LOVELY PROFESSIONAL UNIVERSITY

HUMAN RESOURCE MANAGEMENT

Edited By

Dr. Pretty Bhalla

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SYLLABUS

Human Resource Management

Objectives:

- To provide a framework for understanding the HR policies and their impact on employees.
- To cover the entire range of HR functions and the strategic role of HRM in business.

Sr. No.	Description
1.	***Human Resource Management:*** Evolution, Functions, HRM Policies & Principles, System Approach to Human Resource Management; HR Relationship with other Departments; e-HRM, Human capital Management, Environment of HRM–Internal & external forces affecting the HR function. Global HRM
2.	***Strategic Human Resource Management:*** HRM & its Role in Creating Competitive Advantage; Creating Strategic HRM System.
3.	***Job Analysis, Job Enrichment and Job Enlargement:*** Methods for Collecting Job Analysis Information, Human Resource Planning–Process, Affecting Factors & its Link with Strategic Planning Human Resource Information System.
4.	***Recruitment & Selection Process:*** Planning and Forecasting, Effective Recruiting, Internal and External Sources of Candidates, Recruiting a Diverse Workforce, Employee Testing and Selection ***Induction and Placement:*** The Challenges
5.	***Training and Development:*** T&D Process, Methods of Employee Training, Methods of Executive Development, Evaluating the Training Effort.
6.	***Performance Management:*** Components of Performance Management, Performance Appraisal Methods, Potential Appraisal, Performance Counselling, Common Rating Errors, Creating the Total Performance Management Process.
7.	***HRD:*** Need and Scope, HRD Climate, HRD Practices in Indian Organizations, Quality of Work Life, Employee Empowerment, Career Planning, Knowledge Management, Mentoring & Reverse Mentoring.
8.	***Compensation Management:*** Establishing Pay Plans and Rates, Job Evaluation, Pricing Managerial and Professional Jobs, Competency-based Pay, Variable Pay Plans, Fringe Benefits.
9.	***Industrial Relations:*** Industrial Relations & Trade Unions, Dispute Resolution & Grievance Management, Discipline & Disciplinary Action, Employee Empowerment.
10.	***Health & Safety Management:*** Management Role in Safety, Causes and Preventions of Accident. ***Workplace Health Hazards:*** Problems and Remedies

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Unit 1: An Introduction to Human Resource Management

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Objectives

After studying this unit, you will be able to:

- Define the term HRM
- Discuss the evolution, functions, HRM policies & principles
- State the relevance of system approach to human resource management
- Explain the concept of e-HRM and human capital management
- Analyze environment of HRM

Introduction

HRM is concerned with managing the people resources of an organization. In fact, managing human resources is the most crucial and challenging task that management has to perform, crucial because it is the key to sustainability in the present competitive world and challenging because no two individuals are same–they have different set of needs, ambitions, aspirations, mental make-up, backgrounds. Can you recall more differences? Now imagine the task of the human resource manager who has to satisfy not only the different set of needs of its people but also meet the overall organizational objective.

The important resources that have to be managed by the organization include: human, finance, operations and information. Out of these, human resource management is the only resource that is living part of the organization. It is this living part which vibrates positive energy and leads to the planning, organizing, controlling, coordinating and directing of the rest of the resources within the organization. It is the sub-system which will ultimately lead to the overall growth of the organization. Thus, human resource is a crucial sub-system in the process of management.

1.1 Meaning and Definitions

Human Resource Management is a process of bringing people and organization together so that the goals of each are met. It is that part of the management process which is concerned with the management of human resource in an organization. It tries to secure the best from people by winning their whole hearted co-operation.

It may be defined as the art of processing, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner.

It is concerned with the most effective use of people to achieve organizational and individual goals.

Human Resource Management is the process of managing the vibrating human resource in an organization, so that the employee and employer will be able to achieve their respective objectives. In fact, human resource management is the most important asset for an organization. The quality of human resource will determine its fate.

According to M L Cuming, "Human Resource Management is concerned with obtaining the best possible staff for an organization and having got them looking after them, so that they want to stay and give their best to their jobs."

Dale Yoder defines Human Resource Management as that part of the phase of management dealing effectively with control and use of manpower as distinguished from other source of power.

According to F E L Brech, Human Resource Management is that part of management progress which is primarily concerned with the human constituents of an organization.

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Edison defines, Human Resource Management as the science of human engineering.

According to Leon C. Megginson, the term human resource can be thought of as, "the total knowledge, skill, creative abilities, talents and aptitudes of an organization's workforce, as well as the values, attitudes and beliefs of the individuals involved."

1.2 Evolution

Evolution of the concept of HRM is briefed hereunder:

Table 1.1: Evolution of the Concept of HRM

Concept	What is it all about?
The commodity concept	Labour was regarded as a commodity to be bought and sold. Wages were based on demand and supply. Governments did very little to protect the interest of the workers.
The factor of production concept	Labour was treated as any other factor of production viz money, material, land etc. workers were treated like machine tools.
The Goodwill concept	Welfare measures like safety, first aid, lunch room, rest room were introduced, assuming that they would have a positive impact on worker's productivity.
The Paternalistic concept/ Paternalism	During this era, the philosophy was: management must assume a fatherly and protective attitude towards employees.
The Humanitarian concept	To improve productivity, social, psychological, physical needs of the workers must be met. As Elton Mayo stated, money is not the only motivating factor.
The Human Resource concept	Employees are the most valuable assets of an organization became the philosophy of organization.
The Emerging concept	Employees should be accepted as partners of a company. The focus should be on human resource development to gain competitive advantage became the philosophy of management.

The historical evolution of HR can be drawn into six stages:

Stage I: Pre-Industrial Era (1400-1700 AD)

Stage II: Industrial Revolution and Factory System (1700-1900 AD)

Stage III: Scientific Management, Welfare Work and Industrial Psychology (1900-1935 AD)

Stage IV: Golden Age of Industrial Relations and Personnel Management Maintenance Function (1935-1970)

Stage V: Control of Labour Tradition (1970-1990)

Stage VI: Professional Tradition (1990- till date)

Early Phase

Though it is said that Human Resource Management is a discipline of recent growth, it has had its origin dating back to 1800 BC.

1. For example, the minimum wage rate and incentive wage plans are included in the Babylonian Code of Hammurabi around 1800 BC.
2. The Chinese, as early as 1650 BC, had originated the principle of division of labour and they understood labour turnover even in 400 BC.

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3. Kautilya in India (in his book *Arthasastra*) made reference to various concepts like job analysis, selection procedures, executive development, incentive system and performance appraisal.

Stage I: Pre-Industrial Era (1400-1700 AD)

Beginning around 1400 AD and continuing until 1700 AD. This period is marked by an absence of any formal Human Resource Management function within the organization. Several dramatic changes occurred during this first stage that represent seeds from which modern Human Resource Management later grew.

First, there was cessation of feudalism, release of labour from land and beginning of free employment relationship on which modern labour markets are based.

Second, there was a shift from subsistence agriculture to a commercial mixed economy, the rise of urban economy, a diffusion economic control and distribution of wealth and income.

Third, there was a spectacular growth of towns and villages along with a middle class that included skilled craftsmen and merchants who were the forerunners of factory owners.

Stage II: Industrial Revolution and Factory System (1700-1900 AD)

The Industrial relations began in 18th century in the UK, in 19th century in the USA and in the second half of 20th century in India. It was made possible by the replacement of human effort and skill by the work of machines. One of the contributions of industrial relations was the development of the 'factory' system. Factories greatly expanded production and created a new class of workers and managers. It brought about division of work. It necessitated supervising large number of workers. With the advent of factory system, personnel practices became autocratic, based on ***Commodity concept of Labour***. Labour was purchased at terms designed to maximize the employer's profit. Consequently, there was a total neglect of "Human Factor"; the focus was upon materials, market and production.

Stage III: Scientific Management, Welfare Work and Industrial Psychology (1900-1935 AD)

Scientific Management and Welfare Work represent two separate and concurrent movements that began in the 19th century and along with contribution from Industrial Psychology, merged around the time of World War I to form the field of Human Resource Management.

Scientific management represents an effort to deal with labour and management inefficiencies through reorganisation of production methods and rationalization of work.

Welfare work is defined as anything done for comfort and improvement, intellectual or social for the employees over and above wages paid, which is not the necessity of industry, not required by law. It represents efforts to deal with labour problems by improving workers' conditions.

Industrial psychology represented the application of psychological principles towards increasing the efficiency of industrial workers.

Major Developments during this Stage:

1881-1891: Factories Act of 1881 and 1891 was passed showing concern for the worker's welfare. These acts were limited to working hours of women and children.

1919: All India Trade Union Congress (AITUC) was formed.

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International Labour Organisation was established as an autonomous organ of the League of Nations in 1919. It has its headquarters at International Labour Office in Geneva, Switzerland. The main objectives of social justice include:

(a) It adopted an International Labour Convention and recommended to protect the worker's claims in the event of the insolvency of their employer.

(b) It elaborated resolutions on the role of enterprises in employment growth, employment policy as a component of overall development and the rights of migrant workers.

Stage IV: Golden Age of Industrial Relation and Personnel Management Maintenance Function (1935-1970)

After the World War I, there was great depression. Following the depression, there was an increased need for the practice of Human Resource Management as a result of a growth in unions and collective bargaining. At this time, there was a shift in emphasis towards the Industrial Relation Function of Human Resource Management.

During the period from 1945 to 1970, the primary focus of the employment relationship was on industrial relations and this human resource management function rose in prominence. The pro-union legislation was followed by World War II, which created an extraordinary demand for labour, resulted in unprecedented union prestige and fuelled a phenomenal growth in union membership.

The industrial relation side of human resource management experienced its golden age between 1948 and 1958. The general focus of human resource management was on industrial relations because the primary need of many organizations was to operate in collective bargaining framework of labour relations.

Major changes during the Period:

1. The first step was the enactment of Industrial Disputes Act, 1947, which not only provides for the establishment of permanent machinery for the settlement of industrial dispute but also makes these awards binding and legally enforceable.

2. Another development was setting up of Indian Labour Conference— a tripartite body to look into industrial relation problems in India. It was constituted with the objective of establishing co-operative between government, employers and trade unions.

3. Another important feature was change in attitude of government towards labour and their problems. Many labour laws were enacted to protect the interests of industrial workers during 1947 to 1956. These laws cover many issues concerning labour such as seniority, wage rates, paid holidays, disciplinary matters, social security etc.

Stage V: Control of Labour Tradition (1970-1990)

The institution of the trade union, which is a product of capitalist industrialization, emerged in Britain and other developed countries in the West in the 19th century, basically to protect against the injustice and exploitation meted out to workers by the owners of Capital during the course of industrialization. Labour movement in many countries started its own political parties and engaged in struggle at both the political and economic fronts. Gradually, over the years, the labour class got integrated into the larger society with the acceptance of their demands by the employers, first for collective bargaining and then for worker's participation in management. This led to their rise to prominence and power in industry and society in the 20th century. But trade unions witnessed significant loss of membership during the 1980s and 1990s. Various reasons for the loss of control of labour tradition could be analyzed as follows:

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1. Trade union developed not under the leadership of workers but under the leadership of outsiders that is social workers and nationalist leaders. It was led by political leaders. Moreover, the political leadership was internally divided on ideological lines.
2. Governments increasingly took upon themselves the wage-welfare functions of trade unions for which it passed a plethora of labour legislations, protecting jobs of workers and also providing for various welfare measures. This, however, further weakened trade unions and impeded the growth of the system of collective bargaining in the industry. In fact, even though India has probably the largest number of labour laws in the world, it does not have a central law that provides for the recognition of trade unions.
3. There has been significant change in the social composition of the labour force. A new generation of workers has emerged in their industries since the mid 50s or so, who are largely from upper castes and who are also young, educated and urban in origin. To them, a trade union constitutes not a movement, but an agency which has to provide them services in return for their subscription and political support. They leave a union when it is unable to provide them benefits and join those who promise to give them these benefits. Consequently, inter-union rivalry is high and the recognized unions particularly face difficulty in retaining the support of workers on a continuing basis.
4. In fact, rising unemployment and underemployment and increasing price have hit the working class hard. Such a situation not only makes the workers primarily interested in questions of job security, pay and other material rewards that is to strive for consumption, which is conspicuous by its nature. This, in turn, makes them more individualistic.
5. The majority of Indian organizations are small and medium-sized and consequent size of trade unions in these enterprises has to be small. The political fragmentation of the union movement also contributes to its small size. This small size of unions also accounts for their poor financial strength.
6. The nature of linkage between unions at different levels and political parties varies a great deal from complete 'ownership' of unions by particular to allowing of different degrees of autonomy to unions by parties like congress party.

However, despite various weaknesses, unions in India often enjoyed considerable power at both the national and bargaining levels, especially till the early 1970s or so, because of their linkage with political parties and the support they got from the governments in power.

Stage VI: Professional Tradition (1990-till Date)

With the passage of time, personnel management has become mature and professionalized. Professional management is that management where decision-making rests with professional managers, where there has been a divorce between capital and control and where owners of business are functionless owners.

Specialized formal education: It requires advanced, specialized formal education and training. Besides, they should also have specialized in some discipline of management (like production, finance, marketing, personnel etc.)

At this stage, personnel management became a professional field of management.

Academic Qualification of Personnel Manager: An occupation in order to be called as a profession should possess advanced specialized formal education and training.

1. Qualification varies from organization to organization and from one state to another state of a country. It has undergone several changes from time to time. The list of qualification includes Post Graduate degree or diploma in Social Science, Sociology, Social Work, Personnel Management and Industrial Relation, Labour Welfare, Labour Laws, MBA with specialization in Human Resource Management and Industrial Relations.

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2. There is no specific educational qualification prescribed for the post of Personnel Management in India. Technical managers without any experience or qualification are posted as Personnel Managers in public sector organizations like Indian railways, BHEL, SAIL. There has been increased importance to acquire knowledge or degree for the post of Human Resource manager.

Following are the characteristics of professional institution:

1. ***Professional bodies:*** A profession is organized as a body with its own experts. The professionals have developed a number of administrative societies, associations and institutions, which have a large membership of those who have qualified in personnel affairs. The National Institute of Personnel Management, the Indian Labour Economics Society, All India Management Association, International Personnel Management Association and American Society of Personnel Administration are some of such bodies.
2. Members of the profession must maintain at all times an attitude towards their work and society, be interested, in continued acquisition of skills and knowledge, have a sense of trusteeship, individual initiative and a right to expert and received financial recognition.
3. ***Code of Ethics:*** Various professions like Medicine, Accountancy have ethical codes. But the personnel profession does not have such ethical codes.

It cannot, therefore, be concluded, from the above analysis, that personnel management in India completely possesses the characteristics to be called as a profession. The situation may change in the years ahead, where organization requirements for professionally qualified people might increase.

Task Arrange yourself in small groups of four or five students and compare and contrast the differences among the organizations you investigated. Can you isolate any factors that appear to influence how an organization perceives the value of its employees?

1.3 HRM Functions

The function of human resource management is to plan, develop, and administer policies and programmes designed to make expeditious use of an organization's human resources. It is that part of management which is concerned with the people at work and with their relationship within an enterprise. A brief description of usual human resource functions is given below:

Human Resource Planning

In the human resource planning function, the number and type of employees needed to accomplish organizational goals are determined. Research is an important part of this function because planning requires the collection and analysis of information in order to forecast human resources supplies and to predict future human resources needs. The basic human resource planning strategy is staffing and employee development.

Job Analysis

Job analysis is the process of describing the nature of a job and specifying the human requirements, such as skills, and experience needed to perform it. The end product of the job analysis process is the job description. A job description spells out work duties and activities of employees. Job descriptions are a vital source of information to employees, managers, and personnel people because job content has a great influence on personnel programmes and practices.

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Staffing

Staffing emphasises the recruitment and selection of the human resources for an organization. Human resources planning and recruiting precede the actual selection of people for positions in an organization. Recruiting is the personnel function that attracts qualified applicants to fill job vacancies. In the selection function, the most qualified applicants are selected for hiring from among those attracted to the organization by the recruiting function. On selection, human resource functionaries are involved in developing and administering methods that enable managers to decide which applicants to select and which to reject for the given jobs.

Orientation

Orientation is the first step toward helping a new employee adjust himself to the new job and the employer. It is a method to acquaint new employees with particular aspects of their new job, including pay and benefit programmes, working hours, and company rules and expectations.

Training and Development

The training and development function gives employees the skills and knowledge to perform their jobs effectively. In addition to providing training for new or inexperienced employees, organizations often provide training programmes for experienced employees whose jobs are undergoing change. Large organizations often have development programmes which prepare employees for higher level responsibilities within the organization. Training and development programmes provide useful means of assuring that employees are capable of performing their jobs at acceptable levels.

Performance Appraisal

This function monitors employee performance to ensure that it is at acceptable levels. Human resource professionals are usually responsible for developing and administering performance appraisal systems, although the actual appraisal of employee performance is the responsibility of supervisors and managers. Besides providing a basis for pay, promotion, and disciplinary action, performance appraisal information is essential for employee development since knowledge of results (feedback) is necessary to motivate and guide performance improvements.

Career Planning

Career planning has developed partly as a result of the desire of many employees to grow in their jobs and to advance in their career. Career planning activities include assessing an individual employee's potential for growth and advancement in the organization.

Compensation

Human resource personnel provide a rational method for determining how much employees should be paid for performing certain jobs. Pay is obviously related to the maintenance of human resources. Since compensation is a major cost to many organizations, it is a major consideration in human resource planning. Compensation affects staffing in that people are generally attracted to organizations offering a higher level of pay in exchange for the work performed. It is related to employee development in that it provides an important incentive in motivating employees to higher levels of job performance and to higher paying jobs in the organization.

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Benefits

Benefits are another form of compensation to employees other than direct pay for work performed. As such, the human resource function of administering employee benefits shares many characteristics of the compensation function. Benefits include both the legally required items and those offered at employer's discretion. The cost of benefits has risen to such a point that they have become a major consideration in human resources planning. However, benefits are primarily related to the maintenance area, since they provide for many basic employee needs.

Labour Relations

The term "labour relations" refers to interaction with employees who are represented by a trade union. Unions are organization of employees who join together to obtain more voice in decisions affecting wages, benefits, working conditions, and other aspects of employment. With regard to labour relations, the personnel responsibility primarily involves negotiating with the unions regarding wages, service conditions, and resolving disputes and grievances.

Record-keeping

The oldest and most basic personnel function is employee record-keeping. This function involves recording, maintaining, and retrieving employee-related information for a variety of purposes. Records which must be maintained include application forms, health and medical records, employment history (jobs held, promotions, transfers, lay-offs), seniority lists, earnings and hours of work, absences, turnover, tardiness, and other employee data. Complete and up-to-date employee records are essential for most personnel functions. More than ever employees today have a great interest in their personnel records. They want to know what is in them, why certain statements have been made, and why records may or may not have been updated. Personnel records provide the following:

- A store of up-to-date and accurate information about the company's employees.
- A guide to the action to be taken regarding an employee, particularly by comparing him with other employees.
- A guide when recruiting a new employee, e.g. by showing the rates of pay received by comparable employees.
- A historical record of previous action taken regarding employees.
- The raw material for statistics which check and guide personnel policies.
- The means to comply with certain statutory requirements.

Personnel Research

All personnel people engage in some form of research activities. In a good research approach, the object is to get facts and information about personnel specifics in order to develop and maintain a programme that works. It is impossible to run a personnel programme without some pre-planning and post-reviewing. For that matter, any survey is, in a sense, research. There is a wide scope for research in the areas of recruitment, employee turnover, terminations, training, and so on. Through a well-designed attitude survey, employee opinions can be gathered on wages, promotions, welfare services, working conditions, job security, leadership, industrial relations, and the like. In spite of its importance, however, in most companies, research is the most neglected area because personnel people are too busy putting out fires. Research is not done to put out fires but to prevent them. Research is not the sole responsibility of any one particular group or department in an organization. The initial responsibility is that of the human resource department, which

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however should be assisted by line supervisors and executives at all levels of management. The assistance that can be rendered by trade unions and other organizations should not be ignored, but should be properly made use of. Apart from the above, the HR function involves managing change, technology, innovation, and diversity. It is no longer confined to the culture or ethos of any single organization; its keynote is a cross-fertilization of ideas from different organizations. Periodic social audits of HR functions are considered essential. HR professionals have an all-encompassing function. They are required to have a thorough knowledge of the organization and its intricacies and complexities. The ultimate goal of every HR person should be to develop a linkage between the employee and the organization because the employee's commitment to the organization is crucial. The first and foremost function of HR functionary is to impart continuous education to employees about the changes and challenges facing the country in general, and their organization in particular. The employees should know about their balance sheet, sales progress, diversification plans, restructuring plans, sharp price movements, turnover and all such details. The HR professionals should impart education to all employees through small booklets, video films, and lectures. The primary responsibilities of a human resource manager are:

- To develop a thorough knowledge of corporate culture, plans and policies.
- To act as an internal change agent and consultant.
- To initiate change and act as an expert and facilitator.
- To actively involve himself in company's strategy formulation.
- To keep communication lines open between the HRD function and individuals and groups both within and outside the organisation.
- To identify and evolve HRD strategies in consonance with overall business strategy.
- To facilitate the development of various organizational teams and their working relationship with other teams and individuals.
- To try and relate people and work so that the organisation objectives are achieved effectively and efficiently.
- To diagnose problems and to determine appropriate solution particularly in the human resources areas.
- To provide co-ordination and support services for the delivery of HRD programmes and services.
- To evaluate the impact of an HRD intervention or to conduct research so as to identify, develop or test how HRD in general has improved individual or organizational performance.

The following are the nine new functions of HR practitioner as suggested by Pat McLegan:

1. To bring the issues and trends concerning an organization's external and internal people to the attention of strategic decision-makers, and to recommend long-term strategies to support organizational excellence and endurance.
2. To design and prepare HR systems and actions for implementation so that they can produce maximum impact on organizational performance and development.
3. To facilitate the development and implementation of strategies for transforming one's own organization by pursuing values and visions.
4. To create the smoothest flow of products and services to customers; to ensure the best and most flexible use of resources and competencies; and to create commitment among the people who help us to meet customers' needs whether those people work directly for the organization or not.

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5. To identify learning needs and then design and develop structured learning programmes and materials to help accelerate learning for individuals and groups.
6. To help individuals and groups work in new situations and to expand and change their views so that people in power move from authoritarian to participative models of leadership.
7. To help people assess their competencies, values, and goals so that they can identify, plan, and implement development actions.
8. To assist individuals to add value in the workplace and to focus on the interventions and interpersonal skills for helping people change and sustain change.
9. To assess HRD practices and programmes and their impact and to communicate results so that the organization and its people accelerate their change and development.

There are four functions which HR play, according to Dave Ulrich. The first, strategic partner function-turning strategy into results by building organizations that create value; the second, a change agent function-making change happen and, in particular, help it happen fast; the third, an employee champion function-managing the talent or the intellectual capital within a firm; and the fourth, an administrative function-trying to get things to happen better, faster and cheaper. Human resource management has received tremendous attention in recent years. Its function in organizations has also undergone a substantial change and many organizations have gradually oriented themselves from the traditional personnel management to a human resource management approach, although many see it as the "old wine in anew bottle." The basic approach of HRM is to perceive the organization in its totality. Its emphasis is not only on production and productivity but also on the quality of life. It seeks to achieve the fullest development of human resources and the fullest possible socio-economic development.

To sum up, HRM functions can be assimilated as follows:

- ***Pervasive force function:*** HRM is pervasive in nature. It is present in all enterprises. It permeates all levels of management in an organization. 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 function:*** HRM focuses attention on action, rather than on record keeping, written procedures 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 function:*** It tries to help employees develop their potential fully. It encourages them to give their best to the organization. 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 function:*** 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 function:*** 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 function:*** 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

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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 organizational goals.

- ***Integrating mechanism function:*** HRM tries to build and maintain cordial relations between people working at various levels in the organization. In short, it tries to integrate human assets in the best possible manner in the service of an organization.
- ***Comprehensive function:*** HRM is, to some extent, concerned with any organizational 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 organizational hierarchy but the basic objective of achieving organizational effectiveness through effective and efficient utilization 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 organization". (Pigors and Myers)
- ***Auxiliary service function:*** 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.
- ***Inter-disciplinary 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.

1.4 HRM Policies and Principles

A policy is a predetermined course of action established as a guide towards accepted objectives and strategies of the organization.

Did u know? **Why Develop a Policy?**

Policy manuals are developed to help staff and management teams run the organization. In best use situations, policies play a strategic role in an organization. They are developed in light of the mission and objectives of the company and they become the media by which management's plans, rules, intents, and how to run its HR processes, HR policies are documented and communicated to all staff. Carefully drafted and standardized policies and procedures save the company countless hours of management time. The consistent use and interpretation of such policies, in an evenhanded and fair manner, reduce the management's concern about legal issues becoming legal problems. They should be the first things given to a new employee (either in hard copy of an electronic version).

Many people think of organization policies in a negative light: as a means to control employee behaviour. However, there is a more positive side to policies. They can actually empower employees. It is true that many policies seem restrictive in nature and many need to be to promote good internal control. However, policies also provide staff with a degree of freedom within defined boundaries. With good policies in place, the staff is able to execute their duties; they are free to act within the limits set by policy; without constant managerial oversight. In that way, policies empower employees to do the right thing.

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1.4.1 Reasons for Adopting Personnel Policies

With the emerging trends and new concepts in doing business, there are ample opportunities for the employees to find employment and look for greener pastures. Therefore, organizations need to gear up and frame certain policies which lead to better and efficient in attracting and retaining its employees. The reasons for the formulation of policies can be understood as follows:

1. ***Uniformity throughout the organization:*** Policies provide a framework where all employees are treated equally. Inequalities in terms of gender, race, religion, caste, age are not considered in management of human resources. And since HR policies are documented and known to all, there can be no discrimination. Under such policies, all employees are treated equally. Thus, favouritism, nepotism, discriminations have no place.
2. ***Standard of performance:*** HR policies serve as a yardstick to measure the performance. Standards are laid out, clarity of goals and the expected performance is communicated to all the employees through policies. They act like guidelines for standard performance. Any diversion from the expected performance is measured and corrective actions are taken.
3. ***Resolve conflicts:*** Since they act as universal law, any type of inter-personnel conflicts are resolved on the basis of universal application.

Examples:
1. Place the right person in the right place.
2. Train everyone for the job to be done.
3. Make an organization a coordinated team.
4. Supply right tools and condition.
5. Look ahead and plan for better things.

1.4.2 Benefits of Policy Formulation

1. HR policies are a set of written guidelines for human resource decisions. Hence they act as reference tool for taking HR related decisions. In fact, the process of developing HR policies is itself beneficial. The process that the company's management team undergoes when comparing the policy alternatives, understanding their importance, and evaluating your company's current practices will help you to develop your company's guidelines and procedures that will make your organization a better run entity.
2. A policy manual is a means of communication with employees; it is first a way to communicate to employees the management rules and guidelines of the organization are documented and hence act as reference tools.
3. In addition, policies help to organize and announce management's plans for growth, and they communicate the company's investment in its employees by explaining employee benefits and workplace issues.
4. As a company's policies are developed, they become a framework for consistency and fairness. Policies define management's standards for making decisions on various personnel and organizational issues. Clearly defined procedures and standards, spawned from policies that are well thought out, express the company's intent to make consistent and evenhanded decisions.
5. It is true that policy can help an organization run at its most efficient and effective level. That alone may bring value through cost savings and additional revenue. However, if done correctly, policies can bring more value by accurately reflecting the company's philosophy of business and employee relations as they demonstrate your creativity in solving policy

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issues, the competitive position of the company in providing a variety of employee benefits, and respect and appreciation for human resource management. This type of message can go a long way towards promoting employee satisfaction and organization growth.

6. There is also a legal aspect of policies. They are a means to protect the legal interests of a company. The company's policies and procedures in many ways, define the rights and obligations of the employee and the company. The policy manual is an expression of the rules governing the employment relationship. Today, more than ever, a company must protect its rights within that relationship by adopting policies that are fair to both sides, clearly stated, and legally permissible.

7. With regards to the legal aspects of policy creation, there is one important caution. If your company's employees are represented by a labour union, any collective bargaining agreement (CBA) between you and the union will, in effect, serve as a policy manual with respect to employee issues covered by the CBA. In this case, employer may utilize a policy manual that covers non-union employees.

Did u know? Policies are framed in the following categories:

Employment Policies: These are the policies that guide hiring practices, orientation of new employees, compliance with employment laws, and confidentiality.

Employment Status and Records: These are the policies that define such issues as employment classifications, access to personnel files and guidance on how background checks and performance reviews are to be performed.

Employee Benefits: These are policies that explain employee benefits such as insurance, vacations, holidays, leave, and employee reimbursements.

Payroll: These are policies that are related to salary and wage administration including deductions, pay advances, and time keeping.

Workplace Guidelines: These policies are quite varied and their purpose range from defining certain work arrangements such as flex time and telecommuting to offering guidelines on the use of company assets and record retention.

Employee Conduct: These policies are guidelines that control employer behaviour and conduct on the job. The mainstay of this section is a code of conduct but also important are the policies regarding substance abuse, smoking, harassment, and workplace violence.

E-Policies: These policies guide staff in the use of the organization's information technology. Policies defining acceptable and prohibited activities and use of e-mail and the Internet make up a majority of these policies.

The only effective way for a company to protect itself is by developing clearly written, comprehensive e-policies that explicitly regulate the use of software, e-mail, and the Internet.

1.4.3 Factors Considered for Policy Development

1. ***Organization Culture:*** Organization's culture is an important determinant to the formulation of HR policies. Organizational attitudes towards policies span the spectrum. On one end of the scale are the companies that have a policy for everything. Banking is a lot like that U.S. banks are still (despite banking deregulation efforts during the 1980s) highly regulated entities and policies are needed to control all aspects of operations. At the other end of the spectrum are the companies that have only a few policies (only those

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required by the laws that are relevant to that company). Most companies fall somewhere in between these two extremes. The manager writing any policy needs to understand where on the spectrum the company falls and how the policy can be made to fit the organization's culture to enhance compliance.

2. ***Support from Employees:*** Enhancing compliance to policies also begins with staff participation. One lesson learnt by the vast number of organizations that have gone through process reengineering is that new policies are more readily adopted and followed by the staff when the staff has had some significant role in their development. Present these sections as drafts and solicit feedback and then incorporate revisions into the sections and you will maximize the chance of compliance to your policy. Employees and managers at all levels will be most likely to support a policy that makes sense, is easy to follow, and minimizes interference with getting the job done. The best way to get such a policy is to have all affected parties involved in the development process. Not allowing participation at the policy creation stage is a frequent downfall of implementation and compliance.

