is working (iii) bring the assumptions out into the open and challenge everything.

b) *Generate new ideas:* *To* generate new ideas, the trainee should open up his mind; look at the problem from all possible angles and list as many alternative approaches as possible. The trainee should allow his mind to wander over alternatives, freely, expose himself to new influences (people, articles, books, situations), switch over from one perspective to another, arrange cross fertilization of ideas with other people and use analogies to spark off ideas.

c) *Delaying judgement:* *To* promote creative thinking, the trainee should not try to kill off ideas too quickly; they should be held back until he is able to generate as many ideas as possible. He should allow ideas to grow a little.

d) *Brainstorming* (getting a large number of ideas from a group of people in a short time) often helps in generating as many ideas as possible without pausing to evaluate them. It helps in releasing ideas, overcoming inhibitions, cross fertilizing ideas and getting away from patterned thinking.

e) *Diversity Training:* Diversity training considers all of the diverse dimensions in the workplace - race, gender, age, disabilities, lifestyles, culture, 'education, ideas and backgrounds - while designing 'a training programme. It aims to create better cross-cultural sensitivity with the aim of fostering more harmonious and fruitful working relationships among a firm's employees. The programme covers two

things: (i) awareness building, which helps employees appreciate the key benefits of diversity, and (ii) skill, building, which offers the knowledge, skills and abilities required for working with people having varied backgrounds. (Jordan; Day)

f) **Literacy Training**: Inability to write, speak and work well with others could often come in the way of discharging duties, especially at the lower levels. Workers, in such situations, may fail to' understand safety messages, appreciate the importance of sticking to rules, and commit avoidable mistakes. Functional illiteracy (low skill level in a particular content area) may be a serious impediment to a firm's productivity and competitiveness. Functional literacy programmes focus on the basic skills required to perform a job adequately and capitalize on most workers' motivation to get help in a particular area. Tutorial programmes, home assignments, reading and writing exercises, simple mathematical tests, etc, are generally used in all company in-house programmes meant to improve the literacy levels of employees with weak reading, writing or arithmetic skills.

g) **Orientation Training:** In orientation training, new hires get a first hand view of what the company stands for, how the work is carried out and how to get along with colleagues. In short, 'they learn the ropes', the specific ways of doing things in a proper manner. When a new employee is from a different country and culture, this initial training is especially important in helping new, employees adjust in the company.

3.4   EVALUATION OF A TRAINING PROGRAMME

Training Evaluation checks whether training has had the desired impact or not. It also tries to ensure whether candidates are able to implement their learning in their respective workplaces or not. The process of training evaluation has been defined as "any attempt to obtain information on the effects of training 'performance and to assess the value of training in the light of that information." Training evaluation helps in offering feedback to the candidates by defining the objectives and linking it to learning outcomes It helps in finding the relatioship between acquired knowledge, transfer of knowledge at 'the workplace and training. It helps in controlling the training programme because if the training is not effective, then it can be dealt with accordingly It helps in determining that whether the actual outcomes are aligned with the expected outcomes.

Process of Training Evaluation

- *Before Training :* The learner's skills and knowledge are assessed before, the training programme. During the start of training, candidates generally perceive it as a waste of resources because at most of the times' candidates are unaware of the objectives and learning outcomes of the programme. Once aware, they are asked to give their opinions on the methods used and whether those methods confirm to the candidates preferences and learning style

- *During Training:* It is the phase at which instruction is started. This phase usually consist of short tests at regular intervals.

- *After Training:* It is the phase when learner's skills and knowledge are assessed again to measure the effectiveness of the training. This phase is 'designed to 'determine whether training has had the desired effect at individual department and organizational levels. There are various evaluation techniques for this phase.

Five Levels of Training Evaluation

Hamblin suggested five levels at which evaluation of training can take place, viz,, reactions, learning,' job behavior, organisation and ultimate value.

- *Reactions:* Trainee's reactions to the overall usefulness of the training including the coverage of the topics, the method of presentation, the techniques used to clarify things, often throw light on the effectiveness of the programme. Potential questions to trainees might include: (i) 'What were your learning goals for the programme? (ii) Did you achieve them? (iii) Did you like this programme? (iv) Would you recommend it to others who have similar learning goals? (v) What suggestions do you have for improving the programme? (vi) Should the organisation continue to offer it?

- **Learning:** Training programme, trainer's ability and trainee's ability are evaluated on the, basis of quantity of content learned and time in which it is learned and learner's ability to use or apply the content learned.

- *Job behaviour:* This evaluation includes the manner and extent to which the trainee has applied his learning to his job.

158

- *Organisation:* This evaluation measures the use of training, learning and change in the job behaviour of the-department/organisation in the form of increased productivity, quality, morale, sales turnover and the like.

- *Ultimate value:* It is the measurement of ultimate result of the contributions of the training programme to the company goals like survival, growth, profitability; etc. and to the individual goals like development of personality and social goals like maximising social benefit.

Decision Points in Planning Training Evaluation

John Dopyera and Louise Pitone identified eight decision points in planning training evaluation. They are:

Should an evaluation be done? Who should evaluate?

1) What is the purpose of evaluation? There are mainly two purposes of doing evaluation. They are justification evaluation and determination evaluation. Justification evaluations are undertaken as reactions to mandates, other purposes that will make evaluation efforts more fruitful. These purposes include training needs assessment, programme improvements and impact evaluation.

2) What will be measured? The focus of the evaluation will be on training and delivery, programme content, materials, impact of training on individuals through learning, behaviour or performance change. Learning can be measured through pre-test and post-test. Evaluate the effects of training after the trainee returns to the work place, using, changes in between or the work results as indicators.

3) How comprehensive will the evaluation be? The scope or the duration and comprehensiveness of the evaluation is influenced by available support, communication and evaluation purpose.

4) Who has the authority and responsibility? Who has the authority and responsibility at different stages of evaluation will be determined by the factors like personnel, credibility of internal staff, communication, objectivity, of internal staff to do an evaluation regardless of results.

5) What are the sources of data? The most common sources of evaluation data are reactions, opinions and/or test results of the participants, managers, supervisors, production records, quality control, financial records, personnel records, safety records, etc.

6) How will the data be collected and compiled? Data can be collected before training for needs analysis or pre-testing purpose, during training programme to make improvements along the way and after training or evaluation. Next step is selection of treatment or control groups and determination of nature of samples. Data can be compiled either manually or by computers.

How will the data be analysed and reported? First reporting issue is concerned with audiences like participants or, trainees, training staff, managers, customers etc. Second and third issues are concerned with analysis and results and accuracy, policies and format respectively.

These decision points are intended to increase awareness of, and interest in, the evaluation of training, to improve planning skills and to encourage more systematic evaluation of training. Various methods can be used to collect data on the outcomes of training. Some of these are:

a) *Questionnaires:* Comprehensive questionnaires could be used to obtain opinions, reactions, views of trainees.

b) *Tests:* Standard tests could be used to find out whether trainees have learnt anything during and after the"training.

c) *Interviews:* Interviews could be conducted to find the usefulness of training offered to operatives.

d) *Studies:* Comprehensive studies could be carried out eliciting the opinions and judgements of trainers, superiors and peer groups about the training.

e) *Human resource factors:* Training can also be evaluated on the basis of employee satisfaction, which in turn can be examined on the basis of decrease in employee turnover, absenteeism, accidents, grievances, discharges, dismissals, etc.

f) *Cost benefit analysis:* The costs of training (cost of hiring trainers, tools to learn,

training centre, wastage, production stoppage, opportunity cost of trainers and trainees) could be compared with its value (in terms of reduced learning time, improved learning, superior performance) in order to evaluate a training programme.

g) *Feedback*: After the evaluation, the situation should be examined to identify the probable causes for gaps in performance. The training evaluation information (about costs, time spent, outcomes, etc.) should be provided to the instructors, trainees and other, parties concerned for control, correction and improvement of trainees' activities. The training evaluator should follow it up sincerely so as to ensure effective implementation of the feedback report at every stage.

Role of Trainee in Transfer of Training

The trainee is a major stakeholder in a training programme. Factors such as active participation, positive orientation towards the inputs received, close interaction with other participants etc would facilitate transfer of training and realisation of its objectives. The gains from the training would be directly proportionate to the amount of time invested by the trainees. Several factors, of course, affect the trainee's learning process and it is not very difficult. to recount some of these: How enthusiastically he participates, and how positively he would receive the inputs and how actively he exchanges notes with other participants determines.

Ultimately, it is the trainee who is going to be a major beneficiary of training. When attitudes change, behaviours undergo a transformation and work habits improve; the trainee benefits immensely.

Training Scenario in Indian Industry:

Most Indian organisations have realized the importance of training—as a vital' HR function and as an indispensable motivational tool—and are investing their time, money and resources so as to attract talent.

In the Retail-FMCG sector, there is chronic shortage of trainers, as well as skilled workers. Industry majors feel that the situation is likely to continue for a while. Most B-schools have started courses in Retail Management, Logistics Management, Brand Management etc in collaboration with industry majors and as the Retail-FMCG sector begins to balloon to gigantic size—expected to be a $200-250 billion industry by 2016—

these baby steps should pave the way for a major reversal of trend in the industry. The Banking and Insurance sectors are on the verge of a major change in the days ahead. The entry of foreign majors in insurance sector—ICICI Lombard; HDFC Standard Life Insurance; TATA AIG General Insurance; Bajaj Allianz, etc.—has virtually compelled many B-schools to come out with courses aimed developing interpersonal, networking and communication skills. The market in Telecom sector is estimated to touch Rs. *500-7Q0* crore in the days ahead. Many top players are spending a huge amount on training and development. For example, BSNL alone spends more than 150 crore on Training and Development of its employees through the Advanced Level Telecommunications Training Centre and 43 other regional training institutes. Reliance, Bharti have also stepped into this area in a big way Dhirubhai Ambani Institute of Information and Communication Technology; Bharti School of Telecommunication Technology and Management. With the increase in competition, availability of huge amount of information through internet, magazines, newspapers, TV etc., and increased awareness among customers, the demand to impart proper training in non-technological areas like customer care and marketing has increased. The Hospitality Sector is facing shortage of skilled chefs and experienced managers.

Personal and Environment Factors of Training	
Personal Factors	**Environmental Factors**
• Family Situation • Personal Problems • Relation between the training program and personal objective • Level of self esteem • Benefits expected from training • Comfort level with the trainer • Learning style of trainee • KSA of trainee • Previous training experiences • Desire for professional growth and development	• Relationship with colleagues and subordinates • Training team • Trainer team • Training objective • Content of training • Training design i.e. methods, techniques, and strategies • Environment in the program • Composition of training group • Infrastructure i.e. eating facilities, tea/coffee breaks

Managers require huge range of competencies such as, people management, viable skills, business insights, analytic skills, succession planning, and resource development in order to get success in this sector. In addition to that, employees are not enough trained on Business Etiquettes, Courtesy, and Business Communication. Hospitality is all about handling people. So an employee must have right attitude, tolerance, and listening skills in order to move up the hierarchy. There is still a long way to go to inculcate good public relation, interpersonal skills. With the increase in competition due to the coming up of major players

like four Seasons, Shangri-La, Aman Resorts, etc. the need to train employees has increased more than ever before. The major players are now strategising to increase the turnover of the customers by training their employees on Communication, Dining and Business etiquettes, etc. The Indian IT sector has witnessed phenomenal growth till recently and is expected to generate nearly 4 million jobs by 2020 according to NASSCOM.

According to the recent review by Harvard Business Review, there is a direct link between training investment of the companies and the market capitalization. Those companies with higher training investment had higher market capitalization. It clearly indicates that the companies. which have successfully implemented training programs have been able to deliver customer goals with effective results. It shows that good training results in enhancement of individual performance, which in turn, helps the organization in achieving its business goals. Training is a tool that can help in gaining competitive advantage in terms of human resource. With the. growing investment by IT companies in the development of 'their employees many companies have now started their own learning centers. As an example, Sun has its own training department. Accenture has Internet based tool by the of "My Learning" that offers access to its vast learning resources to its employees. Companies are investing in both the technical training, which has always been an essential part in IT industry; as well as in managerial skills development. Companies now kept aside 3.5% of revenue for training programmes. As an example, some of the major players, like Tata Elxsi and Accenture are allocating 7% and 3% respectively of the companys overall revenue (naukrihu.com).

Banks, Insurance Companies, Public Sector Units (PSUs)—such as BHEL, SAIL, B, Hindustan Aeronautics Petroleum companies and IT companies have their own dedicated training centres—with a separate campus and training for training their employees. Examples include the Tata Management Training Centreys Academy, Indian Oil Institute of Petroleum Management, The National Institute of Bank Management, National Institute of Construction Management, The Ahmedabad Textile Industry Research Association, etc.

3.5 DEVELOPMENT

Development is an education process as it tries to enhance one's ability to understand and interpret knowledge in a useful way. Development is different from training in that it is often the result of experience and the maturity that comes with it. It is possible to train most people to drive a vehicle, operate a computer, or assemble a radio. However,

development in such areas as judging what is right-and-wrong, taking responsibility for results, thinking logically, understanding cause and effect relationships, synthesising experiences to visualise relationships, improving communication skills, etc., may or may not come through over time. Training certainly helps in improving these types of skills. But when the intent is to enhance executives' ability to handle diverse jobs and prepare them for future challenges, the focus must shift to executive development.

Training Versus Development

Training	Item	Development
Learn specific behaviours and actions; demonstrate techniques and processes.	Focus	Understand and interpret knowledge; Develop judgement; Expand capacities for varied assignments.
Short term.	Time Frame	Long-term.
Tries to improve a specific skill relating to a job (mostly technical and mechanical).	Process	Aims at improving the total personality of an individual (largely analytical and conceptual abilities).
Meet current requirements of a job; aims at improving employee performance on a currently held job.	Goal	Meet future challenges of the job and the individual; aims at providing learning opportunities designed to help employees grow.
Performance appraisals, cost-benefit analysis, passing tests or certification.	Effectiveness Measures	Qualified people available when needed, promotion from within possible, HR-based competitive advantage.

Definition

Executive or management development is a planned, systematic and continuous process of learning and growth by which managers develop their conceptual and analytical abilities to manage. It is the result of not only participation in formal courses of instruction but also of actual job experience. It is primarily concerned with improving the performance of managers by giving them stimulating opportunities for growth and development. (Pareek; Gupta; Rajamani; Group; Goldstein)

Features of Executive Development

- It is a planned effort to improve executives' ability to handle a variety of assignments.

- It is not a one-shot deal, but a continuous, ongoing activity.

- It aims at improving the total personality of an executive.

- It aims at meeting future needs unlike training, which seeks to meet current needs.

- It is a long-term process, as managers take time to acquire and improve their capabilities.

- It is proactive in nature as it focuses attention on the present as well as future requirements of both the organisation and the individual.

Importance

- Executive Development has become indispensable to modern organisations in view of the following reasons:

- For any business, executive development is an invaluable investment in the long run. It helps manager to acquire Knowledge, Skills and Abilities (KSAs) required to grapple with complex changes in environment, technology and processes quite successfully. They can have a better grip over market forces and get ahead of others in the race in a confident manner.

- Developmental efforts help executives to realise their own career goals and aspirations in a planned way.

- Executives can show superior performance on the job. By handling varied jobs of increasing difficulty and scope, they become more useful, versatile and productive. The rich experience that they gain over a period of time would help them step into the shoes of their superiors easily.

- Executive Development programmes help managers to broader their outlook, look into various problems dispassionately, examine the consequences carefully, appreciate how others would react to a particular solution and discharge their responsibilities, taking a holistic view of the entire organisation.

- The special courses, projects, committee assignments, job rotation and other exercises help managers to have a feel, of how to discharge their duties without rubbing people (subordinates, peers, superiors, competitors, customers, etc.) the wrong way.

Steps in the Organisation of a Management Development Programme

The following are the important steps in the organisation of a management development programme: (Noe; Wexley; Quinnones)

Analysis of organisational development needs: After deciding to launch a. management development programme, a close and critical examination of the present and future

development needs of the organisation has to be made. We should know how many and what type of managers are required to meet the present and future requirements.

A comparison of the already existing talents with those that are required to meet the 'projected needs will help the top management to take a policy decision as to whether it wishes to fill those positions from within the organisation or from outside sources,

- *Appraisal of present management talents:* In order to make the above suggested comparison, a qualitative assessment of the existing executive talents should be made and an estimate of their potential for development should be added to that. Only then can it be compared with the projected required talents.

- *Inventory of management manpower:* This is prepared to have a complete set of information about each executive in each position. For each member of the executive team, a card is prepared listing such data as name, age', length of service, education, work experience, health record, psychological test results and performance appraisal data, etc. The 'selection of individuals for a management development programme is made on the basis of the kind of background they possess. Such information,' when analysed, discloses the strengths as well as weaknesses or deficiencies of managers in certain functions relating to the future needs of the organisations.

- *Planning of individual deielopment programmes:* Guided by the results of the performance appraisal that indicates the strengths and weaknesses of each of the executives, this activity of planning of individual development programme can be performed.

- *Establishment of development programmes:* It is the duty of the HR department to establish the developmental opportunities. The HR department has to identify the existing level of skills, knowledge etc., of various executives and compare them with their respective job requirements. Thus, it identifies developmental needs and "requirements and establishes specific development 'programmes, like leadership 'courses, management games, sensitivity training, etc.

- *Evaluation of results:* Executive development programmes consume a lot of time, money and effort. It is, therefore, essential to find out whether the programmes have been on track or not. Programme evaluation will cover the areas where changes

need to be undertaken so that the participants would find the same to be relevant and useful for enriching their knowledge and experience in future. Opinion surveys, tests, interviews, observation of trainee reactions, rating of the various components of training, etc., could be used to evaluate executive development programmes.

Methods/Techniques of Management Development Programmes

Management development programmes help in acquiring and developing, different types of managerial skills and knowledge. Different types of techniques are used to acquire and develop various types of managerial skills and knowledge. (See Table 10.2) .

Table : Methods of Developing Managers

1.	Decision-making skills		In-basket
			Business game
		(C)	Case study
2.	Interpersonal skills		Role play
			Sensitivity training
			Behaviour Modelling
3.	Job knowledge		On-the-Job experiences
			Coaching
			Understudy
4.	Organisationàl knowledge		Job rotation
			Multiple management
5.	General knowledge	(a)	Special courses
		(b)	Special meetings
		(c)	Specific readings
6.	Specific individual needs		Special projects
			Committee assignments

Decision- making Skills

The main job of a manager is to make both strategic and routine decisions. His ability to take effective decisions can be enhanced by developing decision-making skills through various techniques, as explained below:

1. *In-basket:* **In this method,** the participant is given a number of business papers such as memoranda, reports and telephone messages that would typically cross a

manager's desk. The papers, presented in no particular sequence, call for actions ranging from urgent to routine handling. The participant is required to act on the information contained in these papers. Assigning a priority to each particular matter is initially required.(Federicksen) .

If the trainee is asked to decide issues within a time-frame, it creates a healthy competition among participants. The method is simple anJ1 easy to follow. Trainees learn quickly as they have to list priorities, make assumptions, assign work to others and get things done within a time-frame. Since participants hail from various sections, it is easy to put out inter-departmental fires. On the negative side, the method is somewhat academic and removed from real life situations. The participants, knowing full well that they are handling an imaginary situation, may not be too excited about the whole exercise and may not fully commit themselves to the task.

- *Case study:* This is a training method that employs simulated business problems for trainees to solve. The individual is expected to study the information given in the case and make decisions based on the situation.

Merits and Demerits of the Case Study Method

Merits	Demerits
• Improves problem-solving skills of participants. • Trainees can apply theory to practical problems and learn quickly, It is a way of learning by doing. • Trainees learn how others solve a situation in their own unique way. They get a feel of how others work at a problem and begin to appreciate each other's thinking. • Case studies can provide interesting debates among trainees, as well as excellent opportunities for individuals to defend their analytical and judgemental abilities. • If the case reflects a real life situation, participants take keen interest and examine the cross-currents with an open and inquisitive mind.	• Good case studies do not originate easily. They are costly and time-consuming (collect data, analyse, report, summarise) exercises. • Examining historical evidence may fail to develop the analytical and reasoning abilities of participants. • Cases, sometimes, are not sufficiently realistic to be useful. • Cases may contain information inappropriate to the kinds of decisions that trainees would make in a real setting. • Indiscriminate use of case studies may not help participants who are not mature enough to analyse and participate in discussions actively. • A trainee who is not skilled in this technique can undermine its usefulness. • The case study method has little or nothing in common with the trainee's workplace, which may limit its effectiveness.

If the student is provided a case involving an actual company, he is expected to research the firm to gain a better appreciation of its 'financial condition and corporate culture. Typically, the case method is used in the classroom with an instructor who serves as a facilitator. Experienced trainers readily point out that the case study is not appropriate where :

- Analytic, problem solving and thinking skills are most important.

- Active participation is required.

- Team problem solving and interaction are possible.

- The success of this method is closely linked to maturity and experience of the trainer who should facilitate the groups learning, keep participant on track and help them see the underlying management concepts in the case clearly.

- Further, it is necessary to cope up with the good case material based on real life situation and present the same before trainees in an interesting manner.

Business games : Simulations that present actual business situations are known as business games.

Merits and Demerits of the Business Game Method	
Merits	**Demerits**
• Business games compress time; events that take painfully long time are made to occur in a matter of hours. • One can learn from mistakes, take a different course of action by looking at the consequences and improve performance. • They promote increased understanding of complex relationships among organisational units. • "They help trainees develop their problem-solving skills as well as to focus attention on planning rather than just putting out fires." • Prompt feedback facilitates quick learning.	• Difficult and expensive to develop and use good business games. • They are often far removed from reality. In real life, an executive may get unlimited chances to find his way through the jungle, depending on his mental make-up (instead of choosing from an imaginative list of alternatives). • Participants may become so engrossed in pushing others to the wall that they fail to grasp the underlying management principles being taught. • Creativity may take a back seat when unorthodox strategies advanced by innovative participants may not find acceptance from others in the race.

Interpersonal Skills

A manager can achieve results only when he is able to put individuals on the right track. He must interact with people actively and make them work unitedly. Managerial skills in the area of inter-personal relations can be enhanced through various techniques, viz., Role Play and Sensitivity Training;

1) ***Role* play.** This is a technique in which some problem - real or imaginary - involving human interaction is presented and then, spontaneously acted out Participants may assume the roles of specific organisational members in a given situation and then act out their roles. For example, a trainee might be asked to play the role of a supervisor who is required to discipline an employee smoking in the plant in violation of the rules. Another participant would assume the role of the employee. The individual playing the supervisory role would then proceed to take whatever action he deems appropriate. This action then provides the basis for discussion and comments by the groups.(Balli; Test; Maier et al)

Role play develops interpersonal skills among participants. They, learn by doing things. Immediate feedback helps them correct mistakes, change, switch gears hats and reorient their focus in a right way. The competitive atmosphere spurs them to participate actively, listen to what others say, observe and analyse behavioural responses and improve their own performance by putting their textual learning to test.

On the negative side, realism is sometimes lackng in role-playing, so the learning experience is diminished. It is not easy to duplicate the pressures and realities of actual decision-making on the job; and individuals, often act very differently in real-life situatiors than they do in acting out a simulated exercise. Many trainees are often uncomfortable in role-playing situations, and trainers must introduce the situations well so that learning can take place. To this end, trainers should:

- *Ensure* that members of the group are comfortable with each other.

- *Select* and prepare the role players by introducing a specific situation.

- *Help* participants prepare; ask them to present potential characters.

- *Realise* that volunteers make better role players.

- *Prepare* observers by giving them specific tasks (e.g, evaluation, feedback.

- *E guide* the role play enactment over its bumps (since it is not scripted).

- *Keep* it short.

- *Discuss* the enactment and prepare bulleted points of what was learned.

2. *Sensitivity training:* This is a method of changing behaviour through unstructured group interaction. Sensitivity training is sought to help individuals toward better relations with others. The primary focus is on reducing interpersonal friction.

In sensitivity training, the actual technique employed is T-group (T stands for training). It is a small group of ten to twelve people assisted by a professional behavioural scientist who acts as a catalyst and trainer for the group. There is no specified agenda. He merely creates the opportunity for group members to express their ideas and feelings freely. Since the trainer has no leadership role to play, the group must work out Its own methods of proceeding. A leaderless and agenda-free group session is on. They can discuss anything they like. Individuals are allowed to focus on behaviour rather than on duties.' As members engage in the dialogue, they are encouraged to learn about themselves as they interact with others. (Kearney)

Job Knowledge

In addition to decision-making skills and interpersonal skills, managers should also possess job knowledge to perform their jobs effectively. Trainers acquire job knowledge through on-the-job experience, coaching and understudy.

1) *On-the-job experience:* On-the-job techniques are most widely used. No other technique may interest the trainee so much as the location of the learner is not an artificial one in the classroom techniques. The success of these techniques depends on the immediate supervisor and his teaching abilities. On-the-job techniques are especially useful for certain groups like scientific and technical personnel.

Though the costs of training initially appear to be low, they may turn out to be high when wastages of all kinds are considered under this type of training.

2) *Behaviour modelling This is* an approach that demonstrates desired behaviour, gives trainees the chance to practice and role-play those behaviours and receive feedback. The basic behaviour modelling involves the following steps:

3) *Learning points:* At the beginning, the essential goals and objectives of the programme are stated. In Some cases the learning points are a sequence of behaviours that are to be taught.

171

4) *Modelling:* Trainees watch films or videotapes in which a model manager is portrayed dealing with an employee in an effort to improve his performance. The model shows specifically how to deal with the situation and demonstrates the learning points.

5) *Role playing:* Trainees participate in extensive rehearsal of the behaviours shown by the models.

6) *Social reinforcement:* The trainer offers reinforcement in the form of praise and constructive feedback based on how the trainee performs in the role-playing situation.

7) *Transfer of learning:* Finally,-trainees are encouraged to apply their new skills when they return to their jobs.

   Behaviour modelling can be effective. Several controlled studies have demonstrated success in helping managers interact with employees, handle discipline, introduce change and increase productivity. (Sim Warner .et al; Kraut) This method of learning in isolation may prove to be inadequate but-in combination with other off-the-job techniques may, prove to be useful.

8) *Coaching.* In coaching-trainee are placed under a particular supervisor who acts as an instructor1 and teaches job knowledge and skills to the trainee. He tells him what he wants him to do, how it can be done and follows up while it is being done and corrects errors. The act of-coaching can be done in several ways. The executive, apart from asking trainees to do the routine work, may ask them to tackle some complex problems by giving them a chance to participate in decision-making. For effective coaching, a healthy and open relationship must exist between employees and their supervisors. Many firms conduct formal training -courses to improve the coaching skills of their managers.

   In coaching, participants, can learn by actually doing a piece of work and obtain feedback on performance quickly.(Group; Kaye) However, there is no guarantee that supervisors will be able to coach in an effective way. It is easy for the 'coach' to fall short in guiding the learner systematically, even if he knows which systematic experiences are best. Sometimes doing the job on hand may score over learning

and watching. Many skills that have an intellectual component are best learned from a book or lecture before coaching could take place.-Further, in many cases, the learner cannot develop much beyond the limits of his own boss abilities. Coacing would work well if the coach provides a good model with whom the trainee can identify, if both can be open with each other, if the coach accepts his responsibility fully, and if he provides the trainee with recognition of his improvement and appropriate rewards.

4) *Understudy.* An understudy is a person who is in training to assume at a future time, the full responsibility of the position currently held by his superior. This method supplies the organisation a person with as much competence as the superior to fill his post which may fall vacant because of promotion, retirement or transfer. An understudy is 'usually chosen by-the head of a particular department. The head will then teach him what his entire job involves. The superior involves him .in decision-making by discussing the daily operating problems as well.

Understudy assignments help the superior to lighten his workload by delegating some portion of his work to a designated person. The understudy, in turn, gets an opportunity to learn the superior's job and get ready for challenging roles at a later date It is beneficial from the organisation's point of view also as it will not be at the receiving end when an executive suddenly leaves his job. On the negative side, the designation of a person as an understudy may spark off jealousy and rivalry among competing subordinates. Since the understudy has been specially picked up.

- **Organisational knowledge**

  In addition to job 'knowledge, managers should also possess knowledge of various jobs, products, markets, finances creditors of the organisation, etc. The techniques of imparting organisational knowledge are job rotation and multiple management.

- *Job rotation:* The transferring of executives from job to. job and from department to department in a systematic manner is called job rotation. The idea behind this is to give them the required diversified skills and a broader outlook, which are very important at upper management levels. The management should' provide a variety of job experiences for those judged to have the potential for higher ranks before

they are promoted. Job rotation increases 'the inter-departmental cooperation and reduces the monotony of the work.

- *Multiple management:* Multiple management is a system in which permanent advisory committees of managers study problems of the company and make recommendations to higher management. It is also called a Junior-board of executives. These committees discuss the actual problems and different alternative solutions after which the decisions are taken. Multiple management technique offers several advantages: it helps board members to gain first hand experience in various important as of business; it becomes easy to spot people with talent; 'juniors get a chance to improve their problem solving skills; and more importantly it is an inexpensive way of training a' good 'number of executives to do things on their own and develop fast.

GENERAL KNOWLEDGE

In addition to job knowledge and organisational knowledge, managers should possess general knowledge, as the external environment interacts with and influences the business. The general knowledge includes the knowledge about the economic conditions of the country and the world in general, in respect of major areas, such as prices, GNP per capita income, various other industries, other, sectors of the economy, 'political conditions, social factors, etc. General, knowledge can be acquired through special courses, special meetings and specific readings.

- *Special courses:* Special courses - like the workshops or executive development programmes organised by the institutes, universities and colleges - help the trainees to acquire general knowledge.

- *Special meetings:* Special meetings organised in Consumers' Forums, 'Voluntary Orgañisations, etc., help the trainees develop their general knowledge.

- *Specific readings:* Specific articles published by various journals, specific portions of important books are provided to the:trainees to improve their general knowledge.

Specific Individual Needs

Some trainees may be weak in some areas. Such trainees are provided with special

facilities for development. These facilities include 'special projects and committee assignments. '.

1) **Special projects:** In this method, a trainee is put on a project closely related to the objectives of his department. For example, a new recruit in a property evaluation firm may be asked to do a small project reviewing the prospects of selling commercial space in satellite townships (like Gurgaon, Rohtak and Ghaziabad) nearDelhi. The project will give a first hand experience of the problems and prospects in space selling to the new recruit.

2) **Committee assignment:** In this method, an ad hoc committee is appointed to discuss, evaluate and offer suggestions relating to an important aspect of business. For example, a group of experts maybe asked to look into the feasibility of developing a Software Technology Park in an upcoming area by the Delhi Development Authority. .

Other Off-the-Job Methods

- **Conferences :** The conference method is another commonly used method of executive development; Topics such as human relations, safety education, customer relations, sales training, are often discussed, debated, spoken about at conferences specially organised and designed for the purpose. A conference is a meeting of people to discuss a subject of common interest. The conference is structured around a small group meeting wherein a leader helps the group identify and define a problem, guides the discussion along desired lines and summarises the views that repre'sent the consensus of the group in dealing with the problem. The participants exchange notes, opinion, ideas on the subject in a systematic, planned way. Participants are expected to air their, opinions and thoughts freely. In order to ensure its success, (i) participants are, expected to come prepared for the conference, (ii) the conference leader should conduct the sessions according to a plan, giving enough room for healthy interchange of different viewpoints, (iii) the discussion should proceed along desired lines and (iv) the size of the group should not be too large.

- **Lectures:** Lectures are formal presentations on a topic by an experienced and

knowledgeable person. The presentation is generally supported by discussions, case studies, audio-visual aids and film shows. It is a simple and inexpensive way of imparting knowledge on a topic of special importance to a large audience. There could be a speedy interchange of ideas on a specific topic. The method may often degenerate into a kind of one-way traffic where the presenter tries to get ahead without paying attention to the reactions of the audience. If the lecture is not interesting enough, the audience may not participate and offer any feedback. The listeners play. a largely non-participatory role. They may ask questions but they never get the feel of what is being talked about. Moreover, participants do not share each other's experiences and hence the learning is confined to what the presenter has to say. The method could be used effectively if the following things are kept in mind:

- The presentation should be interesting, lively and leave. enough room for healthy discussions midway.

- The presenter must possess excellent communication and 'interpersonal skills. Adequate preparation must precede the actual presentation;

- To enrich the presentation, audio-visual aids, examples, cases, and real-life incidents should be used freely, encouraging the audience to participate freely. Better to set time limits to the lecture, since listeners tend to switch off completely beyond a point (say, one or two hours).

- *Group discussion:* In this method, papers are presented by two or three trainees on a selected topic, followed by a stimulating discussions. The 'topics for discussion are selected in advance and the papers concerning the same, 'written by various participants, are printed and circulated beforehand. It is a variant of the lecture method and is generally preferred where the intention is to give wide circulation and participation to a' number of experts sharing their experiences with a 'fairly large group of individuals.

- *Programmed instruction (P1): It* is based on certain behavioutal laws, particularly dealing with reinforcement. Reinforcement means rewarding .a correct 'response and punishing a wrong one. A major feature of P1 is that it offers

'immediate feedback on whether the trainee has answered questions correctly or not.

P1 is a learner-oriented technique which presents subject matter to the trainees in small, sequential steps, requiring frequent responses from the trainee and immediately offering him of their accuracy or otherwise. If the response is accurate, he takes up the next level; if not, he is asked to go back and start again. The instructions are carefully planned moving from the simple to complex ones in a smooth way.

A major plus point of the method is that it allows the trainee to learn in small steps at a pace and rate suitable to him. He takes active part throughout the programme. Printed instructions could be offered by experts, keeping individual differences in mind. Regular feedback helps the trainer to improve material continuously. A computer-aided format cari be placed in the hands of trainers with an instruction manual for getting excellent results. On .the negative side, the impersonal atmosphere may not be very stimulating. The cost of designing such programmes is generally high. It is not suitable for trying to bring about behavioural changes.

Selection of a Suitable Method

The success of any management development programme largely depends on the selection of the method.

1. The objectives of the programme should be kept in mind while choosing a particular method. However, no single technique may prove to be sufficient, but only a suitable combination of techniques may yield results.

Suitability of Executive 'Development Techniques

Technique	Suitability
Job Rotation	To develop diversified skills and broaden the outlook of an executive.
Understudy	To aid succession planning by developing the skills of juniors according to a preset plan.
Multiple Management	'To assist managers in expanding their outlook and knowledge in various functional areas.
Case Study.	To develop analytical, reasoning and problem-solving skills.
Role Playing to	To translate theoretical knowledge into action plans 'and promote good human relations skills among trainees;
Behaviour Modelling	To teach inter-personnel and cognitive skills.
In-basket	To promote situational judgement and social sensitivity.
Business Games	To develop smart thinking, quick reactions, initiative, organising and leadership skills.
Sensitivity Training	To promote self awareness and its impact on others.
Conference	To improve, and expand knowledge, attitudes and develop interpersonal skills.
Lecture	To impart conceptual knowledge to a large audience with in a short span of time.

Training and Development in Indian industry HLL

For an FMCG company like Hindustan Lever Ltd (HLL), training is a continuous process and not merely an intervention at a mid-career level. "Training, is an integral paft of performance development," says Prem. Kamath, Head, Management Resources, HLL. The FMCG giant has two management training centres in India 'Mumbai and Bangalore and yet another centre for officer lvel in 'Navi Mumbai. For workmen and staff located at the various factories and regional sales offices of HLL, there are dedicated training centres

run by these Units themselves. "We draw up our calendar for training courses each year starting in July and running until June next year," says Tejas Katre, Corporate Learning Manager, HLL. On offer are three kinds of courses. The general awareness course relates to various aspects of the company's operations, an overview of the challenges, a cross-functional perspective and a module on values of the company. The second set of courses provides the employees with a behavioural template to develop, the requisite competencies for growth; these include programmes on leadership, team-building and problem-solving. The third set of courses is skill based wherein the skill template for different functions— Sales & Marketing, Finance, Technical, HR, among others—are defined and specific courses are run to enhance the skill level in these functions. "Our training programmes are designed to briiig in the requisite focus that enhances training on-the-job. Interspersed with creativity workshops, management games and experiential workshops, our training effort seeks to provide, a kind of 'booster dose' to our employees so, as to enhance their performance and potential for career growth, Kamath.

Godrej Consumer Products Ltd

GCPL has placed importance on retaining its talented employees,. Two years ago it set 'up a parallel board of directors known as the Young Executive Board. The board, 'with members of the managerial cadre, all below the age of 30, works in the shadow of the main board.

Shoppers Stop

This retailing company, has tied up with Professor Douglas Tigert, a well-known theoretician in the' field of retail marketing. "For a retailing company, training is an absolute, necessity;" says Sanjay Badh Director, Operations, at Shoppers' Stop. "We do a fair amount of training across all employee categories, 'and we have different kinds of training," he adds. According to him, because of the competitiveness of the industry, training is a constant process at the company. Shoppers' Stop, a member of International Group 'of Department Stores (IGDS), will be involved in the fifth IGDS Executive Seminar in Mumbai. Participants will include 40 managers from across functions in 'in key decision making areas'. By analysing actual business situations, the course emphasises ways to implement sirategy-level decisions through competitive assessment; financial and productivity analysis; assortment planning; merchandising management; and the creation of -in effective corporate

culture," says Vijay Kashyap, General Manager, HR, Shoppers' 'Stop. (as reported by Latha Venkatraman, June 28, 2003, Business Line).

'Leadership Development at Infosys.employers in the world grooming worldclass leadership 'T*360 degree feedback:* This is the mechanism through which the company gathers data about an individual's performance and 'abilities. This information is collected from co-workers, including peers, subordinates, managers and customers. Personal developmè plans are prepared on the basis of this feedback. Then, each of these individuals is assigned an ILl facui&member to help prepare the PDP and to follow it.

2. *Development assignments:* Identified high potential Infoscions are trained at various functions of the company through job rotations and cross-functional assignments. This helps employees to acquire new leadership skills outside their own areas of expertise and experience.

3 *Infosys culture workshops:* These workshops are designed to fortifythe Infosys culture a1'iongst the participants, help instill better communication skills through sustained interaction amongst themselves, And identify with the values and processes involved in leadership development.

4. *Development relationships:* This includes one-on-one interaction in actual on-the-job work climate and leads to better sharing of knowledge and camaraderie amongst individuals. Mentoring forms an integral part of this exercise.

• *Leadership skills training:* The 'Leaders Teach Series' are workshops that the company's Tier-i members, including Narayana Murthy and Nandan Nilekani hold to acclimatise the next rung with leadership roles and to groom them through their own rich experience.

• *Feedback intensive programmes:* These are akin to 360 degree feedback, but based on formal and informal feedback from employees that an individual interacts with,

• *Systemic process learning:* This helps individuals to gain an overall view of the company and its diverse and complex systems, business, operations and processes It is a continuous process and helps improve the individual and also the systems.

- *Action. learning:* This exercise constitutes solving real problems in real-time conditions, but as, a team.

- *Community empathy:* The company stresses the need to give back to society through involvement in various develoinental, educational and social causes. This programme helps nurture a. social conscience amongst its leaders.

3.6 TRANSFER

A transfer is a change in job assignment. It may involve a promotion or demotion or no change, at all in status and responsibility. A transfer has to be viewed as a change in assignment in which an employee moves from one job to another in the same level of hierarchy, requiring similar skills, involving approximately same level of responsibility, same status and same level of pay. .A transfer does not imply any ascending (promotion) or descending (demotion) change in status or responsibility.

Purposes of transfer

Organisations resort to transfers with a view to serve the following purposes:

1. ***To meet the organisational requirements:*** Organisations may have to transfer employees due to changes in technology, changes in volume of production, production schedule, product line, quality of products, changes in the job pattern caused by change in organisational structure, fluctuations in the market conditions like demands fluctuations, introduction of new lines and/or dropping of existing lines. All these changes demand the shift in job assignments with a view to place the, right man on the right job.

2. *.* ***To satisfy the employee needs:*** Employees may .need transfers in order to satisfy their desire to work under *a* friendly superior, in a department/region where opportunities for advancement are bright, in or near their native place or place of interest, doing a job where the work itself is challenging, etc.

3. ***To utilise employees better****:* An employee may be transferred because management feels that his skills, experience and job knowledge could be put to better use elsewhere.

4. ***To make the employee more versatile:*** Employees may be rolled over different jobs to expand their capabilities. Job rotation may prepare the employee for more challenging assignments in future.

5. ***To adjust the workforce:*** Workforce may be transferred *from* a plant where there is less work to a plant : where there is more work.

6. ***To provide relief:*** Transfers may be made to give relief to employees who are overburdened or doing hazardous work for long .periods.

7. ***To reduce conflicts:*** Where employees find it difficult to get along with colleagues in a particular section, department or location - they could be shifted to another place to reduce conflicts.

8. ***To punish employees:*** Transfers may be effected as disciplinary measures - to shift employees indulging in undesirable activities to remote, far-flung areas.

Types of Transfers

Transfers can be classified as follows:

- ***Production transfers*** *:* Transfers caused due to changes in production.

- ***Replacement transfers:*** Transfers caused due to replacement of an employee working on the same job for a long time.

- ***Rotation transfers*** *:* Transfers initiated to increase the versatility of employees.

- ***Shift transfers*** *:* Transfers of an employee from -one shift to another.

- ***Remedial transfers*** *:* Transfers initiated to correct the wrong placements.

- ***Penal for transfers*** *:* Transfers initiated as a punishment for indisciplinary action of employees.

Benefits and Problems

A summary of benefits and problems associated with transfers is given below:

Benefits and Problems Associated with Transfers	
Benefits	**Problems**
• Improve employee skills	• Inconvenient to employees who otherwise do not want to move
• Reduce monotony, boredom location/department	• Employees may or may not fit in the new
• Remedy faulty placement decisions	• Shifting of experienced hands may affect productivity
• Prepare the employee for challenging assignments in future	• Discriminatory transfers may affect employee morale.
• Stabilise changing work requirements in different departments/locations	
• Improve employee satisfaction and morale	
• Improve employer-employee relations	

Transfers have to be carried out in a systematic way, with a view to avoid allegations of discrimination and favoritism. Some of the above cited problems associated with transfers 'could be avoided, if organisations formulate a definite transfer policy; for use at different points of time.

Transfer Policy

Organisations should clearly specify their policy regarding transfers. Otherwise, superiors may transfer their subordinates arbitrarily if they do not like them. It causes frustration among employees. Similarly, subordinates may also request for transfers even for the petty issues. Most of the people may ask for transfer to risk less and easy jobs and places. As such, organisation may find it difficult to manage such transfers. Hence, an organisation should formulate a systematic transfer policy. A systematic transfer policy should contain the following items:

1. Specification of circumstances under which an employee will be transferred in the case of any company initiated transfer.

2. Name of the superior who is authorized and responsible to initiate a transfer.

3. Jobs from and to which transfers will be made, based on the job specification, description and classification.

4. The region or unit of the organisation within which transfers will be administered.

5. Reasons which will be considered for personal transfers, their order of priority, etc.

6. Reasons for mutual transfer of employees.

7. Norms to decide priority when two or more employees request for transfers like priority of reason, seniority.

8. Specification of basis for transfer, like job analysis, merit, length of service.

9. Specification of pay, allowances, benefits; etc., that are to be allowed to the employee in the new job.

10. Other facilities to be extended to the transferee like special level during the period of transfer, special allowance for packaging luggage, transportation, etc.

Generally, line managers administer the transfers and HR managers assist the line managers in this respect.

3.7 PROMOTION

Promotion refers to upward movement of an employee from current job to another that is higher in pay, and/or organisational level. Promotion brings enhanced status, better pay, increased responsibilities and better working conditions to the promoted. There can, of course, be *'dry promotion'* where a person is moved to a higher level job without increase in pay. Promotion is slightly different from *upgradation* which means elevating the place of the job in the organisational hierarchy (a better title is given now) or including the job in higher. grade, (minor enhancement in pay in tune with the limits imposed within a particular grade). A transfer implies horizontal movement of an employee to another job at the same level. There is no increase in pay, authority or status. Hence, it cannot act as a motivational tool. Promotion, on the other hand, has in-built motivational value, as it elevates the status and power of an employee within an organisation. (Denova; Hoyda; Mills; Mukherjee; Zaden; Sweeney)

Purposes and Advantages of Promotion

Promotion, based either on meritorious performance or continuous service, has powerful motivational value. It forces an employee to use his knowledge, skills and abilities

fully and become eligible for vertical growth. It inspires employees to compete and get ahead of others. Those who fall behind in the race are also motivated to acquire the required skills to be in the reckoning. Promotion thus, paves the way for employee self development. It encourages them to remain royal and committed to their jobs and the organisation. The organisation would also benefit immensely because people are ready to assume' challenging roles by improving their skills constantly. Interest in training and development programmes would improve. The organisation would be able to utilise the skills and abilities of its personnel more effectively.

Bases of Promotion

Organisations adopt different bases of promotion depending upon their nature, size, management, etc Generally, they may combine two or more bases of promotion The well-established bases of promotion are seniority and merit.

Merit based promotions: Merit based promotions occur when an employee is promoted because of superior performance in the current job. Merit here denotes an individual's knowledge, skills, abilities and eficiency as measured from his educational qualifications, experience, training and past employment record. The advantage of this system are fairly obvious:

- It motivates employees to work hard, improve their knowledge, acquire new skills and contribute to orgañisationa! efficiency.

- It helps the employer to focus attention on talented people, recognise and reward their meritorious contributions in an appropriate way.

- It also inspires other employees to improve their standards of performance through active participation in all developmental initiatives undertaken by the employer (training, executive development, etc.).

However, the system may fail to deliver the results, because:

- It is not easy to measure merit. Personal prejudices, biases and union pressures may come in the way of promoting the best performer.

- When young employees get ahead of other' senior employees in an organisation

185

(based on superior performance), frustration and discontentment may spread among the ranks. They may feel insecure and may even quit the organisation.

- Also, past performance may not guarantee future success of an' employee. Good performance in one job (as a Foreman, for example) is no guarantee of good performance in another (as a supervisor).

Seniority-based promotions: Seniority refers to the relative length of service in the same organisation. Promoting an employee who has the longest length of service is often widely welcomed by unions because it is fairly objective. It is easy to measure the length of service and judge the seniority. There is no scope for favouritism, discrimination and subjective judgement. Everyone is sure of getting the same, one day.

In spite of these merits, this system also suffers from certain limitations. They are:

- The assumption that the employees learn more with length of service is not valid as employees may learn up to a certain stage, and learning capabilities may diminish beyond a certain age.

- It demotivates the young and more competent employees and results in greater employee turnover.

- It kills the zeal and interest to develop, as everybody will be promoted without showing any all-round growth or promise.

- Judging the seniority though it seems to be easy in a theoretical sense, is highly difficult in practice as the problems like job seniority; company seniority; zonal/ regional seniority; service in different organisations, experience as apprentice trainee,' trainee, researcher, length of service not only by days but by hours, and minutes will crop up.

Promotion Policy

- Seniority 'and merit, thus, suffer from certain limitations. To be fair, therefore, a firm should institute, a promotion policy that gives due weightage to both seniority and merit. To strike, a proper balance between the two, a firm could observe the following points:

- Establish a fair and equitable basis for promotion i.e., merit or seniority or both.

- A promotion policy established thus, should provide equal opportunities for promotion in all categories of jobs, departments and regions of an organisation.

  It should, ensure an open policy in the sense that every eligible employee is considered for promotion rather than a closed system which considers only a particular class of employees. It must tell the employees the various 'avenues for achieving vertical growth through career maps, charts etc.

- The norms for-judging merit, length' of service, potentiality, etc., must be established beforehand. The relative weightage to be given to merit or seniority or both should also be spelt out clearly. The mode of acquiring new skills, knowledge, etc., should be specified to all employees so that they can prepare themselves for career advancement.

- Appropriate authority should be entrusted with the responsibility of taking a final decision on promotion.

- Detailed records of service, performance, etc., should be maintained for all employees, to avoid charges of favouritism, nepotism, etc.

- It should be consistent in the sense that it is applied uniformly to all employees, inspective of their background.

- Promotion policy should contain alternatives to promotion when deserving candidates are not promoted due to- lack of vacancies at higher level. These alternatives include upgradation, redesignation, sanctioning of higher pay or increments or allowances assigning new and varied responsibilities to the employee by enriching the job or enlarging the job.

- A provision for appeal against (alleged) arbitrary actions of management and its review should be there.

- Promotions initially may be for a trial period sr as to minimise the mistakes of promotion.

- Promotion policy, once it is formulated, should be communicated to all employees, particularly to the trade union leaders. It should be reviewed periodically, based on the experiences and findings of the attitude and morale surveys.