   Support can also be enhanced if the policy's impact on the company is clearly explained; the impact that will be most meaningful to managers is the financial loss that can result from failing to implement the policy. The ideal situation is when management and staff can see how a particular policy helps promote the achievement of organizational objectives and mission.

3. ***The Role of Procedures and Forms:*** Many people confuse procedure with policy. A policy is a pre-determined course of action established as a guide towards accepted objectives and strategies of the organization. It is at a much higher level than a procedure. Procedures are methods – they are ways of carrying out a policy. Forms may be part of a procedure; in other words, to carry out a procedure, it may be necessary to complete one or more forms. For example, your organization may have a policy that every employee who is terminated or who decides to leave the organization participates in an exit interview. Procedures can be developed on how that interview should be conducted, while a form or checklist can help assure and document that a particular exit interview was carried out according to policies and procedures.

   The connection of policy-to-procedure-to-form raises another important point: policy development needs to be coordinated with procedures and forms management. New policies or revisions to old policies may spawn new procedures. New procedures may require revision of old forms or the creation of new ones.

4. ***Clarity, Conciseness, and Coherence:*** HR policies should follow the 3c principle: clarity, conciseness, and coherence. Clarity is extremely important.

   Clear writing is understandable and easy to read. If your writing has clarity, your reader will immediately grasp your meaning; he or she will not have to stop and figure out meaning. HR policies should be clear and direct. Care should be taken to remove the unnecessary words. Delete redundancies, needless phrases, overblown phrases, and clichés. For HR policy to be clear and for subsequent procedures to be exact, each and every policy that you write should contain accurate and complete information expressed concisely. Coherence is about good logic, linking sentences, and discernible threads of thought. Coherent writing will lead the reader through your policy manual. It lets you give a guided tour of your policy model.

5. ***Training:*** Training employees in the area of policy is very important. Making the policy manual available to staff is a starting point but it is not enough. To help staff to fully understand policies, they may need to see and hear a presentation — an interactive experience that goes beyond the document, e-mail.

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1.4.4 Distributing New Policies

When a policy or policy manual has been approved, it is time to distribute the document. It can be sent either as a printed document or via electronic distribution (e-mail or website).

Printed Manual

The printed manual must be made available to all employees of the organization for its full value to be realized. Many organizations provide staff with a policy manual in a binder of some type. One common type of binder is the loose-leaf. The loose-leaf, also known as the standard ring binder makes it easy to insert new policies and replace ones that have been revised. Usually, a distribution memo or letter should accompany new policies (or a new manual). The letter or memo (or in the case of electronic distribution an e-mail message) should contain a summary of what is being distributed (i.e. revised policy, new policy, new table of contents, or new manual).

Another way of introducing a new policy or policy manual is through a bulletin or newsletter. A bulletin is an official communication medium of the organization used to communicate items of general interest. Bulletins can be posted on bulletin boards or can be mailed to each employee. An organizational newsletter can also announce and summarize a new policy or policy manual.

Electronic Distribution of Policies

Policies can also be distributed electronically. Since e-mail is so prevalent in organizations, it makes sense that most electronic distributions of policies begin with an e-mail message. Here are some examples:

1. An e-mail to all employees announcing a new policy.
2. An e-mail with a link to a website announcing a new policy or online policy manual.
3. No cost for paper, printing, or physical (mail or inter-office mail) distribution.
4. Shorter publishing cycle. You can put a manual up on the web much faster than distributing a printed manual to all staff.
5. Search and hypertext capabilities.

1.4.5 Principles of HRM

The word principle means, the fundamental truth or law as basis of reasoning or actions. Human resource management is a very extensive area of operation, there should be certain principles or laws through which they can be governed. These principles are laid down with an objective that it proves as a guide for all types of organizations.

1.4.6 Characteristics of Principles

The characteristics of these principles should be that they are universally applicable and are easy to be followed in any type of organization. The HR principles are:

1. A fundamental or universal truth.
2. Generally applicable to originations.
3. It guides managers in formulating policies, programs and procedures. For example, principles of fair remuneration, principles of scientific selection of workers.
4. It is applicable at all levels of the organization.
5. It is dynamic in nature and leads to employee motivation and satisfaction.

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1.5 Role of a Personnel Manager

The role of personnel manager is ever expanding and is strengthened by greater concern shown by the management in solving human relations problem by specialists such as behavioural scientist, industrial engineers, social psychologists, legal advisors etc. The ideal personnel manager is not a "decision-maker" but a counsellor, and an advisor to help management make better decisions.

1. Advisory Role
2. Counselor Role
3. Mediator Role
4. Representative Role
5. Clerical Role
6. Legal Role
7. Welfare Role
8. Problem Solver
9. Decision Maker Role
10. Executive Role

Dr C B Mamoria, in his book "*Personnel Management*", has identified the following roles of personnel manager:

Personnel Role

1. Advisory – advising management on effective use of human resources.
2. Manpower planning – recruitment, selection etc.
3. Training and development of linemen.
4. Measurement and assessment of individual and group behaviour.

Welfare Role

1. Research in personnel and organizational problems.
2. Managing services – canteens, grain shops, transport, co-operatives, crèches etc.
3. Group dynamics – group counseling, motivation, leadership, communication, etc.

Administrative Role

1. Time-keeping
2. Salary and Wage administration – incentives
3. Maintenance of records
4. Human engineering – Man-Machine relationship

Fire-fighting Role

1. Grievance handling
2. Settlement of disputes

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3. Handling disciplinary actions
4. Collective bargaining
5. Joint consultation

Self Assessment

Multiple Choice Questions:

1. The ratio of an organisation's output to its inputs.
   (a) Efficiency (b) Performance
   (c) Productivity (d) Objectivity
2. The process of bringing people and organisations together so that the goals of each are met.
   (a) Career planning (b) Employee welfare
   (c) Human resource management (d) Training
3. Productivity can be defined as the ration of output to .....
   (a) Organization (b) Capital
   (c) Input (d) Labour
4. The process of finding and attracting capable applicants for employment.
   (a) Selection (b) Recruitment
   (c) Management (d) HRM
5. Which of the following is not a type of HR policy?
   (a) Appealed (b) Specific
   (c) Implied (d) Revealed
6. Which of the following is not a characteristic of HRM functions?
   (a) Continuous function (b) Integrating mechanism
   (c) Comprehensive function (d) Past illuminating

1.6 System Approach to Human Resource Management

A system is a set of interrelated but separate elements or parts working toward a common goal. A university, for example, is made up of students, teachers, administrative and laboratory staff who relate to one another in an orderly manner. What one group does has serious implications for others. So, they have to be communicating with each other in order to achieve the overall goal of imparting education. The enterprise operations, similarly, must be viewed in terms of interacting and interdependent elements. The enterprises procure and transform inputs such as physical, financial and human resources into outputs such as products, services and satisfactions offered to people at large. To carry out its operations, each enterprise has certain departments known as subsystems such as production subsystem, finance subsystem, marketing subsystem, HR subsystem, etc. Each subsystem consists of a number of other subsystems. For example, the HR subsystem may have parts such as procurement, training, compensation, appraisal, rewards, etc.

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1.7 HR Relationship with other Departments

HR is a service department it needs to provide its services to all departments for following:

- Recruitment
- Performance Appraisal
- Training and development
- Compensation Design–for all departments
- Employee Feedback–with survey technique
- Communications
- Motivational Events

HR department services for other. They recruit workers for other departments, and than training. HR will have to have a good relationship with all the departments in an organization. Firstly people of various departments are recruited by HR and hence it starts with finding out what the department is all about, how it functions, what are the kind of resources needed etc. Then in Core HR operations as well, HR needs to connect with the other departments for payroll, leaves, confirmation, rewards and recognition etc.

HR is one which builds and binds with the other departments and continuously works with them to achieve the company's goals and objectives.

It is rightly said that the success and failure of an organization is directly proportional to the relationship shared among the employees. The employees must share a cordial relation otherwise they would always end up fighting with each other. Nothing is possible without trust. You need to trust people to expect the best out of them. Trust only comes when you are comfortable with the other person. An individual can't always take decisions alone. Employees together can discuss things among themselves, come out with innovative ideas and accomplish the tasks at a much faster rate.

A human resource professional plays a key role in binding the employees together. He/she must undertake certain activities which help in strengthening the bond among the employees and bring them closer.

The individual taking care of the HR activities plays a key role in involving all the employees into something productive which would give them an opportunity to know each other well. Individuals are so engrossed in their daily routine work that they hardly get time to interact with each other. Many of them don't even know the full names of the person sitting next to their workstations. The human resource department must ensure that several group activities are being organized at the workplace to bring all employees on a common platform.

Research says that if the employees are satisfied with their job responsibilities, they tend to remain happy and avoid conflicts with each other. Individuals develop a feeling of trust and loyalty towards their organization and don't waste their time and energy in unproductive tasks.

There are many responsibilities that non-HR department need to joint it. However, in many organizations, non-HR department do not support HR department as well as HR department.

Therefore, HR interacts with all departments. The objective is to ensure that human capital is acquired, developed and retained - this is with the objective that organization is able to achieve its objectives and people to achieve their aspirations and ambitions.

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The scope of HRM is very wide. In fact, no organisational activity is completely removed from humans. (Even automatic processes and equipment 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.

1.8 E-HRM

E-HRM is, in essence, the devolution of HR functions to management and employees. They access these functions typically via intranet or other web-technology channels. It is a web-based solution that takes advantage of the latest web application technology to deliver an online real time HRM solution. It is comprehensive but easy to use, feature-rich yet flexible enough approach tailed to meet specific needs of an organization. Thus, E-HRM is a fully integrated, organization-wide network of HR-related data, information, services, databases, tools and transactions.

E-HRM has the potential to change all traditional human resource management functions. Employees do not have to be in the same geographic areas to work together. Use of the internet lets companies search for talent without geographic limitations. Recruiting can include online job postings, applications, and candidate screening from the company's website or the websites of companies that specialize in online recruiting, such as monster.com or hotjobs.com. Employees from different geographical locations can all receive the same training over the company's intranet. It also can increase the speed with which employees can bring a product to market by facilitating communications between employees on virtual teams using internet discussion forums, video and audio-conferencing, and global-scheduling. Line managers—through the use of E-HRM can carry out performance appraisals, evaluate employee costs, generate HR reports regarding turnover and absenteeism, process training requests and oversee competence management. A growing number of organizations are currently using E-HRM in order to reduce costs and offer improved HR services at a faster pace.

1.8.1 Objectives of E-HRM

E-HRM is designed to achieve the following objectives:

- To offer an adequate, comprehensive and on-going information system about people and jobs at a reasonable cost;
- To provide support for future planning and also for policy formulations;
- To facilitate monitoring of human resources demand and supply imbalances;
- To automate employee related information;
- To enable faster response to employee related services and faster *HR* related decisions and;

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- To offer data security and personal privacy. Data security is a technical problem that can be dealt with in several ways, including passwords and elaborate codes. In the information age personal privacy is both an ethical and moral issue. (Linda 2008)

1.8.2 Types of E-HRM

E-HRM, it is worth mentioning here, is not the same as HRIS (Human Resource Management System) which refers to ICT systems used within HR departments. Nor is it the same as V-HRM or Virtual HRM – which is defined by Lepak and Snell as "...a network-based structure built on partnerships and typically mediated by information technologies to help the organization acquire, develop, and deploy intellectual capital." There are three tiers of E-HRM. These are described respectively as Operational, Relational and Transformational.

1. Operational E-HRM is concerned with administrative functions - payroll and employee personal data for example.
2. Relational E-HRM is concerned with supporting business processes by means of training, recruitment, performance management and so forth.
3. Transformational E-HRM is concerned with strategic HR activities such as knowledge management, strategic re-orientation. An organisation may choose to pursue E-HRM policies from any number of these tiers to achieve their HR goals.

1.8.3 Scope of E-HRM

According to Michael Armstrong [2003] *"The e-HR provides the information required to manage HR processes."* These may be core employee database and payroll systems but can be extended to include such systems as recruitment, *e-learning*, performance management and reward. The system may be web-based, enabling access to be remote or online and at any time. The information provided by the *e-HR* process can be communicated across organisations. If posts static data such as information on *HR* policies and communications about employer facilities such as learning opportunities and flexible benefits. It can include links that enable managers and other employees to interface directly with *HR* applications and make changes or enquiries. The outcomes of E-HRM could be multifarious:

- A decisive step towards a paperless office;
- Higher speed of retrieval and processing of data;
- Increased access to *HR* data and ease in classifying and reclassifying data;
- Collection of information as the basis for improving the strategic orientation of *HRM*;
- More consistent and higher accuracy of information/report generated;
- Fast response to answer queries;
- A higher internal profile for *HR* leading to better work culture;
- Establishing of streamlined, standardized and systematic procedures;
- More transparency in the system;
- Cost savings achievable through process improvements and due to reduction in duplication of efforts;
- Significant reduction of administrative burden;
- Adaptability to any client and facilitating management;

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- Integral support for the management of human resources and all other basic and support processes within the company;
- A more dynamic workflow in the business process, productivity and employee satisfaction.

The development of *e-HR* systems is growing – in recent times – allowing the *HR* function to become more strategic. This can most easily be observed by the fact that today employees tend to ask for advice rather than administrative assistance. This is the reverse of the situation in the late 90s. Furthermore, the nature of *HR* departments has changed because of the development of *e-HR*. A few years ago businesses tended to have more, but less qualified *HR* staff whereas today the situation has changed completely (Linda). According to Hun Nam Chung [2003] "today's trend is adopting measurement-based management with emphasis on organisational objectives and performance metrics, *e-HR* solutions that provide such features along with best practices should be able to deliver results. Once this *HR* infrastructure is put in place, you may embrace virtual work place initiative to support the increasingly dynamic and mobile workforce".

1.8.4 E-HRM: Advantages and Limitations

Improved service quality and delivery of efficient service at an amazing speed are the principal benefits of E-HRM. Employees get a direct access to records and they are no longer dependent on HR department for taking informed decisions.

Everything is standardized and is placed on the Web for everyone else to follow and get benefited. Quick access to relevant information helps employees to take informed decisions without anyone's help or assistance HR can focus attention on critical aspects and deliver improved service to employees at a faster pace. Issues of great importance such as appraisals, pay increases, bonus entitlements can now be handled with greater ease and comfort. Records relating to leaves, benefits, accidents, discipline reports etc. can be generated and controversies over mundane matters could be put to rest quickly. The processing time is also cut down drastically.

Important HR functions such as recruitment, selection, training and development could be carried out using web-based technologies – leading to significant savings in cost, time and effort. Training opportunities can be exploited by eligible candidates quickly. Approvals for important activities – from various departmental and divisional heads – could be obtained electronically. This reduces the work load of the HR departments quite significantly. For example, through use of e-leave, the employee gets the approval quickly, the departmental head gets alerted in time and the data gets updated in the records simultaneously without any hindrances of any kind anywhere!

The HR department is able to cut down costs by automating everything. It is able to focus attention: managing workforce with right portfolio of skills and knowledge; and manage reward programmes to attract, motivate and retain skilled workers. There is no need to print and disseminate information to employees from time to time.

The organisation can grow to a gigantic size, operate from multiple locations, select and train people from anywhere and handle bundles of employee data by having one virtual HR department! It can react fairly quickly to a continually changing business structure. It can also obtain human capital information from anywhere in the world.

According to Watson Wyatt [2006] *E-HR* liberates human resources from its administrative shackles and provides the foundation for a collegial, flexible work place where employees have easy access to communication tools. The use of internet and web technology has also liberated management to re-assume its abdicated role of day-to-day people management without the endless wait for *HR* to eventually process requests for information, and/or swift people management decisions. Hopefully this will lead to the *"extinction"* of the old type of HR practitioner who publicly proclaims the need to outsource *HR* administration because it is too complex and arduous to handle in-house.

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E-HRM, of course, is not always on the credit side of the ledger. The investment in E-HRM could turn out to be quite expensive. Working with computers and the latest technologies may prove to be uncomfortable for those who are not fully geared up to the challenge. Quality information that is in sync with client's requirements is a function of how adequately the people handling the hardware and software are trained and equipped. Any gaps in this regard may come in the way of reaping the benefits of the system.

Task The State Bank of India had been concentrating more on social banking, as part of its social obligations. With the advent of modern banking system, and competition from private/foreign banking, SBI has been compelled to computerise its systems and introduce modern banking facilities. This resulted in identification of excess manpower. Therefore, SBI downsized its workforce through Voluntary Retirement Scheme. Now SBI is faced with two challenges: (a) to motivate existing employees to shoulder the total banking work; (b) a demand for second bout of VRS.

If you are in charge of HR Department, how would you formulate a new system of HR policies which will meet the above identified twin objectives. Discuss your draft proposals with your classmates.

1.9 Human Capital Management

Like other organisational assets, employee skills can be classified as core or peripheral assets. Core assets are vital to the competitive advantage of an organisation and often require continual internal development. According to Bettis, out sourcing these kind of skills might jeopardise the competitive advantage of the firm by eroding its stock of core skills.

Snell & Dean note that an employee's potential contribution increases dramatically when firms implement advanced manufacturing technologies. They refer to this impact on the value of human capital as the transformation from sweat labour to knowledge workers. Employees can add value if they help firms offer lower costs or provide increased benefits to customers.

The value and uniqueness of human capital will function as strategic determinants of alternative employment modes. When these dimensions are juxtaposed, an architecture of four quadrants is derived that simultaneously link the strategic characteristics of human capital, employment modes, employment relationships, and HR configurations. Box 1.1 provides a summary of HR architecture.

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Box 1.1: Summary of HR Architecture

Quadrant 4 **Employment Mode:** alliance **Employment Relationship** partnership **HR configuration:** commitment	Quadrant 1 **Employment mode:** internal development **Employment relationship**: organisation focused **HR configuration:** collaborative
Quadrant 3 **Employment mode**: contracting **Employment relationship:** transactional **HR configuration**: compliance	Quardant 2 **Employment mode:** acquistion **Employment relationship:** symbiotic **HR configuration:** market based

Source: The Human Resource Architecture Towards a Theory of Human Capital Allocation and Development, David Lepak, Scott A Snell, *Academy of Management Review,* 1999 (i).

1. ***Quadrant 1: Developing Human Capital:*** In the top right-hand corner of the matrix (Q1) we find human capital that is both valuable and unique. Firms are more likely to employ people internally when their skills are firm specific. In addition to uniqueness, skills within this quadrant are valuable that is their strategic benefit exceeds the managerial cost associated with their development and deployment.

2. ***Quadrant 2: Acquiring Human Capital:*** Human capital in Q2 is valuable, yet widely available throughout the labour market. Because these skills are valuable, organisations have an incentive to internalise employment. Selecting skilled employees directly from the market may also allow firms to realise significant savings in developmental expenditures while gaining instant access to a wide variety of capabilities that may give positive returns on investment.

   Caution A symbiotic relationship rests on the notion that both the employees and the organisation are likely to continue the relationship as long as both continue to benefit.

   In contrast to Q1, these type of employees are perhaps less committed to the organisation and more focused on their career. Because these employees are often trained in a particular occupation or profession, they can effectively 'sell' their talents to a variety of organisations, wherever they can contribute and receive the highest returns on their human capital investment.

3. ***Quadrant 3: Contracting Human Capital:*** Q3 relates to human capital that is generic and of limited strategic value. Leonard-Barton3 describes this as 'public knowledge' skills that can be purchased easily on the open labour market and therefore can be treated essentially as a commodity. Like Q2, the limited uniqueness of these skills provide a disincentive for firms to invest significant resources toward employee development.

   Organisations are able to contract work without jeopardising their competitive position. Temporary employees, leasing arrangements, and other forms of contract work often fall within this category. When employees have limited association with a firm and have explicit performance expectations, their psychological contract may be termed transactional, in that it focuses on short-term economic exchanges.

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4. ***Quadrant 4: Creating Human Capital Alliances:*** Q4 contains human capital that is unique in some way but not directly instrumental in creating customer value. For example, an attorney has unique skills that require years of development to cultivate. Yet, small firms may not be able to justify the expenses of full time internal employment. If outright internalisation is prohibitive *from an opportunistic viewpoint,* some form of an alliance between the parties may provide a hybrid employment mode that blends internalisation and externalisation and can overcome these problems.

   For synergistic benefits to be realised, HR systems that encourage and reward cooperation, collaboration and information sharing are necessary. A firm investing in the development of a partner's skills implies that it might justify the expenses of internal employment.

1.9.1 Dynamics of HR Architecture

The task of strategic HRM is made even more difficult when we consider that aligning the HR architecture to a firm's strategic posture may not prove viable in situations where competition is dynamic and evolves over a period of time. As the firm's environment changes and the nature of competition increases or shifts barriers, imitation faces greater threats as the firms's existing stock of knowledge and skills may become obsolete. Dynamic competition may reduce the half-life of employee knowledge: half-life being the rate at which its relevance decays over a given period of time in comparison to prevailing standards.

To make the deployment and value of human capital more firm-specific, managers may try to enhance the degree of uniqueness of human capital by customizing of adjusting skills. Management may strive to make human capital more valuable and shift employees from Q3 and Q4 to Q1 and Q2.

Adopting an architectural perspective may help understand which forms of human capital have the potential to be a source of competitive advantage today and in the future, as well as those that do not. If that potential is identified, developed and deployed strategically, the ability to manage the HR architecture itself may actually become a core capability that other firms find difficult to replicate.

1.10 Environment of HRM

In the present volatile environment in which change is the only constant factor, survival and sustenance have become critical issues. If organizations have to survive and grow, they need to adapt themselves to these changes. Human resources are the heart of the response system.

Technological advances are being introduced to organizations at an ever-increasing pace. Workers experience dramatic changes in their job duties as a result of these changes.

Trends in Labour Market in India

1. ***Inequality in wages has reduced:*** Computers and mechanization have reduced wage dispersion because they have become a substitute for skills in certain industries and have succeeded in narrowing the gulf between skilled and the unskilled workers.

   Wage dispersal increase and decrease will depend on:

   (a) If machines in an industry are extremely easy to operate and replace the manual skills of certain workers, unskilled workers can learn how to operate these machines and the wage divide might disappear.

   (b) On the other hand, if machines require a lot of skill to operate, then mechanization results in an increase in the difference in productivity between the skilled and unskilled workers.

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Hence, computerization and mechanization, coupled with training of unskilled workers to operate these machines have reduced the disparity in wages.

2. ***Working hours:*** Mechanization means more work can be done in less time. This implies there is a strong possibility of reducing work hours. This does not happen because of two reasons:

   (a) Employers may reduce the numbers of employees and make the existing ones work harder.

   (b) They may expand and diversify their operations so that the workforce would have to work harder.

Did u know? Computerization and mechanization have increased product and service variety.

Thus, the demand for certain employees has gone up instead of declining. ***As a result, there is a tendency for the number of work hours to increase.***

3. ***Characteristics of work itself:*** Another major change is the ***'working from home'.*** European and foreign companies have Indians working for them through the Internet in India. Such arrangement also facilitates ***part-time*** work to the advantage of the employer and employee. This is extremely suitable for Indian women who are much better educated than two decades ago.

4. ***Reduction in the accidents and injuries:*** Mechanization in its advanced stages corresponds to automation and reduces the contact between the man and machine. From 2001 to 2011, the injury rates in factories declined from 21.98 to 3.37. This implies that the injury rate in 2011 is around one-sixth of that in 2001.

5. ***Labour turnover:*** Two measures of labour turnover are used: accession and separation. 'Accession' is defined as the total number of workers added to the employment of the unit during the period, whether new or re-employed or transferred from other establishments or units under the same management. 'Separation' implies severance of employment at the instance of workers or employers. It includes termination of service due to death or retirement

Self Assessment

State whether the following statements are true or false:

7. Competent employees will remain competent forever.
8. Economic resources, by definition, are scarce.
9. Getting and keeping good people is critical to the success of every organisation.
10. People are a source of competitive advantage when they improve the efficiency or effectiveness of the company.
11. Human Resource Management is not an end in itself.
12. The term 'workforce' means people working at lower levels only.
13. Human Resource is an open system within an organisation but organisations themselves are closed.
14. HRM policies are an amalgamation of ideas, concepts, principles and practices drawn from a number of fields.

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1.11 Internal and External Forces affecting the HR Function

1.11.1 External Forces

External environment affects organisations—both directly and indirectly. The organisations have no control over the variables in such an environment. Accordingly, organisations cannot change the environment but must change themselves to align with the environment.

External forces for change arise from the general environment as well as from task environment. The general environment which affects organisations indirectly consists of economics political, legal, sociocultural and technological forces and these forces keep the organisations alert so that they become aware of any changes in the direction and momentum of these forces.

Task related environment has a direct influence on the health of organisations and it consists of customers, competitors, suppliers, labour, stockholders and so on. All these factors can induce a change in the organisational direction. Accordingly, organizations cannot rest on status quo and must remain dynamic and be able to change quickly to adjust to the changed environment.

Technological Forces

Technology refers to how organization transforms its inputs into outputs. Technological environment consists of those Forces related to knowledge applied and the materials and machine used in the production of the goods and services that have impact on the business of an organization.

Organization uses at least one technology; for example, Maruti Udyog Limited uses assembly line process; industrial robots do such tasks as welding, spray painting, precision cutting etc.

IBM has built a plant in Austin Texas which produces laptop computer without single worker; ATM has replaced thousand human tellers in banks.

Lower and middle level positions are the worst hit. New technologies generally compel people to learn a new set of skills altogether and also learn to work together.

Some important Forces and influences operating in the technological environment are:

1. ***Source of technology:*** like company source, external source and foreign source, cost of technology acquisition, collaboration in and transfer of technology.
2. ***Technological development:*** stage development change and rate of change of technology and research and development.
3. Impact of technology on human beings, the man machine system and the environmental effect of technology.
4. Communication and infrastructure, technology in management.

For technological upgradation, TQM is an important catalyst used in the present times. ***Total quality management*** has been used by BPL, Wipro, Carrier Aircon, Maruti Udyog Ltd., Thermax, Bata, Philips, Toyota and so on. TQM is an organizational culture of continuous improvement of skills, teamwork, processes product and service quality and customer satisfaction.

Economic Forces

Economic Environment: Fiscal policy, the monetary policy, industrial policy, the physical limit or output, the price and income equation, nature of the economic system, the pace of economic development. The following indicators are used to assess the economic environment of a country:

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1. Economic stage existing at a given time in a country.
2. The economic structure adapted such as capitalist, socialist or mixed economy.
3. Economic policies such as 5 Year Plan, annual budget etc.
4. An economic policy such as industrial, monetary and fiscal polices.
5. Economic indicate like national income, distribution of income, rate of growth of GNP per capital income, disposable personal income, rate of saving, investment, value of import and export, balance of payments etc.
6. Infrastructure Forces such as financial institutions, banks, mode of transport, communication facilities, energy source etc.

   E.g. the liberalization of Indian economy had a mixed effect on Indian industry.

Political Forces

It consists of Forces related to government policies and labour laws of a country, which will directly influence the personnel policies of the organization. It is mandatory for an organization to follow all the policies and procedures that have been formulated by government for protecting the interest of the employees.

Social Forces

The factor consists of human relationship and the development. Some of the important Forces and influences are buying and consumption habit of people, of their language, belief and values, customs and tradition, tastes and preferences, education etc. Following social Forces have significant influence on personnel functions:

1. Demographic characterizations such as population, its density and distribution etc.
2. Social concerns such as the role of business in society.
3. Social attitudes and values such as the expected icons of the society from business.
4. Family structure and changes in them.
5. Role of women in society.
6. Educational level.
7. Awareness.

Local and Government Issues

One of the most important Forces that affects HRM is the knowledge of legislation framed by the government at the state and central level. Various legislations include:

Protective and Employment Legislation

1. Factories Act, 1948
2. Payment of Wages Act, 1936
3. Minimum Wages Act, 1948
4. Equal Remuneration Act,
5. Payment of Bonus Act, 1965
6. Apprentice Act, 1961

7. Employment Exchange (Compulsory Notification of Vacancies) Act

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Some of these are concerned with the health and safety of the workers at their workplace; others protect the workers by ensuring that they get paid for the work done at the end of the month.

Trade Unions

Trade unions are very important to labour, industrialist society and country. Every group is benefited by the presence of this group. Trade unions can influence the personnel policies of the organization. They have a key role in bargaining for employment related benefits that can improve the working conditions of workers on one hand and effective utilization of workforce on the other. Trade unions have gained strength after the Industrial Revolution.

Workforce Diversity

Workforce diversity means that the organizations are becoming more and more heterogeneous in nature. With the coming up of multinationals, the organizations are a complex web of individuals having differences in culture, age, gender, race, education, ethics and moral values. These differences are not only present in the work culture but also in their adaptability in meeting global changes. The diversified composition encourages creativity and better solutions to complex business decisions but poses problems in understanding human behaviour effectively.

1.11.2 Internal Forces

Internal forces for change could be reactive which would constitute a response to outside forces or these could be proactive which brings in change induced by management in anticipation of different and beneficial internal environment which could result because of this internal change.

Shifts in sociocultural values in the workforce may require changes in the corporate culture and structure. Workers are becoming more educated, less conservative and more women are joining the workforce. Corporations which were previously strictly dominated by men with a strict code of dress, membership or conduct must make the necessary changes to accommodate these demographic shifts. For example, provisions for day care centres for the children of young working mothers was unheard of only a generation ago.

The changes induced by the internal forces as a preparation to effectively meet the anticipated and potential organisational environmental changes is known as "planned change". This change is deliberately designed and adapted to meet the expected future threats and opportunities, so that there are fewer surprises and the organisations can remain competitive in the environmental dynamics.

The most important internal Forces that influence personnel policies are as follows:

1. ***Business Ethics and Value system:*** The value system of the founders of any organization has an important bearing on the choice of the business, the mission and objective of the organization, business policies and practices. It is an important acknowledged fact that the extent to which all in the organization share the value system is an important factor, which contributes more towards success.

2. ***Mission:*** The mission and objectives guide the growth and success of the company, priorities, direction of development, business philosophy, and business policy. The IOC nurtures the mission of becoming a ***transnational energy major*** and diversifying its products and services by entering into related areas, both upstream and downstream, including E&P, LNG, Petrochemical, Power, Fuel Management and consultancy services. The vision of Dr. Reddy's Laboratories is to become a discovery – led global pharmaceutical company. The

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vision of TCS is to be among the globally top 10 by 2010. These visions go a long way in influencing the personnel policies.

3. ***Organizational culture and structure:*** The organizational structure, the composition of the Board of Directors, extent of professionalization of management are important Forces influencing personnel policies decision.