Demotion

Demotion is the downward movement of an employee in the organisational hierarchy with lower status and - pay. It is a downgrading process where the employee suffers considerable emotional and financial loss in the form of lower rank, power and status, lower pay and poor working conditions.

Causes

There are several factors responsible for demotions:

- A promotion is unable to meet the challenges posed by a new job (technically superior, administratively complex,, involving multifarious responsibilities etc.)

- Due to adverse business conditions, organisations may decide to lay off some and downgrade other jobs.

- Demotions may be used as disciplinary tools against errant employees.

Policy

Demotion may turn employees into mental wrecks. It may have a devastating impact on employee morale. It is an extremely painful action, impairing relationships between people permanently. While effecting demotions, therefore, a manager should be extremely careful not to place himself on the wrong side of the fence. A clear cut policy may save the day for him in most cases.. (Dale Yoder)

1. A clear list of rules along with Punishable offences be made available to all the employees.

2. Any violation be, investigated thoroughly by a competent authority

3. In case of violations, it is better to state the reasons for taking such a punitive step clearly and elaborately.

4. Once violations are proved, there should be a consistent and equitable application of the penalty.

5. There should be enough room for, review.

3.8 EMPLOYEE SEPARATION

Employee separations occur when employees cease to be members of an organisation. The service agreement between the employee and the employer comes to an end and the employee decides to leave the organisation. Separations can take several forms such as: (Kumen; Labour Laws; Bayer, Bunning, Brockner; Gibson; Crofts)

1. *Resignation:* An employee. may decide to quit an organisation voluntarily on personal or professional grounds such as getting a better job, changing careers, wanting to spend more time with family, or leisure activities. The decision could; alternatively, be traced to the employee's displeasure with the current job, pay, working conditions or colleagues. Sometimes an employee may be forced to quit the organisation compulsorily on grounds of negligence of duty' insubordination, misuse of funds, etc. The resignation in this case, unlike voluntary separation, is initiated by the employer. If the employee refuses to quit, he may have to face disciplinary action

   When employees resign or quit an organisation, there will be a certain amount of disruption to the normal flow of work. Replacing an experienced and talented person may not be easy in a short span of time. Training new recruits would take time and may even prove to be, a prohibitive exercise in terms of costs. The HR Department, therefore, should examine the factors behind resignations carefully. Whenever possible, exit interviews must be conducted to find out why a person has decided to call it a day. To get at the truth behind the curtain, departees must be encouraged to speak openly and frankly. The interviewer must ensure confidentiality of the information leaked out by the employee. The purpose of-the interview must be explained clearly and the interviewer must listen to the departee's views, opinions, critical remarks patiently and sympathetically. Every attempt must be made to make the parting of ways more' pleasant (e.g., conducting interview in a place where the employee is comfortable, giving a patient and sympathetic hearing to the employee, wishing him success after settling all the dues, etc.). There should, however, be no attempt to (a) defend the company against criticism or attacks, (b) justify actions which may have annoyed, the employee, (c) attack the departee's views or choice of new company or job, (d) convince the employee to change his mind about leaving etc.

189

2. ***Retirement:*** Like a quit, a retirement is normally initiated by the employee. However, a retirement differs from a quit in 'a number of ways. First, a retirement usually occurs a't the end of an employee's career. A quit can happen at any time. Second, retirements usually result in the retiree's receiving benefits in the form of provident fund, pension, gratuity, encashment of earned leave, etc., from the organisation. People who quit do not receive these benefits, (without a minimum qualifying service period in case of voluntary separations). Finally, the organisation normally plans retirements in advance. HR staff can groom current employees or recruit new ones during the intervening period in a methodical way. Quits are not easy to estimate and plan for. Employees retire from service on account of two reasons:

- ***Compulsoy retirement:*** Government employees retire compulsorily after attaining the age of superannuation (either *58* or 60). In the private sector, the retirement age may well go beyond 60, depending on a person's ability to perform well in a competitive scenario.

- ***Voluntaiy retirement:*** In case of voluntary retirement, the normal retirement benefits are calculated and paid to all such employees who put in a minimum qualifying service. Sometimes, the employer may encourage the employee to retire voluntarily—with a view to reduce surplus staff and cut down labour costs. Attractive compensation benefits are generally in-built in all such plans (referred to as golden handshake scheme). To reduce, post-retirement anxieties, companies these days organise counselling sessions, and offer investment related services (e.g., Citibank, Bank of America). Some companies extend medical and insurance benefits to the retirees also, e.g. Indian Oil Corporation.

- ***Death:*** Some employees may die in service. When the death is caused by occupational hazards, the employee gets compensation as per the provisions of Workmen's Compensation Act, 1923. On compassionate grounds, some organisations offer employment to the spouse/child/dependent of the employee who dies in harness.

The normal separation of people from an organisation owing to resignation, retirement or death is known as 'attrition'. It is initiated by the individual employee, not by the company

3) **Lay off.** A layoff is a temporary removal of an employee from the payroll of an organisation due to reasons beyond the control of an employer. Global competition, reductions in product demand, changing technologies that reduce the need for workers, and mergers and acquisitions are the primary factors behind most layoffs. The services of the employees are not utilised during the layoff period. If the layoff is for a temporary period (sometimes it could the indefinite) the employee is likely to be called back to join the ranks once again. The employer-employee relationship, therefore, does not come to an end but is merely suspended during the period of layoff. The purpose of layoff is to trim the extra fat and make the organisation lean and competitive.

Under the Indpstrial Disputes Act, 1947, a layoff implies the following things (Section 2 KKK)

- The employer is temporarily unable to employ some workers on a full-time basis.

- the reasons for the refusal of employment could be traceable to shortage of inputs, power, accumulation of stocks, breakdown of machinery, etc.

- The employer-employee relationship stands suspended during the period of lay off.

- The employee gets (excluding holidays) only fifty per cent of his normally eligible total basic wages plus dearness allowance during the period of lay off. (Section *25* C)

- To claim this compensation, the laid off workman (a) should not be a casual worker, (b) his name must be there on the muster rolls, (c) he must have one year's continuous service, (d) he must report for work at the appointed • time at least once a day of 60,

These conditions, however, do not apply when (i) the worker is able to find alternative employment in a nearby location (within *5* miles), (ii) the lay off is due

to strike or slowing down of production by workers in another part of the establishment, (iii) the industrial establishment is seasonal in character, and (iv) where less than 20 workers are normally employed therein.

The Do's and Don'ts of Laying off or Terminating Employees

Consulting firms offer the following advice for telling employees that they will be laid off	
Do's	**Don'ts**
• Give as much warning as possible for mass layoffs	• Don't leave the room, creating confusion. Tell the employee that he or she is laid off or terminated.
• Sit down one-to-one with the individual in a private office	• Don't allow time for debate
• Complete the firing session quickly	• Don't make personal comments; keep the conversation professional
• Prepare the individual who is being asked to leave to cope with his emotions	• Don't rush the employee off-site unless security is really an issue
• Offer written explanations of severance benefits	• Don't fire people on important dates (birthdays, anniversary of their employment, the day their mother died, etc.)
• Provide outplacement assistance away from company headquarters	• Don't fire employees when they are on vacation or have just returned
• Be sure the employee learns about the layoff from a manager, not a colleague	• Employees who continue to work with the company should not be ignored. They are as vulnerable to the changes as the ones being let go.
• Appreciate the contributions made by the employee – if they are appropriate	

Source: S. Alexander, *The Wall Street Journal* 81, 1991. Also see *"Easing the Exit"*, B. World, 1.9.2003

Layoffs have a powerful impact on the organisation. They bring down the morale of the organisation's remaining employees, who are forced to live in an environment of uncertainty and insecurity. Sometimes, even employees whose services may be essential for the organisation, may quit fearing loss of membership - thus causing further damage to the organisation. The company's standing as a good place to work may suffer. It may be difficult for the company to have the services of talented people afterwards. Layoffs, therefore, have to be carried out in a cautious way keeping the financial, psychological and social consequences in mind..

Lay offs affect the morale of employees in a significant way. They need to be handled with care and lot of understanding. The criteria for laying off must be clear. Principles of equity, justice, fair treatment, seniority, meritorious performance, etc., need to be looked into carefully. "It is critical to communicate with the employees who will be laid off as humanely and sensitively as possible". A face to face meeting with the immediate supervisor is a good idea. Dismissal through a less personal form of communication would only vitiate the atmosphere and should be avoided. Rumours of an impending lay off can be very dangerous to the workforce's morale as well as to the organization's relationships with

customers, suppliers and the surrounding community. Clarifying the reasons why the company is trying to downsize its workforce through a press meet would be advisable. To prevent sabotage, proper security arrangements must be made to see that employees leave the organisation (such as banking, computer software) without causing damage to company's software or hardware. Of course, using armed guards and other heavy handed tactics should be the least preferred alternative, because they only lead to hard feelings and resentment. Treating laid off employees with dignity and respect generally reduces the potential for sabotage. Those who escape thjs traumatic experience, often, find it difficult to concentrate on their job and get along with colleagues smoothly. The company should explain the financial situation clearly and help layoff survivors to recover from the shock quickly through certain morale-boosting steps—such as week end parties, picnics, organizing team building events—sending a strong message that management really cares about and recognizes them. (Gomez-Mejia et al)

4   *Retrenchment:* Retrenchment is the permanent termination of an employee's services due to economic reasons, such as - surplus staff, poor demand for products, general economic slowdown, etc. It, should be noted here that termination of services on disciplinary grounds, illness, retirement, winding up of a business does not constitute retrenchment. In respect of organisations employing 100 or more persons, the Industrial Disputes Act, 1947, makes it obligatory for the employer to give advance notice or pay equivalent wages before the actual lay off date. To claim 50 per cent of basic wages plus dearness allowances, the workman (who is not a. casual worker, whose name appears on pay roll, who has completed 12 months of continuous service) must present himself on each working day at the appointed time inside the factory/office premises. during the lay off .period. If necessary, he might be asked to report a second time during the same day. While laying off workman, the employer is expected to follow the first-in-last-out principle. He should give preference to such workmen if, he advertises for re-employment against future openings. The employer has to give three months' notice before retrenching the worker and get prior approval from the government as well.

•   *Outplacement.* Employees who are retrenched/laid off may have difficulty in finding an alternative job if the market conditions are adverse. There might be a demand for certain category of employees possessing multiple skills, but the

retrenched employees may not have those 'marketable skills'. To fill this vacuum, some organisations offer training in such skills and assist the retrenched employees in finding a suitable job elsewhere. Outplacement assistance includes 'efforts made by employer to help a recently separated worker find a job' (Davis, p.269). Apart from tr4ninlsome multinational firms offer assistance in the form of paid leave, travel charges for attending interviews, search firm charges, waiving bond requirements to the retrenched employees. Batik of America has given a 'fat sum' as liberal retrenchment compensation rulmning into several lakhs of rupees to all eligible retrenched officers in 1998. It has also held counselling sessions for those offi on issues such as how to, repay their car/house loans, where for invest their money, etc. Search firms were also hired to-find suitable employment. When the downsizing effort stabilised, Bank of America had even extended the former employees' a 'warm welcome back home!' Such outplacement assistance, in whatever form it is available, assures the remaining employees of the management's commitment towards their welfare if a further • downsizing ever happens to take place in future.

Merits and Demerits of Outplacement	
Merits	**Demerits**
• Shows the human face of the company.	• May be time consuming and costly.
• Eases the pain of retrenchment.	• Maintaining databases on other jobs is not easy.
• Preserves the morale of those who remain with the company.	• Can work only when retrenching a few managers at a time.
• Smoothens the way for future downsizing moves.	• Can be turned down by angry, disillusioned employees.
• Helps you retain your former employees' respect.	• Difficult to convince and implement at the level of workers.

Source: *Business India*, Jan 7-21, 1996 pp. 300-504

4. *Suspension:* Suspension means prohibiting an- employee from attending work and performing normal duties assigned to him. It is a sort of punishment for a specified period and is generally resorted to only after a proper inquiry has been conducted. During suspension, the employee receives a subsistence allowance. If the charges against the suspended employee are serious and are proved, suspension may lead to termination also.

5. ***Discharge and disniissaL'*** Dismissal is the termination of the services of an employee as a -punitive measure for some misconduct. Discharge also means termination of the services of an employee, but not necessarily as a punishment. A discharge does not arise from a single, irrational act. There could be many reasons for it such as :

Discharge/dismissal is a drastic measure seriously impairing the earnings potential and the image of an employee. It should be used sparingly, in exceptional cases where the employee has demonstrated continued inefficiency, gross insubordination or continued violating rules even after several warnings. Before discharging the employee, advance notice of the impending danger must be given and the reasons of discharge must be stated clearly. The employee should be given the opportunity to defend himself. If the grounds under which an employee has been discharged are not strong enough, there should be a provision for reviewing the case. In any case, the punishment should not be out of proportion to the offence.

3.9 SUMMARY

After selecting a candidate, he should be placed on a suitable job. Placement is the actual posting of an employee to a specific job. Proper placement helps an employee to get along with people easily, avoid mistakes and show good performance on the job. Orientation is the task of introducing the new employees to the organisation and its policies, procedures and rules. Orientation makes the employee feel at home from day 1 and develop a sense of pride in the organisation and commitment to the job. Employee movement within an organisation may take the form of transfers, promotions, demotions or even separations. Transfers and promotions are intended to make the employee versatile and grow, over a period of time. Separations from an organisation may result from disciplinary, economic or business reasons. The HR department's job is to minimise the harm done to the organisation and the affected individuals.

Research has demonstrated that companies that do not conduct layoffs, retrenchments and dismissals in a reasonable way are less able to attractand retain good employees in the future. Clearly, 'reasonable' is open to interpretation but practices that are reasonable include outplacement aids such as resume writing assistance, career counselling and job hunting assistance.

3.10   GLOSSARY

- **Recruitment :** It is a process of searching for prospective candidates and stimulating them to apply for jobs in an organisation.

- **Training**: It is an art of increasing the knowledge and skill of an employee for doing a particular job.

- *Placement:* Actual posting of an employee to a specifIc job - with rank and responsibilities attached to it.

- *Induction:* Introduction of a person to the job and the organisation.

- *Socialisation: The* process through which the new recruit begins to understand and accept the values, norms and beliefs held by others in the organisation.

- *Transfer:* Employee movement that occurs when an employee is moved from one job to another that is relatively equal in pay, responsibility and/or organisational level.

- *Promotion:* Employee movement from current job to another that is higher in pay, responsibility and/or organisation level.

- *Demotion:* Employee movement that occurs when an employee is moved from one job to another that is lower in pay, responsibility and/or organisational level.

- **Separation**: A separation is a decision that the individual and the organisation should part.

- *Resignation: A voluntary* separation initiated by the employee himself.

- **Retirement:** Termination, of service on reaching the age of superannuation.

- *Layoff:* A layoff entails the separation of the employee from the organisation temporarily for economic or business reasons.

- *Retrenchment: A* permanent lay off for reasons other than punishment but not retirement or termination owing to ill health.

- *Attrition:* The normal separation of people from an organisation owing to resignation, retirement or death.

196

3.11   SELF ASSESSMENT QUESTIONS

1.   **What is recruitment? Explain various sources of recruitment.**

   _____

   _____

2.   **Explain the process of selection**

   _____

   _____

3.   **Is merit based or seniority based promotion is preferred.**

   _____

   _____

3.12   LESSON END EXERCISE

1.   **Write short note on**

   a) Induction

   b)   Separation processes

2.   **Distinguish between induction and training. Explain the importance of on-job-training.**

3.13   BOOKS RECOMMENDED

*   R.P. Lynton, U. Pàreek, " *Training/br Devekpmetd',* Sage Publications, 200k. R. Gupta et al, "The Global Mahager,"t *The FinancialEvpress,Sept. 29, 1996.*

*   Personal Management & Industrial Relations: B.P.Singh; T.N.Chhabra And P.L.Taneja

*   Human Resource Management: V.S.P.Rao

*   Personnel Management: C.B.Mamoria and S.V.Gankar

*   Principles And Practice of Management: L.M.Prasad

COMPENSATION MANAGEMENT

STRUCTURE

4.1   INTRODUCTION

Compensation of employees for their services is important responsibility of human resource management. Every organization must offer good wages and fringe benefits to attract and retain talented employees with the organization. If at any time, the wages offered by a firm are not competitive as compared to other firms, the efficient workers may leave the firm. Therefore, workers must be remunerated adequately for their services. Compensation to workers will vary depending upon the nature of job, skills required, risk involved, nature of working conditions, paying capacity of the employer, bargaining power of the trade union, wages and benefits offered by the other units in the region or industry etc., Considering that the current trend in many sectors (particularly the knowledge intensive sectors like IT and Services) is to treat the employees as "creators and drivers of value" rather than one more factor of production, companies around the world are paying close attention to how much they pay, the kind of components that this pay includes and whether they are offering competitive compensation to attract the best talent. Compensation is an important factor affecting how and why people choose to work at one organization over others. Employers must be reasonably competitive with several types of compensation in order to hire, keep, and reward performance of individuals in the organization. Compensation also requires balancing the interests and costs of the employer with the expectations of employees. A compensation program in an organization should have four objectives:

- Legal compliance with all appropriate laws and regulations

- Cost effectiveness for the organization

- Internal, external, and individual equity for employees

- Performance enhancement for the organization

For employers, compensation costs must be at a level that both ensures organizational competitiveness and provides sufficient rewards to employees for their

200

knowledge, skills, abilities, and performance accomplishments. Balancing these facets so that the employer can attract, retain, and reward the performance of employees requires considering several types of compensation.

OBJECTIVES

After going through this lesson, you will be able to understand:

- meaning, types and principles of compensation management

- factors affecting compensation management

- concept and techniques job evaluation

- employee morale and motivation

- quality of work life balance and work life balance

4.1.1 MEANING AND DEFINITION OF COMPENSATION MANAGEMENT

Compensation refers to a wide range of financial and non financial rewards to employees for their services rendered to the organization. It is paid in the form of wages, salaries and employee benefits such as paid vacations, insurance maternity leave, free travel facility, retirement benefits etc., Monetary payments are a direct form of compensating the employees and have a great impact in motivating employees.

The system of compensation should be managed in such a manner that it achieves the following objectives.

- The capable employees are attracted towards the organisation.

- The employees are motivated for better performance.

- The employees do not leave the employer frequently

Gary Dessler in his book Human Resource Management defines compensation in these words "Employee compensation refers to all forms of pay going to employees and arising from their employment." The phrase 'all forms of pay' in the definition does not include non-financial benefits, but all the direct and indirect financial compensations.

According to Thomas J. Bergmann(1988) compensation consists of four distinct

components: Compensation = Wage or Salary + Employee benefits +Non-recurring financial rewards+ Non-pecuniary rewards.

Components of Compensation

1. **Basic Wages/Salaries:** Basic wages / salaries refer to the cash component of the wage structure based on which other elements of compensation may be structured. It is normally a fixed amount which is subject to changes based on annual increments or subject to periodical pay hikes.

   Wages represent hourly rates of pay, and salary refers to the monthly rate of pay, irrespective of the number of hours put in by the employee. Wages and salaries are subject to the annual increments. They differ from employee to employee, and depend upon the nature of job, seniority, and merit.

2. **Dearness Allowance:** The payment of dearness allowance facilitates employees and workers to face the price increase or inflation of prices of goods and services consumed by him. The onslaught of price increase has a major bearing on the living conditions of the labour.

   The increasing prices reduce the compensation to nothing and the money's worth is coming down based on the level of inflation. The payment of dearness allowance, which may be a fixed percentage on the basic wage, enables the employees to face the increasing prices.

3. **Incentives:** Incentives are paid in addition to wages and salaries and are also called 'payments by results'. Incentives depend upon productivity, sales, profit, or cost reduction efforts. There are:

   (a) Individual incentive schemes, and

   (b) Group incentive programmes.

   Individual incentives are applicable to specific employee performance. Where a given task demands group efforts for completion, incentives are paid to the group as a whole. The amount is later divided among group members on an equitable basis.

4. **Bonus:** The bonus can be paid in different ways. It can be fixed percentage on the

basic wage paid annually or in proportion to the profitability. The Government also prescribes a minimum statutory bonus for all employees and workers. There is also a bonus plan which compensates the managers and employees based on the sales revenue or profit margin achieved. Bonus plans can also be based on piece wages but depends upon the productivity of labour.

5. **Monetary Benefits:** These benefits give psychological satisfaction to employees even when financial benefit is not available. Such benefits are:

(a) Recognition of merit through certificate, etc.

(b) Offering challenging job responsibilities,

(c) Promoting growth prospects,

(d) Comfortable working conditions,

(e) Competent supervision, and

(f) Job sharing and flexi-time.

6. **Commissions:** Commission to managers and employees may be based on the sales revenue or profits of the company. It is always a fixed percentage on the target achieved. For taxation purposes, commission is again a taxable component of compensation.

The payment of commission as a component of commission is practiced heavily on target based sales. Depending upon the targets achieved, companies may pay a commission on a monthly or periodical basis.

6. **Mixed Plans:** Companies may also pay employees and others a combination of pay as well as com-missions. This plan is called combination or mixed plan. Apart from the salaries paid, the employees may be eligible for a fixed percentage of commission upon achievement of fixed target of sales or profits or Performance objectives. Nowadays, most of the corporate sector is following this practice. This is also termed as variable component of compensation.

7. **Piece Rate Wages:** Piece rate wages are prevalent in the manufacturing wages. The laborers are paid wages for each of the Quantity produced by them. The

gross earnings of the labour would be equivalent to number of goods produced by them. Piece rate wages improves productivity and is an absolute measurement of productivity to wage structure. The fairness of compensation is totally based on the productivity and not by other qualitative factors.

8. **Fringe Benefits:** Fringe benefits may be defined as wide range of benefits and services that employees receive as an integral part of their total compensation package. They are based on critical job factors and performance. Fringe benefits constitute indirect compensation as they are usually extended as a condition of employment and not directly related to performance of concerned employee. Fringe benefits are supplements to regular wages received by the workers at a cost of employers. They include benefits such as paid vacation, pension, health and insurance plans, etc. Such benefits are computable in terms of money and the amount of benefit is generally not predetermined. The purpose of fringe benefits is to retain efficient and capable people in the organization over a long period. They foster loyalty and acts as a security base for the employees.

9. **Profit Sharing:** Profit-sharing is regarded as a stepping stone to industrial democracy. Profit-sharing is an agreement by which employees receive a share, fixed in advance of the profits. Profit-sharing usually involves the determination of an organization's profit at the end of the fiscal year and the distribution of a percentage of the profits to the workers qualified to share in the earnings. The percentage to be shared by the workers is often predetermined at the beginning of the work period and is often communicated to the workers so that they have some knowledge of their potential gains. To enable the workers to participate in profit-sharing, they are required to work for certain number of years and develop some seniority. The theory behind profit-sharing is that management feels its workers will fulfil their responsibilities more diligently if Compensation policy should be developed by taking into consideration of the views of employers, the employees, the consumers and the community.

•   The compensation policy or wage policy should be clearly defined to ensure uniform and consistent application.

•   The compensation plan should be matching with overall plans of the company.

Compensation planning should be part and parcel of financial planning.

- Management should inform the wage/salary related policies to their employees. Workers should be associated in formulation and implementation of wage policy.

- All wage and salary related decisions should be checked against the standards set in advance in the wage/salary policy.

- To manage compensation related matters adequate information/data should be developed and stored for future planning and execution.

- The compensation policy and programme should be reviewed and revised periodically in conformity with changing needs.

- They realize that their efforts may result in higher profits, which will be returned to the workers through profit-sharing.

4.1.2 PRINCIPLES OF COMPENSATION MANAGEMENT

1. There general level of wages and salaries should be reasonably in line with that prevailing in the market. The labour market criterion is most commonly used.

2. There should be definite plan to ensure that differences in pay for jobs are based upon variations in job requirements, such as skill effort, responsibility or job or working conditions, and mental and physical requirements.

3. The plan should carefully distinguish between jobs and employees. A job carries a certain wage rate, and a person is assigned to fill it at that rate. Exceptions sometimes occur in very high-level jobs in which job-holder may make the job large or small, depending upon his ability and contributions.

4. Equal pay for equal work, i.e., if two jobs have equal difficulty requirements, the pay should be the same, regardless of who fills them.

5. An equitable practice should be adopted for the recognition of individual differences in ability and contribution.

6. There should be a clearly established procedure for hearing and adjusting wage complains.

7. The wage should be sufficient to ensure for the worker and his family reasonable standard of living.

8. Prompt and correct payments of the dues of the employees must be ensured and arrears of payment should not accumulate.