4. ***Internal power relationship:*** The relationship between the members of Board of Directors and among the other staff is also a crucial factor for the smooth running of the organization and also becoming a growth-oriented firm, and will influence the personnel policies.

5. ***Human resources:*** The characteristics of human resources like skill, quality, morale, commitment, attitude etc., contribute to the strength and weakness of an organization. The involvement and initiative of people at different levels may vary from organization to organization. The organizational culture and overall environment is totally the outcome of these and hence even the type of human resource will influence the personnel policies.

Self Assessment

Fill in the blanks:

15. External environment affects organizations—both …… and ……

16. Organizations cannot change the …… but must change themselves to align with the environment.

17. Trade unions have gained strength after the …… Revolution.

18. The mission and objectives guide the …… and …… of the company.

19. The changes induced by the internal forces as a preparation to effectively meet the anticipated and potential organizational environmental changes is known as ……

20. …… means that the organizations are becoming more and more heterogeneous in nature.

Case Study

Welcome Corporation

Stop 'n' shop was started in 1967 in Calcutta as a big departmental store. When business fell in a few years, the company responded with a plan to convert the stores into a "*Hot Shoppe*," which would serve fast food and choicest sweets. That plan was so successful that they expanded to other locations. Soon there were Hot Shoppes all over the country. In 1987, the firm again responded to its environment by entering the airline catering business with an Indian Airlines contract. Success there led to further expansion of catering services. Not until 1987 did Hot Shoppe develop plans to link its success in restaurants and catering to hotels. In 1999, Hot Shoppe was rated the top major hotel chain for business travellers.

BK Ghosh, the current chairman of Hot Shoppe, is the son of the founder. He is a perfectionist when it comes to cleanliness and attractiveness. Hot Shoppe employees must follow a carefully defined, 54-step procedure in making up a room, doing each step in proper sequence. BK Ghosh also believes in keeping in touch with operations and personnel. He travels far and wide each year to visit all parts of his firm as well as his competitors' businesses.

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Hot Shoppe enjoys over ₹ 100 crore in sales and is organised into three primary areas: Lodging, contract services and restaurants. Lodging accounts for about 40 percent of sales but about half of profits. The firm's lodging operation includes nearly 5,000 guest rooms in over 16 hotels and resorts located throughout India. Those units are organized by location and by the type of market served. It serves the economy or lower end of the market; the middle of the market; the high end of the market.

The contract services part of the firm consists of several groups. One is the Business Food and Services group, providing employee cafeterias, executive dining rooms and conference centres. Another is the airline catering service group. The Host International group provides airport and non airport services and shops. The Health Care Services group serves about 50 healthcare accounts in hospitals, retirement centres, and nursing homes. The Mahatma Education Services group serves nearly 60 college and secondary education clients in student and faculty dining facilities, stadiums, and sports arenas.

The Welcome Corporation, as a major aspect of its control function, monitors its environment closely. Welcome is considered to be one of the most effective organisations in the country in what is known as competitive intelligence—the art of spying on competitors. For instance, before launching its hotel chain, Welcome sent a team of six employees around the country for six months. The team stayed in every inexpensive hotel chain in existence, gathering information about such things as quality of room service provided, the brands of soaps and towels used and the construction and soundproofing of walls. Using that information, Welcome was able to become the number one in the economy market in its first year of operation.

The Welcome family owns 21 percent of the stock of the firm and seems destined to control the company for some time. Suresh is the CEO; his mother is a vice president and director; and his brother is the vice chairman. In addition, his sons and son-in law hold managerial positions in the firm, having worked their way up from lower jobs that helped them learn the business. This homegrown approach to staffing in management enables the firm to respond quickly to opportunities but also can discourage non-family members in their quest for top spots in the firm.

Question

If you are the head of the company (CEO); what issues would you like to work with? How do you analyse the situation about each of these issues? How do you arrive at a decision?

1.12 Summary

- People have always been central to organizations but their strategic importance is increasing in today's knowledge-based industries.
- When properly motivated, even ordinary people can deliver extraordinary results.
- HRM is responsible for the people dimension of the organization.
- It is a pervasive force, action-oriented, individually-oriented, development-oriented, future-focused, and integrative in nature and is a comprehensive function.
- HRM mainly covers three broad areas: personnel aspect, welfare aspect, and industrial relations aspect.
- HRM aims at achieving organizational goals meet the expectations of employees; develop the knowledge, skills and abilities of employees, improve the quality of working life and manage human resources in an ethical and socially responsible manner.

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- From an organizational standpoint, good HR practices help in attracting and retaining talent, train people for challenging roles, develop their skills and competencies, increase productivity and profits and enhance standard of living.
- The field of HRM evolved both in India and elsewhere, over a number of years to its present level of sophistication and use of proactive methods.
- The effective use of people is the critical factor in the successful accomplishment of corporate goals.
- To this end HR managers need to understand the needs, aspirations of employees proactively, face the challenges head on and resolve issues amicably in the years ahead.

1.13 Keywords

E-Policies: Policies defining acceptable and prohibited activities and use of e-mail and the Internet make up a majority of these policies.

Employee Benefits: These are policies that explain employee benefits such as insurance, vacations, holidays, leave, and employee reimbursements.

Employee Conduct: These policies are guidelines that control employer behaviour and conduct on the job.

Employment Policies: These are the policies that guide hiring practices, orientation of new employees, compliance with employment laws, and confidentiality.

Employment Status and Records: These are the policies that define such issues as employment classifications, access to personnel files and guidance on how background checks and performance reviews are to be performed.

HRM: A process of bringing people and organisations together so that the goals of each one is met, effectively and efficiently.

HR Policies: HR policies are a set of written guidelines for human resource decisions.

Management: The process of efficiently achieving the objectives of the organisation with and through people.

Payroll: These are policies that are related to salary and wage administration including deductions, pay advances, and time keeping.

Policy: A policy is a predetermined course of action established as a guide towards accepted objectives and strategies of the organization.

Policy Manual: A policy manual is a means of communication with employees; it is first a way to communicate to employees the management rules and guidelines of the organization are documented and hence act as reference tools.

System: Two or more parts working together as an organised whole with clear boundaries.

Workforce Diversity: Workforce diversity means that the organizations are becoming more and more heterogeneous in nature.

Workplace Guidelines: These policies are quite varied and their purpose range from defining certain work arrangements such as flex time and telecommuting to offering guidelines on the use of company assets and record retention.

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1.14 Review Questions

1. Define HRM and outline its features clearly.
2. What are the criteria that determine whether an organization's HRM practices are effective?
3. "Personnel Manager's position in the company does not determine his voice in the policy-making on personnel matters". Discuss.
4. Give examples of how HR concepts and techniques can be of use to all managers.
5. Why is it correct to say that all managers are involved in the HRM function?
6. In what ways can effective HR contribute to profits?
7. "The challenge and the role of HR Department being what it is, it is strange that its status is not recognised and respected" comment.
8. Why has the HRM function increased in stature and influence in many organisations?
9. What do you mean by the "Systems approach to HRM"? What are the important subsystems of HRM?
10. Critically examine the evolution and present state of human resource management in India.

Answers: Self Assessment

1.	(c)	2.	(c)
3.	(c)	4.	(b)
5.	(d)	6.	(d)
7.	False	8.	True
9.	True	10.	True
11.	False	12.	False
13.	False	14.	True
15.	directly, indirectly	16.	environment
17.	Industrial	18.	growth, success
19.	planned change	20.	Workforce diversity

1.15 Further Readings

Books

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Unit 2: Strategic Human Resource Management

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Objectives

After studying this unit, you will be able to:

- Define the term strategic human resource management
- Explain the relevance of competitive advantage
- Discuss the HRM & its role in creating competitive advantage
- Explain the concept of creating strategic HRM system

Introduction

Today, HR's role is shifting from protector and screener to strategic partner and change agent. The metamorphosis of "personnel" into "human resource management" reflects that. In today's flattened, downsized, and high-performing organizations, trained and committed employees– not machines – are the firm's competitive key. The modern HRM considers its employees as its most important resource and its role has shifted from policeman to a developer who takes care of the overall development of its employees in terms of skill, career graph and psychological satisfaction.

2.1 Strategic Human Resource Management

If a firm's competitiveness depends on its employees, then the business function responsible for acquiring, training, appraising and compensating those employees has to play a bigger role in the firm's success. The notion of employees as competitive advantage has therefore led to new field of study known as *strategic human resource management,* "the linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility." Ideally, HR and top management together craft the company's business strategy. That strategy then provides the framework that guides the design of specific HR activities such as recruiting and training. This should produce employee competencies and behaviours that in turn should help the business implement its business strategy and realize its goals. HR strategies are the courses of action HR uses to help the company achieve its strategic aims.

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SHRM is built around three important propositions (M. Armstrong 34-45)

- The human resources of a firm are a major source of competitive advantage; in a way, people can make or break an organization.
- Successful organizational performance depends on a close fit between business and human resource strategy (vertical fit).
- Individual HR strategic should cohere by being linked to each other to offer mutual support (horizontal fit).

Self Assessment

State whether the following statements are true or false:

1. Competitive pressures have very little impact on the strategies of many companies.
2. Until recently, organisations have never been concerned with the personnel problems of their employees.
3. Technology and globalization are the only forces driving change in organisations these days.
4. Human capital can be managed the way organisations manage jobs, products and technologies.
5. Productivity at national, organizational and individual levels is critical to organizational success.
6. People are a source of competitive advantage when their skills, knowledge and abilities are easily available to competitors.
7. SHRM is the pattern of planned human resource developments and activities intended to unable an organisation to achieve its goals.
8. HR cannot help a firm carry out restructuring and downsizing efforts without rubbing employees on the wrong side.
9. Globalization, deregulation and technological innovation have in recent times created the need for rather, faster and more competitive organizations.

2.2 HRM and its Role in Creating Competitive Advantage

A 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 organizational 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 e-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

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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).

Example: Federal Express has core competencies in package routing, deliver and employee relations.

Did u know? 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. Organizations 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. Both 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 of 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 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

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extended periods of time. After the emergence of Internet, students have almost forgotten Encyclopedia 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*).

Caution 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).

Self Assessment

Fill in the blanks:

10. It is …… to pay employees too little than to pay too much.
11. Lifetime employment will …… the manager's power to exact compliance through the threat of termination.
12. Many organisations have restructured in the past few years in order to become ……
13. A well designed strategy can …… if sufficient attention is not paid to the HR dimension.
14. Competency is the ability to perform …… well and increase the stock of targeted resources.
15. To deliver superior value and offer unmatched service, every firm requires the services of a committed and competent ……

Case Study

Janata Bank

Janata Bank, established in 1979, is a financial services company headquartered in Mumbai. Massive changes began to take place in the business environment of banking with deregulation and relaxation of ceilings on interest. Money markets began to drain off funds that ordinarily went into banks' deposits, forcing them to rely on more expensive

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sources of funds. Further, the money centre banks began to compete in the same middle markets as regional banks. Janata Bank, which was a small regional bank, responded by changing its strategy from a product oriented one to one directed toward markets. With a product orientation, products are developed and then markets are sought in which to sell the product. As a result of these changes, Janata Bank transformed itself into a diversified financial services company with 139 branches and fully integrated banking services and stock trading presence on the Internet.

Because of major changes in Janata Bank's strategy, there was a recognition that new organisational structures would be needed to accommodate the changes. The organisation was decentralised, hierarchical levels were removed, strategic business units were formed and new senior vice-presidencies created within a matrix structure. The bank then conducted a study of the type of employees that would be needed with the new strategy's skill and organisational requirements. Major changes were undertaken as a result of the audit. For example, the performance appraisal system was revised. The revised system emphasised goal setting, linked individual goal accomplishment and rewards with the attainment of the bank's objectives and placed greater emphasis in performance appraisal on marketing and sales. Further, human resource planning was more fully integrated with the strategic planning process through synchronisation of its scanning processes with the bank's overall environmental scanning process.

Questions

1. Based on the descriptions of the experience of Janata Bank, what is the unifying theme of the role played by human resource management?
2. What were the environmental influences stimulating the actions described for Janata Bank?
3. What managerial trends are indicated in the experience of Janata Bank?

2.3 Creating Strategic HRM System

Strategic HRM begins with an assumption that the company has a mission of obtaining an appropriate rate of return for shareholders, while complying with the interest of the company's other stakeholders including employees.

A thorough understanding of the investment perspective is critical for HR executives and managers who wish to play a strategic role in their organisation. Just as financial outlays for plant and equipment are evaluated from an investment perspective, expenditure on HR activities, such as training and development, also should be evaluated in terms of return on investment.

Additionally the investment perspective provides a valuable general managerial frame- work for evaluating programmes, policies and activities in terms of their ability to enhance and preserve the organisation's investment in its human resources. An informed awareness of environmental trends and developments is required before managers can examine intelligently the potential opportunities of HR management and the broader economic environment which have changed dramatically. In addition to these changes, the legal environment of HR continues to evolve and expand. In some respects, the legal environment itself has become a source of uncertainty. Although in the past HR strategists many not have incorporated the legal environment in their conceptual framework, further expansion of the law into areas of employer and employee relationships have made the legal environment a critical component of strategic analysis. The framework's investment perspective drives the formulation of strategies for dealing with opportunities and threats in the environment. HR and HR management can play major roles in the organisation's overall strategy particularly when HR are viewed as providing a major competitive advantage.

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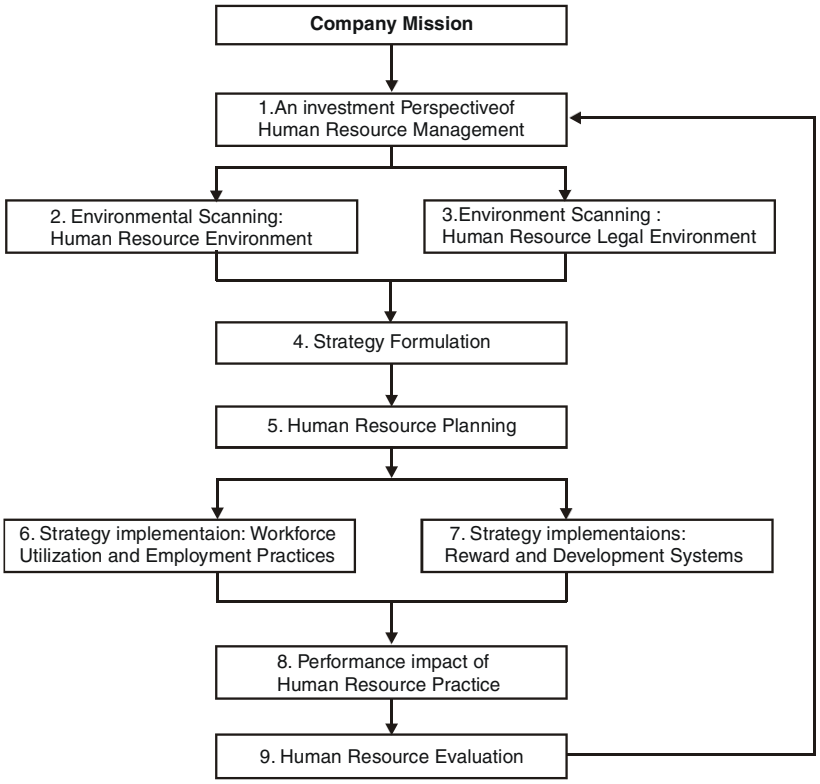
Figure 2.1: Process of Strategic HRM



Source: Charles R Greer, *Strategic HRM,* Pearson (2001) P.138

Notes Some authors have defined strategic HR management as the effective application of the organisation's overall strategies. Such definitions have only an implementation perspective, while other authors also see strategic HR management as being integrated with strategy formulation. HR strategies are narrower in focus than the domain of strategic HR management. HR strategies define the manner in which the organisation's practices, programmes, policies and activities will be aligned to obtain consistency with the organisation's overall strategies. Such strategies play an implementation role and are valuable means of obtaining direction, consistency and coherence in HR efforts. The role of individual human resource activities may be better understood through the application of a conceptual typology developed by Alan Speaker, senior VP at Synergy HR Technologies.

The typology categorizes human resource activities in a 2 × 2 matrix according to two dimensions (1) The extent to which such activities are relational to transaction and (2) whether they have high or low strategic value.

1. At one end of the transactional and relationship continuum are transactional activities that are mostly administrative and impersonal. The performance of these activities does not require a high level of interpersonal skill, and many of these activities can be computerised. At the other end of the continuum are activities that require high levels of interpersonal skills, political awareness, and sensitivity.

2. For the strategic-value dimension, at one end of the continuum are activities that have direct business impact on the firm's ability to implement its competitive strategies. At the

other end of the continuum are activities that have a more indirect or less strategic impact. The model is presented in Figure 2.2.

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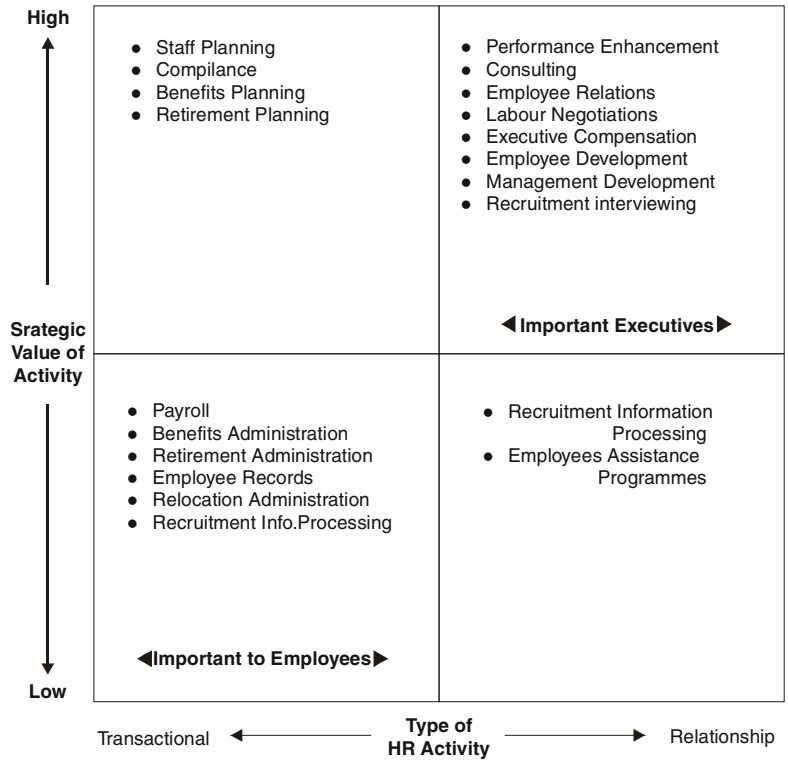
Figure 2.2: Model of SHRM



Task Assume the position of a consultant hired to assess the approach towards human resources management taken by a client organization. What factors might you evaluate whether an organization uses a traditional or strategic approach to managing its human resources?

Case Study

Strategic Human Resource Management at JCP

The origin of JCP can be traced back to The Golden Rule (TGR), a dry goods and clothing store, in Kemmerer, Wyoming, set up in 1902 by James Cash Penney (Penney).

On October 27, 2004, JCP announced that Ullman would succeed Questrom as chairman and CEO of JCP on December 1, 2004.

Ullman was chosen ahead of Castagna due to what Questrom described as his "superior record of success in retailing" and the leadership that he had demonstrated at Macy's, LVMH Moet Hennessy Louis Vuitton, and the DFS Group (Duty Free Shoppers). The management at JCP expected Ullman to take JCP to the next level.

Contd…

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However, analysts felt that the challenge before Ullman was immense. New blood had to be infused in JCP without the existing employees being alienated. The organizational culture at Penney had not changed much since the time of its founder Penney.

Though Ullman had rich experience in the industry, he desisted from introducing sweeping changes at JCP based on what he thought was right.

For the first few months, he patiently listened to the employees. He also looked outside for ideas.

He talked with people who had led turnarounds in other companies and even sent a team to International Business Machines Corp (IBM). A few months after Ullman unveiled a 'Long Term Plan' with the focus on taking JCP to the industry leadership level. One of the strategies to achieve this objective was to make JCP a great place to work in.

Ullman explained, "The associates are the first customers we sell. If it doesn't ring true to them, it's impossible to communicate and inspire the customer."

Ullman wanted to build a customer-focused culture at JCP. But in trying to do so, he met with significant challenges. JCP was a company with a long tradition of more than 100 years.

It had run into trouble in the late 1990s and early 2000s, but under the able leadership of chairman and CEO Allen Questrom (Questrom) and COO, Vanessa Castagna (Castagna), it witnessed a dramatic turnaround by the end of 2004.

When Ullman joined the company, he found that the organizational culture at JCP was very formal and rigid, in some ways very similar to what it had been in its initial days. Employees addressed their managers formally, and not by their first names. They were expected to dress formally and to desist from decorating their cubicles. A band of "office police" reporting to the Human Resource (HR) department ensured that the employees complied with the rigid rules.

Moreover, due to the recent turnaround, the mood of the employees was not "forward-thinking" as they were pleased that a major disaster had been averted. Ullman realized that this mood and the rigid culture were not conducive to attaining the ambitious plan set by the company. Though the company believed in coaching its employees at all levels in the hierarchy since the 1970s, it was still not considered to be a great place to work for by the employees and potential employees.

He felt that the rigid culture at JCP was intimidating new recruits, resulting in a high turnover, and acting as a hindrance in attracting talent. So in conjunction with the newly appointed HR chief Michael Theilmann (Theilmann), Ullman started an initiative to redefine the culture at JCP.

"The business isn't just about store managers any more - it's more complicated than it used to be, and I need to motivate employees from the entry level to the officers. If I had a choice to honor the past and lose, or move forward and win, I pick winning," said Ullman. Various symbolic changes were made in 2005.

Symbolic changes apart, JCP also kick-started a process to groom leaders and provide ongoing training to all the employees. The management felt that to project JCP as a great place to work in, the employees had to feel that they could build a career in the company.

The efforts to change the culture at JCP started bearing fruits within two years. The various initiatives seemed to be having a positive impact on the employees and their job satisfaction.

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Ullman was credited with having brought about a revolutionary change in JCP's culture. Experts said the culture of an organization was top-driven and the top management's commitment was vital in such culture change initiatives.

Questions

1. After analyzing the case, how do you think was the focus of companies that wanted to transform their culture changed?
2. How would you rate Ulman as the leader for the strategic human resource development policy and why?

Source: www.idgyth.com

2.4 Summary

- The role of human resource management in organisations has been evolving dramatically in recent times.
- HR is increasingly receiving attention as a critical strategic partner, assuming stunningly different, far reaching transformational roles and responsibilities.
- Strategic HRM is the linking of HRM with key goals and objectives with a view to improve business performance and develop organisational cultures that foster innovation and flexibility.
- HR can be a source of competitive advantage, when the talents of people working in the company are valuable, rare, difficult to imitate and well organised to deliver efficient and effective results.
- People have always been central to organisations but their strategic importance is increasing in today's knowledge-based industries.
- When properly motivated, even ordinary people can deliver extraordinary results.
- The benefit arising from competitive advantage based on effective personnel management is such an advantage that can not be emulated by others.
- The HRM of an organisation is an important non-imitable resource if it is practiced effectively and efficiently.

2.5 Keywords

Competency: Ability to perform exceptionally well and increase the stock of targeted resources within the firm

Competitive Advantage: It allows a firm to gain an edge over rivals when competing. It comes from a firm's ability to perform activities more distinctively and more effectively than rivals.

Core Competencies: Core competencies tend to be limited in number but they definitely offer a solid basis for technology innovation, product development and service delivery.

Effectiveness: The extent to which goals have been met

Efficiency: The degree to which operations are carried out in an economical way

Horizontal Fit: Individual HR strategic should cohere by being linked to each other to offer mutual support.

Management Development: Training and development programmes designed to provide new managers and existing managers with the resources needed to become more effective in their roles.

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Strategic Human Resources Management: The linking of HRM with strategic goals and objectives in order to improve business performance and develop organisational cultures that foster innovation and flexibility.

Superiority: This requires single-minded focus on customer needs and expectations.

Vertical Fit: Successful organizational performance depends on a close fit between business and human resource strategy.

2.6 Review Questions

1. Define the term SHRM.
2. What is meant by competitive advantage?
3. Explain the HRM's role in creating competitive advantage.
4. What is meant by Inimitability?
5. Explain the Appropriability.
6. Why is it important for a company to make its human resources into a competitive advantage? How can HR professionals contribute to doing so?
7. Describe the characteristics of the new role of the HR executive–that of strategic partner' with top management.
8. Describe HR's role as a strategic partner in formulating and in executive strategy.
9. Why is a competitive advantage based on heavy investment in human resources more sustainable than investment in other types of assets?
10. To be a strategic business contributor, HR managers must enhance organisational performance, expand human capital, and be cost-effective. Discuss how HR professionals must balance the competing demands made on them.

Answers: Self Assessment

1.	False	2.	False
3.	False	4.	False
5.	False	6.	False
7.	False	8.	False
9.	True	10.	not better
11.	reduce	12.	more competitive.
13.	fail	14.	exceptionally
15.	workforce		

2.7 Further Readings

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Notes

Unit 3: Job Analysis, Job Enrichment and Job Enlargement

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Objectives

After studying this unit, you will be able to:

- Define the terms job analysis, job enrichment and job enlargement.
- Discuss the methods for collecting job analysis information
- State the relevance of human resource planning process
- Understand the affecting factors and its link with strategic planning
- Explain the human resource information system

Introduction

Job Analysis is the process of studying and collecting information relating to the operations and responsibility of a specific job. The immediate products of this analysis are job description and job specifications. Job analysis is a systematic approach to defining the job role, description,

requirements, responsibilities, evaluation, etc. It helps in finding out required level of education, skills, knowledge, training, etc. for the job position. It also depicts the job worth i.e., measurable effectiveness of the job and contribution of job to the organization. Thus, it effectively contributes to setting up the compensation package for the job position. Job analysis is a process to identify and determine in detail the particular job duties and requirements and the relative importance of these duties for a given job. It is a process where judgments are made about data collected on a job.

3.1 Job Analysis

Job analysis is an essential and pervasive human resource technique and the starting point for other human resource activities. Simply stated, job analysis is a formal and detailed examination of jobs. It is a systematic investigation of the tasks, duties and responsibilities necessary to do a job. A job consists of a group of tasks that must be performed for an organization to achieve its goals. A task is an identifiable work activity carried out for a specific purpose, for example, typing a letter. A duty is a larger work segment consisting of several tasks (which are related by some sequence of events) that are performed by an individual, for example, pick up, sort out and deliver incoming mail. Job responsibilities are obligations to perform certain tasks and duties.

Job analysis is an important human resource activity because it identifies what people do in their jobs and what they require in order to do the job satisfactorily. The information about a job is usually collected through a structured questionnaire.

There are two views regarding the job analysis: Traditional and Modern. Let's discuss them briefly.

3.1.1 Traditional Views

- Job analysis is the process of obtaining information about jobs
- It is an important human resource activity for a variety of reasons.
- Jobs are important to individuals.
- They help determine standards of living, places of residence, status and even one's sense of self-worth.
- Jobs are important to organizations because they are the means of achieving organizational objectives.
- Traditionally, jobs are defined in a rigid way—along prescribed lines.
- The job incumbents are expected to carry out work by strictly adhering to a set of rules and regulations.
- The job is designed to be immutable and unchanging irrespective of the various incumbents who carry out work at different points of time.
- In the traditional view, thus, there is a straightforward assumption that jobs exist and they need to be scrupulously looked after to obtain results.

3.1.2 Modern Views

- According to Tom Peters (Thriving on Chaos, London, Pan 1989) the entire concept of job is somewhat obsolete.
- In a fast changing environment, "jobs are nothing but rigid solutions to an elastic problem".

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- An organization is not a structure of unchanging jobs.
- It is, in fact, made up of constantly changing activities and projects.
- In reality, jobs are not static.
- Technological advances and competitive pressures may often force an organization to put more emphasis on characteristics of successful performance rather than on standard job duties, tasks etc.
- The same job, moreover, might be handled differently at different times of the year.
- The job is what the incumbent makes of it.
- Job titles also need to be designed carefully.
- In the modern world, the fewer the job titles, the better.
- Because of certain inherent premium value, they carry lot of meaning.
- If everyone has the same title with no status walls and rank divisions, then there will be fewer territorial fights between job holders.
- Jobs, to be useful, ought to move in sync with changing times.
- They are expected to be flexible and adaptable.
- The modern Job extinction view, therefore, argues that jobs no longer exist in modern organizations due to the dynamic nature of work in rapidly changing business environments (Fisher et al).

3.1.3 Uses of Job Analysis

Good human resource management demands of both the employee and the employer a clear understanding of the duties and responsibilities to be performed on a job. Job analysis helps in this understanding by drawing attention to a unit of work and its linkage with other units of work. More specifically, the uses of job analysis may be summarized thus:

1. ***Human resource planning:*** Job analysis helps in forecasting human resource requirements in terms of knowledge and skills. By showing lateral and vertical relationships between jobs, it facilitates the formulation of a systematic promotion and transfer policy. It also helps in determining quality of human resources needed in an organization.
2. ***Recruitment:*** Job analysis is used to find out how and when to hire people for future job openings. An understanding of the skills needed and the positions that are vacant in future hel3ps managers to plan and hire people in a systematic way. For example, a company might be traditionally hiring MBA students for equity research. A recent job analysis showed that the positions could be filled by graduates with an analytical bent of mind. Now, this would help the company hire equity analysts from a greater number of available graduates even by offering a slightly lower salary.
3. ***Selection:*** Without a proper understanding of what is to be done on a job, it is not possible to select the right person. If a Super Bazaar manager has not clearly identified what a clerk is to do, it is difficult to ascertain if the person selected is to position stores items, run a cash register, or keep the account books.
4. ***Placement and orientation:*** After selecting people, we have to place them on jobs best suited to their interests, activities and aptitude. If we are not sure about what needs to be done on a job, it is not possible to identify the right person suited for the job. Similarly, effective job orientation cannot be achieved without a proper understanding of the needs of each job. To teach a new employee how to handle a job, we have to clearly define the job.

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

6. ***Counseling:*** 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.

7. ***Employee 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. ***Performance appraisal:*** By comparing what an employee is supposed to be doing (based on job analysis) to what the individual has actually done, the worth of that person can be assessed. Ultimately, every organisation has to pay a fair remuneration to people based on their performance. To achieve this, it is necessary to compare what individuals should do (as per performance standards) with what they have actually done (as per job analysis).

9. ***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.

10. ***Job evaluation:*** Job analysis helps in finding the relative worth of a job, based on criteria such as degree of difficulty, type of work done, skills and knowledge needed, etc. This, in turn, assists in designing proper wage policies, with internal pay equity between jobs.

3.1.4 Process of Job Analysis

The major steps involved in job analysis are as follows:

1. ***Organizational analysis:*** First of all, an overall picture of various jobs in the organization has to be obtained. This is required to find the linkages between jobs and organizational objectives, interrelationships between jobs and contribution of various jobs to the efficiency and effectiveness of the organization. The required background information for this purpose is obtained through organization charts and workflow charts.

2. ***Selection of representative positions to be analyzed:*** It is not possible to analyze all the jobs. A representative sample of jobs to be analyzed is decided keeping the cost and time constraints in mind.

3. ***Collection of job analysis data:*** This step involves the collection of data on the characteristics of the job, the required behaviour and personal qualifications needed to carry out the job effectively. Several techniques are available for collecting such data. Care should be taken to use only reliable and acceptable techniques in a given situation.

4. ***Preparation of job description:*** This step involves describing the contents of the job in terms of functions, duties, responsibilities, operations, etc. The job holder is required to discharge the duties and responsibilities and perform the operations listed in job description.

5. ***Preparation of job specification:*** This step involves conversion of the job description statements into a job specification. Job specifications is a written statement of personal attributes in terms of traits, skills, training, experience needed to carry out the job.

Job requirements keep changing with time. Technological advances may demand a new approach to handle job operations. Union agreements may give a greater say in handling certain other responsibilities. The employees' attitude might change. In the past, jobs were designed, taking the

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view that they would not change. There was no attempt to link changing job requirements with changing attitudes of employees toward work. It is only in late 70's many organizations realized the importance of carrying out frequent job analyses and tune the jobs in-line with the mental make-up of people who handle them – for achieving greater efficiency and higher productivity.

Job analysis basically include the study of job description and job specification.

3.1.5 Job Description

A Job Description (JD) is a written statement of what the job holder does, how it is done, under what conditions it is done and why it is done. It describes what the job is all about, throwing light on job content, environment and conditions of employment. It is descriptive in nature and defines the purpose and scope of a job. The main purpose of writing a job description is to differentiate the job from other jobs and state its outer limits.

Contents

A job description usually covers the following information:

- ***Job title:*** Tells about the job title, code number, and the department where it is done. A good title will closely approximate the nature of the work content and will distinguish the job from others.
- ***Job summary:*** A brief write-up about what the job is all about.
- ***Job activities:*** A description of the tasks done, facilities used, extent of supervisory help, etc.
- ***Working conditions:*** The physical environment of job in terms of heat, light, noise and other hazards.
- ***Social environment:*** Size of work group and interpersonal interactions required to do the job.

Table 3.1: Specimen of Job Description

Title	Compensation manager
1. Code	HR/3500
2. Department	Human Resource Department
3. Summary	Responsible for the design and administration of employee compensation programmes.
4. Duties	(a) Conduct job analysis. (b) Prepare job descriptions for current and projected positions. (c) Evaluate job descriptions and act as Chairman of Job evaluation Committee. (d) Insure that company's compensation rates are in tune with the company's philosophy. (e) Relate salary to the performance of each employee. Conduct periodic salary surveys. (f) Develop and administer performance appraisal programme. (g) Develop and oversee bonus and other employee benefit plans.
Develop an integrated HR information system. Working conditions: Normal. Eight hours per day. Five days a week.	
Report to	Director, Human Resource Department.

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Problems with Job Descriptions

Job Description serves as a valuable guide for both the employees and the employer. Employees know what they are supposed to do well in advance. Employers, on the other hand, can take collective steps when the duties covered by the job description are not performed as required. In actual practice, several problems crop up consciously or unconsciously while formulating job descriptions.

- It is not easy to reduce all the essential components of a job in the form of a clear and precise document.
- Job descriptions are sometimes not updated as job duties change.
- They can limit the scope of activities of the job holder, reducing organizational flexibility.

Writing Clear and Specific Job Descriptions

According to Ernest Dale, the following guidelines should be kept in mind while writing job descriptions:

- The JD should indicate the nature and scope of the job, including all important relationships.
- It should be brief, factual and precise; use active verbs such as collect mail, sort out 'mail', 'distribute' mail, etc. Avoid statements of opinion. Give a clear picture of the job; explain all the duties and responsibilities of the job in greater detail.
- More specific words be chosen to show (i) the kind of work, (ii) the degree of complexity, (iii) the degree of skill required, (iv) the extent to which problems are standardised and (v) the degree and type of accountability.
- The extent of supervision available should also be clearly stated.
- The reporting relationships must also be clearly indicated (e.g., who reports to whom, frequency, etc.).

Mode of Writing

The job analyst has to write the JD after proper consultations with the worker and the supervisor. The preliminary draft about the job must be discussed in the presence of both the worker and the supervisor to uncover gaps, deficiencies, etc. The following method is suggested by an expert in this connection:

- Firstly, get the questionnaire about the job filled in by the immediate supervisor of the employee.
- Secondly, the job analyst must observe the actual work done by the employee and complete the job description form.
- Thirdly, every effort must be made to involve the employee and the supervisor while finalising the JD.
- Finally, keep the JD up-to-date by keeping track of changing conditions and incorporating the relevant ones as and when needed.

3.1.6 Job Specification

Job specification summarizes the human characteristics needed for satisfactory job completion. It tries to describe the key qualifications someone needs to perform the job successfully. It spells out the important attributes of a person in terms of education, experience, Skills, Knowledge

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and Abilities (SKAs) to perform a particular job. The job specification is a logical outgrowth of a job description. For each job description, it is desirable to have a job specification. This helps the organisation to determine what kind of persons are needed to take up specific jobs. The personal attributes that are described through a job specification may be classified into three categories:

- ***Essential attributes:*** Skills, Knowledge and Abilities (SKAs) a person must possess.
- ***Desirable attributes:*** Qualifications a person ought to possess.
- ***Contra-indicators:*** Attributes that will become a handicap to successful job performance.

A job specification can be developed by talking with the current job holders 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 job specification is given below:

Table 3.2: Job Specification of Composition Manager

1. Education	MBA with specialization in HRM/MA in social work/PG Diploma in HRM/MA in industrial psychology.
	A degree or diploma in Labour Laws is desirable.
2. Experience	At least 3 years' experience in a similar position in a large manufacturing company.
3. 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.
4. Work Orientation Factors	The position may require upto 15 per cent travel.
5. Age	Preferably below 30 years.

Preparing a job specification is not always easy. Regarding the human resource requirements of a job, there is scope for disagreement. For a clerical job, one bank may demand high school education, another bank may demand the services of graduates or even post graduates. Differences may also crop up when stating an attribute as a 'desirable' or 'essential' qualification. To avoid further confusion as rightly pointed out by Mathis and Jackson, while "writing any job specification, it is important to list only those SKAs essential for job performance."

3.2 Methods for Collecting Job Analysis Information

The skills and abilities necessary for successful performance and the responsibilities inherent in the job can be obtained through such methods or approaches:

1. Pe***rsonal observation***: Direct observation is especially useful in jobs that consist primarily of observable physical ability, like the jobs of draftsman, mechanic, spinner or weaver. A trained observer observes a worker, recording what the worker does, how the work is done, and how long it takes. There are two types of observation:

   (a) Continuous observation involves observing a job over a given period of time.

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(b) Sampling involves observing several incumbents over random, relatively short periods of time. Observation is a simple and frequently used method of job analysis.

2. ***Questionnaires:*** Properly drafted questionnaires are sent out to job- holders for completion and are returned to supervisors. The information received is often unorganized and incoherent. The idea in issuing questionnaire is to elicit the necessary information from job holders so that any error may first be discussed with the employee and after due corrections, may be submitted to the job analyst. There are two types of questionnaires: The structured questionnaire uses a standardized list of work activities, called a task inventory, that job incumbents or supervisors may identify as related to the job. In addition, the respondent may also identify additional information such as how much time is spent on the task, the amount of supervision required, and/or the expertise required. The open-ended questionnaire asks the job incumbent to describe the work in his or her own words.

3. ***Maintenance of log records:*** The employee maintains a daily records of duties he performs, marking the time at which each task is started and finished. It is a time-consuming process and moreover it does not give desirable information on supervisor relationship, the equipment used and working conditions.

4. ***Personal interviews:*** May be held by the analysts with the employee and answer to relevant questions may be recorded. The method is time-consuming and costly. A trained job analyst interviews a job incumbent, usually utilizing a standardized format. Sometimes more than one worker are interviewed, and the results are aggregated. Another variation is the group interview, where several incumbents are interviewed.

5. ***Critical incident:*** Behaviorally based critical incidents are used to describe work, and a job analyst determines the degree of each behavior that is present or absent in the job.

6. ***Diary:*** The job incumbent records activities and tasks in a log or diary as they are performed.

7. ***Checklist:*** A worker or supervisor checks items on a standardized task inventory that apply to the job. Checklists may be custom-made or purchased from an outside vendor.

8. ***Technical conference:*** Several experts (often called "subject matter experts") on the job collaborate to provide information about the work performed. A job analyst facilitates the process and prepares the job description based on the consensus of the technical experts.

Caution In certain applications, two or more methods may be combined. An example is the observation-interview.

3.3 Job Enrichment

Job enrichment is a way to motivate employees by giving them increased responsibility and variety in their jobs. Many employers traditionally believed that money was the only true motivating factor for employees and that if you wanted to get more work out of employees, offering them more money was the only way to do it. While that may be true for a small group of people, the majority of workers today like to work and to be appreciated for the work they do. Job enrichment— allowing the employees to have more control in planning their work and deciding how the work should be accomplished—is one way to tap into the natural desire most employees have to do a good job, to be appreciated for their contributions to the company, and to feel more a part of the company team.

The purpose of job enrichment is to improve the quality of an employee's job and therefore motivate the employee to accomplish more. However, in order for job enrichment to work, the

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employee has to desire and accept new ways of accomplishing tasks. Some employees lack the skills and knowledge required to perform enriched jobs, while others are quite happy doing routine jobs because they feel the current work situation is relatively stress-free. It is likely that these types of employees would not like job-enrichment activities and would not accept the new way of doing things. Therefore, asking for employee input and keeping communication lines open is essential to the success of job-enrichment programs.

Job enrichment has its roots in Frederick Herzberg's *two-factor theory*, according to which two separate dimensions contribute to an employee's behavior at work. The first dimension, known as hygiene factors, involves the presence or absence of job dissatisfactions, such as wages, working environment, rules and regulations, and supervisors. When these factors are poor, work is dissatisfying and employees are not motivated. However, having positive hygiene factors does not cause employees to be motivated; it simply keeps them from being dissatisfied. The second dimension of Herzberg's theory refers to motivators, which are factors that satisfy higher-level needs such as recognition for doing a good job, achievement, and the opportunity for growth and responsibility. These motivators are what actually increase job satisfaction and performance. Job enrichment becomes an important strategy at this point because enriching employees' jobs can help meet some of their motivational needs. There are basically five areas that are believed to affect an individual employee's motivation and job performance: skill variety, task identity, task significance, autonomy, and feedback. Job enrichment seeks to find positive ways to address each of these areas and therefore improve employee motivation and personal satisfaction.

Skill variety involves the number of different types of skills that are used to do a job. This area is important because using only one skill to do the same task repeatedly can be quite boring, typically causing the employee's productivity to decrease after a period of time. However, using a variety of skills in a job will tend to keep the employee more interested in the job and more motivated.

One way businesses are focusing on this area is through *job rotation*, that is, moving employees from job to job within the company, thereby allowing employees a variety of tasks in their work and helping prevent boredom. While this process can be costly to the company because employees must be trained in several different areas, the cost tends to be balanced by the increase in morale and productivity. Job rotation also gives each employee the opportunity to see how the different jobs of a company fit together and gives the company more flexibility in covering tasks when workers are absent. However, while job rotation is a good way to enrich employees' jobs, it can also hinder performance: Having to know several different jobs in order to rotate, can prevent employees from becoming proficient at any of the jobs. Therefore, the advantages and disadvantages of job rotation as an enrichment strategy have to be carefully weighed.

Task identity is a matter of realizing a visible outcome from performing a task. Being able to see the end result of the work they do is an important motivator for employees. One way to make task identity clearer is through *job enlargement*, which means adding more tasks and responsibilities to an existing job. For example, instead of building just one component part of a humidifier, a team of employees builds the entire product from start to finish. When using job enlargement as an enrichment strategy, it is important that enlarging the job gives the employee more responsibility and more variety, not just more work.

Task significance involves how important the task is to others in the company, which is important in showing employees how the work they do fits in with that done in the rest of the organization. If employees can see how their work affects others, it will be a motivator to do the best job they can.

Many companies take new employees on a tour of the company and provide training sessions on how each part of the company works together with the other parts. In order to accept and handle responsibility, it is important that employees know how the various areas of the company work together; without this knowledge, it is very difficult for them to handle decision-making

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responsibilities. Putting employees from different areas of the company into planning teams can also help them see the significance of the tasks they perform.

Autonomy involves the degree of freedom, independence, and decision-making ability the employee has in completing assigned tasks. Most people like to be given responsibility; it demonstrates trust and helps motivate employees to live up to that trust. Responsibility can also help speed up work processes by enabling the employee to make decisions without having to wait for management approval. Autonomy is a very important part of job enrichment because it gives the employee power and a feeling of importance.

A type of job enrichment that restructures work to best match the employee to the job is *job redesign*. Job redesign can focus on combining existing jobs, forming work groups, and/or allowing closer contact between employees and individual suppliers or customers. The idea behind job redesign is to match employees with a job they like and are best qualified to perform. Self-managed teams are a type of job design whereby employees are grouped into teams and given certain guidelines to follow as well as goals to accomplish—and then left alone to accomplish those goals. Self-managed teams demonstrate the company's faith in the employees and give employees a feeling of power and pride in the work they accomplish.

Feedback describes how much and what type of information about job performance is received by the employee. It is one of the most important areas for motivation. Without feedback, employees have no way of knowing whether they are doing things correctly or incorrectly. Positive feedback helps to motivate employees by recognizing the efforts they have put into their work. While monetary rewards for doing a good job can be a strong incentive, sometimes saying "you did a really good job on that project" can mean just as much. Corrective feedback is also important because it lets employees know what areas need improvement.

There are many different types of job-enrichment activities and programs that companies can implement to encourage worker participation and enhance motivation. The team atmosphere is one way to enrich jobs. Grouping employees into teams and allowing the team the freedom to plan, make decisions, and accomplish their goals gives employees a feeling of importance and responsibility. It can also help employees come up with creative ideas on ways to improve work activities by giving them the opportunity to work closely with others. Asking for and encouraging employees to give input on company strategies and plans is another way to enrich jobs. Often times employees have the best input because they are the ones actually performing the activity on a daily basis. Holding company award ceremonies can also help to enrich jobs and motivate employees by recognizing individual employees for their contributions to the company.

Although not much is heard of it nowadays, the job enrichment movement of the 1960s, which was largely designed and inspired by the research and writings of Frederick Herzberg, has had a considerable influence on the job design.

Did u know? The aim of job enrichment is to maximize the interest and challenge of work by providing employees with jobs having the following characteristics:

1. They are complete piece of work in the sense that the workers can identify a series of tasks or activities that end in a recognizable and definable product or service.
2. They provide employees with as much variety, decision-making responsibility and control as possible in carrying out the work.
3. They provide direct and quick feedback through the work itself on how well the employees are doing their jobs.

It seeks to improve both task efficiency and human satisfaction by giving more challenging and responsible work and opportunity for individual advancement and growth. An enriched job will

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have more responsibility and autonomy (vertical enrichment), more variety of tasks (horizontal enrichment) and more growth opportunities.

On the positive side, it leads to increased motivation, performance, satisfaction, job involvement and reduced absenteeism.

Secondly, it meets certain psychological needs of the jobholders.

Techniques of job enrichment:

1. Increasing the responsibility of the activity.
2. Providing wider scope, more sequence and increased pace of the work.
3. Providing the freedom of work by minimizing controls when the employees are clearly accountable for attaining defined goals.
4. Giving a natural unit of work either to an employee or group of employees.
5. Allowing the employees to set their own standards or targets.
6. Introducing new, difficult, creative tasks to the employees.
7. Encouraging employee participation in planning, innovations and creations.

Notes Steps in job enrichment:

1. Selecting those jobs which permit close relation between motivation and job performance.
2. Introducing on a pilot scheme basis.
3. Starting with the assumption that these jobs can be changed.
4. Brainstorming a list of changes that may enrich the jobs.
5. Concentrating on motivational factors such as achievement, responsibility, self-control.
6. Trying to change the content of the job rather than changing the employees from their jobs.
7. Providing adequate training, guidance, encouragement and the help.
8. Introducing with care as job enrichment programmes may be resisted by employees.
9. Preparing the specific programmes for each project and ensure the control information to monitor the performance.

3.4 Job Enlargement

Job enlargement is a job design technique wherein there is an increase in the number of tasks associated with a certain job. In other words, it means increasing the scope of one's duties and responsibilities. The increase in scope is quantitative in nature and not qualitative and at the same level. Job enlargement is a horizontal restructuring method that aims at increase in the workforce flexibility and at the same time reducing monotony that may creep up over a period of time. It is also known as horizontal loading in that the responsibilities increase at the same level and not vertically.

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Benefits of Job Enlargement

1. ***Reduced Monotony:*** Howsoever interesting the job may appear in the beginning, sooner or later people complain of boredom and monotony. Job enlargement if planned carefully can help reduce boredom and make it more satisfying and fulfilling for the employees.
2. ***Increased Work Flexibility:*** There is an addition to the number of tasks an individual performs. There is thus an increased scope of carrying out tasks that are versatile and yet very similar in certain aspects.
3. ***No Skills Training Required:*** Since the individual has already been performing the task in the past, there is no great requirement for imparting of new skills. However people and time management interventions may be required. The job thus gets more motivational for the one performing it.

Difference between Job Enrichment and Job Enlargement

1. The difference between job enrichment and job enlargement is essentially of quantity and quality. Whereas job enlargement means increasing the scope of job quantitatively by adding up more tasks, job enrichment means improvement in the quality of job such that employees are more satisfied and fulfilled.
2. Job enrichment depends upon job enlargement for success and the reverse in not true.
3. Job enrichment means a vertical expansion in duties and responsibilities and span of control whereas in job enlargement the expansion is horizontal in nature.
4. Since enrichment gives employee greater insights in managerial functioning and a better work profile, it is looked upon as an indicator of growth and development. The same is not true in case of job enlargement which is seen as an employer tactic to increase the workload.
5. Job enrichment has been found to have greater impact in terms of motivation when compared to job enlargement.
6. Through job enrichment an employee finds satisfaction and contentment in his job and through job enlargement employee feels more responsible and worthwhile in the organization.
7. Job enrichment entails the functions of planning and organizing and enlargement involves execution of the same. Both complement each other, in that job enrichment empowers and enlargement executes.

It involves expanding the number of task or duties assigned to a given job. It is opposite of work simplification. Adding more tasks or duties to a job does not mean that new skills and abilities are needed to perform. Enlarged job requires longer training period because there are more tasks to be learned.

There is horizontal expansion. It is "adding zero to zero". The employees generally resist it. It is said to contribute to employee motivation, however no valid claims have been made so far. Job enlargement programmes would be successful only if workers are more satisfied with jobs which have a longer scope.

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Self Assessment

Multiple Choice Questions

1. Which of the following is not offered in a job analysis?
   (a) worker attributes
   (b) performance appraisals
   (c) working conditions
   (d) job specifications
   (e) job description
2. The advantage of employing various methods of job analysis is:
   (a) cost
   (b) complexity
   (c) accuracy
   (d) time
   (e) participation by job incumbents and managers
3. Job descriptions should be reviewed by:
   (a) supervisors
   (b) job incumbents
   (c) human resource department
   (d) none of the above
   (e) all of the above
4. A job analysis questionnaire should include all but the following:
   (a) job evaluation
   (b) performance standards
   (c) job duties
   (d) job status
   (e) working conditions
5. The basis for human resource planning is:
   (a) the economic trends
   (b) demand for employees
   (c) strategic plans of the firm
   (d) budgets
   (e) supply of employees

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6. Workforce factors that influence demand include:
   (a) expansion moves
   (b) terminations
   (c) strategic plans
   (d) sales projections
   (e) organisational design
7. The first factor in deciding the supply of labour is:
   (a) developing staffing tables
   (b) issuing advertisements
   (c) preparing replacement charts
   (d) analysing labour markets
   (e) auditing present employees
8. Techniques of estimating demand for human resources:
   (a) mere approximations
   (b) are rarely done
   (c) involve HR audits
   (d) can be very accurate
   (e) employ skills inventories

3.5 Human Resource Planning Process

Human resource or manpower planning is, "the process by which a management determines how an organization should move from its current manpower position to its desired manpower position. Through planning, a management strives to have the right number and the right kinds of people at the right places, at the right time to do things, which results in both the organization and individual receiving the maximum long-range benefits."

According to Wickstrom, human resource planning consists of the following activities:

1. Forecasting future manpower requirements, either in terms of mathematical projections of trends in the economic environment and development in industry, based upon the specific future plans of a company;
2. Making an inventory of the present manpower resources and assessing the extent to which these resources are employed optimally;
3. Anticipating manpower problems of projecting present resources into future and comparing them with forecast of requirements to determine their adequacy, both quantitatively and qualitatively.

The process of human resource planning is one of the most crucial, complex and continuing managerial function. This process has gained importance in India with the increase in size of the enterprises, complex manufacturing process, and adoption of professional management techniques. It is a multi-step process.

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3.5.1 Steps in HR Planning

Forecasting

HR planning requires that we gather data on the organizational goals objectives. One should understand where the organization wants to go and how it wants to get to that point. The needs of the employees are derived from the corporate objectives of the organization. They stem from shorter and medium-term objectives and their conversion into action budgets.

Inventory

After knowing what human resources are required in the organization, the next step is to take stock of the current employees in the organization. The HR inventory should not only relate to data concerning numbers, ages, and locations, but also an analysis of individuals and skills. Skills inventory provides valid information on professional and technical skills and other qualifications provided in the firm. It reveals what skills are immediately available when compared to the forecasted HR requirements.

Audit

We do not live in a static world and our HR resources can transform dramatically. HR inventory calls for collection of data, the HR audit requires systematic examination and analysis of this data. The audit looks at what had occurred in the past and at present in terms of labour turnover, age and sex groupings, training costs and absence. Based on this information, one can then be able to predict what will happen to HR in the future, in the organization.

HR Resource Plan

Here, we look at career planning and HR plans. People are the greatest assets in any organization. The organization is at liberty to develop its staff at full pace in the way ideally suited to their individual capacities. The main reason is that the organization's objectives should be aligned as near as possible, or matched, in order to give optimum scope for the developing potential of its employees. Therefore, career planning may also be referred to as HR planning or succession planning.

Actioning of Plan

There are three fundamentals necessary for this first step:

1. Know where you are going.
2. There must be acceptance and backing from top management for the planning.
3. There must be knowledge of the available resources (i.e.) financial, physical and human (management and technical).

Once in action, the HR plans become corporate plans. Having been made and concurred with top management, the plans become a part of the company's long-range plan. Failure to achieve the HR plans due to cost, or lack of knowledge, may be a serious constraint on the long-range plan.

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3.5.2 Detailed Steps in HR Planning Process

The process of HRP usually followed in a large organization, consists of the following steps:

- ***Forecasting the Demand for Human Resources:*** Most firms estimate how many employees they require in future. The demand for human talent at various levels is primarily due to the following factors:
  - *External challenges:* These challenges arise from three important sources:
    - Economic developments: Liberalization, opening up of banking sector, capital market reforms, the on-line trading systems have created huge demand for finance professionals during 1990-1995 in India. The late 90s saw the rise of manufacturing, FMCG, Pharmaceuticals, Auto-components, Healthcare and Chemical Industries in a steady manner. Consequently, the demand for Engineering and Management graduates, Scientists and Healthcare professionals has picked up in recent times.
    - Political, legal, social and technical changes: The demand for certain categories of employees and skills is also influenced by changes in political, legal and social structure in an economy. Likewise, firms employing latest technology in construction, power, automobiles, software, etc., have greatly enhanced the worth of technicians and engineers during the last couple of years. Technology, however, is a double-edged weapon and hence, its impact on HR plans is difficult to predict. For example, computerisation programme in Banks, Railways, Post and Telegraph Departments may reduce demand in one department (book keeping, for example) while increasing it in another (such as computer operations). High technology with all its attendant benefits may compel organizations to go lean and downsize workforce suddenly. Employment planning under such situations becomes complicated.
    - Competition: Companies operating in fields where a large number of players are bent upon cutting each other's throat (with a view to enhance their market shares) often reduce their workforce. Competition is beneficial to customers but suicidal for companies operating on thin margins. Such companies have to necessarily go 'lean' by reducing their workforce. On the other hand, companies that are doing well and progressing smoothly will always look for people with critical skills.
  - *Organizational decisions:* The organization's strategic plan, sales and production forecasts and new ventures must all be taken into account in employment planning. If Britannia Industries Ltd expects higher demand for biscuits and bread, the long-term HR plan must take this into consideration. Likewise, if it tries to venture into other lucrative fields such as milk based products and confectionery items, the demand for people possessing requisite skills in those areas in the next couple of years should be looked into carefully.
  - *Workforce factors:* Demand is modified by retirements, terminations, resignations, deaths and leaves of absence. Past experience, however, makes the rate of occurrence of these actions by employees fairly predictable.
  - *Forecasting techniques:* The manpower forecasting techniques commonly employed by modern organizations are given below:
    - Judgemental Methods: The services of experts are pressed into service in order to forecast the demand for labour. Experts look into quantitative data, use their judgement and experience while arriving at appropriate numbers. When confronted with insufficient data and uncertain environments, smaller

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organizations have no choice but depend on forecasts by experienced people. The simplest way—known as the bottom up forecasting method— to arrive at the magical figure is to seek opinion and guidance from the unit, branch or division to prepare an estimate. The sum of all such estimates prepared at various levels in different divisions or branches is the demand forecast for the whole organisation. In the top down forecasting method, the exercise would commence with top managers. They often meet to discuss how trends, business plans, the economy and other factors would impact the organisation in question. The best and the worst possible scenarios are looked into—in addition to other environmental factors—before an estimate is made. Most organizations prefer to use the Delphi technique for this purpose. The Delphi technique is a forecasting aid based on a consensus of a panel of experts—who do not meet face to face but exchange notes through anonymous questionnaires. The experts refine their opinions, phase by phase, until they reach a consensus.

- Trend analysis: HR needs can be estimated by examining past trends. Past rates of change can be projected into the future or employment growth can be estimated by its relationship with a particular index.
- Mathematical Models: Several mathematical models, with the aid of computers are also used to forecast HR needs, e.g., regression, optimization models, budget and planning analysis.
- Computer Models: Computerized forecasts could be prepared by including important variables such as direct labour hours needed to produce one unit of product and three possible sales outcomes—maximum, minimum and probable for the product in question. A typical forecast in terms of assembly line workers and additional secretarial staff required could be generated easily. In a retailing unit for example, based on estimated store traffic and sales forecasts, staffing requirements could be predicted with the help of computers in an objective way. Of course, such forecasts would be useful only when other qualitative factors are also taken into account.

To proceed systematically, human resource professionals generally follow three steps. Let's examine these steps as applied in respect of, say a commercial bank.

- Workforce analysis: The average loss of manpower due to leave, retirement, death, transfer, discharge, etc., during the last 5 years may be taken into account. The rate of absenteeism and labour turnover should also be taken into account. The nature of competition say from foreign banks, other non-banking financial institutions may also be considered here to find out actual requirements in a year.

  While some of the interchanges and external supply could be predicted (growth opportunities, promotions, transfers, retirements, etc.) others are not so easy to predict. Past experience and historical data may help bank managers in this regard.

- Work load analysis: The need for manpower is also determined on the basis of work-load analysis, wherein the company tries to calculate the number of persons required for various jobs with reference to a planned output – after giving weight age to factors such as absenteeism, idle time, etc. The following example would throw light on this:

  While determining manpower requirements through work load analysis, commercial banks may have to take the following factors

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into consideration: (i) the number of transactions to be handled by an employee; (ii) the amount of deposits and advances per employee; (iii) special requirements in respect of managing extension counters, currency chests, mobile branches, etc.; (iv) future expansion plans of the bank concerned. Managerial judgement – a study of the past trends – may serve as a useful guide in this regard. Statistical and econometric models may also be pressed into service, sometimes, depending on the requirement(s).

- Job analysis: Job analysis helps in finding out the abilities or skills required to do the jobs efficiently. A detailed study of jobs is usually made to identify the qualifications and experience required for them. Job analysis includes two things: Job description and job specification. Job description is a factual statement of the duties and responsibilities of a specific job. It gives an indication of what is to be done, how it is to be done and why it is to be done. Job specification provides information on the human attributes in terms of education, skills, aptitudes and experience necessary to perform a job effectively.

- ***Preparing Manpower Inventory (Supply Forecasting):*** The basic purpose of preparing manpower inventory is to find out the size and quality of personnel available within the organisation to man various positions. Every organisation will have two major sources of supply of manpower: internal and external.

  - *Internal labour supply:* A profile of employees in terms of age, sex, education, training, experience, job level, past performance and future potential should be kept ready for use whenever required. Requirements in terms of growth/diversification, internal movement of employees (transfer, promotions, retirement, etc.) must also be assessed in advance. The possibilities of absenteeism and turnover should be kept in mind while preparing the workforce analysis. Through replacement charts or succession plans, the organization can even find out the approximate date(s) by which important positions may fall vacant. Frequent manpower audits may be carried out to find out the available talent in terms of skills; performance and potential.

  - *Forecasting Techniques:* Some of the important forecasting techniques may be summarized thus:

    - Staffing table: It shows the number of employees in each job. It tries to classify employees on the basis of age, sex, position, category, experience, qualifications, skills, etc. A study of the table indicates whether current employees are properly utilized or not.

    - Markov analysis: This technique uses historical rates of promotions, transfer and turnover to estimate future availability in the workforce. Based on past probabilities, one can estimate the number of employees who will be in various positions with the organisation in future.

    - Skills inventory: A skills inventory is an assessment of the knowledge, skills, abilities, experience and career aspirations of each of the current employees. This record should be updated at least every 2 years and should include changes such as new skills, additional qualifications, changed job duties etc. Of course, confidentiality is an important issue in setting up such an inventory. Once established, such a record helps an organisation to quickly match forthcoming job openings with employee backgrounds.