4.1.3 FACTORS AFFECTING COMPENSATION MANAGEMENT:

Employers decide on what is the right compensation after taking into account the following points. The Job Description of the employee that specifies how much should be paid and the parts of the compensation package. The Job Description is further made up of responsibilities, functions, duties, location of the job and the other factors like environment etc. These elements of the job description are taken individually to arrive at the basic compensation along with the other components like benefits, variable pay and bonus. It needs to be remembered that the HRA or the House Rental Allowance is determined by a mix of factors that includes the location of the employee and governmental policies along with the grade of the employee. Hence, it is common to find a minimum level of HRA that is common to all the employees and which increases in proportion to the factors mentioned above.

The Job Evaluation that is a system for arriving at the net worth of employees based on comparison with appropriate compensation levels for comparable jobs across the industry as well as within the company. Factors like Experience, Qualifications, Expertise and Need of the company determine how much the employer is willing to pay for the employee. It is often the case that employers compare the jobs across the industry and arrive at a particular compensation after taking into account the specific needs of their firm and in this respect salary surveys and research results done by market research firms as to how much different companies in the same industry are paying for similar roles. The components of compensation that have been discussed above are the base requirements for any HR Manager who is in charge of fixing the compensation for potential employees. Hence, all HR professionals and managers must take this following aspect into account when they determine the compensation to be paid to employees.

1. **External Factors:**

• **Demand and Supply of Labour:** Wage is a price or compensation for the services

rendered by a worker. The firm requires these services, and it must pay a price that will bring forth the supply which is controlled by the individual worker or by a group of workers acting together through their unions. The primary result of the operation of the law of supply and demand is the creation of the going wage rate. It is not practicable to draw demand and supply curves for each job in an organization even though, theoretically, a separate curve exists for each job.

- **Cost of Living:** Another important factor affecting the wage is the cost of living adjustments of wages. This tends to vary money wage depending upon the variations in the cost of living index following rise or fall in the general price level and consumer price index. It is an essential ingredient of long-term labour contract unless provision is made to reopen the wage clause periodically.

- **Labour Union:** Organized labour is able to ensure better wages than the unorganized one. Higher wages may have to be paid by the firm to its workers under the pressure or trade union. If the trade union fails in their attempt to raise the wage and other allowances through collective bargaining, they resort to strike and other methods hereby the supply of labour is restricted. This exerts a kind of influence on the employer to concede at least partially the demands of the labour unions.

- **Government:** To protect the working class from the exploitations of powerful employers, the government has enacted several laws. Laws on minimum wages, hours of work, equal pay for equal work, payment of dearness and other allowances, payment of bonus, etc., have been enacted and enforced to bring about a measure of fairness in compensating the working class. Thus, the laws enacted and the labour policies framed by the government have an important influence on wages and salaries paid by the employers. Wages and salaries can't be fixed below the level prescribed by the government.

- **Prevailing Wage Rates:** Wages in a firm are influenced by the general wage level or the wages paid for similar occupations in the industry, region and the economy as a whole. External alignment of wages is essential because if wages paid by a firm are lower than those paid by other firms, the firm will not be able to attract and retain efficient employees. For instance, there is a wide difference

between the pay packages offered by multinational and Indian companies. It is because of this difference that the multinational corporations are able to attract the most talented workforce.

2. Internal Factors:

*   **Ability to Pay:** Employer's ability to pay is an important factor affecting wages not only for the individual firm, but also for the entire industry. This depends upon the financial position and profitability of the firm. However, the fundamental determinants of the wage rate for the individual firm emanate from supply and demand of labour. If the firm is marginal and cannot afford to pay competitive rates, its employees will generally leave it for better paying jobs in other organizations. But, this adjustment is neither immediate nor perfect because of problems of labour immobility and lack of perfect knowledge of alternatives. If the firm is highly successful, there is little need to pay more than the competitive rates to obtain personnel. Ability to pay is an important factor affecting wages, not only for the individual firm but also for the entire industry.

*   **Top Management Philosophy:** Wage rates to be paid to the employees are also affected by the top management's philosophy, values and attitudes. As wage and salary payments constitute a major portion of costs and /or apportionment of profits to the employees, top management may like to keep it to the minimum. On the other hand, top management may like to pay higher pay to attract top talent.

*   **Productivity of Workers:** To achieve the best results from the workers and to motivate him to increase his efficiency, wages have to be productivity based. There has been a trend towards gearing wage increase to productivity increases. Productivity is the key factor in the operation of a company. High wages and low costs are possible only when productivity increases appreciably.

*   **Job Requirements:** Job requirements indicating measures of job difficulty provide a basis for determining the relative value of one job against another in an enterprise. Explicitly, job may be graded in terms of a relative degree of skill, effort and responsibility needed and the adversity of working conditions. The occupational wage differentials in terms of

a) Hardship,

b) Difficulty of learning the job

c) Stability of employment

d) Responsibility of learning the job and

f) Change for success or failure in the work.

This reforms a basis for job evaluation plans and thus, determines wage levels in an industry.

1. **Employees Related Factors:** Several employees' related factors interact to determine his remuneration. These include:

i) **Performance:** productivity is always rewarded with a pay increase. Rewarding performance motivates the employees to do better in future.

ii) **Seniority:** Unions view seniority as the most objective criteria for pay increases whereas management prefer performance to affect pay increases.

iii) **Experience:** Makes an employee gain valuable insights and is generally rewarded.

iv) **Potential:** organizations do pay some employees based on their potential. Young managers are paid more because of their potential to perform even if they are short of experience.

4. **Organizational Politics:** Compensation surveys, job analysis, job evaluation and employee performance are all involved in wage and salary decisions. Political considerations may enter into the equation in the following ways:

Determination of firms included in the compensation survey: managers could make their firm appear to be a wage leader by including in the survey those organizations that are pay followers.

i) **Choice of compensable factors for the job evaluation plan:** Again, the job value determined by this process could be manipulated.

ii) Emphasis placed on either internal or external equity and

iii) Results of employee performance appraisal may be intentionally disported by the supervisor

Thus, a sound and objective compensation system may be destroyed by organizational politics.

4.1.3 TYPES OF COMPENSATION MANAGEMENT:

Total compensation returns are more transactional. They include pay received directly as cash (like base, merit, incentives, cost of living adjustments) and indirectly as benefits (like pensions, medical insurance, programs to help balance work and life demands, brightly coloured uniforms). Programme to pay to people can be designed in a wide variety of ways, and a single employer typically uses more than one.

1. **Direct /Base Compensation:** Direct compensation refers to monetary benefits offered and provided to employees in return of the services they provide to the organization. The monetary benefits include basic salary, house rent allowance, conveyance, leave travel allowance, medical reimbursements, special allowances, bonus, Pf/Gratuity, etc. They are given at a regular interval at a definite time.

*   **Basic Salary:** Salary is the amount received by the employee in lieu of the work done by him/her for a certain period say a day, a week, a month, etc. It is the money an employee receives from his/her employer by rendering his/her services.

*   **House Rent Allowance:** Organizations either provide accommodations to its employees who are from different state or country or they provide house rent allowances to its employees. This is done to provide them social security and motivate them to work.

*   **Conveyance:** Organizations provide for cab facilities to their employees. Few organizations also provide vehicles and petrol allowances to their employees to motivate them.

*   **Leave Travel Allowance:** These allowances are provided to retain the best talent in the organization. The employees are given allowances to visit any place they wish with their families. The allowances are scaled as per the position of employee in the organization.

- **Medical Reimbursement:** Organizations also look after the health conditions of their employees. The employees are provided with medi-claims for them and their family members. These medi-claims include health-insurances and treatment bills reimbursements.

- **Bonus:** Bonus is paid to the employees during festive seasons to motivate them and provide them the social security. The bonus amount usually amounts to one month's salary of the employee.

- **Special Allowance:** Special allowance such as overtime, mobile allowances, meals, commissions, travel expenses, reduced interest loans; insurance, club memberships, etc are provided to employees to provide them social security and motivate them which improve the organizational productivity.

- **Indirect /Supplementary Compensation:** Indirect compensation refers to non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization. They include Leave Policy, Overtime Policy, Car policy, Hospitalization, Insurance, Leave travel Assistance Limits, Retirement Benefits, Holiday Homes.

- **Leave Policy:** It is the right of employee to get adequate number of leave while working with the organization. The organizations provide for paid leaves such as, casual leaves, medical leaves (sick leave), and maternity leaves, statutory pay, etc.

- **Overtime Policy:** Employees should be provided with the adequate allowances and facilities during their overtime, if they happened to do so, such as transport facilities, overtime pay, etc.

- **Hospitalization:** The employees should be provided allowances to get their regular check-ups, say at an interval of one year. Even their dependents should be eligible for the medi-claims that provide them emotional and social security.

2. **Indirect Compensation:**

- **Insurance:** Organizations also provide for accidental insurance and life insurance for employees. This gives them the emotional security and they feel themselves valued in the organization.

- **Leave Travel:** The employees are provided with leaves and travel allowances to go for holiday with their families. Some organizations arrange for a tour for the employees of the organization. This is usually done to make the employees stress free.

- **Retirement Benefits:** Organizations provide for pension plans and other benefits for their employees which benefits them after they retire from the organization at the prescribed age.

- **Holiday Homes :** Organizations provide for holiday homes and guest house for their employees at different locations. These holiday homes are usually located in hill station and other most wanted holiday spots. The organizations make sure that the employees do not face any kind of difficulties during their stay in the guest house.

- **Flexible Timings:** Organizations provide for flexible timings to the employees who cannot come to work during normal shifts due to their personal problems and valid reasons.

4.2   MEANING AND DEFINITION OF JOB EVALUATION

The Job Evaluation is the process of assessing the relative worth of the jobs in an organization. The jobs are evaluated on the basis of its content and the complexity involved in its operations and thus, positioned according to its importance.

According to Kimball and Kimball, "Job evaluation represents an effort to determine the relative value of every job in a plant and to determine what the fair basic wage for such a job should be."

Job evaluation is a process of determining the relative worth of a job. It is a process which is helpful even for framing compensation plans by the personnel manager.

4.2.1   ADVANTEGES OF JOB EVALUATION:

Job evaluation as a process is advantageous to a company in many ways:

Reduction in inequalities in salary structure: It is found that people and their motivation is dependent upon how well they are being paid. Therefore the main objective

of job evaluation is to have external and internal consistency in salary structure so that inequalities in salaries are reduced.

1. **Specialization:** Because of division of labour and thereby specialization, a large number of enterprises have got hundred jobs and many employees to perform them. Therefore, an attempt should be made to define a job and thereby fix salaries for it. This is possible only through job evaluation.

2. **Helps in selection of employees:** The job evaluation information can be helpful at the time of selection of candidates. The factors that are determined for job evaluation can be taken into account while selecting the employees.

3. **Harmonious relationship between employees and manager:** Through job evaluation, harmonious and congenial relations can be maintained between employees and management, so that all kinds of salaries controversies can be minimized.

4. **Standardization:** The process of determining the salary differentials for different jobs become standardized through job evaluation. This helps in bringing uniformity into salary structure.

5. **Relevance of new jobs:** Through job evaluation, one can understand the relative value of new jobs in a concern.

4.2.3 OBJECTIVES OF JOB EVALUATION

1. The following are the objectives of job evaluation.

2. To secure and maintain complete, accurate and impersonal descriptions of each distinct job or occupation in the entire plant.

3. To provide a standard procedure for determining the relative worth of each job in a plant.

4. To determine the rate of pay for each job this is fair and equitable with relation to other jobs in the plant, community or industry.

5. To ensure that like wages are paid to all qualified employees for like work.

6.   To promote a fair and accurate consideration of all employees for advancement and transfer.

7.   To provide a factual basis for the consideration of wage rates for similar jobs in a community and industry.

4.2.4   METHODS OF JOB EVALUATION

The purpose of the job evaluation is to have a satisfactory wage differential. There are non-analytical and analytical job evaluation methods that are employed by the organizations to realize the worth of a set of jobs.

Non-analytical Job Evaluation Methods

1.   **Ranking Method:** This is the simplest and an inexpensive job evaluation method, wherein the jobs are ranked from he highest to the lowest on the basis of their importance in the organization. In this method, the overall job is compared with the other set of jobs and then is given a rank on the basis of its content and complexity in performing it.

     Here the job is not broken into the factors; an overall analysis of the job is done. The main advantage of the ranking method is, it is very easy to understand and is least expensive. But however it is not free from the limitations, it is subjective in nature due to which employees may feel offended, and also, it may not be fruitful in the case of big organizations.

2.   **Job Grading Method:** Also known as Job-Classification Method. Under this method the job grades or classes are predetermined and then each job is assigned to these and is evaluated accordingly.

     For Example Class, I, comprise of the managerial level people under which sub-classification is done on the basis of the job roles such as office manager, department managers, departmental supervisor, etc.

     The advantage of this method is that it is less subjective as compared to the raking method and is acceptable to the employees. And also, the entire job is compared against the other jobs and is not broken into factors. The major limitation of this

method is that the jobs may differ with respect to their content and the complexity and by placing all under one category the results may be overestimated or underestimated.

Analytical Job Evaluation Methods

1. **Factor-Comparison Method:** Under this method, the job is evaluated, and the ranks are given on the basis of a series of factors Viz. Mental effort, physical effort, skills required supervisory responsibilities, working conditions, and other relevant factors. These factors are assumed to be constant for each set of jobs. Thus, each job is compared against each other on this basis and is ranked accordingly. The advantage of this method is that it is consistent and less subjective, thus appreciable by all. But however it is the most complex and an expensive method.

2. **Point-Ranking Method:** Under this method, each job's key factor is identified and then the sub-factors are determined. These sub-factors are then assigned the points by its importance.

   For example, the key factor to perform a job is skills, and then it can be further classified into sub-factors such as training required, communication skills, social skills, persuasion skills, etc. The point ranking method is less subjective and is an error free as the rater sees the job from all the perspectives. But however it is a complex method and is time-consuming since the points and wage scale has to be decided for each factor and the sub factors.

   The important thing to note is, the job evaluation is considered only with the analysis of a job and not with the job holders.

4.2.3 LIMITATIONS OF JOB EVALUATION: THE LIMITATIONS OF JOB EVALUATION ARE:

1. Though many ways of applying the job evaluation technique are available, rapid changes in technology and in the supply and demand of particular skills have given rise to problems of adjustment.

2. Substantial differences exist between job factors and the factors emphasised in

the market. These differences are wider in cases in which the average pay offered by a company is lower than that prevalent in other companies in the same industry or in the same geographical area.

3. Job factors fluctuate 'because of changes in production technology, information system, and division of labour and such other factors. Therefore, the evaluation of a job today is made on the basis of job factors, and does not reflect the time job value in future. In other words, continuing attention and frequent evaluation of a job are essential.

4. Higher rates of pay for some jobs at the earlier stages than other jobs or the evaluation of a job higher in the organisational hierarchy at a lower rate than another job relatively lower in the organisational hierarchy often give rise to human relations problems and lead to grievances among those holding these jobs.

4.3 EMPLOYEE MORALE AND MOTIVATION

4.3.1 Meaning and definition of Employee Morale :

Morale is the feeling of willingness, determination and spirit to accomplish a task. A willing worker is more efficient and productive, or at least tries to work efficiently and effectively. The magic is in the mind set, preparedness, determination and most of all, the willing, wishful effort that he puts into his job. Morale is the word that describes all these things.

Flippo defines Morale as "a mental condition or attitude of individuals or group which determines their willingness to cooperate". Yodder defines yet simply -"Morale is a feeling, somewhat related to spirit, enthusiasm and Zeal".

Employees with high morale are usually not only like their job, but also passionate about

- their job,
- their career,
- their profession,
- the work they do,

- the output they get,

- the team they work with &

- the organisation they are with.

4.3.2 Effects of High Morale: The effects of high morale are:

- It is infectious and hence the team spirit increases.

- Generates high interest in the employees towards the job.

- Loyalty towards the organisation increases.

- Employees extend cooperation to achieve goals.

- A sense of pride prevails in the organisation.

- Employees feel the bond among themselves and with the organisation.

If the organisation is having a low morale, you can just write all the opposite reactions to the above said effects as the impact of low morale. No team spirit, no interest, no loyalty, no cooperation, no pride – simple. So, the overall effect will be disastrous to the organisation.

4.3.3 Practices to Promote Employee Morale: Employee morale by itself is a very complex phenomenon to understand.

1. **Equality:** Gender bias free, discrimination free work place creates high morale. When the organisation policies and procedures have a wider thinking on equality among the employees, the employee's grievances comes down. This promotes morale.

2. **Just Compensation:** Compensation structure on the basis of the job entrusted to the employee gives no space to complaints against the organisation. Pay is a big motivator, for which the first step to get employed is taken by an employee. There is an old saying that "stomach is the way to satisfaction". Hence, any unfairness in pay structure will not lead to high morale.

3. **Employee Welfare:** Welfare schemes for employees like EPF, ESI, Paid

vacations, Pension schemes, perks, Education for employees children, Canteens, sports clubs, residential quarters, transport facilities are all part of morale boosters. TCS's health care benefits are the best in the industry, says Mukherjee. "One of our initiatives is called 'M power'. As part of this, we have people managers at our centres and they deal with issues that employees might have".

4. **Job Enrichment:** job enrichment and job rotation methods helps in eliminating the stale feel of doing the same work again and again, which leads to boredom and low morale. When job enrichment or job rotation is introduced, the new challenge in work creates a kind of interest towards the job and the employee gets himself involved with the job and hence the morale goes high.

5. **Clear Vision:** One of the important factors to improve morale is the clarity in the vision, mission and goals of the organisation. Clear goals give clear job roles, and hence, the individual career goals get aligned. When the employee's personal needs gets satisfied, his morale goes up.

6. **Personal Factors:** The personal factors like knowledge, skill, aspirations, age, IQ level all plays a part in his goal gets sidelined, obviously morale cannot be affecting him.

7. **Organisational Structure and design:** The organisational design should be taken care of, to set a smooth sail of communication channels, giving ways for both upward and downward communication. This enables a sense of empowerment and participativeness for the employee which is an important component of building morale.

8. **Belongingness and Socialising:** Encouraging socialising of employees and their families through get-togethers and parties creates a bond between the employee and the employer beyond work relationship. It creates belongingness feeling towards the organisation. A Tata Consultancy Service initiative, called as 'Maitre', reaches beyond employees, to their families, bringing them together for a number of cultural events. No need to say that the attrition rate in Tata group is very low, might be the lowest in the country at times.

9. **Employee as part owner:** Among Indian companies, Infosys is often noted for

high morale and the most commonly pointed our reason behind this successful morale rate is – share in the profit, ESOP - Employee Stock Option Plans. The employees can be the equity share holders of the company, and become owners of the company they work for. How does it sound? "Infosys Employees say they are not bothered about the quantum of equity shares they will get, but are proud to be owners of the company" - reads an article in Business Standard, 2010. Owing to this success, Infosys reintroduced this scheme in 2010 after its discontinuation of ESOP policy in 2003.

- Apart from these factors,

- A good and clean environment,

- Health and safety assured work floors,

- Encouraging leadership,

- Adequate rewards,

- Performing team building culture and

- Training also plays a role in building Morale.

4.3.4 Methods for measurement of the Employee morale:

There are some methods to measure morale of an organisation. It takes a lot of analysis to see through the process of morale build up or brought down.

1. **Direct Observation –** By monitoring the employee's behaviour, their outbursts, absenteeism, late attendances, attrition rates, achievement of targets, quality of production – all these are "give a ways" of how employees feel.

2. **Records and statistics:** High morale reduces complaints, conflicts, absenteeism, employee turnover, and request for transfer etc. They are the outcome of prevalence of low morale. By the analysis of well kept records of leave, accidents and grievances, morale can be measured.

3. **Suggestion Boxes:** A suggestion box may bring out the un-say able grievance of employees. If at all there is any grievance, like an employee threatened by a superior

for not being his accomplice in any fraudulent activity, the tension of keeping it within himself may be a big torture for an employee. When an outlet is given, with assured confidentiality, it would be a way of understanding and eliminating the obstacles to high morale in a work place. When the suggestion box is not getting any more remorse letter, it indicates high morale.

4. **Open door Policy:** When the superiors and top managers are approachable, it gives confidence to the employees – they can approach with suggestions, and they can approach for grievances. Top managers can observe and analyse the pulse of employee's morale through this system.

5. **Counselling Session:** Counselling is also a method to understand the level of morale, as the counsellor comes to know the real problem for dissatisfaction towards the job. Under this method employees are advised to develop better mental health.So that they can imbibe self confidence, understanding and self control. This method is used to find out the causes of dissatisfaction and then to advice the employees remedial measures.

6. **Attitude Surveys:** This method is largely used in present day. Questionnaires or interview method may be used in these surveys. The survey is to look at what is the need for employees to get their morale heightened.

To conclude, Quantifying morale is next to impossible because morale is intangible inner feelings. The symptoms of increase or decrease in morale can be seen and felt, but cannot be measured accurately.

4.4   EMPLOYEE MOTIVATION

According to Peter Ducker, the "real positive motivators are responsible for placement, high standard of performance, information adequate for self-control and the participation of the worker as a responsible citizen in the community". Motivation is the driving factor that pushes us forward. Towards something we search. It gives us satisfaction if we achieve it. Then the motivation takes another form and starts pushing us forward again. But, the interesting characteristic of motivation is – it differs from person to person. What motivates an employee to produce more may not work with another employee in the same factory. For example, a gentle pat on the shoulder by the superior as a recognition

or appreciation of work may do wonders for one employee. It may be a better motivator than anything else for him.

But the same recognition may not satisfy another worker, who may only feel satisfied if rewarded with money. He doesn't attach any value to simple pat on shoulders. Hence, what you should remember in this area of study of motivation is the motivators are in many forms, and cannot be generalised to all.

An employee's productivity is based on his abilities. But, often, we come across people, who don't perform up to their standard of productivity consistently. So, what is that second ingredient that pushes him to perform to the full ability or pulls him from his talents? Any idea? Yes, of course it is the element of motivation. Motivation determines what the worker wants to do, even though he can do much better or much worse.

Motivation, a Latin word, means "move". According to Berelson and Steiner, "A motive is an inner state that energies, activates or moves and directs or channels behavior toward goals".

Generally motivation is the state of restlessness, tension or disequilibrium due to an unfulfilled need. The need transforms itself to the desire to act upon to achieve it. Need stimulates, acts as a complex force to move the person to realise the desired goal.

4.4.1 Types of Motivation:

In an organisation, to get the desired performance, the manager also has to act on different modes like encouragement, appreciation, rewards, promotions, incentives and if need arises even with force, constraint or by instilling fear of punishment.

All are various forms of motivation. What are they? Let us examine.

1. **Positive Motivation:** Flippo says "Positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward". Mamoria gives an interesting view point on positive motivation that, "People work for incentives in the form of four P's of motivation: "Praise, Prestige, Promotion and Pay-cheque". Positive motivation is generally based on rewards. It gives a feeling of happiness to the employees. It improves the performance.

2. **Negative Motivation:** Negative Motivation also called as fear motivation, negative motivation is based on fear and force. The fear of consequences acts as a motivator to perform better, just to avoid the unpleasant consequences. The non-performing workers are threatened with the fear mechanism that pushes them to move further in their performance scale.

   As the term itself indicates, the negative motivation cannot be used in all situations and it has a lot of limitations. Negative motivation creates an unpleasant reaction inside the minds of the employee towards the organization; it remains as an insecure feeling. Punishment creates a hostile state of mind, which may affect the loyalty towards the organisation. However, there are some uncontrollable situations that need the management to depend on the "stick" treatment to keep the productivity in control.

3. **Extrinsic Motivation:** The motivation that comes from the employer or external factors is extrinsic motivation. Promotion, perks, vacations and other financial rewards fall in this category.

4. **Intrinsic Motivation:** The feeling of happiness of achieving or accomplishing a challenging task acts as a motivator to seek for the next challenge. This kind of motivation, that comes from within is called as intrinsic motivation. Appreciation, status, power and recognition are some of the examples of this motivation.

5. **Self -Motivation:** The best motivation we can get may come from us Self-motivation. The same way, the de-motivation also comes to us from us. A bad day means a lot – power failure, argument turned into quarrel with a friend, news of bomb blast somewhere, heavy traffic and late to office- all makes us depressed. This may lead to poor performance on that day. But, to get a successful career, we should move on. Hence, it is the duty of the employee to get self-motivated, make the life and work more interesting. One simple technique is to fix targets and goals and try to achieve the targets. It is as simple as the great teacher Vivekananda says "Arise, awake and stop not till the goal is reached".