    - Replacement chart: It shows the profile of job holders department-wise and offers a snapshot of who will replace whom if there is a job opening.

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- *External labour supply:* When the organisation grows rapidly, diversifies into newer areas of operations (merchant banking, capital market operations, mutual funds, etc. in the case of a bank) or when it is not able to find the people internally to fill the vacancies, it has to look into outside sources. To the extent an organization is able to anticipate its outside recruitment needs and looks into the possible sources of supply keeping the market trends in mind, its problem in finding the right personnel with appropriate skills at the required time would become easier.

  Important Barometers of Labour Supply are:

  - Net migration into and out of the area
  - Education levels of workforce
  - Demographic changes in population
  - Technological developments and shifts
  - Population Mobility
  - Demand for specific skills
  - National, regional unemployment rates
  - Actions of competing employers
  - Government policies, regulations, pressures
  - Economic Forecasts for the next few years
  - The attractiveness of an area
  - The attractiveness of an industry in a particular place

  Organizations, nowadays, do not generally track the qualifications of thousands of employees manually. Details of employees in terms of knowledge, skills, experience, abilities etc., are computerized, using various packaged software systems. There are more than 300 computerized human resource information systems available now.

- ***Determining Manpower Gaps:*** The existing number of personnel and their skills (from human resource inventory) are compared with the forecasted manpower needs (demand forecasting) to determine the quantitative and qualitative gaps in the workforce. A reconciliation of demand and supply forecasts will give us the number of people to be recruited or made redundant as the case may be. This forms the basis for preparing the HR plan.

- ***Formulating HR Plans:*** Organizations operate in a changing environment. Consequently, Human resource requirements also change continually. Changes in product mix, union agreements, and competitive actions are some of the important things that need special attention. The human resource requirements identified along the procedure outlined in the above box need to be translated into a concrete HR plan, backed up by detailed policies, programmes and strategies (for recruitment, selection, training, promotion, retirement, replacement, etc.).

  - *Recruitment plan:* Will indicate the number and type of people required and when they are needed; special plans to recruit right people and how they are to be dealt with via the recruitment programme.
  - *Redeployment plan:* Will indicate the programmes for transferring or retraining existing employees for new jobs.

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- *Redundancy plan:* Will indicate who is redundant, when and where; the plans for retraining, where this is possible; and plans for golden handshake, retrenchment, lay-off, etc.
- *Training plan:* Will indicate the number of trainees or apprentices required and the programme for recruiting or training them; existing staff requiring training or retraining; new courses to be developed or changes to be effected in existing courses.
- *Productivity plan:* Will indicate reasons for employee productivity or reducing employee costs through work simplification studies, mechanization, productivity bargaining; incentives and profit sharing schemes, job redesign, etc.
- *Retention plan:* Will indicate reasons for employee turnover and show strategies to avoid wastage through compensation policies; changes in work requirements and improvement in working conditions.
- *Control points:* The entire manpower plan be subjected to close monitoring from time to time. Control points be set up to find out deficiencies, periodic updating of manpower inventory, in the light of changing circumstances, be undertaken to remove deficiencies and develop future plans.

Self Assessment

State whether the following statements are true or false:

9. Supervisors should not be involved in job analysis.
10. Feedback is highly discouraging.
11. Job descriptions are little more than a list of tasks.
12. Jobs are the means of accomplishing organisational objectives.
13. Job analysis is an informal examination of jobs.
14. Job analysis helps in forecasting human resource requirements.
15. Human resource forecasts can be very accurate.
16. Small scale units benefit less than large scale undertakings from human resource planning.
17. The basis for human resource planning is the supply of employees.
18. The role of demographics in estimating employee supply is easy to predict.
19. The first step in determining supply is placing advertisements in newspapers.
20. Strategic plans become operational through budgets.
21. Only relevant labour markets should be analysed to estimate supply.
22. Planners have little flexibility in dealing with short term shortages of employees.

3.6 Affecting Factors and its Link with Strategic Planning

Following are the factors affecting HRP:

- Type and strategy of organization
- Time horizons

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- Type and Quality of forecasting Information
- Nature of job Outsourcing
- Environmental uncertainties
- Organisational growth cycle
- ***Existing Manpower Inventory:*** Utilization of the existing manpower is the first basis of manpower planning and is the starting point of all planning processes. To analyse the existing manpower, one must study the position of total manpower by dividing it into groups on the basis of function, occupation, level of skills or qualification.
- ***Wastage:*** For good planning, appropriate adjustment in the existing stock of manpower should be made for the possible wastage of manpower caused by any foreseeable changes in the organization.
- ***Future Manpower Requirements:*** After evaluating the existing stock of manpower and analyzing the various factors of wastage caused by any foreseeable change in the organization, one may very easily assess the future requirements of manpower in an industry.

SHRM realizes that people can make or break an organisation because all decisions made regarding finance, marketing operations or technologies are made by an organisation's people. So it accords highest priority to managing people and tries to integrate all HR programmes and policies with the overall corporate strategy. It compels people at all levels to focus more on strategic issues rather than operational issues. More importantly, it believes that there is no best way to manage people in any given organisation. There appears to be no "best practices" magic bullet, except to organize a firm's HR practices to fit its strategy and to support the firm's operating and strategic initiatives. (Becker and Gerhart) Even within a given industry, HR practices can vary extensively, from one organisation to another. Armed with such a flexible approach,

- SHRM tries to develop a consistent, aligned collection of practices, programmes and policies to facilitate the achievement of the organisation's strategic objectives.
- Strategic HR shifts attention, as against the traditional HR's focus on employee relations, to partnerships with internal and external groups. The focus on managing people is more systemic with an understanding of the myriad factors that impact employees and the organisation and how to manage multiple relationships to ensure satisfaction at all levels of the organisation,
- Strategic HR is transformational in nature, in that it helps the people and the organisation to adapt, learn and act quickly. "It will make sure that change initiatives that are focused on creating high performance teams, reducing cycle time for innovation, or implementing new technology are defined, developed and delivered in a timely way" (ULRICH, 1998).
- Strategic HR is proactive and considers various time frames in a flexible manner. Likewise it permits employees to process work and carry out job responsibilities in a free-flowing way. Rather than being enveloped by tight controls and excessive regulations, operations are controlled by whatever is necessary to succeed, and control systems are modified as needed to meet changing conditions.
- Job design is organic, specialization is replaced by cross training and independent tasks are replaced by teams, encouraging autonomy at various levels.

Above all, strategic HR believes that the organisation's key assets are its people. It realizes that an organisation can have competitive edge over its rivals if it is able to attract and retain knowledge workers who can optimally utilize and manage the organisation's critical resources. In the final analysis people are the organisation's only sustainable competitive advantage.

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Strategic HR offers three critical outcomes: increased performance enhanced customer and employee satisfaction and increased shareholder value. These outcomes are accomplished through effective management of staffing, retention and turnover processes, selection of employees that fit with both the organisational strategy and culture, cost-effective utilisation of employees through investment in identified human capital with the potential for higher return; integrated HR programmes and policies that clearly follow from corporate strategy; facilitation of change and adaptation through a flexible, more dynamic organisation; and tighter focus on customer needs, emerging markets and quality.

Task Volkswagen, the automobile major from Germany, plans to setup an automobile unit at Visakhapatnam. The selection of this port city is based on the following factors. There are a large number of engineering colleges and polytechnics in and around this city. There is a 75-year old university with good research facilities. Being a port city, import of plant and machinery from Germany is easy and above all the State Government has given attractive concessions to Volkswagen to setup its plant here.

You are selected as HR head. How do you plan the requirements of human resources for Volkswagen in detail. Discuss this plan in the class for fine tuning.

3.7 Human Resource Information System

It is a systematic procedure for collecting, storing, maintaining, retrieving, validating, data needed by the organization about its Human Resource. It is a part of larger MIS.

Human Resource Management Systems (HRMS), Human Resource Information Systems (HRIS), Human resource technology, also called HR modules, is an intersection between human resource management and information technology. It merges HRM as a discipline and in particular its basic HR activities and processes with information technology field, whereas the planning and programming of data processing systems evolved into standardized routines and packages of Enterprise Resource Planning (ERP) software. On the whole, these ERP systems have their origin on software that integrates information from different applications into one universal data base.

Most HRIS contain*:*

1. Personal history – name, date of birth, sex.
2. Work history – salary, first day worked, employment status, positions in the organization, appraisal data.
3. Training and development programmes undergone.
4. Career plans including mobility and transfer.
5. Skills inventory – skills, education, competencies.

Ajuwon (2002) argues that HR should be proactive in the process and highlights three different perspectives for action:

The process perspective: It is getting the fundamental building blocks (people processes) right and ensuring their relevance at all times. The detailed knowledge of the HR processes is needed for commitment for improvement and efficiency. HR professionals need to understand their objectives and relationship with business strategy.

The event perspective: The focus is on providing a framework for knowledge management. In other words, capturing the experience and information and making it available to individual.

Notes

The cultural perspective: Acknowledging that HR has a pivotal role in the changing the organizational climate.

Advantages of HRIS

1. HRIS can reduce the amount of paperwork and manual record keeping.
2. It retrieves information quickly and accurately.
3. It allows quick analysis of HR issues.

Self Assessment

Fill in the blanks:

23. Job ..... is a formal and detailed examination of jobs.
24. Job responsibilities are ..... to perform certain tasks and duties.
25. Without a proper ..... of what is to be done on a job, it is not possible to select the right person.
26. Managers can properly ..... employees about their careers when they understand the different jobs in the organisation.
27. A representative ..... of jobs to be analysed is decided keeping the cost and time constraints in mind.
28. Job ..... is a job design strategy that increases task elements on a horizontal level.
29. Human Resource Planning seeks to place the right ..... in the right jobs at the right time.
30. Human Resource Planning (HRP) is a ..... looking function.
31. HR planning is essential to determine the future ..... needs in an organization.
32. Organisations operate in a ..... environment.
33. When the organisation grows rapidly, ... into newer areas of operations.
34. ..... is modified by retirements, terminations, resignations, deaths and leaves of absence.

Case Study

The Transport Manager

Suresh Goyal had become general manager of Delhi's Indraprastha Transport Corporation (ITC) only ten years after graduation from college. He had risen from analyst to assistant manager at the Vindhya Transport Company at Indore before coming to Delhi as general manager. He was proud of his accomplishments - and of earning ₹250,000 a year at only thirty-two years of age. After only nine months on the job in Delhi, he had been interviewed and had received an offer for the position of executive director at the Mahanagar Transit Authority, Bombay. The salary would be ₹480,000 a year. The responsibilities would be considerably larger. With little hesitation, he informed the ITC board that he would be leaving Delhi for Bombay.

Contd…

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The ITC board was shocked as the Chairman read Suresh's letter of resignation. It was less than a year ago that they had ended a four-month search culminating in the hiring of Suresh. The idea of again looking for a general manager was a depressing thought. There are very few competent transport managers in the country. ITC found and interviewed three qualified candidates last year. The problem is a growing demand for transit managers and a very small supply.

Suresh can't be blamed for moving on. He has to look out for his career and, right now, there's a seller's market. More than 70 per cent of those managers running major transport companies will retire within seven years. This is an industry dominated by executives in their late fifties or early sixties. A young person with talent and ambition, like Suresh, can literally choose the job he wants.

Between 1980 and 1990, mass transit systems decayed while the central government poured thousands of crores of rupees into the interstate highway network. Passengers declined during those years. Young people were not attracted to this business. The industry lost a whole generation. Now it is a growth period. The result is a drastic shortage of managerial talent that is under fifty years of age. The ITC chairman poses the issue: "We've got a problem here in Delhi. How do we replace Suresh? How do we ensure that we'll have continuity of leadership in the general manager's job? The good managers move from city to city for more money and better positions in larger systems. "

Questions

1. What makes some jobs scarce?
2. How might HRM functions reduce turnover in the general manager's job?
3. Prepare a list of suggestions that the board might consider to prepare itself against another surprise resignation.

3.8 Summary

- Job Analysis is the process of studying and collecting information relating to the operations and responsibility of a specific job.
- The immediate products of this analysis are job description and job specifications.
- Job analysis is a systematic approach to defining the job role, description, requirements, responsibilities, evaluation, etc.
- It helps in finding out required level of education, skills, knowledge, training, etc. for the job position.
- The aim of job enrichment is to maximize the interest and challenge of work by providing employees with jobs having the essential characteristics.
- Direct observation is especially useful in jobs that consist primarily of observable physical ability, like the jobs of draftsman, mechanic, spinner or weaver.
- Properly drafted questionnaires are sent out to job- holders for completion and are returned to supervisors.
- A worker or supervisor checks items on a standardized task inventory that apply to the job.
- Human resource or manpower planning is "the process by which a management determines how an organization should move from its current manpower position to its desired manpower position.

Notes

- The needs of the employees are derived from the corporate objectives of the organization.
- One of the important aspects of demand forecasting is forecasting of the quality of human resource (skill, knowledge, values, capabilities etc.), in addition to quantity of human resources.
- SHRM realizes that people can make or break an organisation because all decisions made regarding finance, marketing operations or technologies are made by an organisation's people.
- Human Resource Management Systems (HRMS), Human Resource Information Systems (HRIS), Human resource technology, also called HR modules, is an intersection between human resource management and information technology.
- HR module is an intersection between human resource management and information technology. It merges HRM as a discipline and in particular its basic HR activities and processes with information technology field, whereas the planning and programming of data processing systems evolved into standardized routines and packages of Enterprise Resource Planning (ERP) software.
- On the whole, these ERP systems have their origin on software that integrates information from different applications into one universal data base.

3.9 Keywords

Checklist: A worker or supervisor checks items on a standardized task inventory that apply to the job. Checklists may be custom-made or purchased from an outside vendor.

Econometric Models: It is built up by analysing the past statistical data and by bringing the relationship among variables. These variables include those factors which affect manpower requirement directly and indirectly like investment, production, sales, activities/workload etc.

Forecasting: Identifying expected future conditions based on information form the past and present.

Human Resource Informations System: A computerized system that helps in the processing of HRM information.

Human Resource Planning: The process of getting the right number of qualified people into the right job at the right time, so that an organisation can meet its objectives.

Job: A group of positions similar in their significant duties such as technical assistants, computer programmers, etc.

Job Analysis: It is the systematic study of job requirements and those factors that influence the performance of those job requirements.

Job Enlargement : It Involves Expanding The Number of Task or Duties Assigned to a given Job. It Is Opposite of Work Simplification.

Managerial Judgement: Under this method, the managers or supervisors who are well-acquainted with the workload, efficiency and ability of employees, think about their future workload, future capabilities of employees and decide on the number and type of HR to be required.

Open-ended Questionnaire: The open-ended questionnaire asks the job incumbent to describe the work in his or her own words.

Ratio Analysis: This is the quickest forecasting technique. The technique involves studying past ratios, say between the number of workers and sales in the organisation and forecasting future ratios, making some allowance for changes in the organization or its methods.

Notes

Work-study Techniques: It is used when it is possible to apply work measurement to calculate the length of operations and the amount of labour required.

3.10 Review Questions

1. Explain the term job analysis.
2. Differentiate between job enlargement and job enrichment.
3. Discuss the method of collecting job analysis informations.
4. Describe HRP process.
5. Explain various affecting factors to HRP and discuss its link with strategic planning.
6. Write note on HRIS.
7. What do you understand by human resource planning?
8. How would you draw-up a HR plan for an organisation?
9. How do you draw up an action plan to the human resource plan for a newly instituted industry?
10. How is it possible for one employee to have both a position and job, and yet no occupation?

Answers: Self Assessment

1.	(b)	2.	(c)
3.	(e)	4.	(a)
5.	(c)	6.	(b)
7.	(e)	8.	(a)
9.	True	10.	False
11.	False	12.	True
13.	False	14.	True
15.	False	16.	True
17.	False	18.	True
19.	False	20.	True
21.	True	22.	True
23.	analysis	24.	Obligations
25.	understanding	26.	counsel
27.	sample	28.	enlargement
29.	employees	30.	forward
31.	manpower	32.	changing
33.	diversifies	34.	Demand

Notes

3.11 Further Readings

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Unit 4: Recruitment and Selection Process

Notes

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Objectives

After studying this unit, you will be able to:

- Define the recruitment and selection
- Discuss the planning and forecasting
- State the relevance of effective recruiting
- Explain the concept of internal and external sources of candidates
- Understand recruiting a diverse workforce, employee testing and selection

Introduction

Recruitment is defined as, "process to discover the source of manpower to meet the requirement of staffing scheduled and to employ effective measures for attracting that manpower in adequate number to facilitate effective selection of an efficient workforce."

Selection is a process of differentiating between applicants in order to identify (& hire) those with a greater likelihood of success in a job. It involves steps leading to employment of persons who possess the ability and qualifications to perform the jobs which have fallen vacant in the organization. It is basically a matching process, that is finding "FIT" between person and job.

Edwin B Flippo defined recruitment as," the process of searching for prospective employee and stimulating them to apply for jobs in the organization."

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4.1 Conceptual detail of Recruitment and Selection

There are four sub-systems of recruitment:

1. Finding out and developing the source here required number and kind of employees are/ will be available.
2. Developing suitable techniques to attract the desirable candidate.
3. Employing the technique to attract the employees.
4. Stimulating as many candidate as possible and asking them to apply for jobs irrespective of number of candidate required in order to increase the selection ratio (i.e number of application per one job vacancy) due to lower yield ratio.

Let us observe the factors affecting recruitment.

Table 4.1: Factors Affecting Recruitment

	Internal Factors	External Factors
1.	Company's pay package	Socio- economic factors
2.	Quality of Work Life	Supply and demand factors
3.	Organisational culture	Employment rate
4.	Career planning & growth	Labour market condition
5.	Company's size	Political, Legal & Govt. factors
6.	Company's products/services	Information System
7.	Company's growth rate	
8.	Role of trade union	
9.	Cost of recruitment	
10.	Company's name & fame	

Did u know? Selection process leads to creation of a contractual relation between employer and the employee.

Differences between Recruitment and Selection

1. Recruitment means searching for sources of labour and stimulating people to apply for job, whereas selection means selection of right kind of people for various jobs.
2. Recruitment is a positive process whereas selection is a negative process.
3. It creates a large pool of applicants whereas selection leads to screening of unsuitable candidate.
4. Recruitment is a simple process, it involves contracting the various sources of labour whereas selection is a complex and a time consuming process. The candidate have to clear a number of hurdles before they are selected for a job.

Self Assessment

Notes

Multiple Choice Questions:

1. The best way of recruiting is always:
   (a) walk-ins
   (b) advertisements
   (c) search firms
   (d) variable
   (e) referrals
2. The most common constraints on recruiting include all but:
   (a) image of a firm
   (b) budgetary support
   (c) interviewing
   (d) organisational policies
   (e) government policies
3. The primary source of information for recruiting is:
   (a) managerial interviews
   (b) testing
   (c) recruiters themselves
   (d) interviews with applicants
   (e) job analysis
4. A good source of hiring technical staff would be:
   (a) private search firm
   (b) vocational school
   (c) employment exchange
   (d) professional association
   (e) rival firms
5. A negative aspect of promotion from within is:
   (a) lower morale
   (b) employee turnover
   (c) career prospects
   (d) idea stagnation
   (e) employee dissatisfaction
6. The most reliable and valid tests are generally:
   (a) polygraph tests
   (b) attitude tests

Notes

(c) intelligence tests

(d) personality tests

(e) performance tests

4.2 Planning and Forecasting

HR Planning

The objectives of HR Planning at micro level are to ensure that the organization:

(a) Obtains and retains the quantity and quality of human resources it needs at the right time and place; and

(b) Makes optimal utilisation of these resources.

HR Planning constitutes an integral part of corporate plan and serves the organizational purposes in more ways than one. For example, it helps organisations to (i) capitalize on the strengths of its human resources (ii) determine recruitment levels (iii) anticipate redundancies (iv) determine optimum training levels (v) serve as a basis for management development programmes (vi) cost of manpower in new projects (vii) assist productivity bargaining (viii) assess future requirements (ix) study the cost of overheads and value of service functions and (x) decide whether certain activities need to be subcontracted.

Forecasting

Human resource forecasts are attempts to predict an organisation's future demand for employees. Forecasting techniques range from the informal to the sophisticated. Even the most sophisticated methods are not perfectly accurate; instead, they are best viewed as approximations. Each of the forecasting methods shown in Table 4.2 is explained hereunder.

Table 4.2: Forecasting Techniques

Expert	Trend	Other
• Informal and instant decisions	• Extrapolation	• Budget and planning analysis
• Formal expert survey	• Indexation	• New-venture analysis
• Nominal group technique	• Statistical analysis	• Computer models
• Delphi technique		

(a) ***Expert Forecasts:*** Expert forecasts are based on the judgements of those who are knowledgeable of future human resource needs. In larger organisations, the simplest method is to survey line managers, who are the ultimate experts about future staffing needs of their departments.

Delphi technique solicits estimates from a group of experts, usually managers. HR department planners act as an intermediary, summarize the various responses and report the findings back to the experts. The experts are surveyed again after they get this feedback. Summaries and surveys are repeated until the experts' opinions begin to agree on future developments.

(b) ***Trend Projection Forecasts:*** Perhaps the quickest forecasting technique is to project past trends. The two simplest methods are extrapolation and indexation. Extrapolation involves extending past rates of change into the future. For example, if an average of 20 production

Notes

workers were hired each month for the past two years, extrapolating that trend into the future means 240 production workers will be added during the upcoming year.

Indexation is a method of estimating future employment needs by matching employment growth with some index. A common example is the ratio of production employees to sales. For example, planners may discover that for each million-rupee increase in sales, the production department requires five new assemblers.

These methods are very inaccurate for long-range human resource projections. More sophisticated statistical analyses make allowances for changes in the underlying causes of demand.

(c) ***Other Forecasting Methods:*** There are several other ways by which planners can estimate the future demand for human resources. One approach is through budget and planning analysis. When new ventures complicate employment planning, planners can use new-venture analysis. New-venture analysis requires planners to estimate human resource needs by comparison with firms that already perform similar operations.

Computer Modeling: The most sophisticated forecasting approaches involve computers. Computer models are a series of mathematical formulae that simultaneously use extrapolation, indexation, survey results and estimates of work-force changes to compute future human resource needs.

4.3 Effective Recruiting

Effective recruiting is that which has an ideal and efficient recruiting policy. Let us understand what is recruiting policy mean?

Recruitment Policy

It is derived from the company's personnel policy of the same organisation.

Following factors should be considered in formulating recruitment policy:

1. Government policies
2. Personnel policies of other competing organisation
3. Organisation's personnel policies
4. Recruitment sources
5. Recruitment needs
6. Recruitment costs
7. Selection criteria & preferences.
8. It should highlight the necessity of establishing job analysis.

Prerequisites of a Good Recruitment Policy

1. It should be in conformity with its general personnel policies.
2. It should be flexible enough to meet the changing needs of an organization.
3. It should be so designed as to ensure employment opportunities for its employees on a long-term basis so that the goals of the organization should be achievable; and it should develop the potentialities of employees.
4. It should match the qualities of employees with the requirements of the work for which they are employed.

Notes

Self Assessment

State whether the following statements are true or false:

7. The recruiting process begins with human resource planning and concludes with evaluation of recruiting efforts.
8. Recruitment is a mere vacancy-filling function.
9. Employment exchanges are important sources of clerical and managerial personnel.
10. If a job opening to be filled is very attractive, most prospective candidates may turn indifferent and do not even apply.
11. In practice, recruitment methods seem to vary according to job level and skill.
12. The basic purpose of recruiting is to develop a group of potentially qualified people.
13. Government politics often come in the way of recruiting people.
14. Modern employees look for a satisfying career in place of 'just a job'.
15. A search firm is a government agency that maintains a computerised list of qualified applicants.
16. Hiring costs could go up substantially when a firm hires candidates from within.
17. Reliability is the accuracy of a test in predicting performance.
18. Interviews are one of the most reliable selection devices.
19. Testing is used most frequently for lower level employees.
20. The most reliable type of interview is structured.
21. Questions that elicit yes or no answers provide the interviewer with more clarity.
22. Ultimately, selection decisions are based on job performance issues.

4.4 Internal and External Sources of Candidates

First consideration should be give to the internal candidates, where there are no suitable candidates available within the organization, then external sources of recruitment should be considered. Source of recruitment tells us, "Where are suitable candidates available in required number? Techniques tell us- "How they can be informed about the availability of job and organization".

Sources of recruitment include:

4.4.1 Internal Sources

These include personnel already on the payroll of an organization, that is, its present working force. Whenever any vacancy occurs, somebody from within the organization is upgraded, transferred, promoted or sometimes demoted.

1. ***Present Permanent Employees:*** Organisation consider the candidate from this source to higher level due to firstly availability of most suitable candidate for jobs relatively or equally to the external sources, secondly, to meet the trade union demands, thirdly to the policy of organisation to motivate the present employees.
2. ***Present Temporary or Causal Employees:*** Organisation use this source to fill position of lower level.

Notes

3. ***Retrenched or Retired employees:*** Dependent of Deceased, Disabled, retired and Present Employee.

Merit

1. It improves the morale of employees, for they are assured of the fact that they would be preferred over outsiders when vacancies occur.
2. The employer is in a better position to evaluate those presently employed than outside candidates.
3. It promotes loyalty among the employees, for it gives them a sense of job security and opportunities for advancement.
4. They are tried people and can be relied upon.
5. It is less costly than going outside to recruit.

Demerits

1. It often leads to inbreeding and discourages new blood from entering an organization.
2. There are possibilities that internal sources may "dry up", and it may be difficult to find the requisite personnel from within an organization.
3. As promotion is based on seniority, the danger is that really capable hands may not be chosen.

4.4.2 External Sources

External sources includes source outside the organization.

They usually include:

1. New entrants to the labour force i.e. young mostly inexperienced potential employees–the college students.
2. The unemployed–with a wide range of skills and abilities.
3. Retired experienced persons such as mechanics, machinists, welders, accountants.
4. Others not in the labour force, such as married women and persons from minority groups.

Other sources include:

1. Campus Recruitment
2. Private Employment Agencies/Consultant
3. Public Employment Exchanges
4. Professional Associations
5. Data Banks
6. Casual Applicants
7. Similar Organisations
8. Trade Unions

Notes

Task Prepare the advertising copy for recruitment of executive trainees for a foreign bank with multi-location establishments.

4.5 Recruiting a Diverse Workforce

Businesses have started to recognize diversity in the workplace as a business strategy that maximizes productivity, creativity and loyalty of employees while meeting the needs of their clients or customers. If a company is only as good as their employees, then it stands to reason that a great deal of energy should be devoted to hiring the most talented individuals. By branching out to a diverse workforce, employers have access to a greater pool of candidates thereby improving the odds of hiring the best person. In a competitive marketplace, an organization that puts people first–regardless of their race, religion, gender, age, sexual preference, or physical disability has an advantage over the other players.

The attitudes and expectations of diverse employees–whether defined by ethnicity, age or gender–clearly reflect their experiences and aspirations. Knowing what compels people to join, stay or leave an organization provides the basis for developing more effective recruiting and retention strategies. The resulting strong and inclusive working environments will ultimately lead to increased company morale, higher productivity and a reduction in turnover rates.

Workforce Diversity is the diverse workforce working in an organisation having different language, culture, value system and attitude.

Minorities are an increasingly large and important part of the workforce as the nation's population becomes more ethnically and racially diverse. Building a diverse workforce is a strategy that makes good business sense.

To be a successful business in today's culture you need to create an environment of inclusion where people feel valued and integrated into a company's mission, vision and business strategy at all levels. When employees' skills and knowledge are recognized, appreciated and utilized they are more engaged in contributing to an organizations' success. They are more willing to go the 'extra mile' and share ideas and innovation. The visible and invisible dimensions of diversity that they bring are used as resources for success and growth. In order to create an inclusive work environment you need a diverse workforce.

Diversity is not just a "good idea", today. It is a business imperative if you want to stay competitive, innovative and secure a larger market share. Executives leaders are asking the question "How do we recruit, engage, and retain that diverse workforce." In order to answer that question, we need to identify common diversity mistakes.

Caution In today's competitive market one need to be creative. One has to go where the candidates are and have a long enough lead-time to get a good selection of candidates.

Recruitment and retention of valuable employees is now recognized as one of the most important issue. By creating an environment where all employees feel included, represented and valued helps to produce greater employee commitment and motivation. It also means fewer resources spent on training and turnover. By recognizing employee's uniqueness and appreciating their varied perspectives helps ensure an inclusive work environment where awareness of, and respect for, different cultures is promoted.

Notes

Notes **Common Mistakes in Diversity Recruitment**

Organizations make two common mistakes that cause them to fall behind their competition and even lose market share.

1. ***Company photo diversity:*** The organization only considers the visible dimensions of diversity primarily race, and gender. The company photo looks good but everyone thinks the same. Differences that include sexual orientation, geographic background, thinking and communication style, work function, ability and disability, religion, and work style are not valued and are even discouraged. This is a very narrow definition of diversity and offers little or no value to the organization in terms of new ideas, creativity and innovation.
2. ***Diversity by Numbers:*** Again diversity is defined by what you can see. Demographics reflect the outside community but it is only at the lower levels. (Production, and unskilled labor). There is little or no diversity as you move up into management. When questioned about diversity in their organization, they point to all the numbers. Every year they have good "numbers", but the people are constantly changing. Employees leave and get jobs where there is a value of diversity at all levels and they are encouraged to move up in the ranks.

Steps to Recruit Diverse Workforce

There are several steps that organizations can and should take to promote a diverse work environment:

1. ***Creating a diversity policy:*** Policy should set formal goals and strategies pertaining to creating an equal opportunity environment. Once policy is in place it should be made public both internally and externally.
2. ***Writing job descriptions:*** Your job description should clearly be written for all types of applicants and should in no way discriminate.
3. ***Publicizing job openings:*** Look beyond obvious recruitment methods and venues for good people. There are many sites online that help facilitate equal opportunity employment.
4. ***Awareness towards current legislation:*** Staying current on the latest discrimination legislation will help to avoid potential litigation.

It requires education, sensitivity and awareness of how individuals from different cultures handle communication, business etiquette, and relate to management. Promoting workforce diversity requires HR recruitment of competent and qualified employees and the accommodation of individual needs within the context of the work team and the organization.

Benefits

1. Irrespective of challenges faced, diversity may create the benefits far outweigh the costs.
2. Diversity allows for flexibility within an organization.
3. Strengthening the ability to respond to changing environments and demands which are critical to ensuring that an organization stays competitive in the global economy.

Notes

New Approach to Recruitment: E-recruitment

The Web is a cost effective way to publicize openings in a firm. "It generates more responses quicker and for a longer time at less cost, than just about any other method" (Dessler). Most prospective job seekers go online to look for jobs anywhere in any part of the country. The company could place information regarding openings on its own website or place an ad on other sites like Monster.com, Naukri.com; timesjobs,com or jobstreet.com. Many professional organisations—like the Society for HRM, the American Society for Training and Development—have employment sections in their websites offering help to prospective job seekers. Private employment agencies specializing in specific sectors such as IT, Retail, Insurance have also cropped up offering sector-specific openings for candidates. Resume scanners are being used to filter on line applications sent through the company's own website these days. By pre defining the requirements, the scanner can filter out those resumes, which do not meet the criteria. Many companies have Online Skill Assessment Solutions positioned to save time in screening applications from IT professionals and short listing those who meet the requirements of the jobs that require specialized skills.

Applicant Tracking Systems (ATS) have also been used extensively by employers all over the world now to attract, gather, screen, compile and manage thousands of applications forwarded by job seekers. A well known ATS is recruitsoff.com which collects applications from job seekers, evaluates and ranks the applicants and finally matches the qualified with specific job openings—like any other placement agency. Many online recruitment companies are using testing and assessment on the internet to target so called passive applicants, who have put their CVs and resumes online, but are not actively looking for a job. The market today is flooded with solutions for e-recruitment making in difficult to decide and choose the best suitable option. The employers are basically looking for solution providers who offer:

1. Online test delivery with minimal manual efforts.
2. High quality assessment content for various IT technologies.
3. Time simulated testing environment.
4. Comprehensive organization wide reports.
5. Deliver questions in different order to each candidate by creating randomized tests.
6. Option to conduct on-premise tests in the controlled environment and off-premise tests over the Internet for remotely located candidates.

As someone rightly pointed out "Recruitment is not hiring the best among those knocking at your door; rather it's a quest to enroll the right candidate in your human capital, transcending all barriers with the help of latest technology."

Self Assessment

Fill in the blanks:

23. ..... is the process of picking individuals who have relevant qualifications to fill jobs in an organisation.
24. Tests are useful selection devises in that they ..... qualifications and talents that can't be detected otherwise.
25. ..... test records fluctuations in respiration, blood pressure and perspiration on a moving roll of graph paper.

Notes

26. One variation of the ..... interview is known as the situational interview.
27. In the ..... interview, the recruiter uses a predetermined set of questions that are clearly job related.
28. The interview is a good ..... tool in the hands of the person who knows how to use it.

4.6 Employee Testing and Selection

Employment Test are used to get information about the candidate, which are not available from application blank or interview. They help in matching the characteristics of individuals with the vacant job so as to employ right type of personnel.

Following types of tests are used:

1. Intelligence tests
2. Achievements tests
3. Aptitude tests
4. Personality tests
5. Assessment centre
6. Graphology tests
7. Polygraph tests
8. Integrity tests

Intelligence tests: It is a mental ability test. They measure learning ability, ability to understand instructions and make judgment. They measure several abilities such as memory, vocabulary, verbal fluency, numerical ability, perception. Such tests are used in competitive examinations at entry level management positions in Banking, Insurance and other Financial Service sectors. They include tests like Stanford-Binet, Binet-Simon, etc.

Achievement tests: These tests are designed to measure what the applicant can do on the job currently. For example, typing test shows typing proficiency, a short hand test measures the persons ability to take dictation. They are also known as work sampling tests, wherein job applicant's ability to do small portion of the job is tested. They involve.

1. Motor-involving physical manipulation of things
2. Verbal

Aptitude tests: These measure an individual's potential to learn certain skills-clerical, mechanical, mathematical. These tests indicate whether an individual has ability to learn a given job quickly and efficiently.

Personality tests: These measure an individual's personality factors and relationship between personality factors and actual job criteria. The personality aspects which are evaluated are as follows: motivation, emotional balance, self-confidence, interpersonal behaviour. Some of the tests are: Minnesota Multiphase Personality Inventory (MMPI), California Psychological Inventory, Manifest Anxiety Scale.

It includes such statements:

I am a special agent of God	True	False
I am fascinated by fire	True	False
I believe, I am being followed	True	False
I day-dream very little	True	False

Notes

There are three types of PIP Tests (Projective Interest Preference)

1. ***Projective Test:*** They expect candidate to interpret problems or situation based on their own motives, attitudes and values. Thematic Appreciation Test is one of such a kind, where a picture is shown to the candidate.
2. ***Interest Tests:*** People are most likely to be successful in jobs they like. Compare the interest of candidate with the interest of successful people in a specific job.
3. ***Preference Tests:*** These test shows how people differ in their preferences for achievement, meaningfulness, discretion etc in their jobs.

Assessment centre: It is an extended work sample. It uses groups and individual exercise. A batch of applicants is assessed by team of 6 to 8 trained assessors.

Techniques:

1. In baskets–is an accumulation of reports, memos and letters.
2. Group Discussions–to judge interpersonal skills, acceptance by the group, leadership and individual influence.
3. Business games
4. Individual Presentation.
5. Structured Interview.

Graphology tests: Analysis of lines, loops, hooks, strokes, curves in a person's handwriting to assess the person's personality and emotional make up.

Polygraph tests: Also known as lie diction test, records physical changes in body such respiration, blood pressure and perspiration on a moving roll of paper while answering series of questions. Suitable for government agencies for filling security, police, fire and health positions.

Issues: Is it possible to prove that the responses recorded by the polygraph occur only because a lie has been told? What about those situations in which person lies without guilt (pathological liar) or lies believing the response to be true.

Integrity tests: To measure employee's honesty to predict those who are more likely to steal from an employer. Such questions are generally asked:

- Do you carry office stationery back to your home for occasional use?
- Do you mark attendance for your colleagues also?
- Have you ever told a lie?

4.6.1 Standards for Selection Tests

1. ***Reliability:*** Test scores should not vary widely under repeated conditions.
   (a) *Test-retest reliability:* techniques giving same results when repeated on the same person.
   (b) *Inner-rater reliability:* giving same results, when used by 2 or more different rates.
   (c) *Intra rater reliability:* technique which gives the same results, when repeatedly used by the same rater to rate the same behaviour or attitudes at different times.

Notes

2. ***Validity:*** is the extent to which an instrument measures what it intends to measure. Example typing speed.
   (a) *Content validity:* is the degree to which the content of the test represent the actual work situation. Example, Typing test has high content validity for typist.
   (b) *Construct validity:* is the degree to which specific trait is related to successful job performance. Example - Honesty would be important for bank cashier.
3. Qualified people
4. Preparation
5. Suitability

4.6.2 Types of Interviews

Several types of interviews are commonly used depending on the nature and importance of the position to be filled within an organisation.

1. ***The non-directive interview:*** In a non-directive interview the recruiter asks questions as they come to mind. There is no specific format to be followed. The questions can take any direction. The interviewer asks broad, open-ended questions such as 'tell me more about what you did on your last job' – and allows the applicant to talk freely with a minimum of interruption. Difficulties with a non-directive interview include keeping it job related and obtaining comparable data on various applicants.
2. ***The directive or structured interview:*** In the directive interview, the recruiter uses a predetermined set of questions that are clearly job related. Since every applicant is asked the same basic questions, comparison among applicants can be made more easily. Structured questions improve the reliability of the interview process, eliminate biases and errors and may even enhance the ability of a company to withstand legal challenge. On the negative side, the whole process is somewhat mechanical, restricts the freedom of interviewers and may even convey disinterest to applicants who are used to more flexible interviews. Also, designing a structured interview may take a good amount of time and energy.
3. ***The situational interview:*** One variation of the structured interview is known as the situational interview. In this approach, the applicant is confronted with a hypothetical incident and asked how he or she would respond to it. The applicant's response is then evaluated relative to pre-established benchmark standards.
4. ***The behavioural interview:*** The behavioural interview focuses on actual work incidents (as against hypothetical situations in the situational interview) in the applicant's past. The applicant is supposed to reveal what he or she did in a given situation, for example, how he disciplined an employee who was smoking inside the factory premises.
5. ***Stress interview:*** In stress interview, the interviewer attempts to find how applicants would respond to aggressive, embarrassing, rude and insulting questions. The whole exercise is meant to see whether the applicant can cope with highly stress-producing, anxious and demanding situations while at work, in a calm and composed manner. Such an approach may backfire also, because the typical applicant is already somewhat anxious in any interview. So, the applicant that the firm wants to hire might even turn down the job offer under such trying conditions.
6. ***Panel interview:*** In a typical panel interview, the applicant meets with three to five interviewers who take turns asking questions. After the interview, the interviewers pool their observations to arrive at a consensus about the suitability of the applicant. The panel members can ask new and incisive questions based on their expertise and experience and elicit deeper and more meaningful responses from candidates. Such an interview could

Notes

also limit the impact of the personal biases of any individual interviewer. On the negative side, as an applicant, a panel interview may make you feel more stressed than usual.

Self Assessment

Multiple Choice Questions:

29. The most reliable type of interview is:
    (a) behavioural
    (b) stress
    (c) structured
    (d) situational
    (e) panel

Case Study

Ethics in Head Hunting

Sunrise steel works (SSW) is a rerolling mill situated near Jamshedpur which by melting iron converts it into blooms, rods and wires. Since the construction industry in the country is booming, there is good demand for usable steel products. SSW, with its rerolling technique, It is able to compete well with major steel plants like SAIL and TISCO.

SSW has decided to expand the plant at Jamshedpur and acquired necessary plant and equipment. It was looking for an experienced metallurgical engineer with blast furnace experience in major steel plants to head its operations.

SSW has requisitioned the services of a Head Hunter Firm (HHF) to focus on Vizag Steel Plant to poach a couple of its experienced metallurgical engineers. SSW gave an indication that it would pay a minimum of fifty per cent more than what the candidate was presently drawing, which could go up to one hundred per cent for deserving candidate. Normally Indians are home-sick and would like to have a job nearer to their homes or at least in the same state they come from. Cashing in on this attitude, SSW wanted candidates belonging to Bihar or West Bengal who could get attracted to a job nearer home. HHF demanded that SSW should pay one month's salary as service charges if a candidate is selected and joined service. If no candidate joined, then SSW should meet HHF's administrative expenses on actual cost.

HHF started its hunting and finally located six engineers of Vizag Steel Plant who approximated SSW's requirement. HHF sent brief resumes of these six candidates to SSW whose CMD short listed three 'targets' and asked HHF to focus on them. HHF contacted those three candidates over phone and stated that an attractive job as Head of operations was waiting and if they are interested they should come for preliminary briefing at a designated local star-hotel. Each candidate met the head hunter separately and obtained full briefing about the job description and organisation profile. One candidate, after studying the profile of the Company, did not show interest. Another candidate, Mukharjee, was interested only if the job was offered at its 24-Paragana plant. After verifying with the principals, the candidate was promised posting in West Bengal after one year's service at Jamshedpur plant. But this did not satisfy the candidate and he, too, dropped out.

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The third candidate, MK Dubey, was interested and started bargaining for better terms. After two rounds of discussions, the head hunter arranged a meeting between the Deputy Managing Director of SSW and Dubey at a star hotel in Vizag. After protracted negotiations, a high salary was fixed. Perks like furnished housing, company car and medical facilities were offered. Interest-free vehicle loan was promised for purchase of a car after one year of service. The job was on a 3-year contract which could be extended. Dubey was satisfied with the terms but said that he would like to visit Jamshedpur plant and that he would require three month's time to give notice to his present employer. SSW arranged return rail ticket to visit the plant and offered to reimburse three month's notice pay if the candidate decided to join service early at Jamshedpur.

Dubey visited the plant but was silent for over a fortnight. SSW was eager to know when Dubey would join service. Dubey finally broke the news; he was not interested in the offer, which was conveyed to SSW. The reasons for turning down the lucrative offer were surprising. Dubey reasoned that (a) though he was from Bihar, the law and order situation was not good in the state and he had a peaceful life at Vizag (b) the SSW factory was located some 35 km from Jamshedpur (c) there was no housing facility at plant site (d) above all there was no surety of job security (e) he was happy at Vizag Steel Plant where he was provided with accommodation, school was very near, good playgrounds, recreation centre, good medical facilities, there was no parochialism or favouritism in the organisation and merit had a premium. Cost of living was comparatively cheap. On the whole the quality of life was good at Vizag Steel. This would amply offset the lucrative salary increase.

Questions

1. Was it ethical for SSW to poach another organisation through head hunters just to get its required human resource?
2. Was the apprehension of job insecurity of Dubey right ? What steps should SSW take to attract desired candidates?
3. If Dubey goes along with SSW's inflated salary figures and he is hired, what possible problems could he face?

4.7 Summary

- Recruitment is the process of finding and attracting capable applicants for employment.
- Selection is the process of matching the qualifications of applicants with job needs and choosing the most suitable on.
- The most sophisticated forecasting approaches involve computers.
- Computer models are a series of mathematical formulae that simultaneously use extrapolation, indexation, survey results and estimates of work-force changes to compute future human resource needs.
- Employment tests are used to get information about the candidate, which are not available from application blank or interview. They help in matching the characteristics of individuals with the vacant job so as to employ right type of personnel.
- Following types of tests are used:
  - Intelligence tests
  - Achievements tests
  - Aptitude tests
  - Personality tests

Notes

- Assessment centre
- Graphology tests
- Polygraph tests
- Integrity tests

- Assessment centre is an extended work sample. It uses groups and individual exercise. A batch of applicants is assessed by team of 6 to 8 trained assessors.
- Validity is the extent to which an instrument measures what it intends to measure. Example typing speed.

4.8 Keywords

Achievement Tests: These are designed to measure what the applicant can do on the job currently.

Aptitude Test: *Aptitude test* measures an individual's potential to learn certain skills-clerical, mechanical, mathematical. These tests indicate whether an individual has ability to learn a given job quickly and efficiently.

Human Resource Forecasts: Human resource forecasts are attempts to predict an organisation's future demand for employees.

Intelligence Test: It is a mental ability tests that measure learning ability, ability to understand instructions and make judgment.

Interest Tests: People are most likely to be successful in jobs they like. Compare the interest of candidate with the interest of successful people in a specific job.

Personality Test: Personality tests measure an individual's personality factors and relationship between personality factors and actual job criteria.

Preference Tests: These test shows how people differ in their preferences for achievement, meaningfulness, discretion etc in their jobs.

Projective Test: They expect candidate to interpret problems or situation based on their own motives, attitudes and values. Thematic Appreciation Test is one of such a kind, where a picture is shown to the candidate.

Recruitment: The process of finding and attracting capable applicants for employment.

Selection: The process of matching the qualifications of applicants with job needs and choosing the most suitable.

4.9 Review Questions

1. Examine various sources of recruitment.
2. How can an organization evaluate the worth of these sources?
3. For recruiting diverse work force, what criteria do you suggest to adopt?
4. What is its role and importance in selecting management trainees in a large public sector undertaking?
5. What background information should a recruiter know before beginning to recruit job seekers?

Notes

6. Give three examples of how organisational policies affect the recruitment process. Explain how these influence a recruiter's actions.
7. Examine the external sources of recruitment.
8. Examine various internal sources of recruitment.
9. What specific constraints may prevent a manager from hiring the best candidate?
10. What recruiting source gets the most acceptable candidates?
11. Why would a company pay a private employment agency to recruit candidates for a position when a public employment exchange provides its services for free?
12. What are the most popular recruiting sources for unskilled jobs and also for managerial jobs?

Answers: Self Assessment

1.	(d)	2.	(c)
3.	(e)	4.	(b)
5.	(d)	6.	(e)
7.	True	8.	False
9.	False	10.	False
11.	True	12.	True
13.	True	14.	True
15.	False	16.	False
17.	False	18.	True
19.	True	20.	True
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Unit 5: Induction and Placement

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Objectives

After studying this unit, you will be able to:

- Define the term induction
- Explain the meaning of placement
- Explain the challenges towards induction and placement

Introduction

Induction or orientation may be defined as a process of guiding and counselling the employee to familiarise him or her with the organisation and the job situation. This exerts a marked influence on the job tenure and effectiveness. The induction process accomplishes several objectives including formation of a favourable impression of the organisation, attitude development, the feeling of belonging, facilitation of learning and team work with other employees. It reduces employee grievances, frustration and turnover as also helps in the attainment of numerous training objectives.

As regards the contents of the induction programme, it embraces a wide range of items usually embodied in the employee handbook or manual. The contents of the induction programme should be determined in the form of checklist specifying the topics to be covered. Attempts should be made to follow-up and assess the programme by interviewing the new employees as a measure to correct the gaps in the knowledge and attitude of the employees.

Thus, induction is a line responsibility supported with staff advice and guidance. The Supervisor, foreman or manager should be trained in the induction process, and care has to be taken that he or she does not entirely delegate this crucial responsibility to fellow workers. The Personnel Department should be made responsible for training the managers, supervisors, or foremen in this respect, and evaluating the programme periodically. Several induction methods can be used depending upon the needs of the organisation. It may, however be noted that specific methods are effective for specific category of employees which should be determined through intensive

Notes

research programmes. Several methods of training can be effectively employed for inducting new employees.

5.1 Induction

Once an employee is selected and placed on an appropriate job, the process of familiarizing him with the job and the organization is known as induction. Induction is the process of receiving and welcoming an employee when he first joins the company and giving him basic information he needs to settle down quickly and happily and stars work.

Did u know? The induction programme clarifies the terms and conditions of employment, communicates specific job requirements to the employees and provides confidence in the company as well as in their own ability to accomplish the work assigned to them effectively.

Orientation or induction is the task of introducing the new employees to the organisation and its policies, procedures and rules.

A typical formal orientation programme may last a day or less in most organisations. During this time, the new employee is provided with information about the company, its history, its current position, the benefits for which he is eligible, leave rules, rest periods, etc. Also covered are the more routine things a newcomer must learn, such as the location of the rest rooms, break rooms, parking spaces, cafeteria, etc. In some organisations, all this is done informally by attaching new employees to their seniors, who provide guidance on the above matters.

Caution Lectures, handbooks, films, groups, seminars are also provided to new employees so that they can settle down quickly and resume the work.

5.1.1 Objectives

Induction serves the following purposes:

a. ***Removes fears:*** A newcomer steps into an organization as a stranger. He is new to the people, workplace and work environment. He is not very sure about what he is supposed to do. Induction helps a new employee overcome such fears and perform better on the job.

   It assists him in knowing more about:

   - The job, its content, policies, rules and regulations.
   - The people with whom he is supposed to interact.
   - The terms and conditions of employment.

b. ***Creates a good impression:*** Another purpose of induction is to make the newcomer feel at home and develop a sense of pride in the organisation. Induction helps him to:

   - Adjust and adapt to new demands of the job.
   - Get along with people.
   - Get off to a good start.

   Through induction, a new recruit is able to see more clearly as to what he is supposed to do, how good the colleagues are, how important is the job, etc. He can pose questions and

seek clarifications on issues relating to his job. Induction is a positive step, in the sense, it leaves a good impression about the company and the people working there in the minds of new recruits. They begin to take pride in their work and are more committed to their jobs.

c. ***Acts as a valuable source of information:*** Induction serves as a valuable source of information to new recruits. It classifies many things through employee manuals/handbook. Informal discussions with colleagues may also clear the fog surrounding certain issues. The basic purpose of induction is to communicate specific job requirements to the employee, put him at ease and make him feel confident about his abilities.

Notes **Employee Outsourcing**

Employee outsourcing refers to the shifting from traditional employee-employer relationship. It involves transferring employer responsibility to staffing agency or placement agency. Outsourcing human resource functions allows focusing on business development and provides administrative relief from many employment responsibilities such as payroll preparation, income tax reporting, employee benefits and workers compensation. It maintains a three-way relationship between organisation, employees and the outside placement or staffing agency. The employment agency works as a co-employer. This type of relationship between organisation and employment agency, helps in giving a full range of services and to transfer or share many employer liabilities and responsibilities.

Pros and Cons of Employee Outsourcing

Although outsourcing of employees have many advantages but besides that it has some problems also. Here are the pros and cons of outsourcing human resources:

Pros

1. HR outsourcing enables businesses to concentrate on their core competencies, ultimately resulting in better productivity and results for the company.
2. With HR outsourcing, client companies can utilize their resources more effectively, as the human resources department is taken care of. It results in streamlined business processes.
3. Employee outsourcing enables employees of client companies to enjoy benefits typically offered in larger companies, these being outsourced from the staffing agency or employee leasing organization. The comprehensive benefits package offered by such staffing agencies increases the buying power of companies in the job market and facilitates greater retaining of employees.
4. The staffing or placement or employment agency consists of experts in the business and legal fields, who can positively influence the client company and help it make better decisions.

Cons

1. One of the most significant concerns with outsourcing employees is the chance of misplaced loyalty. Employees outsourced might not put in the similar kind of effort as hired staff or display such an interest in the company.
2. This may leads to the question of control. It may be difficult to control employees in certain cases of outsourcing agreements where the employee is hired on contract and doesn't need to report to anyone within the organization.
3. Clients must watch out for hidden costs or unexpected changes in the services offered, and other aspects that differ from the contract they signed.

Notes

Self Assessment

State whether the following statements are true or false:

1. Orientation has a long-term benefit to the organisation.
2. Most organisations put new recruits on probation for a given period of time.
3. Good orientation programmes still require follow up.
4. One of the most significant concerns with outsourcing employees is the chance of misplaced loyalty.
5. Employee outsourcing refers to the shifting from traditional employee-employer relationship.

5.1.2 Induction Programme: Steps

The HR department may initiate the following steps while organising the induction programme:

- Welcome to the organisation.
- Explain about the company.
- Show the location/department where the new recruit will work.
- Give the company's manual to the new recruit.
- Provide details about various work groups and the extent of unionism within the company.
- Give details about pay, benefits, holidays, leave, etc. emphasise the importance of attendance or punctuality.
- Explain about future training opportunities and career prospects.
- Clarify doubts, by encouraging the employee to come out with questions.
- Take the employee on a guided tour of buildings, facilities, etc. Hand him over to his supervisor.

(a) ***Content:*** The topics covered in employee induction programme may be stated thus

Table 5.1: Contents of Employee Induction Programme

1. Organisational issues	
• History of company	• Overview of production process
• Names and titles of key executives	• Company policies and rules
• Employees' title and department	• Disciplinary procedures
• Layout of physical facilities	• Employees' handbook
• Probationary period	• Safety steps
• Products/services offered	
2. Employee benefits	
• Pay scales, pay days	• Training avenues
• Vacations, holidays	• Counselling
• Rest pauses	• Insurance, medical, recreation, retirement benefits
3. Introductions	
• To supervisors	• To trainers
• To co-workers	• To employee counsellor
4. Job duties	
• Job location	• Overview of jobs
• Job tasks	• Job objectives
• Job safety needs	• Relationship with other jobs

Notes

(b) ***Socialization:*** Socialisation is a process through which a new recruit begins to understand and accept the values, norms and beliefs held by others in the organisation. HR department representatives help new recruits to "internalise the way things are done in the organization". Orientation helps the newcomers to interact freely with employees working at various levels and learn behaviours that are acceptable. Through such formal and informal interaction and discussion, newcomers begin to understand how the department/company is run, who holds power and who does not, who is politically active within the department, how to behave in the company, what is expected of them, etc. In short, if the new recruits wish to survive and prosper in their new work home, they must soon come to 'know the ropes'. Orientation programmes are effective socialisation tools because they help the employees to learn about the job and perform things in a desired way.

(c) ***Follow up:*** Despite the best efforts of supervisors, certain dark areas may still remain in the orientation programme. New hires may not have understood certain things. The supervisors, while covering a large ground, may have ignored certain important matters.

The basic purpose of such follow up orientation is to offer guidance to employees on various general as well as job related matters – without leaving anything to chance. To improve orientation, the company should make a conscious effort to obtain feedback from everyone involved in the programme. There are several ways to get this kind of feedback i. e. through round table discussions with new hires after their first year on the job, through in-depth interviews with randomly selected employees and superiors and through questionnaires.

Task Prepare and give a short presentation titled, "How to orient new employees?"

5.2 Placement

After a candidate has been selected, he should be placed on a suitable job. Placement is the actual posting of an employee to a specific job.

Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.

It involves assigning a specific rank and responsibility to an employee. The placement decisions are taken by the line manager after matching the requirements of a job with the qualifications of a candidate. Most organisations put new recruits on probation for a given period of time, after which their services are confirmed. During this period, the performance of the probationer is closely monitored. If the new recruit fails to adjust himself to the job and turns out poor performance, the organisation may consider his name for placement elsewhere. Such second placement is called 'differential placement'. Usually the employees' supervisor, in consultation with the higher levels of line management, takes decisions regarding the future placement of each employee.

Placement is the assignment or reassignment of an employee to a new or different job. It includes the initial assignment of new employees and the promotion, transfer, or demotion of present employees. Similar to newcomers, present employees must be internally recruited, selected and oriented before they can be placed in different positions.

Placement is an important human resource activity. If neglected, it may create employee adjustment problems leading to absenteeism, turnover, accidents, poor performance, etc. The employee will also suffer seriously. He may quit the organisation in frustration, complaining bitterly about everything. Proper placement is, therefore, important to both the employee and the organisation.

Notes

Self Assessment

Fill in the blanks:

6. A position can be filled by direct recruitment by the company or by ..... the employee from a staffing agency.
7. Transfers and promotions are intended to make the employee ..... and grow over a period of time.
8. Outsourcing human resource functions allows focusing on business ..... and provides ..... relief from many employment responsibilities.
9. Employees outsourced might not put in the similar kind of effort as .....staff.
10. ..... is the actual posting of an employee to a specific job.
11. New recruits must be ..... properly so that they become productive contributors.
12. Through....., a new recruit is able to see more clearly as to what he is supposed to do.
13. Orientation is the task of introducing the new employees to the organisation and its .....
14. ..... or ..... may be defined as a process of guiding and counselling the employee to familiarise him or her with the organisation and the job situation.
15. If placement is neglected, it may create employee adjustment problems leading to ....., turnover, accidents, poor performance, etc.

Did u know? **What are the significances of placement?**

The significances of placement are as follows:

1. It improves employee morale.
2. It helps in reducing employee turnover.
3. It helps in reducing absenteeism.
4. It helps in reducing accident rates.
5. It avoids misfit between the candidate and the job.
6. It helps the candidate to work as per the predetermined objectives of the organization.

Placement, it should the remembered, should be made with as little disruption to the employee and organisation as possible. To this end, new recruits must be oriented properly so that they become productive contributors. There should be a conscious and determined effort to adapt the new recruit to the organization's culture (the rules, jargon, customs and other traditions that clarify acceptable and unacceptable behaviour in an organization) by conveying to the employee how things are done and what matters. When new employees know what is expected of them, they have better organizational performance and less frustration and uncertainty.

Notes

Notes **Outplacement**

Employers also should make outplacement services available to employees. Outplacement services tend to stimulate laid-off workers to pursue retraining opportunities and to relocate. Likewise, they provide opportunities for building social support. Although the effectiveness of outplacement services varies by employee level and needs, their role in providing a base of operations for contacting employers appears to be uniformly valuable. Additionally, employees' perceptions of fair treatment are probably enhanced by outplacement services. Although research evidence has not definitely established that outplacement programmes are effective in helping workers become re-employed, such programmes may have an additional major benefit of facilitating employees' psychological adjustment to the loss of their jobs and in helping regain their self-confidence.

5.3 The Challenges

The supervisors must conduct the induction programme through the checklist. To strengthen formal orientation efforts, a buddy system may also be introduced. Here, an experienced employee takes the worker round the organisation, introduces the newcomer to other workers and answers the newcomer's questions in a friendly, informal tone. In any case the HR department and the supervisor taking charge of the orientation efforts, should see that the newcomer is not:

- Overburdened with too many forms.
- Overwhelmed with too much to absorb in a short time.
- Asked to do jobs that are complex and hazardous and with a high chance of failure.
- Pushed into the job with a sketchy orientation.

Case Study

Welcome to Bharat Bank

The Bharat Bank is one of the largest banks in South India. It has fifty-five branches, with over 2,000 employees. The bank's headquarters are in Mangalore.

Bharat Bank regularly hires several dozen fresh college graduates each year to participate in the bank's management training programme. It is the objective of this programme to prepare future lending officers and branch managers. In the summer of 2001, Ranjit Rai was promoted from his position as a compensation analyst to assistant HR Manager. The major responsibility of his new job would be to direct the bank's management training programme.

Ranjit obtained all the information he could get on the training programme. It made fascinating reading. The programme had been in effect for sixteen years. Over that period, 221 individuals had been recruited for the programme, all directly out of college. Approximately 10 per cent of these entered with a master's degree, the rest with bachelor's degrees in business administration. Of the 221 recruits, 47 were still working for Bharat Bank. The average length of time recruits stayed with the bank was less than two years. More surprising was the fact that 34 of these 47 individuals had been hired within the past three years. A summary of his findings are shown below:

Contd…

Notes

Year	Number of Trainees Hired	Still Currently Employed
2000	28	22
1999	24	9
1998	23	3
1997	18	2
1996	15	4
1995	15	1
1990-94	61	2
1985–89	37	4

Ranjit was interested in how much of this turnover was attributable to voluntary resignations and how many due to bank firings. A look through the personal records indicated fewer than 15 per cent of those who left were terminated because the bank was unhappy with their performance. Ranjit thought that the bank's selection procedure was effective in identifying people who would make good employees.

The management training programme took thirty-months to complete. All trainees went through the programme which gave exposure to six main areas within the bank. It was estimated that those recruits who successfully completed the training programme and sought to be branch managers, should achieve their goal within four years after finishing the thirty-month programme. In fact, every trainee hired prior to 1995 was either a lending officer, a branch manager, or a senior officer at the bank's headquarters.

Questions

1. What factors may be causing the low retention rate?
2. Why were such a large percentage leaving the bank?
3. What evidence does Ranjit provide to support his contention that the bank's selection process is working effectively? Do you agree with his position?
4. How would you describe the bank's socialisation programme?
5. What changes might you consider to increase the retention rate?

5.4 Summary

- Orientation or induction is the task of introducing the new employees to the organization and its policies, procedures and rules.
- Induction is important as it serves the purpose of removing fears, creating a good impression and acts as a valuable source of information.
- Placement is the actual posting of an employee to a specific job. It involves assigning a specific rank and responsibility to an employee.
- Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.
- Placement is an important human resource activity.
- Proper placement is, therefore, important to both the employee and the organization.
- Employers also should make outplacement services available to employees.
- Outplacement services tend to stimulate laid-off workers to pursue retraining opportunities and to relocate. Likewise, they provide opportunities for building social support.