7. **Group Motivation:** Two heads are better than one. The enthusiasm, zeal and motivation manifolds if passes through a group. The group plays a vital role in

igniting the fire of motivation and keeps it going till the task is accomplished. It is because, the members of the group takes turns to cheer up others. The motivations of looking others perform, competing with others, comparison on the accomplishment all leads to better performance and effective achievements.

4.4.2 Theories of Motivation

Maslow's Theory of Hierarchy of Needs

A theory you would have heard often in your first year of this course – Hierarchy of needs. Abraham Maslow is the man who has contributed this wonderful yet simple theory to understand. It is about the steps of needs, that to be satisfied before stepping on to the next step. The following steps of need that motivates the Employee to climb up.

This hierarchy of needs is built on five steps as follows:

- **Physiological Needs:** It is the most basic level need in the hierarchy. One has to fulfil this level to be in existence. It includes the basic needs like Water, food, clothes and a shelter to sleep. A man who is in extreme hunger will not get satisfied with a bar of gold at that moment, is it not? The satisfaction and happiness he will attain with a bowl of rice would be immense in that situation. That is what meant by this step.

- **Security Needs:** The assurance for future is the base for this step. When one gets the confidence of his safe and secured future, he will be free of his tension of physiological needs. The fear of losing the regular availability of physiological needs will not allow a man to think about further achievements. This is about possessing of resources always and getting the physiological needs fulfilled.

- **Social Needs:** It is often said that "man is a social animal". Man has to belong to other human beings, that is, a society. It's the belongingness that gives satisfaction to the thirst of soul. Love, affection and affiliation is the need that drives a person to next step, once his physiological and security needs are fulfilled.

- **Self-Esteem Needs:** If Social Needs is about the other people loving us, then, self -esteem is the need is to be proud of one's own doings. Self esteem needs exhibits Power over things or people, may be with money, control, authority,

designations etc. Self-esteem is finding the recognition from within.

- **Self-Actualisation Needs:** The top step of this need structure is the need of self-actualisation. From "what they are" to becoming "What one is capable of" is self actualisation. It refers to the desire of self-attainment, the desire to convert the age old question -"what one can be" to "what he must be". It might be anything, like achieving a bigger goal, becoming a great leader, or even renouncing all that earned through the way.

- **Self-actualised persona feels realistic about them and about everything.** They accept whatever comes on the way, more often concerned about problems of their external world also and helps in solving them, and they act upon the personal responsibility and values. They tend to become continuously inspired, joyful and peaceful with even small things that happen around them.

The groups of people in each of these steps are different. For example, Middle level managers tend to have the needs of self-esteem and self-actualisation rather than the lower needs. Whereas, the labourers in the same organisation feels the needs of physiological, safety and social needs more as they cannot think or need the higher steps without feting the lower needs fulfilled. Higher level managers, who may have achieved the self-esteem step, may be looking for the need to optimise his self ability.

Herzberg's Hygiene- Motivator Factors

Popularly known as two-factor theory of motivation, this theory classifies the human behaviour into two major factors-

Hygiene / maintenance factor and Motivation factor

Fredrick Herzberg and his associates' recommendations are familiar to almost all managers. They had concluded in their prescriptive two-factor theory, also known as the motivation-hygiene theory that satisfaction and dissatisfaction with jobs occur because of different set of factors. While dissatisfaction is caused if the hygiene factors such as pay, job security, relationships with superior and peers, status, happiness in personal life, cordial relationships with peers and subordinates and physical working conditions are not possible or available in an adequate measure, but their mere presence would not be sufficient to

motivate a person. Motivation at work occurs if another set of factors like recognition, challenging tasks, opportunity to use one's talents and skills, demonstrate achievements, chances to learn and grow, are made possible or available to the employees. Herzberg's theory has contributed to much of the enthusiasm towards job enrichment.

Douglas McGregor's Theory X and Theory Y

The theory is based on two distinct views on the nature of human beings. According to Douglas McGregor's Theory X and Theory Y, different strokes are meant to be given for different folks. The theories say that there are two main categories of workers namely the X type and the Y type. First type of assumption is that people are basically lazy, dislike work and wait to be told formally about what is to be done and would attempt to avoid it whenever possible. They would require external control, constant monitoring, continuous prodding or even punitive measures to do their work, according to Theory X. Because the theory believed that employees dislike work, it advocated that they must be coerced, controlled or threatened with dire consequences to achieve desired goals.

The other types of people like to work and produce results and are self-driven. In order to make them work well, theory Y advocates that the organization will have to merely create congenial conditions to work and provide them with the autonomy and respect they deserve. This is also referred to as the Carrot approach, a phrase arising from the metaphor of tying carrots before horses to make them run forward with desire, as against the opposite approach of using "stick" to cause pain and make a horse run faster with fear. Theory Y believes that once given the right conditions, the rest would be taken care of by these incumbents. Theory Y views employees from a positive perspective and believes that employees can view work as bringing pleasure as natural as rest or play and that the average person could learn to accept or even seek responsibility.

Vroom's Expectancy Theory

This is a process theory of motivation that helps managers to appreciate the complexities of motivation. Victor Vroom (1964) made an important contribution to managers' understanding of motivation through his Expectancy Theory, which is an alternative to the content theories. According to Vroom's theory, individuals' effort is based on their perceptions of certain factors in the work environment. They are termed as

Expectancy, Instrumentality and Valence. The strength of the motivation to perform a certain act will depend on the combination of the three factors.

Valence means attraction or repulsion of an outcome to an individual. In order for the valence to be positive, the person must prefer attaining the outcome to not attaining it. A valence of zero occurs when the individual is indifferent towards the outcome. The valence is negative when the individual prefers not attaining the outcome to attaining it. Expectancy is the expected relationship between effort and successful performance. It is the probability that a particular action or effort will lead to a particular first level outcome, such as production or quality. Instrumentality is the performance-reward linkage. It is the degree to which a first-level outcome will lead to a desired second-level outcome such as money, recognition, job security or career growth.

Adam's Equity Theory

Stacy Adam's (1963) advocated Equity theory states that employees should be perceived as fair in comparison with various factors. Adams explained inequity as an injustice perceived by a person when he compares the ratio of his outcomes in the form of rewards to his inputs in the form of efforts, with the ratio of the inputs and outputs of another comparable person and finds that it is to his disadvantage and that they are being under-rewarded or over-rewarded. For example, when people of same educational qualifications, age-group, experience-levels and levels of intelligence quotient are placed, the first to be employed might be placed in the regular cadre, while the subsequent appointed persons could be placed in a contractual mode of appointment. Such practices can bring forth feelings of inequity and de-motivation among the latter.

4.5   STRESS MANAGMENT

Stress is a general term applied to various psychologic (mental) and physiologic (bodily) pressures experienced or felt by people throughout their lives.

Stress is defined as "a state of psychological and physiological imbalance resulting from the disparity between situational demand and the individual's ability and motivation to meet those needs."

Dr. Hans Selye, one of the leading authorities on the concept of stress, described

stress as "the rate of all wear and tear caused by life."

Stress can be positive or negative:

1. Stress is good when the situation offers an opportunity to a person to gain something. It acts as a motivator for peak performance.

2. Stress is negative when a person faces social, physical, organizational and emotional problems.

   Factors that are responsible for causing stress are called stressors.

4.5.1 Types of Stress

Even though the new age psychologists comes out with quite an impressive collection of technical terms for different types of stress like Time stress, Anticipatory stress, Situational stress, Encounter stress, acute distress, chronic distress etc, let us confine ourselves with the basic approach – the three important stress types are:

1. Eustress (Good stress)

2. Neustress (neutral stress)

3. Distress (Bad stress)

Eustress: Eustress is a positive form of stress. Let us think on situations when we will feel tensed with happiness, thrill of enjoyment, spiraling expectation for a joyful event. Consider the following:

An inspirational speech you listened to,

A motivational appreciation from the Boss,

Unexpected Promotion with a hike in salary,

The person you love accepting the marriage proposal,

Dinner with a role model celebrity

All these fall under the category of good stress. Eustress situations gives you stress, anxiety and increased levels of adrenalin but you will enjoy the feel of stress and will not be harmed by it – physically or mentally.

Neustress: Neustress is neither good nor bad. It is neutral stress. It will not have any effect on our system. But the problem is, when accumulated, it may fall into either of good stress category or bad stress category. For example, news of a film stars marriage postponed in a neighbor country would not give us any reaction. But, if it is because of a disaster in the same area like flood or earthquake, it slightly shakes us. If the earth quake area is where our relatives live, now it starts to stress us. Hence, a neustress doesn't have any impact by itself, unless carried over or accumulated and can fall into either side of the wall.

Distress: Distress is the most common type of stress, having negative implications. Distress takes a toll on the body too, that is where it becomes a bad one. Physical health is troubled by the distress, as it gives a cumulative effect and easily multiplies with whatever comes your way with a face of problem. Usually distress is divided into two called Acute stress and Chronic stress

Acute stress appears and disappears over a short period of time and can be intense, while chronic stress may not appear to be intense but lingers for a much longer period of time. Whatever be the name we give, distress certainly is a hindrance to the performance level of the employee. I hope you have understood that there is a positive correlation between the stress level and the performance level.

4.5.2 Causes of Stress:

The major causes of stress at work or in organization are:

1. **Career Concern:** If an employee feels that he is very much behind in the corporate ladder, then he may experience stress. If he seems that there are no opportunities for self-growth, he may experience stress. Hence, unfulfilled career expectations are the significant source of stress.

2. **Role Ambiguity:** It occurs when the person doesn't know what he is supposed to do, on the job. His tasks and responsibilities are not clear. The employee is not sure what he is expected to do. It creates confusion in the minds of the worker and results in stress.

3. **Rotating Work Shifts:** Stress may occur in those individuals who work on different

work shifts. Employees may be expected to work on day shift for some days and then on the night shift. That may create problems in adjusting to the shift timings, and it can affect not only personal life but also family life of the employee.

4. **Role Conflict:** It takes place when people have different expectations from the person performing a particular role. It can also occur if the job is not as per expectation, or when a job demands a certain type of behavior that is against the person's moral values.

5. **Occupational Demands:** Some jobs are more demanding than others. Jobs that involve risk, and danger are more stressful. Research findings indicate, job that cause stress needs constant monitoring of equipments and devices, unpleasant physical conditions, making decisions, etc.

6. **Lack of Participation in Decision-making:** Many experienced employees feel that management should consult them on matters affecting their jobs. In reality, the superiors hardly ask the concerned employees before taking a decision. That develops a feeling of being neglected, which may lead to stress.

7. **Work Overload:** Excessive workload leads to stress as it puts a person under tremendous pressure. Work overload may take two different forms:

a. Qualitative work overload implies performing a job that is complicated or beyond the employee's capacity.

b. Quantitative work overload is a result of many activities performed in a prescribed time.

8. **Work Underload:** In this, case, too little work or very easy work is expected on the part of the employee. Doing less work or jobs of routine and simple nature would lead to monotony and boredom, which can lead to stress.

9. **Poor Working Conditions:** Employees may be subject to poor working conditions. It would include bad lighting and ventilation, unhygienic sanitation facilities, excessive noise, and dust, presence of toxic gasses and fumes, inadequate safety measures, etc. All these unpleasant conditions create physiological and psychological imbalance in humans thereby causing stress.

10. **Lack of Group Cohesiveness:** Every group is characterized by its cohesiveness, although they differ widely in its degree. Individuals experience stress when there is no unity among work group members. There are mistrust, jealousy, frequent quarrels, etc., in groups and this lead to stress to employees.

11. **Interpersonal and Intergroup Conflict:** These conflicts take place due to differences in perceptions, attitudes, values and beliefs between two or more individuals and groups. Such conflicts can be a source of stress for group members.

12. **Organizational Changes:** When changes occur, people have to adapt to those changes, and this may cause stress. Stress is higher when changes are significant or unusual like transfer or adoption of new technology.

13. **Lack of Social Support:** When individuals believe that they have the friendship and support of others at work, their ability to cope with the effects of stress increases. If this kind of social support is not available, then an employee experiences more stress.

The main causes of stress outside work or organization are:

1. **Civic Amenities:** Poor civic amenities in the area in which one lives can be a cause of stress. Inadequate or lack of public facilities like improper water supply, excessive noise or air pollution, lack of proper transport facility can be quite stressful.

2. **Life Changes:** Life changes can bring stress to a person. Life changes can be slow or sudden. Gradual life changes include getting older, and abrupt life changes include death or accident of a loved one. Sudden life changes are highly stressful and very difficult to cope.

3. **Frustration:** Frustration is another cause of stress. It arises when goal-directed behavior gets blocked. Management should attempt to remove barriers and help the employees to reach their goals.

4. **Racial, Caste, and Religious Conflicts:** Employees living in areas, which are often prone to conflicts among people based on differences seen in their race, caste and religion do suffer more from stress. In the case of a religion, the minorities and lower-caste people (especially in India) are subject to more stress.

5. **Personality:** We can classify people as 'Type A' and 'Type B'.

The 'Type A' people:

  a. They feel guilty while relaxing.

  b. They get irritated by minor mistakes of self and others.

  c. They feel impatient and dislike waiting.

  d. They also multitask and prefer to do several things at one time.

  The 'Type B' people are exactly opposite and hence are less affected by stress due to the above factors.

6. **Technological Changes:** When there are any changes in technical fields, employees are under the constant fear of losing jobs or need to adjust to new technologies. It can be a source of stress.

7. **Career Changes:** When a person suddenly switches to another job, he is under stress to shoulder new responsibilities adequately. Under-promotion, over-promotion, demotion and transfers can also cause stress.

4.5.4 Strategies for Managing Stress

Stress experienced by the employees in their job has negative impact on their health, performance and their behaviour in the organization. Thus, stress needs to be managed effectively so as to set off these harmful consequences. Strategies for managing stress are as follows-

Organizational Strategies for Managing Stress

1. Encouraging more of organizational communication with the employees so that there is no role ambiguity/conflict. Effective communication can also change employee views. Managers can use better signs and symbols which are not misinterpreted by the employees.

2. Encourage employees' participation in decision-making. This will reduce role stress.

3. Grant the employees greater independence, meaningful and timely feedback, and

greater responsibility.

4. The organizational goals should be realistic, stimulating and particular. The employees must be given feedback on how well they are heading towards these goals.

5. Encourage decentralization.

6. Have a fair and just distribution of incentives and salary structure.

7. Promote job rotation and job enrichment.

8. Create a just and safe working environment.

9. Have effective hiring and orientation procedure.

10. Appreciate the employees on accomplishing and over-exceeding their targets.

Individual Strategies for Managing Stress

1. The employees should make a "to-do" list daily, prioritize the acts in the list and plan the acts accordingly. Take regular breaks during work to relax you. By effective time management, the employees can achieve their targets timely and can meet work pressures and, thus, avoid stress.

2. Do hard work. Strive to achieve your goals but do not do it to the harm of family, health, or peer.

3. Indulge in physical exercises. It helps in effective blood circulation, keeps you fit, diverts mind from work pressures.

4. Encourage a healthy lifestyle. Take a regular sleep, have plenty of water, have healthy eating habits. Promote relaxation techniques such as yoga, listening music and meditation.

5. The employees should have optimistic approach about their work. They should avoid connections with negative approach employees.

6. The employees should have emotional intelligence at workplace. They should have self-awareness, self-confidence and self-control at workplace.

7. The employees should build social support. They should have close connections with trustworthy peer who can listen to their problems and boost their confidence level. This social network will help the employees to overcome stress.

8. Employee counselling is a very good strategy to overcome employee stress. Through counselling, employees can become aware of their strengths and how to develop those strengths; their weaknesses and how to eliminate them; and they can develop strategies for changing their behaviour. Employees are also given career counselling which helps in reducing their ambiguities with regard to career.

9. Find a fun way to release stress, such as, cracking jokes, playing tennis, golf, etc.

10. Do not remain pre-occupied with yourself. Turn your focus outwards. Help others. This will release some stress.

4.6   EVOLUTION OF QWL

Studies related to QWL started in the 1950's and evolved through different stages. Eric Trist and his collaborators from Tavistok Institute, London is pointed as the precursors to research on Quality of Working Life. In that decade, they had initiated a series of studies that gave origin to a social-technique approach related to work organization. There was a concern with worker satisfaction and welfare. However, only in the 1960's the movement was developed. There was a consciousness about the importance of trying better ways to organize the work, with the objective of minimizing negative effects of jobs over the worker. The first movement phase was extended until 1974 – in the USA - when there was an interest fall by QWL in function of economic questions - energy crisis and increasing inflation. The survival needs of companies made employees' interests move away from QWL.

After 1979 the concern with QWL resurged mainly because of the loss of American industries' competitiveness before their Japanese competitors. This loss of competitiveness led to the inquiry of the management styles practiced in other countries and to relate the programs of productivity to the efforts with the improvement of the QWL. The term QWL contemplates aspects analyzed previously as motivation, satisfaction, work conditions, styles of leadership, amongst others. Related to these aspects, the stack of factors that constitute in positive and negatives points of the work is ample. There are concepts

diversifications about QWL. Reviewing a conceptual panorama over QWL, it is found to refer to the favourableness or otherwise of a job environment for people. The basic purpose is to develop jobs that are excellent for people as well as for production. QWL is a process by which an organization attempts to unlock the creative potential of its people by involving them in decisions affecting their work and personal lives.

Analyzing the conceptualizations of the main authors who investigated the theme, it is possible to identify three main groups that had developed common basic points in its statements of QWL. The common conceptions were:

1. Emphasis on well-being and worker satisfaction, concomitant with the concern with the productivity increase, effectiveness and the organizational effectiveness.

2. Valuation of workers' participation in decision making process, at work and questions related to the reformulation of positions.

3. Emphasis on humanist perspective to think on the people, their work and the organization.

QWL is a term that has been used liberally over the years, to describe everything from flexi time to self-directed work teams. QWL is designed in many organizations to be joint union-management programs to improve organizational effectiveness and productivity as well as working conditions. A network of labour-management committees, ably led by a steering committee, usually guides these efforts. QWL programs in these firms are wider in scope than Quality Circles and they often involve redesigning or "broad-banding" jobs and/or changing the work processes. The aim of the programs is workplace wellness among employees, organizational health and stability, and high performance work organizations.

Introduction of the principles of QWL in many organizations have resulted in efforts towards humanizing the workplace by improving the cleanliness of the environment, betterment of lighting, temperature, ventilation, control of noise and dust and the use of the knowledge of ergonomics in designing tools, machines and furniture used during work. In effect, QWL resulted in the prevention, control and alleviation of occupational diseases, accidents, grievances, unrest and mal-adaptive behavior of workers which included alcohol and substance abuse, sexual promiscuity, gambling, indebtedness and various forms of

criminal behavior. QWL initiatives may also be linked with collective bargaining issues and thus provide for the involvement of employee unions in its steps. In many cases, QWL initiatives have met with considerable opposition from workers and their unions because of the perception that QWL is a means of marginalizing the union's role with its emphasis on individual motivation, problem solving and informal systems of participation. This is contrast to the traditional focus of industrial relations on the management of effort-reward bargain through formal rules and written down promises to provide better living and working conditions.

4.6.1 Quality of Work Life

QWL refers to a favourable work situation which emphasizes on the strengthening of relationship, sensitivity, comforts and concern for one another among employees of an organization. QWL means "The degree to which members of a work organization are able to satisfy important personal needs through their experience in the organization". QWL is defined as a process of work organizations which enables its members at all levels to actively participate in shaping the organization, its environments, methods and outcomes. Enhanced effectiveness of organization is assessed in terms of greater financial strength of an organization, the strength of its internal systems and the satisfaction of its various stakeholders. QWL and organizational effectiveness are considered to be twin goals of an organization. Quality of work life is focused generally on motivational factors such as flexibility in working hours, autonomy and discretion in the performance of jobs and the very nature of the work etc. QWL has gained deserved prominence in the Organizational Behavior as an indicator of the overall of human experience in the work place. It plays a key role in any organization and has an effect on the people, their work, performance and self development as well as organization's development. It basically refers to relationship between the employees and the ecosystem in which he works. It focuses on creating a working environment where employees work co-operatively and achieve results collectively. Thus, QWL is defined as the favorable conditions and environments of a workplace that support and promote employee satisfaction by providing them with rewards, job security, and growth opportunities. The continuous effort to bring increased labor-management cooperation through joint problem solving to improve organizational performance and employee satisfaction are key aspects of QWL.

4.6.2 Characteristics of QWL:

QWL is determined by the presence of the following features that represent the principles of security, equity, individualization, cohesiveness and democratic participation by employees in their organization's management. QWL might mean different elements to people of different age groups, occupations, regions, cultures, nationalities, genders, educational qualifications and income levels, in organizations. Therefore different people might consider one or more of the following conditions to be more important than the others, in determining QWL of human resources:

- **Adequate and fair compensation:** Wages, Salaries, incentives, bonus, social security and perquisites should be designed in such a manner to be adequate for all the employees to meet the needs of socially determined standards of living and in order to ensure a just balance between effort and rewards.

- **Safe and healthy working conditions:** Including hours of work and rest pauses, freedom from occupational hazards, accidents, negative stress, life-threatening conditions and other factors detrimental to the well-being of employees.

- **Opportunities at the workplace to use different capacities:** Using one's creativity and innovation, use of multiple skills and talents, encouragement to pursue education and professional development.

- **Opportunities to learn, to grow and feel secured at the jobs:** Possibilities of self-improvement and career advancement, provision of autonomy, appreciation of efforts and results, knowledge of the whole tasks and inclusion in decision making stages of the work process concerning the whole organization.

- **Social integration in terms of a community:** This comprises of interpersonal openness and egalitarianism; Feeling the warmth of companionship, mutual respect, tolerance and camaraderie and being united; Being free from prejudices on the ground of gender, language, nationality or economic class.

- **Rule of Law at work place:** Principles of natural justice and equity, equality, safeguards to personal freedom and reasonable protection from violations of rights and respect of privacy with regard to an employees' off-the-job behavior.

- Work - Life Balance: This aspect includes consideration for employees' personal and family life, resulting in the upholding of reasonable restrictions upon schedule of work hours and travel requirements, overtime requirements, leisure and recreation, savings for the future, practicing one's faith etc.

- **Social Relevance of work:** Work should be recognized for its contributions to the well being of the society. Employees do not like to be mere cogs within wheels and be paper-pushers. They are inspired by a sense of mission inherent in their work.

4.7 WORK LIFE BALANCE

Work life balance is managing competing roles and responsibilities at work, at home and in the community. It is a moving target many Indians are having hard time hitting. Driven by complex changes in work and society, a growing number of workers are reporting the "struggle's and juggle". Whether the challenges are on the life side of the equation, on the work side, or on the sum total of "way too much to do and not enough time to do it", finding ways to manage work-life conflict is important. Creating a work-life balance is easier said than done. But creating one, nonetheless, is important to both the worker and the organization. The employee gets more control of their life and feels enjoyment both personally and professionally. The organization gets accountability, enhanced productivity, improved morale, and less organizational stress. It's a win-win for everyone.

4.7.1 Misperception towards Work Life Balance:

A serious discussion of work-life balance can be sidelined by one of several false interpretations of the problem. The following information will help employer and the employee to understand the fact and fiction about the work-life balance.

1. **It is a Private Issues:** The personal impact is undeniable; research links work-life conflict to increased depression, marital problems, fatigue and stress-related illnesses. But it doesn't stop there. These results translate into real problems for employers, such as increased absenteeism and reduced productivity.

- **It's a Parenting Issue:** Work life conflict is a growing concern all the Indians, not just those with children at home. An increasing number of non-parents report

difficulty fitting in volunteer commitments, or educational, leisure or health pursuits.

- **It's a Women Employee Issue:** Women are twice as likely as men to report work-life imbalance, and with good reason; despite a massive influx into the workforce, women retain the greater share of responsibility for child care, elder care and domestic chores. However, a recent trend has been levels of work-life conflict rise among men. In fact, men are more likely than women to point to work pressures as the cause of the imbalance.

- **It is a Stage in Life:** The call for more work life balance comes from all sections of the population; the university student with part-time job, the female executive with small children and the seasoned employee easing into retirement. Work-life balance is increasingly important to young people entering the labour market as well.