Notes

- Although the effectiveness of outplacement services varies by employee level and needs, their role in providing a base of operations for contacting employers appears to be uniformly valuable.

5.5 Keywords

Content: The topics covered in employee induction programme are called contents.

Follow-up: It is the process of taking feedback and providing guidance during induction programme.

Induction: Introduction of a person to the job and the organisation.

Induction Programme: The induction programme clarifies the terms and conditions of employment, communicates specific job requirements to the employees and provides confidence in the company as well as in their own ability to accomplish the work assigned to them effectively.

Outplacement: Outplacement services tend to stimulate laid-off workers to pursue retraining opportunities and to relocate.

Placement: Actual posting of an employee to a specific job – with rank and responsibilities attached to it.

Socialisation: The process through which the new recruit begins to understand and accept the values, norms and beliefs held by others in the organization.

5.6 Review Questions

1. Examine the terms 'placement' and 'induction'. Analyse their objectives.
2. What benefits do you think can socialisation offer for the (a) new employee (b) organisation?
3. Orientation is required when the selection policy is defective. When employees are selected properly, they do not need to be oriented. Do you agree or disagree? Why/Why not?
4. What do you think to be the component of an employee induction programme? Why is it important in an organisation?
5. What specific points must one consider while placing a new recruit?
6. What according to you should be the most important steps in an induction programme?
7. Evaluate the employee benefits accruing from induction.
8. What is the significance of proper placement and induction?
9. What does an outplacement mean?
10. Discuss the challenges towards placement.

Answers: Self Assessment

1.	False	2.	True
3.	True	4.	True
5.	True	6.	outsourcing
7.	versatile	8.	development, administrative

Notes

9. hired
10. Placement
11. oriented
12. induction
13. policies
14. Induction, orientation
15. absenteeism

5.7 Further Readings

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Unit 6: Training and Development

Notes

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Objectives

After studying this unit, you will be able to:

- Define the term training
- Discuss the concept of development
- State the relevance of T&D process
- Explain the methods of employee training
- Realize and evaluate training efforts

Introduction

Training improves, changes, and moulds the employee's knowledge, skill, behaviour and aptitude and attitude towards the requirement of the job and the organization. After an employee is selected, placed and introduced in an organization, he/she must be provided with training facilities in order to adjust him/her to the job.

6.1 Definitions

According to Flippo, training is the act of increasing the knowledge and skills of an employee for doing a particular job.

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Training may be defined as a planned programme designed to improve performance and bring about measurable changes in knowledge, skills, attitude and social behaviour of employees. Training is concerned with imparting and developing specific skills for a particular purpose. Training is the process of learning a sequence of programmed behaviour. The behaviour being programmed, is relevant to a specific phenomena, that is a job. Training is the process of increasing the skills of an employee for doing a particular Job.

Did u know? Development refers broadly to the nature and direction of change induced in employees, particularly managerial personnel, through the process of training and education.

6.1.1 Characteristics of Training

1. Increases knowledge and skills for doing the job.
2. Bridges the gap between jobs needs and employee skills, knowledge and behaviour.
3. Job-oriented process, vocational in nature.
4. Short-term activity designed essentially for operatives.

Notes **Difference between Training and Development**

Training often has been referred to as teaching specific skills and behaviour. 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 is considered to be more general than training and it is aimed towards management people. Usually the intent of development is to provide knowledge and understanding that will enable people to carry out non-technical organisational functions more effectively, such as problem-solving, decision-making and relating to people.

Training is a short-term process utilizing a systematic and organized procedure by which non-managerial personnel learn technical knowledge and skills for a definite purpose.

Development is a long-term educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge for general purposes.

Thus, 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. Training is a result of outside motivation, whereas development is mostly a result of internal motivation. Training seeks to meet the current requirement of the job, whereas development seeks to meet the future needs of the individual and job. Thus training is a reactive process, whereas development is a proactive process.

Example: **Training & Development at TISCO**

1. TISCO takes up training and development activities in an integrated way which include all levels of employees. It has its own training centre named TISCO Management Development

Centre, besides this, its personnel are trained at Tata Management Training Centre at Pune and outside specialized institution like Administrative Staff College of India and IIM.

2. Training needs of various employees are assessed on the basis of manpower planning and deliberations between the training manager and concerned line managers. Discussions are also held between the training manager and employees for assessing training needs.

Keeping in view the large number of its employees & their training needs, TISCO organizes the following types of training programme:

1. 4-tier management development courses
2. Functional and cross-functional courses
3. Orientation courses
4. Need-based seminars
5. Lecture meetings
6. Evening programmes

These courses are meant for functional and cross-functional courses. These courses are meant for managers and supervisor. Besides these, there are various courses on technical aspects like maintenance, production techniques, controls, systems analysis etc., which are meant for technical people.

Training and Development at SICCL

Sahara India has always given a special emphasis on training and development of employees. To upgrade the skills of employees, it has performed many training programmes from time to time. Sahara believes that organization and individual should develop and progress simultaneously for their survival and attainment of mutual goals. So, every modern management has to develop the organization through human resource development and employee training is the most important subsystem of human resource management. SICCL has always considered training as a specialized function and as one of the fundamental operative functions for human resource management.

Significance of Training and Development at SICCL

1. Training increases productivity both in terms of quantity and quality.
2. Training ensures greater safety and reduces employee accidents.
3. Systematic training, relieves supervisor, consumes much less of a time.
4. It increases organizational flexibility and stability.
5. Good training heightens the employee morale.
6. Provides information for future needs in all areas of organization.
7. The organization becomes more effective in decision-making and problem-solving.
8. Develops a sense of responsibility to the organization for being competent.
9. Aids in organizational development.
10. Aids in encouraging and achieving self-development and self-confidence of employees.

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11. Creates a better corporate image.
12. Improves the morale of the workforce.

Did u know? **Areas of Training**

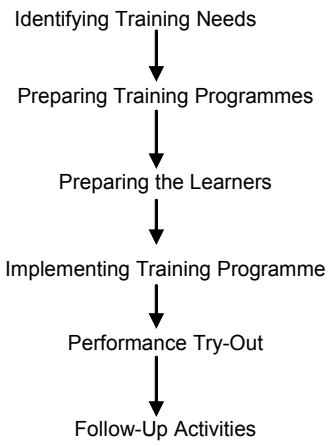
The Areas of Training in which training is offered may be classified into the following categories:

1. ***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.
2. ***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.
3. ***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.
4. ***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.

6.2 Training and Development (T&D) Process

Training Process

Figure 6.1: A Systematic Approach to Training



Training is most effective when it is planned, implemented and evaluated in a systematic way. Unplanned, uncoordinated and haphazard training efforts greatly reduce the learning that can be expected.

Notes

Table 6.1: Systematic Training

Assessment	Implementation	Evaluation
Determine training needs	Select training methods	Compare training outcomes against criteria
Identify training objectives	Conduct training	

1. ***Identifying training needs:*** Training needs are identified by following types of analysis:

   (i) *Organizational analysis:* It involves a study of the entire organization in terms of its objectives, its resources, the utilization of these resources, in order to achieve stated objectives and its interaction pattern with environment.

   (ii) *Task or role analysis:* The focus here is on the roles played by an individual and the training needed to perform such roles. Questionnaires, interview reports, tests and observation are generally used to collect job related information from time to time. After collecting the information, an appropriate training programme may be designed.

   (iii) *Manpower analysis:* There are three issues to be resolved through manpower analysis. First, we try to find whether performance is satisfactory and training is required. Second, whether the employee is capable of being trained and the specific area in which the training is needed. Finally, we need to state weather poor performance. On the job need to be replaced by those who can do the job.

2. ***Preparing Training Programmes:***

   (i) Type of employees to be trained, newcomers or old employees

   (ii) Type of training material that may be required

   (iii) Duration of training programme

   (iv) On-the-job training or off-the-job training

   (v) Methods that may be used for providing training

   (vi) Resource personnel who will provide training.

3. ***Preparing the Learners:***

   (i) Putting the learner at ease

   (ii) Explaining the importance of the job and its relationship to workflow

   (iii) Explaining the needs and objectives of the training in relationship to their jobs

   (iv) Creating interest among the learners about training

   (v) Placing the learner to as close to their working place as possible in the case of on-the-job training.

4. ***Implementing Training Programme:*** Training can improve individual and team performance, producing results that impact the bottom line. The potential for success is enhanced by following a logical process. Employers of all types will reap benefits from implementing an effective training program.

   Effectiveness of the training program is checked

   (i) Written/oral tests

   (ii) Observation

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(iii) Finding out individual/groups reaction to training while training is going on

(iv) Interviews

(v) Questionnaires

(vi) Opinion of top management on after training performance

(vii) Results comparison in terms of productivity, quality of work.

5. ***Performance Try out:*** Trainee asked to perform the job several times slowly while explaining each step

   (i) Mistakes are corrected

   (ii) Gradual building up of speed and skills

   (iii) Once a satisfactory level is achieved trainee is put on his own but not abandoned.

6. ***Follow up activities:***

   (i) Putting trainee on his own

   (ii) Checking frequently to see if he has followed instructions

   (iii) Tapering off excess supervision and close follow-up until trainee is qualified to work under normal supervision.

6.3 Methods of Employee Training

6.3.1 On the Job Training Methods

Job Instruction Training (JIT)

1. ***Job Instruction Training or training through step by step:*** It is used primarily to teach workers how to do their current jobs. A trainer, supervisor or co-worker acts as the coach. Various steps of JIT are as follows:

   - *Preparing:* Overview, purpose and desired outcomes of a job
   - *Presentation:* Trainer demonstrates the job
   - *Performance try out:* Trainee performs and practices in front of trainer follow up

   It was developed during Second World War. It is a four step process involving preparation, presentation, performance and follow up. It is used to teach workers how to do their current job. The trainer or supervisor work as a coach. The four steps are:

   (i) The trainee receives an overview of the job, its purpose and its desired out come.

   (ii) The trainer demonstrates the job to the employees.

   (iii) Employee is permitted to copy the trainer's way.

   (iv) Demonstration by the trainer and practice by the trainee are repeated until the trainee masters the right way to handle the job.

   (v) Finally, the employee does the job independently without supervision.

Notes

Table 6.2: Merits and Demerits of JIT

Merits	Demerits
1. Trainee learns fast through practice and observation. 2. It is economical. 3. Trainee gains confidence quickly as he does the work himself in actual setting with the help from supervisor. 4. It is the most suitable for unskilled and semi skilled jobs where the job operations are simple and easy.	1. The trainee should be as good as a trainer. 2. The trainee while learning may damage equipment waste material and cost accidents. 3. Experienced workers cannot use machinery while it has been used for trainee.

2. ***Coaching and Mentoring:*** Coaching is a one-on-one relationship between trainees and supervisors which offer workers continued guidance and feedback on how well they are handling their tasks. Mentoring is a particular form of coaching used by experienced executives to groom junior employees.

   Coaching is a training and/or developmental approach in which the learner follows a learning process at work, usually with the involvement of the manager or supervisor, but using real work projects. This learning at work is different from traditional training methods. It is achieved by the use of actual work, as opposed to the more artificial nature of training course activities.

   Project management is an approach that follows on naturally from coaching and usually relates to the development of experienced people who need to have their skill in certain functions is achieved. They need to increase the number and range of their skills; or well-experienced persons might need to be extended or tested by performing tasks with which they have had no precious experience but will need if they are to progress in their careers.

   Whereas coaching is usually applied to operative and similar tasks mentoring is an approach that has application in higher-level and/or more complex situations. There are a number of different ways in which mentoring is applied, but usually one experienced person will act, potent over an extended period, as the mentor, supporter, advisor, event arranger, etc. to the learner.

Table 6.3: Merits and Demerits of Coaching and Mentoring

Merits	Demerits
1. There is an excellent opportunity to learn quickly through continuous interaction. 2. Constant guidance helps the trainee to be on track, using facilities to good advantage.	1. It may create feelings of jealousy among other workers who are not able to show equally good performance. 2. It mentors form overly strong bonds with trainees, unwarranted favouritism may result. This can have a demoralizing effect on other workers, affecting their work performance in a negative way.

3. ***Job Rotation Training:*** Job rotation training involves the movement of trainee from one job to another. This helps him to have a general understanding of how the organisation functions. The purpose of job rotation is to provide trainees with a larger organisational perspective and a greater understanding of different functional areas as well as a better sense of their own career objectives and interests. Apart from relieving boredom, job rotation allows trainees to build rapport with a wide range of individuals within the organisation, facilitating future cooperation among departments. The cross-trained personnel offer a great amount of flexibility for organisations when transfers, promotions or replacements become inevitable.

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Job rotation may pose several problems, especially when the trainees are rolled on various jobs at frequent intervals. In such a case, trainees do not usually stay long enough in any single phase of the operation to develop a high degree of expertise. For slow learners, there is little room to integrate resources properly. Trainees can become confused when they are exposed to rotating managers, with contrasting styles of operation. Today's manager's commands may be replaced by another set from another manager! Further, job rotation can be quite expensive. A substantial amount of managerial time is lost when trainees change positions, because they must be acquainted with different people and techniques in each department. Development costs can go up and productivity is reduced by moving a trainee into a new position when his efficiency levels begin to improve at the prior job. Inexperienced trainees may fail to handle new tasks in an efficient way. Intelligent and aggressive trainees, on the offer hand, may find the system to be thoroughly boring as they continue to perform more or less similar jobs without any stretch, pull and challenge. To get the best results out of the system, it should be tailored to the needs, interests and capabilities of the individual trainee, and not be a standard sequence that all trainees undergo. Job Rotation allows the manger to operate in diverse roles and understand the different issues that crop up. If someone is aspiring to be a corporate leader, then he or she must have this type of training. A recent study indicated that the single most significant factor that leads to leader's achievement was the variety of experiences in different departments, business units, cities, and countries.

4. ***Apprenticeship Training:*** It is the most oldest and commonly used method especially when proficiency in a job is the result of a relatively long period of 2 years to 3 years for persons of superior ability and from 4 to 5 years for others e.g. draughtsman, a machinist, a painter, a toolmaker, a pattern designer, mechanic, carpenter, weavers, fitters, etc.

   The merits of these methods are:

   (i) A skilled workforce is maintained.

   (ii) Immediate returns can be expected from training.

   (iii) The workmanship is good.

   (iv) The hiring cost is lower because of low turnover and reduced production cost.

   (v) The loyalty of employees is increased and opportunities for growth are frequent.

5. ***Committee Assignments:*** Trainees are asked to solve an actual organizational problem. The method helps to develop team spirit and work unitedly towards common goals.

   In this method, trainees are asked to solve an actual organisational problem. The trainees have to work together and offer solution to the problem. Assigning talented employees to important committees can give these employees a broadening experience and can help them to understand the personalities, issues and processes governing the organisation. It helps them to develop team spirit and work unitedly toward common goals. However, managers should very well understand that committee assignments could become notorious time wasting activities.

   The above on-the-job methods are cost effective. Workers actually produce while they learn. Since immediate feedback is available, they motivate trainees to observe and learn the right way of doing things. Very few problems arise in the case of transfer of training because the employees learn in the actual work environment where the skills that are learnt are actually used. On-the-job methods may cause disruptions in production schedules. Experienced workers cannot use the facilities that are used in training. Poor learners may damage machinery and equipment. Finally, if the trainer does not possess teaching skills, there is very little benefit to the trainee.

Notes

6.3.2 Off the Job Training Methods

1. Vestibule Training
2. Role playing
3. Lecture method
4. Conference/discussion approach
5. Programmed Instruction
6. Virtual Organisations and E-Learning
7. Behaviourally Experienced Training

1. ***Vestibule Training:*** It is a classroom training, which is often imparted with the help of the equipment, and machines, which are identical with those in use in the place of work. The technique enables the trainee to concentrate on learning the new skill rather than performing an actual job. It is a very efficient method of training semi-skilled personnel, particularly when many employees have to be trained for the same kind of work. Training is generally given in form of lectures, conferences, case studies, role-playing and discussions.

2. ***Role playing:*** It is defined as a method of human interaction that involves realistic behaviour in imaginary situations. This method of training involves action, doing and practice. The participants play the role of certain characters, such as the production manager, mechanical engineer, superintendents, maintenance engineers, quality control inspectors, foreman, workers and the like. This method is mostly used for developing interpersonal interactions and relations.

3. ***Lecture method:*** The lecture is a traditional and direct method of instruction. The instructor organizes the material and gives it to a group of trainees in the form of a talk. To be effective, the lecture must motivate and create interest among the trainees. An advantage of lecture method is that it is direct and can be used for a large group of trainees. Thus, costs and time involved are reduced. The major limitation of the lecture method is that it does not provide for transfer of training effectively.

4. ***Conference/discussion approach:*** In this method, the trainer delivers a lecture and involves the trainee in a discussion so that his doubts about the job get clarified. When big organizations use this method, the trainer uses audio-visual aids such as blackboards, mock-ups and slides; in some cases the lectures are videotaped or audio taped. Even the trainee's presentation can be taped for self-confrontation and self-assessment. The conference is, thus, a group-centered approach where there is a clarification of ideas, communication of procedures and standards to the trainees. Those individuals who have a general educational background and whatever specific skills are required – such as typing, shorthand, office equipment operation, filing, indexing, recording, etc. – may be provided with specific instructions to handle their respective jobs.

5. ***Programmed instruction:*** This method has become popular in recent years. The subject-matter to be learned is presented in a series of carefully planned sequential units. These units are arranged from simple to more complex levels of instruction. The trainee goes through these units by answering questions or filling the blanks. This method is, thus, expensive and time-consuming.

6. ***Virtual Organisations and E-Learning:*** The virtual organisation is a temporary network of companies that come together quickly to exploit fast changing opportunities. Partners in a virtual organisation generally share costs, skills and access to international markets. Each partner contributes to the virtual organisation what it is best at—its core capabilities. In many high tech industries, virtual organisations rely heavily on internal computer networks

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or even the Internet to provide instantaneous communications and access to people who may be in many different locations, perhaps even around the world. Speed, agility and fast response are the greatest benefits of going virtual. To cross fertilize ideas and to gain from an experienced partners specializing in a core area, virtual class rooms have gained currency in recent times. A virtual class room employs special collaboration software to enable multiple remote learners, using their PCs or laptops to participate in live audio and visual discussions, communicate via written text and learn via content such as power point presentations. Other E-learning methods include training delivered by CD-ROM, intranet or internet, satellite broadcasts and digital collaboration between partners willing to learn from each other. Information provided may vary from a single needed fact or procedure, to a module on a narrow topic, to a broader training course, to a full university degree. Many e-learning resources are entirely self-paced, permitting employees to initiate and pursue training when they require it and when they really find time. In other cases, e-learning courses have set start and end dates and interactivity with an instructor and sometimes classmates. In a synchronous e-learning programmes, as mentioned above, all participants must log on to discussion groups or attend broadcasts in a virtual class room at the same time.

E-learning allows trainees to improve their skills and knowledge at their own comfortable pace. The trainee participates actively and is able to upgrade skills in a time-bound manner. Of course, e-training requires top management support, uninterrupted internet access, investments in establishing learning portals and is not suitable for imparting behavioural skills to trainees. Technology barriers like bandwidth will restrict and hamper the effectiveness of e-learning. Learning effectiveness might never match the level of classroom for a long time.

7. ***Behaviourally Experienced Training:*** Some training programmes focus on emotional and behavioral learning. Here employees can learn about behaviour by role playing in which the role players attempt to act their part in respect of a case, as they would behave in a real-life situation. Business games, cases, incidents, group discussions and short assignments are also used in behaviorally-experienced learning methods. Sensitivity training or laboratory training is an example of a method used for emotional learning. The focus of experiential methods is on achieving, through group processes, a better understanding of oneself and others. These are discussed elaborately in the section covering Executive Development Programmes.

Table 6.4: Merits and Demerits of Vestibule Training

Merits	Demerits
1. Training is given in separate room, distraction is minimized.	1. The splitting of responsibilities leads to organizational problems.
2. A training instructor, who knows how to teach, can be effectively utilized.	2. An additional investment in equipment is necessary.
3. The correct method can be taught without interrupting production.	3. This method is of limited value for the jobs which utilize equipment which can be duplicated.

6.3.3 Designing the Training Programme

Birth of a Training Programme

1. Initiative by a training agency
2. Initiative by organization
3. Initiative by group of organization

Notes

Identifying and Analysing Training Needs

1. Understanding Training Needs
2. Identifying Training Needs
3. Analysing Training Needs

Setting out the Programme Objective

1. Understanding the objectives
2. Need for setting programme objectives
3. Establishing programme objectives – consideration and guidelines

Steps in Preparing an Action Plan for the Programme

1. Identify programme contents
2. Breakup programme contents into modules
3. Categorize programme content into information, knowledge, skills and attitudes
4. Organize and sequence programme contents
5. Determine learning outcome for each sub-topics or modules
6. Decide on training methods and techniques
7. Allocate time
8. Decide on support materials, facilities and equipment
9. Determine assignments for members of the training team
10. Delegate responsibilities for management and administration of programme
11. Establish mechanism for monitoring and evaluation.

Key Considerations in Designing a Training Programme

1. Organization's objective and work
2. Training groups
3. Maintain momentum of the programme
4. Building flexibility in the programme
5. Effective monitoring of the programme
6. Training team
7. Management and administration of the programme.

6.4 Executive Development

Executive development is the process in which executives acquire not only skills and competence in their present jobs but also capabilities for future managerial tasks of increasing difficulty and scope.

Managers are the indispensable resources, the priceless assets of an organisation. They generate creative ideas, translate them into concrete action plans and produce results. When they succeed,

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they are able to keep everyone in good humour – including shareholders, employees and the general public.

Caution Managers are hailed as '*invincible corporate heroes*' and even treated as prized possessions of a country. When they fail, they destroy the scarce corporate resources and make everyone cry. The outcomes of managerial actions, thus, are going to be deep, profound and decisive.

To get ahead in the race especially in a complex, dynamic and ever-changing world, managers need to develop their capabilities that go beyond those required by the current job.

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.

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 managers 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.

The following are the important steps in the organisation of a management development programme:

a. ***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.

b. ***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.

c. ***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.

d. ***Planning of individual development 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.

e. ***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.

f. ***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.

Self Assessment

Multiple Choice Questions:

1. Training objectives should be expressed in:
   (a) employee behaviours
   (b) management desires
   (c) needs assessment
   (d) subjective judgement
   (e) employee reactions
2. Training evaluation criteria include all but not:
   (a) reactions
   (b) learning
   (c) behaviour
   (d) relevance
   (e) results

Notes

3. Technological obsolescence of engineers can be easily prevented by:
   (a) behaviour modelling
   (b) lectures
   (c) coaching
   (d) laboratory training
   (e) on-the-job training
4. Development
   (a) is short term in nature
   (b) focuses on the employee's current job
   (c) is a luxury most organisations avoid
   (d) aims at improving the total personality of a manager
   (e) is an informal activity
5. The advantages of the lecture method include:
   (a) economy
   (b) feedback
   (c) participation
   (d) transference
   (e) all of the above
6. Programmed Instruction is low on:
   (a) feedback
   (b) relevance
   (c) participation
   (d) transference
   (e) repetition
7. Role playing is often used to:
   (a) model behaviour
   (b) change results
   (c) learn skills
   (d) change attitudes
   (e) offer feedback
8. Business Games
   (a) improve fire-fighting skills
   (b) promote cooperation among participants
   (c) compress time
   (d) are easy to develop
   (e) encourage creativity

Notes

6.4.1 Methods of Executive Development

Table 6.5: Methods of Executive Development

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 pre-set 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 translate theoretical knowledge into action plans and to 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 within a short span of time.

Task Visit http://www.coachu.com/. This is an organisation that specialises in training coaches as managers. You also can look at International Coaching Federation at http://www.coachfederation.com/. Based on what you have found, answer the following questions.

1. Would you like to be led by a "coach" as these organisations define it? What would be some advantages and disadvantages of viewing leaders this way?
2. Based on your leadership style, would you make a good coach? Give reasons.
3. Discuss a situation in which a coaching approach to leadership would be particularly effective. What would be a situation where a coaching approach would seem to be ineffective?

Notes

Self Assessment

State whether the following statements are true or false:

9. A little training is a dangerous thing.
10. The methods and processes of training should not be related directly to the needs
11. Well-trained employees need less guidance and control.
12. Learning is a transformation that occurs within a short period of time.
13. Development is a long-term educational process.
14. Trained employees are a liability to an organisation.
15. Transfer of executives from one location to another is called job rotation.
16. Training objectives should be set in terms of changes needed in behaviour and performance.
17. Development is short term in nature.
18. Role playing is often used to learn skills.
19. Behaviour Modelling offers reinforcement to the trainee.
20. On-the-job training should be relatively unstructured.
21. Development focuses more on the employee's personal growth.
22. Job rotation can be either horizontal or vertical.

6.5 Evaluating the Training Effort

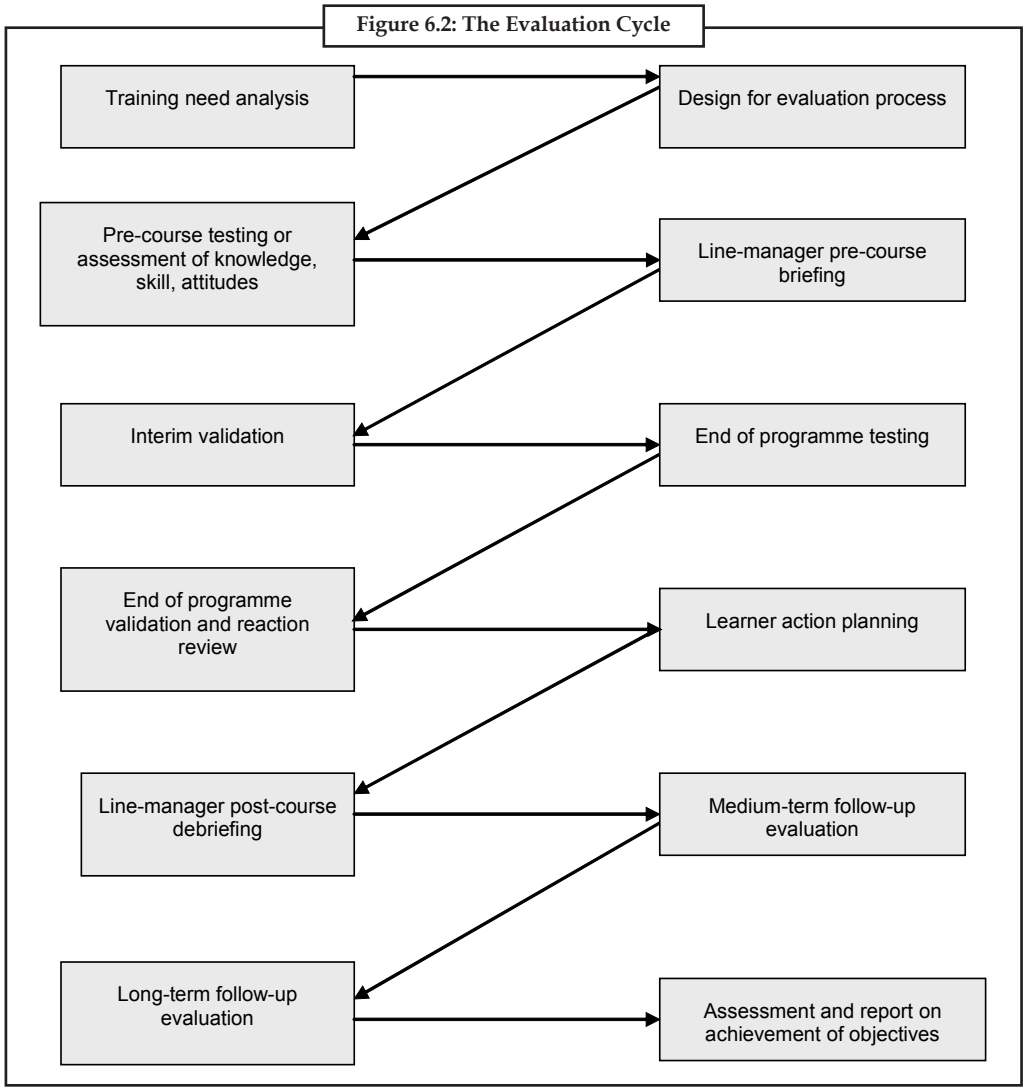
The process of training evaluation has been defined as, "any attempt to obtain information on the effects of training performance and to assess the value of training in the light of that information."

Design of Evaluation Process

Evaluation process should not be treated as a separate process but should be carried out simultaneously with the training programme. The design should depend on number of factors including the type of training and development programme. The guiding principle behind the evaluation process must be that it should not only meet the objectives of the training but subsequently they should be implemented in an effective manner.

Notes

Figure 6.2: The Evaluation Cycle



Methods of Evaluation

1. ***Questionnaire:*** Comprehensive questionnaires could be used to obtain opinions, reactions, views of trainees.
2. ***Start-of-course assessment:*** Either replacing pre-programme assessments or confirming these in more training-specific forms.
3. ***Tests:*** Standard tests could be used to find out whether trainees have learnt anything during and after the training programme. Pre-testing or pre-knowledge measures of the learners' existing skills and knowledge.
4. ***Interviews:*** Interviews could be conducted to find out the usefulness of training offered to operatives.
5. ***Daily or interim evaluation approaches:*** Which be considered if the learning programme lasts more than a day or so, but will be necessary if it lasts for a week or more.
6. ***Studies:*** Comprehensive studies could be carried out to eliciting the opinions and judgements of trainers, superiors, peers, groups about the training.

Notes

7. ***Human Resource Factors:*** It is evaluated on the basis of employee satisfaction, which is further examined on the basis of absenteeism, turnover ratio, accidents, grievances, discharge, dismissals etc.

8. ***Cost Benefits Analysis:*** The cost of training (cost of hiring trainers, tools to learn, training centers, wastage etc.) could be compared with its value (in terms of reduced learning time, improved learning, superior performance) in order to evaluate a training programme.

9. ***End of programme evaluation:*** Reaction, arrangement for medium or long term-evaluation, either by correspondence or visiting.

10. ***Feedback:*** After the evaluation, the situation should be examined to identify the probable cause for gaps in performance. The training evaluator should follow it up sincerely so as to ensure effective implementation of the feedback report at every stage.

Self Assessment

Fill in the blanks:

23. The basic purpose of executive ..... programmes is to improve managerial performance by imparting knowledge, changing attitudes or increasing skills.