- **Work life should be Fifty and Fifty:** Work life balance is rarely a partnership of equals. More often, it is a changing relationship- one part may dominate for a period of time, only to see the other part attracting more attention. Balance is also personally defined: what is balance to one person may be imbalance to another.

- **Work and Life are Separate Domains:** Work and life issues are closely linked and changes in one almost always affect the other.

- **Technology will Help:** Technology is a double-edged sword. While innovations such as cell phones, laptops, personal digital assistants and wireless networks allow us to work anywhere, they also allow work to follow us anywhere.

- **Little can be done:** Companies have been able to show clear and measurable improvements in work-life balance by even the smallest of changes. Of course, there is a "magic bullet", but a willing manager or owner has plenty of tool and resources to achieve better balance and, through it, better business.

4.7.2 Designing Work Life Balance Programme:

Formal work-life balance programs may not be necessary in any organization if the organization know the workers, listen to their needs and try to be responsive and flexible. This is especially true for small businesses. Otherwise the following will help in

developing workable options with regard to work-life balance related programmes.

- **Flex the Time:** Flex-time arrangements are a broad category of work-life balance options that focus on the element of time; the days, hours, start time and end time of work. Included within this category are alternative work schedules, compressed workweeks and voluntary part-time or reduced hours.

- **Flex the Place:** Technological innovation have resulted in a wide range of options for working from home, from satellite offices or from remote locations, all collectively known as tele-work.

- **Flex the Job:** May be the job itself needs to change, not just the time allocation. Flexing the job involves a basic consideration of how you define what a job is and how you divide these tasks into different job categories. Is there another way employer could divide up the work tasks? Can the employer re-cluster the repackage responsibilities to create more balanced work assignments? Job redesign or job sharing are two options to consider. For example • Flexible work arrangements (e.g., telecommuting, compressed workweek, part-time employment, job sharing).

- **Flex the Benefits:** One-size-fits all benefit packages are not well suited to a diverse workforce. Offering a range of benefits option and flexibility in selecting the employee's preferred choices or the amount of coverage allows employees to create a personalized package tailored to meet Individual needs and wants. For example • Child-care benefits (e.g., on- or off-site day care, vouchers, subsidies, resource and referral services, backup/sick-child care) Elder-care benefits (e.g., on- or off-site daycare, vouchers, subsidies, resource and referral services, backup care, time off) Adoption benefits (e.g., paid or unpaid leave, subsidies) Assistance for employees' children with special needs.

- **Winning Ideas :** The ideas range from simple to complex, routine to wonderfully creative which comes from the employer and employees to be taken into consideration while framing work-life related programmes. To create a win-win situation get the input from the employees and your own:

Three Steps from Employee

- **Figure out What Matters to you in Your Life:** Setting your life priorities is the first step in figuring out how to achieve that work-life balance you've dreamed of. Is it vacation/travel, family time, working out, time with your kids, a hobby, your health, etc.? Once you can prioritize your list, you are on your way!

- **Ask and Accept help:** It's important and okay to allow yourself to rely on friends, family, or a partner for help when you need to focus on another priority. If you're too proud to ask for help, you are going to crash and burn. No one can do it all themselves without gold bangle bracelets and a truth lasso.

- **Set Boundaries:** Only you can set your boundaries for your time. If you don't set them, someone else will and then you've lost control. Work isn't going to be there for you when you need a hug, a babysitter, a good cry. Work isn't going to love you back like you family, partner, or friends.

- **You know that old saying:** to be loved you have to love yourself first. Well, same holds true here. If you want people to respect your boundaries, you need to set and respect them first.

Three Steps for the Employer

- Build Rapport and Gain Respect: Building rapport with your employees is important because it makes them feel like you listen that they are being heard. This earns you respect. When an employee respects their boss, they are more productive.

- Don't Demand Excellence: People don't usually respond well to demands unless they see a benefit at the end of the tunnel for them. Be sure to state your demands in the form of your expectations and be sure to be clear and realistic. If you know that Sally has to drop her kid off at day care in the morning, then don't schedule an 8:00 a.m. meeting and expect her to be on time. That's unrealistic.

- Encourage them to have a Life: The best way to get employees to be productive is to encourage them to have a life and make it sounds sincere that you care that they do.

- **Defining Work-Life Balance:** The definition of work-life balance differs with the age of the worker. For senior workers or owners nearing retirement, the balance often includes regular vacation time and weekends away from the job. While younger staff members enjoy vacation time, the group also defines the work-life balance as the ability to establish individualized work hours, including evening hours and work-from-home options, and personalized work conditions, featuring personal desk and office area decorations.

- **Create Boundaries:** Small business owners have the ability to establish boundaries for themselves and for staff members. This encourages employees to develop a balance between work hours and personal life. Setting down company rules incorporating regulations restricting the number of hours spent at work each week help employees create these boundaries and keep them. As the leader of the company, you need to model the sound work-life balance you encourage your staff to define.

- **Balanced Work Environment:** Creating an environment at your small business to encourage you and your staff to develop the appropriate work-life balance means allowing your employees to participate in some family activities and meet personal responsibilities that take time away from work. This flexibility includes time off to see children in school plays, visit classes during parent days and accompany aging family members on medical appointments. Establishing firm work policies for this life balance also requires rules to prevent your staff from taking advantage of the policies to avoid job duties.

- **Scheduling and Planning:** Creating a work-life balance involves scheduling times for relaxation. Effective scheduling ensures that you and your staff take the relaxation breaks by using a formal planning system for time away from work. Listing earned relaxation time on paychecks keeps formal records and encourages use of the time. If you don't provide paid release time or vacations, consider adding this option to reward employees meeting corporate standards or producing high-quality work over a set period of time. Encouraging your staff to plan periodic events also sets aside time for short periods of relaxation during the workday, even if it's only time to sit in lawn chairs and appreciate the outdoors or an extra 15 minutes added to a lunch break.

241

4.8   HUMAN RESOURCE INFORMATION SYSTEM (HRIS)

Human Resource Information System is an important element in Human Resource development. It is a system to maintain, collect, and analyze data relating to Human Resources of the organization. It helps managers in decision-making in respect of promotion, wage fixing, recruitment, training and development. Human Resource Information System acts as a decision support system. The inputs of Human Resource Information System include the information relating to employees, their abilities, qualifications, potentialities, creative instincts, age, pay scales, various jobs in the organization, their required skills and qualifications to do them, the number of employees and executives manning various positions, organizational objectives, policies and procedures etc.

Human Resource Information System can be defined as a system used to acquire, store, manipulate, analyze, retrieve, and distribute information regarding an organization's Human Resources. A Human Resource Information System is not simply computer hardware and associated Human Resource-related software. Although it includes hardware and software, it also includes people, forms, policies and procedures, and data.

A company that does not have a computerized system still has an Human Resource Management system; that is, the paper systems that most companies used before the development of computer technology were still comparable with an Human Resource Information System, but the management of employee information was not done as quickly as in a computerized system. If a company did not have a paper system, the development and implementation of a computerized system would be extremely difficult.

The human resource information system is a systematic procedure for collecting, storing, maintaining retrieving and validation data needed by an organization about its human resources. The HRIS is usually a part of the organization's larger management information system. The HRIS need not be complex or even computerized. But computerization has its own advantage of providing more accurate and timely data for decision making.

The areas of application of HRIS are many .Some of them include training management, risk management and legal requirements, attendance reporting and analysis, HRP, accident reporting and prevention, strategy planning, financial planning and other related areas.

4.8.1 Advantages of HRIS:

There are several advantages to firms in using Human Resource Information System. They include the following:

- This enables organizations to provide structural connectivity across units and activities and increase the speed of information transactions.

- Increasing competitiveness by improving Human Resource operations and improving management processes.

- Collecting appropriate data and converting them to information and knowledge for improved timeliness and quality of decision making.

- Producing a greater number and variety of accurate and real-time Human Resource-related reports.

- Streamlining and enhancing the efficiency and effectiveness of Human Resource administrative functions.

- Shifting the focus of Human Resource from the processing of transactions to strategic Human Resource Management.

- Reengineering Human Resource processes and functions.

- Improving employee satisfaction by delivering Human Resource services more quickly and accurately to them.

4.8.2 Factors affecting the HRIS:

The ability of firms to harness the potential of Human Resource Information System depends on a variety of factors, such as:

- The size of the organization.

- The amount of top management support and commitment;

- The availability of resources.

- The Human Resource philosophy of the company as well as its vision, organizational culture, structure, and systems.

243

- Managerial competence in cross-functional decision making, employee involvement, and coaching.

- The ability and motivation of employees in adopting change, such as increased automation across and between function.

4.8.3 Steps in implementing an HRIS:

As with any major change, proper planning is an absolute necessity for successful implementation of an HRIS. The steps outlined below describe the specific procedures involved in successfully developing and implementing an HRIS.

1. **Inception of idea:** The idea having an HRIS must originate somewhere the originator of idea should prepare a preliminary report showing the need for an HRIS and what it can do for the organizations.

2. **Feasibility study:** This evaluates the present system and details the benefits of an HRIS. It evaluates the cost and benefits of an HRIS.

3. **Selecting a project team:** Once the feasibility study has been accepted and the resources allocated project team should be selected. The project team should consist of HR representatives from both management information systems and payroll.

4. **Defining the requirements:** A statement of requirements specifies in detail exactly that the HRIS will do. A large part of the statements normally deals with the details of the reports that will be produced. Naturally, the statement also describes other specific requirements. This typically includes written descriptions of how users collect and prepare data, obtain approvals, complete forms, retrieve data, and perform other non-technical tasks associated with HRIS use. The key is here is to make sure that the mission the HRIS truly matches management's needs for an HRIS.

5. **Vendor analysis:** This step determines what hardware and software are available that will best meet the organization's need for the lowest price. This is a difficult task. The best approach is usually not to ask vendors if a particular package can meet the organization's requirements but how it will meet those requirements.

6. **Package contract negotiation:** after a vendor has been selected, the contract must be negotiated, the contract stipulated+ the vendor's responsibilities with regards to software, installation, service, maintenance, training and documentation.

7. **Training:** Training usually begins as soon as possible after the contract has been signed. First the HR members of the project team are trained to use the HRIS. Towards the end of the implementation; the HR representative will train manager from other departments in how to submit information to the HRIS and how to request information from it.

8. **Tailoring the system:** This step involves making changes to system to best fit the needs of the organization. A general rule of thumb is not to modify the vendor's package, because modifications frequently cause problems. An alternative approach is to develop programs that augment the vendor's program rather altering it.

9. **Collecting the system:** Prior to start-up of the system, data must be collected and entered into the system.

10. **Testing the system:** Once the system has been tailored to the organization's need and the data entered, a period of testing follows. The purpose of the testing phase is verify the output of the HRIS and to make sure it is doing what it is supposed to do.

11. **Starting up:** Start up begins when all the current actions are put into the system and reports are produced. It is wise to attempt start-ups during the lull period so that maximum possible time can be devoted to HRIS. Even though the system has been test, some additional errors often surface during start-up.

12. **Running in parallel:** Even after the new HRIS has been tested, it is desirable to run the new system in parallel with the old system for a period of time. This allows for the comparison of outputs of both the system and examination of any inaccuracies.

13. **Maintenance:** It normally takes several weeks or even months for HR people to feel comfortable with the new system. During this stabilization period, any remaining errors and adjustments should be handled.

14. **Evaluation:** After the HRIS has been in place for reasonable length of time, the system should be evaluated. Is the HRIS right for the organization and is it being properly used.

4.9   KNOWLEDGE MANAGEMENT

Knowledge management is a discipline that treats intellectual capital as a management asset. Unlike other assets it doesn't require specific procedures to utilize them. Knowledge is an idea created from various sources and how those ideas can help to improve the organizational effectiveness. Knowledge management refers to identifying and leveraging the collective knowledge in an organization to help the organization to compete with their competitors. In other words knowledge management system aims to get right information to the right people at the right time, thereby providing them tools for analysis of information and respond to them at a faster rate.

4.9.1   Importance of Knowledge Management

Knowledge management has assumed so much significant:

• Predicting Future Uncertainties: In the present competitive world, so many things such as technology, customer preferences, marketing techniques etc. are changing so fast, that it becomes very difficult if not impossible to make guesses about future. Knowledge management is a must to predict future changes and to face them.

• **Keeping pace with competition:** Knowledge helps in increasing the core competencies of the business, which is essential for its survival and growth. In the present competitive world it is very essential to keep pace with the competition.

• **Use of Information Technology:** Knowledge and capacity of human beings only can make effective utilisation of latest technologies. Latest technologies can be used and transformed into actionable business only when it is used with knowledge.

- Essential for Business: Knowledge management has, in fact, become essential for each and every process of business. Use of knowledge management helps in the growth of every business activity and the co-ordinated.

4.9.2 Need of Knowledge Management

1) **Call centres:** Call centres have increasingly become the main 'public face' for many organisations. This role is made more challenging by the expectations of customers that they can get the answers they need within minutes of ringing up.

   Other challenges confront call centres, including

- High-pressure, closely-monitored environment

- High staff turnover

- Costly and lengthy training for new staff

   In this environment, the need for knowledge management is clear and immediate. Failure to address these issues impacts upon sales, public reputation or legal exposure.

2. **Front-line staff:** Beyond the call centre, many organisations have a wide range of front-line staff that interacts with customers or members of the public. They may operate in the field, such as sales staff or maintenance crews; or be located at branches or behind front-desks. In large organisations, this front-line staffs is often very dispersed geographically, with limited communication channels to head office. Typically, there are also few mechanisms for sharing information between staff working in the same business area but different locations. They challenge in the front-line environment is to ensure consistency, accuracy and repeatability.

3. **Business managers:** The volume of information available to business management has increased greatly. Known as 'information overload' or 'info-glue, the challenge is now to filter out the key information needed to support business decisions. The pace of organisational change is also increasing, as are the demands on the 'people skills' of management staff. In this environment, there is a need for sound decision making. These decisions are enabled by accurate, complete and relevant

information. Knowledge management can play key role in supporting the information needs of management staff. It can also assist with the mentoring and coaching skills needed by modern managers. The loss of key staff can have a major impact.

4. **Aging workforce:** The public sector is particularly confronted by the impacts of an aging workforce. Increasingly, private sector organisations are also recognising that this issue needs to be addressed if the continuity of business operations are to be maintained. Long-serving staff has a depth of knowledge that is relied upon by other staff, particularly in environments where little efforts has been put into capturing or managing knowledge at an organisational level. In this situation, the loss of these key staff can have a major impact upon the level of knowledge within the organisation. Knowledge management can assist by putting in place a structured mechanism for or transferring this knowledge when staff retires.

5. **Supporting innovation:** Many organizations have now recognised the importance of innovation in ensuring long-term growth (and even survival). This is particularly true in fast moving industry such as IT, consulting, telecommunications, and pharmaceuticals. Most organization, however, are constructed to ensure consistency, repeatability and efficiency of current process and products. Innovation does not tend to sit comfortably with this type of focus, and organization often needs to look to unfamiliar techniques to encourage and drive innovation. There has been considerable work in the knowledge management field regarding the process of innovation and how to nurture it in a business environment.

4.9.3 Process of Knowledge Management

Followings are the steps involved in knowledge management:-

1. **Identification and development of skill:** The first step in knowledge management is identification of capabilities of employees and taking steps to develop the skills further, taking into account the future business changes.

2. **Scientific Recruitment of Employees:** Recruitment process has become strategic requirement in the race to remain competitive. The recruitment of suitable person will help in increasing knowledgeable human capital in the organisation.

3. **Development of Human capital:** The organisation should make arrangement for the development of human capital in the organisation. Techniques such as performance management, career development, succession planning, sharing of creative experiences etc. can develop the human capital in the organisation.

4. **Scientific Placements:** The organisation should identity and evaluates the human sources available. The knowledge and capabilities of persons should be matched to the requirement of various jobs and business opportunities. Right man should be placed at the right job.

5. **Effective Utilisation of knowledge:** Knowledge management can be useful only if is put to practical use. In managing the organisation, the important part is to convert the knowledge into a product or a service. Intellectual capital has to be converted into performance to be of any use. E.g. it should result in Improvement in qualities, more customer satisfaction and the like.

BECKMANS has proposed a comprehensive eight stage process for knowledge management;

1. **Identify**

2. **Collect**

3. **Select**

4. **Store**

5. **Share**

6. **Apply**

7. **Create**

8. **Sell**

These stages in KM process are discussed in detail as follows:

1. **Identify:** the identify stage determines which knowledge is critical to success. For each organization needs detailed knowledge about its customers, products and services, finances, management, employees and other organizational and

environmental aspects. Then the related strategic and knowledge domains are Identified. Next the existing levels of expertise are assessed for each knowledge domain. Once the gaps between existing and needed expertise are determined, programmes and systems can be developed to improve expertise levels.

2. **Collect:** The collect stage deals with the following:

- Acquiring existing knowledge, skills, theories and experience needed to create the selected core competences and knowledge domains.

- Knowledge expertise and experience must be formalized by making it explicit.

- Practitioners should know where and how to get the needed knowledge and expertise in the form of data base and experts system.

- Valid knowledge sources should be identified beforehand for acquiring the knowledge and expertise.

3. **Select:** In the select stage, the identified and collected knowledge is assessed. Domain experts must assess and select the knowledge to be added to the organisation's memory. Without a proper filtering system, the corporate memory will just be a sea of informational data. Initially one framework should be selected as the basis for organizing and classifying knowledge to be stored in the knowledge repository.

4. **Store:** Knowledge must be organized and represented into different knowledge structures within a knowledge repository just as the data and information is organized and represented in different types of data base. Much of this knowledge can be represented in electronic form as expert systems.

5. **Share:** In the sharing stage, knowledge from the corporate memory is made accessible to all the users. Knowledge sharing within organizations is an issue. Hoarding knowledge is common for various reasons, such as power relations, property right over and job Insecurity. A good example of the latter case is middle manager fearing about this job in the future.

6. **Apply:** in this stage, the required knowledge retrieved and used in performing

tasks, solving problems, making decisions, researching ideas and learning integrated performance support systems are needed to make available the right knowledge at the right time, in the right form and at the right place.

The following points are worth noted in this respect:

- For easy access, natural classification systems should be built for browsing or retrieving knowledge.

- For providing the right knowledge, the system should understand the user's purpose and content.

  To provide the knowledge at the right time, a proactive system should be there that monitors the user's actions and determines when it is appropriate to intervene.

- Users can also customize the format in which knowledge is presented.

- Finally, users can request references, advisory, testing and certification modules for the same.

7. **Create:** The create stage captures new knowledge through many avenues. This stage also covers how to elicit non verbal, unconscious knowledge from domain experts and turn it into documented formal knowledge. In this stage, new sources and insight are formalized and captured by the knowledge management process and made available to those who need the knowledge.

8. **Sell:** Selling stage can be possible only if considerable maturity is achieved in the earlier seven stages. In this stage, internal knowledge bank of the organization can be sold to the outsiders.

4.9.4 APPROACHES TO KNOWLEDGE MANAGEMENT

The various approaches to the knowledge management are as follows:

1. **Mechanistic approaches to knowledge management:** Mechanistic approaches to knowledge management are characterized by the application of technology and resources to do more of the same better. The main assumptions of the mechanistic approach include:

- Better accessibility to information is a key, including enhanced method of access and reuse of document (hypertext linking, database, full-text search, etc.) Networking technology in general (especially intranets) and groupware in particular, will be key solutions.

- In general, technology and sheer volume of information will make it work.

- **Assessment:** Such approaches are relatively easy to implement for corporate "political" reasons, because the technologies and techniques— although sometimes advanced in particular areas—are familiar and easily understood. There is a modicum of good sense here, because enhanced access to corporate intellectual assets is vital. But it's simply not clear whether access itself will have a substantial impact on business performance, especially as mountains of new information are placed on line. Unless the knowledge management approach incorporates method of leveraging cumulative experience, the net result may not be positive, and the impact of implementation may be no more measurable than in traditional paper models.

2. **Cultural/ behaviouristic approaches to knowledge management:** Cultural/ behaviouristic approaches, with substantial roots in process re-engineering and change management, tend to view the "knowledge problem" as a management issue. Technology--though ultimately essential for managing explicit knowledge resources—is not the solution. These approaches tend to focus more on innovation and creativity (the "learning oranization") than on leveraging exist or explicit.

Assumptions of cultural/behaviouristic approaches often include:

- Organizational behaviours and culture need to be changed ....dramatically. In our information-intensive environments, organizations become dysfunctional relative to business objectives.

- Organizational behaviours and culture can be changed, but traditional technology and methods of attempting to solve the "knowledge problem" have reached their limits of effectiveness. A "holistic" view is required. Theories of behaviour of large-scale systems are often invoked.

- It's the processes that matter, not the technology

- Nothing happens or changes unless a manager makes it happen.

- **Assessment:** The cultural factors affecting organizational change have almost certainly been undervalued, and cultural/behaviouristic implementations have shown some benefits. But the cause-effect relationship between cultural strategy and business benefits is not clear, because the "Hawthorne Effect" may come into play, and because dependable predictions about systems as complex as knowledge-based business organizations can't be made. Positive results achieved by cultural/behaviouristic strategies may not be sustainable, measurable, cumulative, or replicable...and employees thoroughly "Dilbertized" by yet another management strategy may roll their eyes.

3. **Systematic approaches to knowledge management:** Systematic approaches to knowledge management retain the traditional faith in rational analysis of the knowledge problem: the problem can be solved, but new thinking of many kinds is required. Some basic assumptions:

- It's sustainable results that matter, not the processes or technology... Or your definition of "knowledge".

- A resource cannot be managed unless it is modeled, and many aspects of the organization's knowledge can be modeled as an explicit resource.

- Solutions can be found in a variety of disciplines and technologies, and traditional methods of analysis can be used to re-examine the nature of knowledge work and to solve the knowledge problem.

- Cultural issues are important, but they too must be evaluated systematically. Employees may or may not have to be "changed", but policies and work practices must certainly be changed, and technology can be applied successfully to business knowledge problems themselves.

- Knowledge management has an important management component, but it not an activity or discipline that belongs exclusively to managers.

Assessment: Unrepentant rationalists in the business would are taking a systematic approach to solving the "knowledge problem". Systematic approaches show the most promise for positive cumulative impact, measurability, and sustainability.

4.10 HUMAN RESOURCE AUDIT:

Human Resource audit is a systematic examination   and analysis of an organizational workforce to develop an understanding of the current staffing situation. The Human Resource audit compares the past with the present labour specifications to identify trends and patterns in multiple aspects, including turnover, training, absence, and diversity. It helps to identify key information about Human Resource operations, including how well they work, and where improvement may be needed. It is a useful tool in Human Resource planning. The information provided in an audit or skills inventory can be useful in identifying a number of workforce trends. A periodic HR audit can qualify its effectiveness within an organization. HR audits may accomplish a variety of objectives, such as ensuring legal compliance; helping maintain or improve a competitive advantage; establishing efficient documentation and technology practices; and identifying strengths and weaknesses in training, communications and other employment practices.

4.10.1 Objectives of the Human Resource Audit

- To review the performance of the Human Resource Department and its relative activities in order to assess the effectiveness on the implementation of the various policies to realize the Organizational goals.

- To identify the gaps, lapses, irregularities, short-comings, in the implementation of the Policies, procedures, practices, directives, of the Human Resource Department and to suggest remedial actions.

- To know the factors which are detrimental to the non-implementation or wrong implementation of the planned Programmes and activities.

- To suggest measures and corrective steps to rectify the mistakes, shortcomings if any, for future guidance, and advise for effective performance of the work of the Human Resource Department.

- To evaluate the Personnel staff and employees with reference to the Performance

Appraisal Reports and suggest suitable recommendations for improving the efficiency of the employees.

- To evaluate the job chart of the Human Resource Managers, Executives, Administrative Officers, Executive Officers, Recruitment Officers, whether they have implemented the directives and guidelines for effective Management of the Human resources in their respective Departments.

4.10.2 Advantages of Human Resource Audit:

Several benefits associated with Human Resource audit are listed below. An audit reminds member of HR department and others its contribution, creating a more professional image of the department among manager and specialist. The audit helps clarify the department's role and leads to greater uniformity, especially in the geographically scattered and decentralized HR function of large organisations. Perhaps most important, it finds problems and ensures compliance with a variety of laws and strategic plans in an organization.

Identifies the contribution of Human Resource department to the organization:

- Improves the professional image of the Human Resource department.

- Encourages greater responsibility and professionalism among member of the Human Resource department.

- Clarifies the HR department's duties and responsibilities.

- Stimulates uniformity of HR policies and practices.

- Finds critical HR problems.

- Ensures timely compliance with legal requirements.

- Reduces human resource cost through more effective Human Resource procedure.

- Creates increased acceptance of needed change in the Human Resource department.

- Requires thorough review of Human Resource department's information system.

    Besides ensuring compliance, the audit can improve the department's image and

contribution to the company. Operating managers may have more respect for the department when an audit team seeks their view. If the comments of manager are acted on, the department will be seen as being more responsive to their needs. And since it is service department, these actions may improve its contribution to organizational objectives.

4.11   SUMMARY

Compensation is the underlying   goal of paid employment. Every employee works for pay and strives to maximize his earnings. Compensation is directly linked to productivity, motivation and morale. Human Resource Development and Productivity are   complementary to each other. Motivation, the process of stimulating people through the possibility of gain or reward, to take desired course of action in the interests of the organization applies to the entire class of drives, desires, needs, wishes and similar forces. Motivation is enhanced by a fair and decent compensation, accompanied by any of the proven incentive systems. A blend of motivation and competence in a system of high standards of quality of work lives, would serve to help to achieve constant productivity augmentation and prevention of dysfunctional stress and promotion of overall organizational effectiveness. It is also understood that, the work life is to improve the quality of the personal life, but it also should be imbibed with one's basic values and in return it will reflect in the quality of the living standard- work life as well as personal life.

4.12   SELF ASSESSMENT QUESTIONS

- **Comparsation :** Gary Dessler in his book Human Resource Management defines compensation in these words "Employee compensation refers to all forms of pay going to employees and arising from their employment." The phrase 'all forms of pay' in the definition does not include non-financial benefits, but all the direct and indirect financial compensations.

- **Job Evaluation :** It is the Process of evaluating the relative worth of the jobs in an organisation.

- **Morale :** It is a mental condition or attitude of individuals or group which determine their willingness to coperate.

- **Stress** is a general term applied to various psychologic (mental) and physiologic (bodily) pressures experienced or felt by people throughout their lives.

4.13   SELF ASSESSMENT QUESTIONS

1.   Define compensation management?

    _____

    _____

2.   What are the types of compensation?

    _____

    _____

3.   What are the methods of job evaluation?

    _____

    _____

4.   What is knowledge management?

    _____

    _____

4.14   LESSON END EXERCISE

1.   Define compensation management in detail.

2.   Give in brief the advantages of Human Resource Audit.

4.15   FURTHER READING

- A Framework for Human Resource Management: Desseler Gary

- Human Resource Management: Rao VSP

- Personnel Management: C B Mamoria

INDUSTRIAL RELATIONS

STRUCTURE

5.1 INTRODUCTION

Industrial relations are concerned with the relationship between management and workers and the role of the regulatory mechanism in resolving any industrial dispute. As per Dale Yoder Industrial Relations refers to the relationship between management and employees, or employees and their organization that arise out of employment. Teed and Metcalfe observed Industrial Relations are the composite approach of the attitudes and approaches of the employers and employees towards each other with regard to planning, Supervision, direction and unification of the activities of a set up with less friction and more co-operation with mutual effort for others well-being. The essence of good industrial relation lies in the bringing up of good labour relations which gives a forum to understand each other (employer, employee) properly creates co-operative thinking and working to achieve the goal of the organization. A good Industrial Relations increases the morale of employers and goods them to give their maximum, each think of their mutual interest which paves way for introduction of new methods, developments and leading to adoption of modern technology. This progressive ways when designed with their mutual interest and consent develops many incentive propositions, effective participators forum is created in management. Profit are shared, workers get their dues in the organization leading to job satisfaction which is needed for good relations. Good industrial relation increase production, improves quality of work and products efficiency of workers increased. The relationship between employer and employee or trade unions is called Industrial Relation. Harmonious relationship is necessary for both employers and employees to safeguard the interests of

259

the both the parties of the production. In order to maintain good relationship with the employees, the main functions of every organization should avoid any dispute with them or settle it as early as possible so as to ensure industrial peace and higher productivity. Personnel management is mainly concerned with the human relation in industry because the main theme of personnel management is to get the work done by the human power and it fails in its objectives if good industrial relation is maintained. In other words good Industrial Relation means industrial peace which is necessary for better and higher productions.

OBJECTIVES

After going through this lesson, you will be able to understand:

- meaning, objectives and approaches of industrial relation

- problems of trade unions

- causes of industrial disputes

- settlement of industrial disputes

- forms of workers participation

5.1.1 Meaning and Definition of Industrial Relations

"Industrial strife constituent militant and organized protest against existing industrial conditions, they are symptoms of industrial unrest in the same way that boils are symptoms of disorder of body."

Industrial Dispute Act – 1947

"Industrial Dispute is any dispute or difference between the employees and employers or between employers and workmen or between workmen and workmen, which is concerned with the employment or terms of employment or with the conditions of labour of any person."

The International Labor Organization (ILO) stated that "industrial relations deal with either the relationships between the state and employers' and workers' organizations or the relations between the occupational organizations themselves".

From the various definitions given above, we understand that:

- Industrial relations are an outcome of employer-employee relationship in an organization.

- Industrial relations facilitate harmonious relationships in an organization by setting a   framework for the management and the employees.

- Industrial relations are based on mutual compromise and adjustment, for the benefit of both the parties involved.

- The state and the legal system also have a role to play in the maintenance of a conflict- free industrial environment.

- The different parties in the system with a well-defined role are the management, the employees and the unions.

5.1.2   Characteristics of Industrial Relations

1. Industrial Relation do not emerge in vacuum they are born of employment relationship in an industrial setting. Without the existence of the two parties, i.e. labour and management, this relationship cannot exist. It is the industry, which provides the environment for industrial relations.

2. Industrial Relation are characterised by both conflict and co-operations. This is the basis of adverse relationship. So the focus of Industrial Relation is on the study of the attitudes, relationships, practices and procedure developed by the contending parties to resolve or at least minimize conflicts.

3. As the labour and management do not operate in isolations but are parts of large system, so the study of Industrial Relation also includes vital environment issues like technology of the workplace, country's socio-economic and political environment, nation's labour policy, attitude of trade unions workers and employers.

4. Industrial Relation also involve the study of conditions conductive to the labour, managements co-operations as well as the practices and procedures required to elicit the desired co-operation from both the parties.

5. Industrial Relations also study the laws, rules regulations agreements, awards of

courts, customs and traditions, as well as policy framework laid down by the governments for eliciting co-operations between labour and management. Besides this, it makes an in depth analysis of the interference patterns of the executive and judiciary in the regulations of labour–managements relations. In fact the concepts of Industrial Relations are very broad-based, drawing heavily from a variety of discipline like social sciences, humanities, behavioural sciences, laws etc.

5.1.3 Objectives of Industrial Relation

Following are the important objectives of industrial relation:

1. To safeguard the interest of labour and management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.

2. To avoid industrial conflict or strife and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country.

3. To enhance productivity to a higher level in an era of full employment by lessening the tendency to high turnover and frequency absenteeism.

4. To establish and nurse the growth of an Industrial Democracy based on labour partnership in the sharing of profits and of managerial decisions, so that ban individuals personality may grow its full stature for the benefit of the industry and of the country as well.

5. To eliminate, as far as is possible and practicable, strikes, lockouts and gheraos by providing reasonable wages, improved living and working conditions, said fringe benefits.

6. To establish government control of such plants and units as are running at a loss or in which productions has to be regulated in the public interest.

7. Improvements in the economic conditions of workers in the existing state of industrial managements and political government.

8. Control exercised by the state over industrial undertaking with a view to regulating

production and promoting harmonious industrial relations.

9. Socialisations or rationalization of industries by making the state itself a major employer.

10. Vesting of a proprietary interest of the workers in the industries in which they are employed.

5.1.4 Approaches to Industrial Relations

Though there are different approaches to industrial relations, the basics of management of good relations remain the same across all the approaches. These different approaches help in viewing industrial relations from different perspectives. The different approaches to industrial relations are:

- **Psychological approach**

- **Sociological approach**

- **Human relations approach**

- **Socio-ethical approach**

- **Gandhian approach**

- **Systems approach**

1. **Psychological Approach:** According to this approach, most of the problems in industrial relations arise because of the differing perceptions and attitude of the management and the workers. The perception of both parties (workers and managers) regarding a particular aspect varies and as a result, some minute issues aggravate into major problems. The different personalities and strained inter-group and interpersonal relationships add fuel to the fire and increase the disharmony in the system.

2. **Sociological Approach:** This approach considers the industry as a social system. The work behavior of individuals is closely influenced by social factors that impact an individual's life in society. These differences among individuals, a result of their social upbringing and association, create conflict and competition among the members of an industrial society.

3. **Human Relations Approach:** This approach holds that the handling of human resources is different from handling material, physical or financial resources. It lays emphasis on the human aspect and the way human feelings influence the work relations and behaviour of employees in the organization.

4. **Socio-Ethical Approach:** This approach states that industrial relations apart from having sociological ramifications, also has an ethical base. Hence the workers and the management should work in mutual cooperation and realize their moral responsibility towards the organizational objectives. Understanding each other's problems and constraints can help in resolving conflicts peacefully.

5. **Gandhian Approach:** According to this approach, industrial problems should be solved peacefully using non-violent methods. In the same way, problems in the industry should be solved through satyagrahas and non-violence rather than resorting to violent deeds and crimes.

6. **Systems Approach:** The basic elements of the system approach are the participants, environmental forces and the output. There are three aspects major participants namely, the workers, the management and their representatives. The interaction between these three results in significant strata that are referred to a subsystem of an industrial relations system.

   Parties to Industrial Relations: The major parties to IR are the employees, employee representatives, employers, associations of employers, government and courts and tribunals.

   Employees: The employees are the pillars on which the organization is built. They are the chief contributors to the organizational objectives, and are the organization's most valuable resource. To maintain harmonious industrial relations, employees have to be satisfied with the organization, its policies and procedures and their jobs.

   Employers and their Associations: The employers or their association should act as the part of the support system alike the labour unions so that the organization can achieve the unique capabilities to undertake pro-active activities for the future.

Trade Unions: Trade unions constitute the employee representative bodies in an organization. Trade unions enjoy power and status based on the support of the employees. Their power is used as a weapon in regarding the organization's industrial environment and having their demands accepted by the management. These demands usually relate to increase in wages, improvement in working conditions, and additional benefits and welfare measures. In some cases, trade unions also have a political affiliation, which adds to their power.

The Management: The management plays a critical role in the industrial relations of an organization. Management policies can help in maintaining high employee morale and in preventing industrial conflicts and disputes.

The Government: The government has a limited role to play in industrial relations. It provides a basic framework within which the management, the trade unions and the employees are expected to work for the common good of the organization. The government comes into the picture only when the three players fail to do this and is unable to sort out their differences. The government then intervenes as a mediator through the process of conciliation, arbitrator and adjudication.

5.2   MEANING AND DEFINITION OF TRADE UNIONS

It is a well known fact that in every industrial community there are two distinct classes the employees and the Employers, without whom production at a large scale is not possible. Both these parties usually have contradictory motives, which creates many problems. Over the ages, the teeming millions which constituted a sizeable chunk of industrial society have struggled hard to achieve a greater measure of protection against inhuman treatment meted out to them by employers. They have learned to make themselves secure against ills over which they believed to have little control. In fact individually the labourers can do little to bring about the kind of reforms they believe desirable. They are effective only if they act in united ways. Trade unions constitute the employee representative bodies in an organization. Trade unions enjoy power and status based on the support of the employees. Their power is used as a weapon in regarding the organization's industrial environment and having their demands accepted by the management. These demands usually relate to increase in wages, improvement in working conditions, and additional

benefits and welfare measures. In some cases, trade unions also have a political affiliation, which adds to their power.

The trade union is an association, either of employees or employers or of independent workers. It is a relatively permanent combination of workers and is not temporary or casual. It is an association of workers engaged in securing economic benefits for its members.

"A trade Union is the continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives." **(Webb)**

According to Section 2(h) of Indian Trade Union Act, "Trade union is an combination whether temporary or permanent formed primarily for the purpose of regulating the relation between workmen & employers workers & workers or between employers & employers or for imposing restrictive conditions or conduct of any trade or business and include any federation of two or more trade unions."

It seems that this definition is very wide in which association of employers is also included but generally trade unions are referred to association of workers. Hence, we can say that trade unions are continuous associations of wage earners for maintaining and improving the condition of workers life, better health and status in the industry and as well as in society.

5.2.1 Nature and Characteristics of a Trade Union

The employer's association or professional bodies were not included in any of the above definitions. The employee's unions are different from that of the employers or professional bodies. The employee's unions are primarily concerned with the terms and conditions of employment of their members. The employer's associations on the other hand are concerned among other things with influencing the terms of purchase of services in favour of their members. Hence, the two should not be placed in one category. The associations of professional members also differ fundamentally from employees unions. Professional associations include self employed as well as the employees where as trade unions consist only of the people who are employed by others. In India the term Trade Union refers besides employee's organizations to employers association also. Similarly in Britain, even the associations of professional people such as Artists Federation of Musicians Unions are also recognized as Trade Unions.

Thus trade unions are a major component of the modern industrial relation system. A trade union of workers is an organization formed by workers to protect their interests. i.e. improve their working conditions etc. All trade unions have objectives or goals to achieve, which are contained in their constitution and each has its own strategy to reach those goals.

Trade Unions are now considered a sub-system which seeks to serve the specific sub-groups interest and also considers itself a part of the organization, in terms of the latter's viability and contribution to the growth of the community of which it is a part. The characteristics of trade unions are:

1. **Association of Employees**: A trade union is essentially an association of employees belonging to a particular class of employment, profession, trade or industry. For example, there are unions for teachers, doctors, film, artistes, weavers, mine workers and so on.

2. **Voluntary Association:** An employee joins the trade union out of his free will. A person cannot be compelled to join a union.

3. **Permanent Body:** A trade union is usually a permanent body. Members may come and go but the trade union remains.

4. **Common Interest:** The member of a trade union have certain matters of common interest-job security, better pay and working conditions and so on, which bring them together.

5. **Collective Action:** Even when an individual employee has any grievance over certain management decisions, the matter is sorted out by the intervention of the trade union. Employees are able to initiate collective actions to solve any problem, concerning any particular employee or all the employees.

6. **Rapport with the Management:** The trade union seeks to improve relations between the employees and employers. The officials of the trade union hold talks with the members of the management concerning the problems of the employees in order to find an amicable solution. It is thus possible for the employees to have better rapport with the management.

7. **Association of Employers:** Employers can also constitute trade union. Alike the employee union to employers' union too ensures advantage for its members. At the time of negotiation and arbitration, employers' union plays a vital role.

8. **State Agency:** Neither the employee nor the employers unions are the agents of the State. Either of the unions is only being governed by the Trade Union Act, 1926.

5.2.2 Types of Trade Union:

Trade unions may be classified in various ways:

- **Business Unions:** It is that emphasis upon the economic advantages to be bargained through collective action and thus aim at improving the wages, working hours and conditions of workers and similar other objectives largely through the process of collective bargaining.

- **Predatory Unions:** It is that serve as a means for the enrichment of its leaders who pay only secondary attention to the advancement of interests of members. Its distinctive characteristic is the ruthless pursuit of the target by whatever means deemed appropriate at the time regardless of ethical or legal codes or effect upon those outside its own membership. Such a union may employ any of the business, friendly, revolutionary or violent methods for the achievement of its objectives.

- **Dependant or Company Unions:** These are unions that rely upon the support of the employer or company management or the other large groups and hence they are likely to pay secondary importance to the interests of members.

- **Friendly unions:** These are unions which are idealistic, conservative and law abiding and they mainly aspire to elevate the moral, intellectual and social life of workers to improve the conditions under which they work, to raise their material standard of living and provide them security against unemployment, accident, disease or old age. They depend upon the process of collective bargaining for the attainment of their objectives.

- **Revolutionary unions:** These are unions that are extremely radical both in view-point and action. They are class conscious and tend to repudiate the existing

institutional order, especially individual ownership of productive means and the wage systems. They are strongly inclined towards strike and violence and look upon unionism and socialism as the two wings of the labour movement.

Another viewpoint classifies trade unions into following categories:

- **Craft Unions:** Crafts unions are the simplest form of trade unionism. They are usually formed of workers with the same craft, training and specialization, no matter in what industry or trade they are employed.

- **General labour unions**: General labour union aim at becoming all embracing organizations accepting as a new member practically any wage earner whatever the place or character of his work or whatever his industrial qualifications may be.

- **Industrial unions**: Industrial unions organize workers belonging to an industry or a group of related industries or service.

- **Federations of trade unions**: These are combination of various unions for the purpose of gaining strength and solidarity. Such federations may be local, regional or state-wise national and international.

    Unions affiliated with the federation are described as affiliated unions and those, which are unaffiliated, are known as independent unions.

5.3   INDUSTRIAL DISPUTES

An industrial dispute means any dispute or difference between employers and employers or employers and workmen or between workmen and workmen, which is connected with employment or non-employment or terms of employment or conditions of labour, of any person. Every human being (say, a worker) has certain needs. E.g., economic needs, social needs and needs for security. When these needs do not get satisfied, there arises a conflict between labour and capital. A conflict means a struggle or clash between the interests of the employer and the workers. When an industrial conflict (which otherwise is general in nature) acquires a concrete and specific display or revelation, it becomes an "industrial dispute". A conflict takes the shape of Industrial Dispute as soon as the issues of controversy are submitted to the employer for negotiations.

Industrial disputes are conflicts, disorder or unrest arising between workers and employers on any ground. Such disputes finally result in strikes, lockouts and mass refusal of employees to work in the organization until the dispute is resolved. So it can be concluded that Industrial Disputes harm both parties employees and employers and are always against the interest of both employees and the employers.

As per Patterson, "Industrial strife constituent militant and organized protest against existing industrial conditions, they are symptoms of industrial unrest in the same way that boils are symptoms of disorder of body."

Industrial Dispute Act – 1947 defines Industrial Disputes, "Industrial Dispute is any dispute or difference between the employees and employers or between employers and workmen or between workmen and workmen, which is concerned with the employment or terms of employment or with the conditions of labour of any person."

5.3.1 Causes of Industrial Disputes

Some of the common causes of Industrial disputes have been listed below:

Psychological Causes

- Difficulty in adjusting with each other (i.e., employer and worker)

- Clash of personalities

- Authoritarian Leadership (administration)

- Demand for self-respect and recognition by workers.

- Strict discipline

Institutional Causes

- Non recognition of the labour union by the management.

- Matters of collective bargaining.

- Unfair conditions and practices.

- Pressures workers, not to become members of union, etc.

Economic Causes

   i)   Terms and conditions of employment

- more hours of work

- Working in night shifts

- Promotion, layoff, retrenchment, dismissal, etc.

   ii)   Workers conditions

- Environmental conditions such as too hot, too cold, noisy, dirty, messy, etc

- Improper plant and workstation layout

- Old and trouble giving machines

- Frequent changes in products, etc

   iii)   Wages and other benefits

- Inadequate wages

- Undesired deduction from wages

- Poor fringe benefits

- No bonus or other incentives, etc.

Denial of legal and other rights of workers

Not proceeding as per labour laws and regulations, standing orders, etc

Violation of already made mutual agreements (i.e. between employer and workers)

Other Causes:

1. Close mindedness of employers and employees; one thinks to extract maximum work with minimum remuneration, other thinks to avoid work and get more enhancements in pay and wages.

2. Irrational wage, wage system and structure not mutually acceptable.

3. Poor working environment, low presence of safety, hygiene conditions and vitiated atmosphere for smooth working.

4. Meagre human relations and lack of skillfulness on the part of management personnel.

5. Lack of control over the situations, erosion of discipline which rebounds on the performances of the workers and the industry as a whole.

6. Introduction of new technology, automation, mechanization, computerization etc. without proper consultations with the workers [Preparations and discussions with the workers are the essential parts that create friendly work climate].

7. Nepotism, unequal workloads, disproportionate wage and responsibilities.

8. Adoption of unfair labour practices either by the employers or by the employees and unions.

9. Unjustifiable profit sharing and disregarding workers as co-shares of the gains of the industry.

10. Frequent union rivalries over membership and foisting up of fake unions.

11. Strikes, lock out, lay off, and resulting retrenchment due to high handedness on the part of the concerned parties.

12. Throwing away the agreements and arrived settlements.

13. Militancy of the unions

14. Partitioned attitude of the government

15. Vested interests of the political parties who may indirectly control some the unions for their own gains or to get a hold on the industry.

5.3.2 Settlement of Industrial Disputes:

To resolve industrial disputes, a number of approaches come on the surface. These approaches constitute those machineries that are used to settle industrial disputes and ensure healthy relations within industries.

i.   Voluntary in Built Approaches

ii.   Approaches based on conciliation [Conciliation Machineries]

iii.   Mediators / Arbitrators approach [Arbitration Machinery]

iv.   Approach based on Adjudication [Adjudication Machineries]

i. Voluntary in Built Approaches: These approaches basically revolve around workers' participation in management. These are

1.   Joint management councils

*   Help to promote productivity and general benefits of both management and workers

*   Give employees a better understanding in the working of industry and of the process of production.

*   Satisfy the workers' urges for self expressions and thus lead to better industrial relations.

2.   Workers' participation in management In 1972 workers' participation in industry was highlighted. It was encouraged to create awareness among the workers about the objectives of the organisation and action plans to accomplish the same. It was contemplated that the scheme should be operative both at the shop floor and at plant levels in all public sector undertakings.

3.   Collective Bargaining Here representatives of workers and management discuss and bargain their necessities under win-lose or win-win conditions. The process of bargaining takes place to settle issues related to wage, financial matters, working conditions etc.

ii.   Approaches based on Conciliation [Conciliation Machineries]

The statutory conciliation machineries are

1. Works Committee

2. Conciliation officers

3. Board of conciliation

4. Courts of Inquiry

273

1. **Works Committee:** It is the committee formed by the representatives of workers and the employers at workshop level. Equal number of representatives both from the employers and the workers constitute this committee. The works committee's duty is to promote measures for securing and preserving amity and good relations between employers and the workers. It tries to resolve problems, arising out of the matter of common interests or concerns. The committee endeavours to compose any material differences of opinion with respect to such items that project the common interests of both the parties. The main function is to endorse measures for defending and protecting harmony and good relations and for this purpose take steps that ensures adjustments between employers and workers so that situation many not turn into industrial dispute.

2. **Conciliation Officer:** It is a recognised process of settling mutual conflict between individuals and groups. Conciliation officer can call for documents and summon witnesses. He or she tries for the settlement through conciliation proceedings. The conciliation officer will hold conciliation proceedings. He or she will be assisted by the employers and the employees (He or she cannot adjudicate) to arrive at a fair and just settlement. He or she is to play the role of an advisor and friend of both the parties. He or she investigates and induces the parties to come to fair and amicable settlements. If no settlement is reached then he or she will submit the detailed report to the government.

3. **Boards of Conciliation:** Certain disputes (where the conciliation officer fails) may be referred to the Board. The Board shall consist of a chairman and 2 or 4 other members. It shall investigate the dispute and try for a right settlement. The Board has the powers of a civil court. The Board shall send a report and memorandum of settlement to the suitable government.

4. **Courts of Inquiry:** The right government may by notification in the Official Gazette form a Court of Inquiry for investigating either the issues related with conditions of employment or any relevant matters of industrial disputes. The Court consists of at least 1 person who shall be the chairman or 2 or more members may be included. In that case 1 of them shall be appointed as the chairman. The court has the power to enter the premises and enjoy the power of Civil Court.

iii. **Mediators / Arbitrators approach [Arbitration Machinery]**

In arbitration both the parties seek the help of a third knowledgeable party for a decision. Arbitrators are chosen by both parties with consensus. This is voluntary arbitration. If there is disagreement to get a consensus candidate, court may order for an arbitrator who is to be accepted by the parties. The arbitrator enjoys the power of Civil Court.

iv. **Approach based on Adjudication [Adjudication Machineries]**

1. **Labour court**

2. **Industrial Tribunal**

3. **National Tribunal**

1. **Labour Court:** It is one of the adjudicating machineries. It consists of one person, appointed as presiding officer of labour court. It provides machinery for investigation and settlement of industrial disputes. It makes provisions for constitution of a adjudication machinery besides the authorities of investigation and settlement of industrial disputes. Normally labour court adjudicates the matters that are specified in the Second Schedule of the I.D. Act, 1947. It passes award within the reasonable period as prescribed by the Act. Labour court's proceedings are the judicial proceedings. It is deemed to be a civil court and its award is binding upon the parties.

2. **Industrial Tribunal:** One or more industrial Tribunals may be formed by the appropriate government as per the needs. Government by notifying in the Official Gazette may constitute the Industrial Tribunal that adjudicates the matters as specified in the Second Schedule or the Third Schedule of the ID Act It is formed for a limited period. A person shall be appointed as the presiding officer if and only if he or she meets the prescribed qualifications as specified in the Act. It enjoys powers alike the Labour Court. In addition it can appoint the assessors and can award cost to the deserving party or parties as the case may be. Matters of the **Third Schedule** that Industrial Tribunal deals within the scope of the disputes are many. Some of these, under employee wage and benefits, are mentioned here for the purpose getting an idea. These contain:

a. Wages, including the period and mode of payment,

b. Compensatory and other allowances,

c. Hours of work and rest intervals,

d. Leave with wages and other holidays,

e. Bonus, profit sharing, P.F. and gratuity.

3. **National Tribunal:** The opinion of the Central Government is the essential requirement for the formation of National Tribunal. If at any time the Central Government thinks that industrial disputes bear the National importance(s) or industrial establishments across the country may be interested then the same by making appropriate Gazette notification constitutes one or more National Tribunals to adjudicate the related matter or set of matters. The Central Government appoints one person only in the said Tribunal after the fulfilment of the prescribed qualifications as per the Act. The duties and powers of this Tribunal are more or less similar to Industrial Tribunal and Labour Court. However jurisdictions of the Labour Court and Industrial Tribunal are likely to be ceased on the occasion of the references of disputes to the National Tribunal. The order, award or settlement of the National Tribunal are binding upon the parties concerned and are considered to be the decree of the Civil Court.

5.4 COLLECTIVE BARGAINING

Collective bargaining takes place when a number of work people enter into a negotiation as a bargaining unit with an employer or group of employers with the object of reaching an agreement on the conditions of the employment of the work people.

Collective Bargaining is a process in which representatives of two groups (employers and employees) meet and try to negotiate an agreement which specifies the nature of future relationship (pertaining to employment) between the two. Collective bargaining is a bipartite mechanism where union on behalf of the employee and management on behalf of the employers sit together to initiate a process whereby both the parties attempt to agree on something the first party cares in exchange of some other thing the second party concerns about. Usually in industry the collective bargaining moves around employment conditions and HR policy-centric matters to wage and compensation linked issues. Thereby, collective

bargaining establishes some kind of relation between employees' union and the employers where both the parties try to settle the dispute through amicable negotiation. A dispute is a very natural because under such condition one party thinks that other is going to affect the interests of the same. Collective bargaining is a state of affairs that resolves the differences between the employers and the employees relating to indispensable issues of employment provisions and through face to face interactions of the representatives of the workers and the employers within the process of bargaining, both the parties try to settle up the disparities, amicably, with the avoidance of mutually incompatible interests as far as possible (Yoder, 1975).

Collective bargaining is probably the most effective method of resolving industrial disputes. It occurs when representatives of a labour union meet management representatives to determine employee's wages and benefits, to create or revise work rules, and to resolve disputes or violations of the labour contract.

The bargaining is collective in the sense that the chosen representative of the employees (i.e. the union) acts as a bargaining agent for all the employees in carrying out negotiations and dealings with the management.

5.4.1 Features of Collective Bargaining

Randle observes: "A tree is known by its fruit. Collective bargaining may best be known by its characteristics."

The main characteristics of collective bargaining are:

1. It is a group action as opposed to individual action and is initiated through the representatives of workers. On the management side are its delegates at the bargaining table; on the side of workers is their trade union, which may represent local plant, the industry membership or nation-wide membership.

2. It is flexible and mobile, and not fixed or static. It has fluidity and ample scope for a compromise, for a mutual give-and-take before the final agreement is reached or the final settlement is arrived at.

3. It is a bi-partite process. The employers and the employees are the only parties

involved in the bargaining process. There is no third party intervention. The conditions of employment are regulated by those directly concerned.

4. It is a continuous process which provides a mechanism for continuing and organized relationships between management and trade unions. "The heart of collective bargaining is the process for a continuing joint consideration and adjustment of plant problems."

5. It is industrial democracy at work. Industrial democracy is the governance of labour with the consent of the governed workers. The principle of arbitrary unilateralism has given way to that of self government in industry. Collective bargaining is not a mere signing of an agreement granting seniority, vacations and wage increases. It is not a mere sitting around a table, discussing grievances. Basically, it is democratic: it is a joint formulation of company policy on all matters which directly affect the workers.

6. Collective bargaining is not competitive process but is essentially a complementary process, i.e. each party needs something that the other party has, namely, labour can make a greater productive effort and management has the capacity to pay for the effort and to organize and guide it for achieving its objectives.

In the words of Davey: "Collective bargaining is a complex process. It involves psychology, politics and power of the work group. It frequently involves a contest between sovereign institutional entities whose survival requirements are, in some instances related and in other instances, independent of, or in conflict with, one another."

5.4.2 Pre-requisites for Collective Bargaining

1. There should be careful selection of negotiation teams and issues. The team should have a mixed composition, including productions finance and IR experts. It should be headed by personnel and industrial relations specialists of sufficient seniority, who has adequate authority to commit the enterprise and take decisions, without frequent referrals to top management. For instance, many organizations have a vice-president personnel or director-personnel heading the team with a brief to commit the organization up to a certain amount which can be spread out depending on the negotiating depending on the negotiating situation based on union demands.

278

2. It is important for the management to recognize the union and to bargain in more good faith, in unionised situations. This can put pressure on the union to formulate plans and demands in a systematic way. Strong unions and progressive managements can help create an atmosphere of mutual confidence.

3. The negotiating teams should have open minds, to listen and appreciate the other's concern and point of view and also show flexibility in making adjustments to the demands made.

4. The need to study adequately or do 'homework' on the demands presented, i.e. to gather data on wages and welfare benefits in similar industries in the geographical area.

5. Both the management and union should be able to identify grievances, safety and hygiene problems on a routine basis and take appropriate remedial steps.

6. Trade unions should encourage internal union democracy and have periodic consultations with the rank and file members.

7. Trade unions should show their equal concern regarding both quantity of work output as agreed upon and quality of work. They should show their full commitment towards the viability of the firm and its products/services. Periodic discussions may be necessary between the management and the unions to interpret the provisions of the contract and clarify doubts.

5.4.3 Process of Collective Bargaining

The process of collective bargaining involves six major steps:

1. **Preparing for negotiations**

2. **Identifying bargaining issues**

3. **Negotiation**

4. **Reaching the agreement**

5. **Ratifying the agreement**

6. **Administration of the agreement**

- **Preparing for Negotiation** : Careful advance preparations by employers and employees are necessary because of the complexity of the issue and broad range of topics to be discussed during negotiations. Effective bargaining means presenting an orderly and factual case to each side.

- **Identifying Bargaining issues** : The major issues discussed in collective bargaining fall under the following four categories:

- **Wage related issues :** These include such topics as how basic wage rates are determined, cost of living adjustments, wage differentials, overtime, wage adjustments and the like.

- **Supplementary Economic benefits:** These include such issues as pension plans, paid vacations, paid holidays, health insurance plans, retrenchment pay, unemployment pension, and the like. **Institutional Issues:** These consist of the rights and duties of employers, employees, unions, employee's stock ownership schemes and QWL programmes.

- **Administrative Issues:** These include such issues as seniority, employee discipline and discharge procedures, employee health and safety, technological changes, work rules, job security, training and the like.

- **Negotiating** : Preparations having been made and issues been identified, the next logical step in the collective bargaining process is negotiation. The negotiation phase begins with each side presenting its initial demands. The negotiation goes on for days until the final agreement is reached.

- **Settlement and Contract Agreement** : After an initial agreement has been made, the two sides usually return to their respective constituencies to determine whether what they have informally agreed upon is acceptable.

  In this stage, the union-negotiating team explains and puts the agreement to the union members for a vote. If voted, this agreement is formalized into a contract. It is important that the contract must be clear and precise.

- **Administration of the Agreement :** The agreement must be implemented according to the letter and spirit of the provisions of the agreement. Faulty

implementation or violation of any provision leads to disputes. The HR must play crucial role in the day to day administration of the contract. He or she advises on matters of discipline and works to resolve grievances arising out of the agreement.

5.5   WORKERS' PARTICIPATION IN MANAGEMENT

The concept of workers' participation in management is a broad and complex one. Depending on the socio-political environment and cultural conditions, the scope and content of participation may change. Various terms have come to be used to denote different forms and degree of participation.

For example, joint consultation, labour-management cooperation, co-determination, joint decision making, workers' participation in industry and workers' participation in management. These terms or their variants have been interpreted and explained differently. In any case, a common thread running through all interpretations is the idea of associating employees in managerial decision- making.

The International Institute for Labour Studies defined WPM as "the participation resulting from practices which increase the scope for employee's share of influence in decision making at different tiers of organizational hierarchy with concomitant assumption of responsibility".

5.5.1   Objectives of Workers' Participation in Management:

The main objectives of workers'participation in management include:

i.   To promote increased productivity for the advantage of the organization, workers and society at large;

ii.   To provide a better understanding to employees about their role and place in the process of attainment of organizational goals;

iii.   To satisfy the workers'social and esteem needs; and

iv.   To strengthen labour management co-operation and thus maintaining industrial peace and harmony.

v.   To develop social education for effective solidarity among the working community and for tapping latent human resources.

vi.   An ideological point of view to develop self-management in industry.

vii.   An instrument for improving efficiency of the company and establishing harmonious industrial relations.

viii.   To build the most dynamic human resource.

ix.   To build the nation through entrepreneurship and economic development.

x.   To improve the quality of working life by allowing the workers greater influence and involvement in work and the satisfaction obtained from work.

xi.   Development of human personality

xii.   Development of leader from within the industry.

xiii.   Development of working class.

xiv.   Creation of a just egalitarian society.

xv.   Facilitate self-development of worker.

5.5.2   Forms of Employee Participation

Worker participation is a situation where workers are involved in some way with decision-making in a business organization. Worker participation can take many forms. There might be a Consultative Council in the Company, where trade unions and management meet regularly to discuss points of mutual interest. Workers can be organized in quality circles and meet regularly in small groups to discuss ways in which their work could be better organized.

Marchington (1995) has identified five forms of employee participation:

1.   **Downward communications**

Downward communications (team briefing and meetings) take place from managers to employees in order to inform and 'educate' staff so that they accept management plans.

2.   **Upward problem solving**

Upward problem solving is designed to tap into employee knowledge and opinion,

282

either at an individual level or in small groups. The aims are to increase the stock of ideas in an organization, to encourage cooperative relationship at work, and to legitimize change. Attitude surveys, quality circles, suggestion schemes and, total quality management/customer care committees come into this category.

3. **Task participation**

Task participation and job redesign processes engage employees in extending the range and type of tasks they undertake. Approaches to job design, such as horizontal job redesign (extending the range of tasks undertaken at the same level) job enrichment, vertical role integration (taking greater responsibility for supervisory duties) and team working (where the team organizes its own work so that it becomes 'self managed') may be used.

4. **Consultation and representative participation**

Consultation and representative participation enables employees take part through their representatives in management decision-making. One of the aims of management in encouraging this form of participation is to use it as a safety valve - an alternative to formal disputes - by means of which more deep-seated employee grievances can be addressed. Joint Consultative Committees and the appointment of worker directors falls into this category;

5. **Financial involvement/participation**

Financial involvement or participation takes the form of such schemes as profit sharing and employee share ownership. Some companies also use gain sharing as a means of involvement. The general purpose of Financial Participation is to enhance employee commitment to the organization by linking the performance of the firm to that of employee. Employee is more likely to be positively motivated as he or she has a financial stake in the company by having a share of profit or by being a shareholder.

a) **Co-ownership**

In this scheme, the workers are involved in management by making them shareholders of the Company. Thus, workers share the capital as well as profit. This may be done by inducing them to buy equity shares. The management may

283

promote the scheme by allowing the worker to make payment in installments. It may also advance loans or even give financial assistance to such workers to enable them to buy equity share. Workers may also be allowed to leave their bonus with the Company as shares (bonus shares). Participation through ownership has the distinct advantage of making the worker committed to the job and to the organization. It also offers recognition of the claim of the dignity of labour as the worker is viewed as partner in the business. This would, in turn, create a sense of belongingness among workers and stimulate them to contribute their best for the continued progress of the Company.

b) **Workers' Participation in Management. Productivity Bargaining**

In this scheme workers' wage & benefits are linked to productivity. Information on Company performance is provided to employees as part of the scheme and they are encouraged to discuss with their managers or team leaders the reasons for success or failure and methods of improving performance. A standard productivity index is finalized through negotiations initially. Workers do not have to perform at exceptionally high levels to beat the index. If they are able to exceed the standard productivity norms, they will get substantial benefits. The aim of such schemes is to educate employees and gain their commitment. Without such agreement, workers may not realize the importance of raising productivity for organizational survival and growth.

c) **Gain sharing**

A form of contingent compensation where owners and employees share in productivity gains, as an incentive for improvement. Gains are determined by agreed-upon measures of organizational performance. Gain sharing typically provides for a long term distribution to manufacturing or similar units of a set percentage of the costs saved through the often substantial revamping of production processes. Gain sharing programs encourage teams within a firm to solve fundamental problems within their specific area of expertise.

1. **Works Committees**

The Industrial Disputes Act, 1947, provides for the setting up of bipartite Works

Committees as a scheme of workers participation in management, which consists of representatives of employers and employees. The Act provides for these bodies in every undertaking employing 100 or more workmen. The aim of setting up of these bodies is to promote measures for maintaining harmoniums relations in the work place and to sort out differences of opinion in respect of matters of common interest to employers and employee. The Bombay Industrial Relations Act, 1946, also provides for these bodies, but under the provisions of this Act they can be set up only in units that have a recognized union and they are called Joint Committees. The workers directly elect their representatives where there is a union.

- **Functions**

  The Works Committees /Joint Committees are consultative bodies. Their functions include:

1. Discussion of conditions of work like lighting, ventilation, temperature, sanitation, etc.,

2. Discussion of amenities like water supply for drinking purposes, provision of canteens, medical services, safe working conditions, administration of welfare funds, educational and recreational activities.

3. Encouragement of thrift and savings.

4. It promote measures for securing and preserving amity and good relations between the employers and workmen and to comment upon matters of their common interest or concern and endeavour to reconcile any material difference of opinion in respect of such matters.

- **Structure**

  The Works Committees have, as office bearers, a President, a Vice- President, a Secretary and a Joint Secretary. The President is a nominee of the employer and the Vice-President is the workers' representative. The tenure of these bodies is two years. The total strength of these bodies should not exceed 20. The employees' representatives have to be chosen by the employees.

- **Joint Management Councils/Committee (JMCs)**

  The Second Five-year Plan recommended the setting up of Joint Councils of Management consisting of representatives of workers and management. The Government of India deputed a study group (1957) to study the schemes of workers' participation in management in countries like UK, France, Belgium and Yugoslavia. The Indian Labour Conference (ILC) considered the report of the study group in its 15th session in 1957 and it made certain recommendations:

  (i) Workers' participation in management schemes should be set up in selected undertakings on a voluntary basis.

  (ii) A sub-committee consisting of representatives of employers, workers and government should be set up for considering the details of workers' participation in management schemes. This committee should select the undertakings where workers' participation in management schemes would be introduced on an experimental basis.

- **Objectives**

  The objectives of JMCs are as follows:

  (i) To increase the association of employers and employee there by promoting cordial industrial relations;

  (ii) To improve the operational efficiency of the workers;

  (iii) To provide welfare facilities to them;

  (iv) To educate workers so that they are well prepared to participate in these schemes; and

  (v) To satisfy the psychological needs of workers.

  A tripartite sub-committee was set up as per the recommendations of Indian Labour Conference, which laid down certain criteria for selection of enterprises where the JMCs could be introduced. They are:

  (i) The unit must have 500 or more employees;

(ii) It should have a fair record of industrial relations;

(iii) It should have a well organise trade union;

(iv) The management and the workers should agree to establish JMCs;

(v) Employers (in case of private sector) should be members of the leading Employers' organisation; and

(vi) Trade unions should be affiliated to one of the central federations.

It was observed by the sub-committee that if the workers and employers mutually agree they could set up JMCs even if these conditions are not met. The sub-committee also made recommendations regarding their composition, procedure for nominating workers representatives, the membership of JMCs etc. The details of these aspects have to be worked out by the parties themselves. A draft model was drawn up regarding the establishment of JMCs. This sub-committee was later reconstituted as the "Committee on Labour- Management Co-operation" to advise on all matters pertaining to the scheme.

Board Level Participation (1970)

Following the recommendations of Administrative Reforms Commission, the Government has accepted that representatives of workers be taken on the Board of Directors of public sector undertakings. It was introduced in Hindustan Antibiotics Ltd, Hindustan Organic Chemicals Ltd, National Coal Mines Development Corporation, BHEL, National Textile Mills, Newsprint and Paper Mills, etc. The worker Director was supposed to be elected by all the workers of the company through secret ballot. After the nationalization of banks, the government advised all nationalized banks to appoint employee directors to their boards – one representing employees and the other representing officers – having a tenure of 3 years. The scheme required verification of trade union membership, identification of the representative union and the selection of a worker director who is chosen out of a panel of three names furnished to the government by the representative union within a prescribed period. In some of the banks, the scheme could not be introduced smoothly after 1971 owing to difficulties in verifying union membership figures. A study of the scheme in the nationalised banks by the National Labour Institute has indicated that it has failed in promoting cordial relations between labour and management.

Shop and Join Councils

The 1975 scheme has come into existence after the emergency was declared in June 1975. It had envisaged the setting up of Shop Councils at the shop/ departmental level and Joint Councils at the enterprise level. These were to be introduced in manufacturing and mining units employing 500 or more workers – whether in public, private or cooperative sector. The actual number of Shop Councils in an enterprise was to be decided by the employer after consultations with the recognised union/ workers. The chosen workers' representatives must be actually working in the shop or department concerned .The Chairman of the council will be elected by management and the Vice-Chairman by the workers' representatives. The Council shall function for 2 years and will meet regularly to discuss matters relating to safety, discipline, physical working conditions, welfare measures, productivity norms and targets, absenteeism, flow of communication etc. The Joint Council, having tenure of two years, shall be constituted for the whole enterprise consisting of representatives of both the management and the labour. The chief executive shall be the Chairman of the council and the representatives of workers shall nominate the Vice-President. The Council will meet once in a quarter to discuss matters which remain unsolved by shop councils including: schedules of working hours, holidays, optimum use of materials, productivity standards, training facilities to develop skills of workers, awards to workers for creative suggestions, general health, safety and welfare of workers, etc.

Apart from manufacturing and mining units, commercial and service organisations (such as railways, hospitals, P&T, state electricity boards) were also covered in the 1977 scheme. Both the schemes evoked considerable interest and were introduced with a lot of enthusiasm, covering a wide spectrum of public and private sector units. However, after the emergency was lifted, most of the councils became defunct. Several operational problems surfaced from time to time, including:

(a) Inadequate sharing of information,

(b) Absence of a participative culture,

(c) Indifferent attitude of management,

(d) Lack of interest on the part of workers,

(e)   Failure to clarify the norms for the nominations of representatives,

(f)   Absence of a single union interested in a bipartite consultative process etc.

Adding Article 43A in the Indian Constitution

In view of the growing acceptance of the importance of workers' participation in management for increasing productivity, maintaining industrial peace and accelerating the pace of economic development, Article 43A was inserted in the Indian Constitution under the Directive Principles of the State Policy in 1977. The Article provides that the State shall take steps, by suitable legislation or any other way, to secure the participation of workers in the management of undertakings, establishments or other organizations engaged in any industry.

The New Scheme (1984)

A new scheme of workers' participation in management was prepared and notified in 1984 after reviewing the progress of various schemes in industry. It was applicable to all central public sector enterprises. It was decided that workers would be allowed to participate at the shop level, then plant level and the board level. The mode of representation of workers' representatives was to be determined by consultations with the concerned unions. A wide range of work related issues (personnel, welfare, plant, operations, financial matters, etc.) were brought within the ambit of the councils. The Ministry of Labour constituted a tripartite committee to review the working of the scheme and to suggest corrective measures.

Participation of Workers in Management Bill, 1990

The Participation of workers in Management Bill was introduced in the Rajya Sabha on 30th May 1990. This Bill had been referred to the Parliamentary Standing Committee on Labour and Welfare. This Bill is still under consideration of the Standing Committee. The bill aims at providing participation of workers in management at shop floor level, establishment level and board of management level.

I.   **Shop floor council (plant level)**

Except for industries having one shop floor, all other industries are required to have shop floor council in accordance with the rules.

- **Functions:** It carries out functions specified in Schedule I of the Bill which include:

(i)   Production facilities

(ii)   Storage facilities

(iii) Materials economy

(iv) Operational problems

(v)   Wastage control

(vi) Hazard and safety problems

(vii) Quality improvement

(viii) Cleanliness

(ix) Monthly targets and production schedule

(x)   Cost reduction programme

(xi) Formation & implementation of work systems

(xii) Design group working

(xiii) Welfare measures.

II.   Establishment council

Every industry is required to set up an establishment council at establishment level.

- **Functions:** An establishment council can exercise powers as specified in Schedule II of the Bill, which includes:

(A) Operational Area:

   (i)   Evolution of productivity schemes

   (ii)   Planning, implementation, fulfilment and review of monthly targets and schedules

   (iii)   Material supply & its shortfall

    (iv)   Storage and inventories

    (v)   House keeping

    (vi)   Improvement in Productivity

    (vii)   Encouragement and consideration of suggestion

    (viii)   Quality of technological improvement

    (ix)   Machine utilisation, knowledge and development of new product

    (x)   Operational performance figure, etc.

(B) Economic and Financial Areas:

    (i)   Profit & loss statement and balance sheet

    (ii)   Review of operating expenses, financial result and cost of sales

    (iii)   Plant performance in financial terms.

(C) Personnel Matters:

    (i)   Absenteeism

    (ii)   Problems of women workers

    (iii)   Initiation of supervision of workers' training programme

    (iv)   Administration of social security schemes

(D) Welfare Areas:

    (i)   Operational details

    (ii)   Implementation of welfare schemes

    (iii)   Safety measures etc.

(E) Environmental Areas:

    (i)   Extension activities and community development projects

    (ii)   Pollution control.

III. Representation of Board of Management

"The representatives of workmen are to constitute 13% and those of other workers 12% of the total strength of the Board of Management." The bill provides for a monitoring committee to advice on matters of administration of the Act and scheme under it.

5.6   SUMMARY

Trade unions are the associations of employees working as an agent of working class. These unions not only safeguarding the financial interest of the workers but also providing the other benefits such as cultural, political, social and psychological within their broader preview. Trade unions adopts both the aggressive as well as federal measures to solve the problems. In India the trade union activities is regulated by the Trade Union Act 1926. But Indian trade union movement is suffering from several problems such as low membership, multiplicity of trade unions and financial crisis etc. If workers want to strengthen the trade union movement in India and want to ensure better condition of the labour then they have to take corrective measures specified in the text. The widening scope of collective bargaining embraces various issues. The collective bargaining procedure involves variation, preparation, stages, critical situations, drafting and designing of contract and contract administration. It reveals several prerequisites for collective bargaining. It also reveals several similarities and dissimilarities across developed and developing countries. At present, trade unions are irritant rather than threat to management. Accordingly, concept of collective bargaining has changed with growing power of employers and dwindling fortunes of trade unions.

5.7   GLOSSARY

- **Worker's Participation in Management :**

  "The participation resulting from practices which increase the scope for employee's share of influence in decision making at different tiers of organizational hierarchy with concomitant assumption of responsibility".

- **Collective Bargaining :**

  Collective bargaining takes place when a number of work people enter into a

negotiation as a bargaining unit with an employer or group of employers with the object of reaching an agreement on the conditions of the employment of the work people.

5.8   SELF ASSESSMENT QUESTIONS

1. Define industrial relations ?

2. Explain industrial dispute ?

3. Describe the nature and scope of collective bargaining ?

4. Describe the characteristics & classification of collective bargaining ?

5.9   IN-TEXT QUESTIONS

1. Discuss in brief the types of collective bargaining ?

5.10   FURTHER READING

• Designing and Managing Human Resource Systems: Udai Pareek and T V Rao

• Personnel Management: C.B. Mamoria

• Human Resource Management: P. Subha Rao