24. Management development is a ....., ... and ..... process of learning and growth.

25. A manager can achieve results only when he is able to put ..... on the right track.

26. Simulations that represent actual business situations are known as .....

27. By handling varied jobs of increasing difficulty and scope, executives become more useful, ... and .....

28. An .....is a person who is in training to assume at a future time, the full responsibility of the position.

Case Study

Sydenham Samsung Automotives

Sydenham Samsung Automotives is a joint-venture company set up with technical collaboration from Samsung, South Korea. SSA manufactures aluminium alloy wheel rims for automobiles. Since there is a great demand for this product from the automobile manufacturers of developed countries, including Korea and Japan, the joint-venture SSA had set up its manufacturing unit in the Export Promotion Zone (EPZ) at Visakhapatnam Port city. EPZ extends many attractive terms for the exporters in the Zone, including exemption from the applicability of labour laws to the units within EPZ.

SSA selected brilliant engineers from premier engineering institutes and sent them for hands-on training to Korea for six months. On their return, these engineers systematically trained on-the-shopfloor workforce in all aspects of product manufacturing. As the jobs were of a technical nature, SSA recruited boys from Industrial Training Institutes and Polytechnic Institutes in different crafts. This young workforce, whose average age was 26 years, were dynamic and enthusiastically performed the jobs and were meeting the production targets. SSA has also taken care of the needs of the workforce and provided subsidised canteen, buses to take workers from town to workplace and back, and other welfare measures.

Contd…

Notes

This congenial environment continued for three years but later the workers, at the instance of outside leadership, started a trade union. SSA was upset with these developments and, to some extent, was firm in dealing with the unionised workers, The matter precipitated leading to a 16-day strike. However, at the intervention of the Conciliation Officer, a settlement was reached between the parties which gave higher wages and benefits to the workers and SSA could eliminate some restrictive practices that had surfaced of late. Normalcy was restored.

SSA has decided to educate the workers about the virtues of disciplined work performance. Accordingly, it approached a professional trainer to take up the assignment.

Questions

1. If you were the trainer, how would you design the training programme?
2. What objectives would you keep in mind in conducting such a training programme?
3. Can employee involvement and work commitment be achieved through such a training programme? Give your reasons.

6.6 Summary

- A training need is the gap between the knowledge, skills and attitudes already possessed by the trainee.
- If training is to be relevant and cost-effective, it must meet the needs of the organisation in terms of its target population.
- There are three major areas in which staff do not meet the job requirements:
  - when staff performance in their present position does not match up to the required standards,
  - when the requirement of the job changes due to the changing circumstances, and
  - when the present job ceases to exist or the job holder changes jobs, therefore creating new gap in the new job.
- There are various methods by which the trainer imparts knowledge and changes attitudes.
- Training programmes for sub-staff cadres need to be participant-oriented with more practical methodologies and the programme should be in the regional languages in the case of substaff.
- In the case of officers, experience-sharing could be the main plank with more active participant-oriented inputs like management games.
- All training programmes have certain core features, but will differ in emphasis depending on the position of the trainee in the hierarchy, the number of trainees and so on.
- Much of the information needed to plan an effective training programme will come from job analysis. Learning by doing is best.
- So wherever possible make the programme active and job-related, keep trainees occupied by learning at least one thing every day.
- The trainer will need to prepare thoroughly: the written work necessary for presenting the session, the material and equipment to be used during demonstration and practice including visual aids, and any instructional material to back up the session, such as handouts.

Notes

- Management development is the process in which executives acquire not only skills and competencies in their present jobs but also capabilities for future managerial tasks of increasing difficulty and scope.
- Management development, in contrast to employee training, is more future-oriented and concerned with education.

6.7 Keywords

Behaviour modelling: An approach that demonstrates desired behaviour and gives trainees the chance to practice and role-play those behaviours and receive feedback.

Case Study: Case studies are problem-solving activities, which test the analytical skills of the learner with the supervision and guidance of the trainer.

Demonstrations: It is a practical method, where the employee gets the opportunity to see and actual use the equipments needed and carried out in normal working.

Discussions: It is a very common and economical technique. They involve the learners, who do not remain a passive learner.

Employee Development: A kind of future oriented training, focusing on the individual growth of the employee.

Executive Development: The process in which executives acquire not only skills and competence in their present jobs but also capabilities for future managerial tasks of increasing difficulty and scope.

Management Development: Management development is the process in which executives acquire not only skills and competencies in their present jobs but also capabilities for future managerial tasks of increasing difficulty and scope.

Role Plays: It is the most widely used group training method. The learners are provided with the opportunity to practice in the simulated situation the conditions and situations which are similar to the real life.

Training: A learning process designed to achieve a relatively permanent change in an individual that will improve the ability to perform on the job.

Trainer Presentations: In their basic form, they are 'tell' events, traditionally described as 'lectures'. The trainer is supposed to speak to the passive audience, who is expected to note the lecture and document them.

Understudy: A development method whereby potential managers are given the chance to temporarily relieve an experienced manager of part of his job and act as his substitute during the period, giving him vital insights into the overall job that would make him the automatic choice in the succession process.

6.8 Review Questions

1. How do you identify the training needs of an organisation?
2. What precautions should one take for conducting a training programme?
3. How should a trainer plan for a training programme?
4. What are the various methods available for training?
5. Why is evaluation of a training programme necessary, and how is it done?
6. What do you mean by executive development?

Notes

7. Discuss the methods of executive development.
8. Human Resource Development is nothing but looking at the development of manpower of an organisation in the light of its requirements. Do your agree? Give reasons for your views.
9. State the importance of executive development, keeping the Indian conditions in mind.
10. Explain the principal executive training methods and suggest a suitable training package for middle level executives in a large organisation.
11. Discuss the merits and demerits of case study as a method of executive development.
12. Differentiate between training and development. Why is executive development necessary?
13. Explain the merits and demerits of case study as a method of developing executives?
14. Describe the pros and cons of five management development methods.

Answers: Self Assessment

1.	(d)	2.	(a)
3.	(b)	4.	(d)
5.	(a)	6.	(b)
7.	(d)	8.	(c)
9.	True	10.	False
11.	True	12.	False
13.	True	14.	False
15.	False	16.	True
17.	False	18.	False
19.	True	20.	False
21.	True	22.	True
23.	development	24.	planned, systematic, continuous
25.	individuals	26.	business games
27.	versatile, productive	28.	understudy

6.9 Further Readings

Books

Aswathapa, K. (2008) 5th ed. *Human Resource Management,* Tata McGraw Hill.

Dipak Kumar Bhattacharyya, *Human Resource Management,* Excel Books.

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Madhurima Lall and Sakina Qasim Zaidi, *Human Resource Management,* Excel Books.

PL Rao, *Comprehensive HRM,* Excel Books.

Rao P.S. (2008), *Essentials of Human Resource Management and Industrial Relations, Text Cases and Games,* Himalaya Publication.

Online links

http://en.wikipedia.org/wiki/Training_and_development

http://www.colgate.co.in/app/Colgate/IN/Corp/Careers/TrainingDevelopment.cvsp

http://www.businessballs.com/traindev.htm

http://managementhelp.org/training/

Unit 7: Performance Management

Notes

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Objectives

After studying this unit, you will be able to:

- Define the term performance management and potential appraisal
- Discuss the components of performance management,
- State the performance appraisal methods
- Explain the concept of performance counseling
- Understand the common rating errors

Notes

Introduction

Since organizations exist to achieve goals, the degree of success that individual employees have in reaching their individual goals helps in determining organizational effectiveness. The assessment of how successful employees have been at meeting their individual goals, therefore, becomes a critical part of HRM. This leads to the topic of performance appraisal.

There are basically three purposes to which performance appraisal can be put. First, it can be used as a basis for reward allocations. Decisions as to who gets salary increases, promotions, and other rewards are determined by their performance evaluation. Second, these appraisals can be used for identifying areas where development efforts are needed. Finally, performance appraisal can be used as a criterion against which selection devices and development programmers are validated. There must be some standard of satisfactory performance. The development of a valid, reliable and bias-free performance appraisal system can establish such standards.

Did u know? The performance management systems of successful organizations is designed to enable employees to contribute at optimum levels through a continual process that includes among others, goal setting, measurement, feedback and rewards.

7.1 Performance Appraisal

Performance Appraisal is the systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development.

Major comprehensive definition: Performance Appraisal is a formal structured system of measuring and evaluating an employee's job related behaviors and outcomes to discover how & why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organization and society all benefit.

7.1.1 Objectives of PA

1. ***Compensation Decision:*** It can serve as a basis for pay raises. This approach to compensation is at the heart of the idea that raises should be given for merit rather than for seniority.
2. ***Promotion Decision:*** It can serve as a guide for job change or promotion.
3. ***Training and Development Programme:*** PA can inform employees about their progress and tell them what skills they need to develop to become eligible for pay raises or promotions or both.
4. ***Feedback:*** It can tell an employee what he can do to improve his present performance and go up the organizational ladder.
5. ***Personal development:*** It can help reveal the causes of good and poor employee performance.

Self Assessment

Multiple Choice Questions:

1. The basis for performance standards is:
   (a) Managers
   (b) HR plans
   (c) Employees

Notes

(d) Compensation plans

(e) Job analysis.

2. Performance appraisals serve as building blocks of:

(a) Recruiting

(b) Career planning

(c) Manpower planning

(d) Selecting

(e) Job analysis.

7.2 Performance Management

Performance management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.

Employee performance management includes:

1. Planning work and setting expectations,
2. Continually monitoring performance,
3. Developing the capacity to perform,
4. Periodically rating performance in a summary fashion, and
5. Rewarding good performance.

7.3 Components of Performance Management

7.3.1 Planning

In an effective organization, work is planned out in advance. Planning means setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organizational objectives. Getting employees involved in the planning process will help them understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done.

The regulatory requirements for planning employees' performance include establishing the elements and standards of their performance appraisal plans. Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paperwork that is filed in a drawer and seen only when ratings of record are required.

7.3.2 Monitoring

In an effective organization, assignments and projects are monitored continually. Monitoring well means consistently measuring performance and providing ongoing feedback to employees and work groups on their progress toward reaching their goals.

Notes

Regulatory requirements for monitoring performance include conducting progress reviews with employees where their performance is compared against their elements and standards. Ongoing monitoring provides the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards. And by monitoring continually, unacceptable performance can be identified at any time during the appraisal period and assistance provided to address such performance rather than wait until the end of the period when summary rating levels are assigned.

Caution MBO requires the management to set specific, measurable goals with each employee and then periodically discuss the latter's progress towards these goals.

7.3.3 Developing

In an effective organization, employee developmental needs are evaluated and addressed. Developing in this instance means increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes, or other methods. Providing employees with training and developmental opportunities encourages good performance, strengthens job-related skills and competencies, and helps employees keep up with changes in the workplace, such as the introduction of new technology.

Carrying out the processes of performance management provides an excellent opportunity to identify developmental needs. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas for improving good performance also stand out, and action can be taken to help successful employees improve even further.

7.3.4 Rating

From time to time, organizations find it useful to summarize employee performance. This can be helpful for looking at and comparing performance over time or among various employees. Organizations need to know who their best performers are.

Within the context of formal performance appraisal requirements, rating means evaluating employee or group performance against the elements and standards in an employee's performance plan and assigning a summary rating of record. The rating of record is assigned according to procedures included in the organization's appraisal program. It is based on work performed during an entire appraisal period. The rating of record has a bearing on various other personnel actions, such as granting within-grade pay increases and determining additional retention service credit in a reduction in force.

Although group performance may have an impact on an employee's summary rating, a rating of record is assigned only to an individual, not to a group.

7.3.5 Rewarding

In an effective organization, rewards are used well. Rewarding means recognizing employees, individually and as members of groups, for their performance and acknowledging their contributions to the agency's mission. A basic principle of effective management is that all behavior is controlled by its consequences. Those consequences can and should be both formal and informal and both positive and negative.

Good performance is recognized without waiting for nominations for formal awards to be solicited. Recognition is an ongoing, natural part of day-to-day experience. A lot of the actions that reward good performance — like saying "Thank you" — don't require a specific regulatory

authority. Nonetheless, awards regulations provide a broad range of forms that more formal rewards can take, such as cash, time off, and many nonmonetary items. The regulations also cover a variety of contributions that can be rewarded, from suggestions to group accomplishments.

Notes **Effective Performance Management**

Goals are set and work is planned routinely. Progress toward those goals is measured and employees get feedback. High standards are set, but care is also taken to develop the skills needed to reach them. Formal and informal rewards are used to recognize the behavior and results that accomplish the mission. All five component processes working together and supporting each other achieve natural, effective performance management. In effective organizations, managers and employees have been practicing good performance management naturally all their lives, executing each key component process well.

7.4 Performance Appraisal Methods

The various performance appraisal methods are discussed here on two standards:

1. Past-oriented Scale
2. Future-oriented Scale

Let us explain each of the above in detail.

7.4.1 Past-oriented Scale

1. ***Rating scale:*** The typical rating scale system consists of several numerical scales, each representing a job-related performance criterion such as dependability, initiative, output, attendance, attitude, cooperation etc., each scale ranges from excellent to poor. The number of points attached to the scale may be linked to salary increase, whereby so many points equal a rise of some percentage.

   Nearly all type of job can be evaluated and large number of employees can be evaluated in a very short time. Disadvantage includes the rater's biases to influence evaluation. Furthermore, numerical scoring gives an illusion of precision that is really unfounded.

2. ***Checklists:*** Under this method, a checklist of statements on statements on the traits of the employee and his or her job is prepared in two columns i.e. 'YES' column and 'NO' column. All that the rater is to do is to tick the 'YES' if the answer is positive and tick 'NO' if the answer is 'NO'. The HR dept. gives point for every "YES' when points are allotted the technique becomes a weighted checklist.

   The advantages are economy, ease of administration, limited training of rater & standardization. The disadvantage includes improper weights by the HR department.

3. ***Forced choice method:*** The rater is given a series of statement about the employee these are arranged in the blocks of two or more, and the rater indicates which statement is most or least descriptive of the employee. For example

   (a) Learns fast----------works hard.

   (b) Absent often----------others usually tardy.

   The HR department does actual assessment. The advantage is the absence of personal bias in rating. Disadvantage is that the statement may not be properly framed.

Notes

4. ***Critical Incident method:*** It focuses on certain critical behaviours of an employee that make all the difference between effective and non-effective performance of a job. Such incidents are recorded by the superiors as and when they occur.

   One of the advantages of this is that the evaluation is based on actual job-behaviour. It also increases the chance that the subordinate will improve because they learn more precisely what is expected of them. As an disadvantage, negative incidents are generally more noticeable than positive ones.

5. ***Behaviorally anchored rating scales:*** In this the scale represent a range of descriptive statements of behaviour varying from the least to the most effective. A rater must indicate which behaviour on each scale best describes an employee's performance. BARS the following feature:

   (a) Areas of performance to be evaluated are identified and defined by the people who will use the scales.

   (b) The scales are anchored by description of actual job behavior that supervisors agree, represent specific level of performance.

   (c) All dimensions of performance to be evaluated are based on observable behaviours and are relevant to the job being evaluated since BARS are tailored made.

   (d) Since the raters who will actually use the scale are actively involved in the development process, they are more likely to be committed to the final product.

   Unfortunately this also suffers from distortions inherent in most rating techniques.

6. ***Field review method:*** This is an appraisal by someone outside the assessee's own dept., usually someone from corporate office or HR dept.. Two disadvantage of this are:

   (a) An outsider is not familiar with conditions in an employee's work environment.

   (b) He does not have an opportunity to observe employee behaviour of performance over a period of time.

7. ***Performance test:*** With a limited number of jobs, employee assessment may be based upon a test of knowledge and skills. The test may be paper & pencil or an actual demonstration of skills the test must be reliable & validated to be useful. Practically it may suffer if the costs of test development or administration are high.

8. ***Annual confidential report:*** ACR is mostly used in government deptts example ITI, military organizations, etc., it has 14 items namely - attendance, self-expression, ability to work with others, leadership, initiative, technical ability, ability to reason, name, to a few. Twelve of these are filled on a four-point grade scale (excellent, good, fair, poor). Justification is required for outstanding or poor rating. Overall rating on a five-point scale was separately given (Outstanding, Very good, Good, Average, Poor). Recommendation for performance was also given.

   This system is highly secret and confidential. Ratings are easily manipulated because the evaluation was linked to promotion.

9. ***Cost accounting approach:*** This method evaluates performance from the monetary returns the employee yields to his or her organization. Performance of the employee is evaluated based on the established relationship between the cost and the benefit.

10. ***Comparative evaluation approach:*** These are a collection of different methods that compare one worker's performance with that of his/her co-workers. They are useful in deciding merit-pay increases, promotions and organizational rewards. The usual comparative forms are ranking method and the paired comparison method.

Notes

7.4.2 Future-oriented Appraisal

Management by Objective

It was Peter F Drucker gave the concept of MBO way back in 1954 when his 'The Practice of Management' was first published. There are four steps:

- In some organizations, superior and subordinates work together to establish goals. These goals can then by used to evaluate employee performance.
- It involves setting the performance standard for the subordinates in a previously arranged time period. As subordinates perform, they know fairly well what there is to do, what has been done, and what remains to be done.
- The actual level of goal attainment is compared with the goals agreed upon. This step helps determine possible training needs.
- It involves establishing new goals and possibly, new strategies for goals not previously attained. The process is repeated.

The disadvantage is that it is not applicable to all jobs in all organizations. Jobs with little or no flexibility, such as assembly-line work, are not compatible with MBO.

Psychological Appraisal

The appraisal normally consists of in-depth interviews, psychological tests, discussions with supervisors and a review of other evaluations. The psychologist then writes about employee's intellectual, emotional, motivational and other- related characteristics that suggest individual potential and may predict future performance. Since the quality of the appraisal depends largely on the skills of the psychologists, some employees object to this type of evaluation, especially if cross-cultural differences exists.

Assessment Centers

This method of appraising was first applied in German Army in 1930. In fact it is a system or organization, where assessment of several individuals is done by various experts using various techniques. These techniques include in-basket, role-playing, case studies, and simulation exercise, transactional analysis.

In this individual are brought together to spend two or three days working on an individual or group assignment similar to the ones they would be handling when promoted. Observers rank the performance of each and every participant in order of merit. All assesses get an equal opportunity to show their talents and capabilities and secure promotion based on merit.

360-degree Feedback

Where multiple raters are involved in evaluating performance, the technique is called 360-degree appraisal. The 360-degree technique is understood as systematic collection of performance data on an individual or group, derived from a number of stakeholders include immediate supervisors, team members, customers, peers, and self.

For one's development, multi-source feedback is highly useful. It enables an employee to compare his or her perceptions about self with perceptions of others. The technique is particularly helpful in assessing soft skills possessed by employees. By design, the 360-degree appraisal is effective in identifying and measuring interpersonal skills, customer satisfaction, and team-building skills.

Notes

It has number of drawbacks. Receiving feedback from on performance from multiple sources can be intimidating. It is essential that the organization create a non-threatening environment by emphasizing the positive impact of the technique on an employee's performance and development.. It takes a long time on selecting the rater, designing questionnaires and analyzing the data.

7.5 Potential Appraisal

In most Indian organisations, people earn promotions on the basis of their past performance. The past performance is considered a good indicator of future job success. This could be true, if the job to be performed by the promotee is similar. However, in actual practice, the roles that a person played in the past may not be the same as the one(s) he is expected to play if he is assigned a different job after his transfer or promotion to a new position. Past performance, therefore, may not be a good indicator of the suitability for a higher role.

To overcome this inadequacy, organisations must think of a new system called potential appraisal. Potential typically represents latent qualities (such as ability to foresee opportunities and their impact on current decisions, ability to identify resource gaps, ability to perform tasks in a tough setting, ability to function in diverse settings with confidence, ability to see the big picture clearly; displaying a high degree of personal and intellectual integrity at all times etc) exhibited by an individual while performing various tasks/jobs (Pattanayak 2008 137-140). 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 (Pareek, p.141).

Potential appraisals are required to:

- Inform employees about their future prospects;
- Help the organisation chalk out a suitable succession plan;
- Update training efforts from time to time;
- Advise employees about what they must do to improve their career prospects.

Steps to be followed while Introducing a Good Potential Appraisal System

The following are some of the steps required to be followed while introducing a potential appraisal system:

- ***Role Descriptions:*** Organisational roles and functions must be defined clearly. To this end, job descriptions must be prepared for each job.
- ***Qualities needed to perform the roles:*** Based on job descriptions, the roles to be played by people must be prepared (i.e., technical, managerial jobs and behavioural dimensions).
- ***Rating mechanisms:*** Besides listing the functions and qualities, the potential appraisal system must list mechanisms of judging the qualities of employees such as:
  - (i) *Rating by others:* The potential of a candidate could be rated by the immediate supervisor who is acquainted with the candidate's work in the past, especially his technical capabilities.
  - (ii) *Tests:* Managerial and behavioural dimensions can be measured through a battery of psychological tests.
  - (iii) *Games:* Simulation games and exercises (assessment centre, business games, in-basket, role play, etc.) could be used to uncover the potential of a candidate.

Notes

(iv) *Records:* Performance records and ratings of a candidate on his previous jobs could be examined carefully on various dimensions such as initiative, creativity, risk taking ability, etc., which might play a key role in discharging his duties in a new job.

- ***Organising the system:*** After covering the above preliminaries, the HR manager must set up a system that will allow the introduction of the scheme smoothly incorporating answers to some complex questions such as:

  (i) How much weightage to accord to merit in place of seniority in promotions?

  (ii) How much weightage to accord to each of the performance dimensions – technical, managerial, behavioural qualities?

  (iii) What are the mechanisms of assessing the individual on different indicators of his potential, and with what degree of reliability?

- ***Feedback:*** The system must provide an opportunity for every employee to know the results of his assessment. "He should be helped to understand the qualities actually required for performing the role for which he thinks he has the potential, the mechanisms used by the organisations to appraise his potential and the results of such an appraisal".

Self Assessment

State whether the following statements are true or false:

3. Subjective measures in performance appraisal are most desirable.
4. Performance appraisals can reduce bias.
5. Assessment centre technique is costly and time-consuming.
6. A key aspect of performance management is Performance measurement.
7. Employees should not be involved in performance planning.
8. Job descriptions must be prepared for each group of jobs.
9. Managerial and behavioural dimensions cannot be measured due to their being psychological entities.
10. The rater's immediate supervisor must approve the ratings given by the rater.
11. Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable.
12. In an effective organization, assignments and projects are monitored continuously.

7.6 Performance Counseling

Counselling is the discussion of a problem with an employee, with the general objective of helping the worker cope with it. The purpose is to help employees either resolve or cope with the situation so that they can become more effective persons. The basic theory supporting counselling is that stress and personal problems are likely to affect both performance and an employee's general life adjustment; therefore, it is in the best interests of all those concerned (employer, employee and community) to help the employee return to full effectiveness. Most counsellees are healthy people who are experiencing stress and need help to return to emotional wellness. Emotions are a normal part of life, but they can get out of control and cause workers to do things that are harmful to their own best interests and to those of the firm. Sometimes employees may leave the organisation because of a trifling conflict that seems large to them, or they may undermine morale in their departments. Managers want their workers to maintain a reasonable emotional

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balance and channel their emotions along constructive lines so that everyone will work together effectively. Counselling is a useful tool to help accomplish this goal. Counselling programmes usually are administered by the HR department, which uses various combinations of in-house and external counselling services.

7.6.1 Characteristics of Counseling

Counselling has a number of characteristics that make it a useful activity in the HR department. counseling requires two people; a counselor and a counselee. It is their exchange of ideas that creates a counseling relationship, and so counseling is an act of communication. Counselling can improve organizational performance because the employee becomes more cooperative, worries less about personal problems, or makes progress in other ways. Because it deals with people problems, counseling also helps organisations to be more human and considerate. Counselling usually is performed by both professionally trained counselors and non professionals.

Counselling is strictly a confidential relationship, and records of it should be restricted to persons directly involved in solving the counseling problem. These practices are necessary to protect employee privacy.

- Requires two people, a counsellor and a counselee.
- Is an act of communication.
- Helps employees cope.
- Reduces employee problems and emotional upsets.
- Improves organisational performance.
- Helps organisation performance.
- Performed by both professionals and non-professionals.
- Involves both job and personal problems.
- Is confidential and private.

7.6.2 Counselling Functions

Counselling functions are the activities performed by counselling, such as:

- ***Advice:*** Counsellors often give advice to counsellees in order to guide them toward desired courses of action.
- ***Reassurance:*** The counselling experience often provides employees with reassurance, which is confidence that they are following a suitable course of action and have the courage to carry it out.
- ***Communication:*** Counselling is a communication experience. It initiates upward communication to management and also gives the counsellor an opportunity to interpret management problems and give work insights to employees.
- ***Release of emotional tension:*** People tend to get emotional relief from their tensions when they have an opportunity to discuss their problems with someone else.
- ***Clarified thinking:*** Serious discussion of problems with someone else helps a person think more clearly by neutralizing extraneous distractions.
- ***Reorientation:*** Reorientation involves a change in an employee's basic self through a change in goals and values. Professional counselling by psychologists and psychiatrists often helps employees reorient their values. For example, a better self-image helps a person to be more effective.

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7.6.3 Types of Counselling

When we look upon counselling in terms of the amount of direction that a counsellor gives a counsellee, we see that it is a continuum from full direction (directive counselling) to no direction (non-directive counselling). Between the two extremes is participative counselling.

Directive Counselling: Directive counselling is the process of listening to an employee's problems, deciding with the employee what should be done, and then telling and motivating the employee to do it. Directive counselling mostly accomplishes the counselling function of advice but it also may reassure, communicate, give emotional release, and (to a minor extent) clarify thinking. Reorientation is seldom achieved in directive counselling.

Non-directive Counselling: Non directive, or client-centered, counselling is at the opposite end of the continuum. It is the process of skillfully listening and encouraging a counsellee to explain bothersome problems, understand them, and determine appropriate solutions. It focuses on the counsellee rather than on the counsellor as judge and adviser; hence it is 'client-centered.' The unique advantage of non-directive counselling is its ability to encourage the employee's reorientation. It emphasizes changing the person, instead of dealing only with the immediate problem in the usual manner of directive counselling.

Participative Counselling: Non-directive counselling by employers is limited because it requires professional counsellors and is costly. Directive counselling often is not accepted by modern, independent employees. This means that the types of counselling used by many supervisors and HR department employees lies somewhere between the two extremes of directive and non-directive counselling. This middle ground is called participative (or cooperative) counselling because the counsellor and counsellee participate in discussing a problem and developing a possible solution. Participative counselling is a mutual counsellor-employee relationship that establishes a cooperative exchange of ideas to help solve an employee's problems. It is neither wholly counsellee-centred nor wholly directive counselling. Rather, the counsellor and counsellee use mutual discussion to apply their different knowledge, perspectives, and values to problems. Participative counselling integrates the ideas of both participants in the counselling relationship. It is, therefore, a balanced compromise that combines many advantages of both directive and non-directive counselling while avoiding most of their disadvantages. It also is best fitted to the skills of most company people who counsel employees.

Participative counselling starts by using the listening techniques of non directive counselling; but as the interview progresses, participative counsellors may play a more active role than a non directive counsellor does. They may offer bits of information and insight. They may discuss the situation from their broader knowledge of the organisation, thus giving the employee a different view of the problem. In general, participative counsellors apply the four counselling functions of reassurance, communication, emotional release and clarified thinking.

Performance Counselling

1. Analyse your employee's performance:
   - (a) Formulate positive behaviour changes
   - (b) Identify specific behaviour changes
   - (c) Identify areas of better performance
2. Ask your employee to meet you
3. (a) Begin the Interview
   - (b) Get your employee to talk. Listen skillfully
4. Find out how things are going

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5. Ask employee 'The Question';

   "What can I (boss) do to make your job less frustrating and more satisfying?"

6. (a) Get employee to do self-analysis

   (b) Get your message across.

Task "Some of the so-called modern industries still follow traditional techniques of performance appraisal". Do you agree? If yes, defend your argument with reasoning.

7.7 Common Rating Errors/Problems

The problem with subjective measures is the opportunity for bias. Bias is the inaccurate distortion of a measurement. It is usually caused by raters who fail to remain emotionally unattached while they evaluate employee performance. The most common rater biases include:

- The halo effect
- Personal prejudice
- The error of central tendency
- The recency effect
- The leniency and strictness biases

Past-oriented approaches have the advantage of dealing with performance that has already occurred and, to some degree, can be measured. The obvious disadvantage is that past performance cannot be changed. But by evaluating past performance, employees can get feedback about their efforts. This feedback may lead to renewed efforts at improved performance. The most widely used appraisal technique that have a past-orientation include:

- Rating scales
- Comparative evaluation methods
- Checklists
- Behaviourally anchored rating scales
- Forced choice method
- Field review method
- Critical incident method
- Performance tests and observations

The problems inherent in performance appraisal may be listed thus (Teel; Gioia and Sims)

1. ***Judgement errors:*** People commit mistakes while evaluating people and their performance. Biases and judgement errors of various kinds may spoil the show. Bias here refers to distortion of a measurement. These are of various types:

   (a) *First impressions (primacy effect):* The appraiser's first impression of a candidate may colour his evaluation of all subsequent behaviour. In the case of negative primacy effect, the employee may seem to do nothing right; in the case of a positive primacy effect, the employee can do no wrong (Harris, p.192).

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(b) *Halo:* The Halo error occurs when one aspect of the subordinate's performance affects the rater's evaluation of other performance dimensions. If a worker has few absences, his supervisor might give the worker a high rating in all other areas of work. Similarly, an employee might be rated high on performance simply because he has a good dress sense and comes to office punctually!

(c) *Horn effect:* The rater's bias is in the other direction, where one negative quality of the employee is being rated harshly. For example, the ratee rarely smiles, so he cannot get along with people!

(d) *Leniency:* Depending on rater's own mental make-up at the time of appraisal, raters may be rated very strictly or very leniently. Appraisers generally find evaluating others difficult, especially where negative ratings have to be given. A professor might hesitate to fail a candidate when all other students have cleared the examination. The leniency error can render an appraisal system ineffective. If everyone is to be rated high, the system has not done anything to differentiate among employees.

(e) *Central tendency:* An alternative to the leniency effect is the central tendency, which occurs when appraisers rate all employees as average performers. For example, a professor, with a view to play it safe, might give a class grades nearly equal to B, regardless of the differences in individual performance.

(f) *Stereotyping:* Stereotyping is a mental picture that an individual holds about a person because of that person's sex, age, religion, caste, etc. By generalising behaviour on the basis of such blurred images, the rater grossly overestimates or underestimates a person's performance. For example, employees from rural areas might be rated poorly by raters having a sophisticated urban background, if they view rural background negatively.

(g) *Recency effect:* In this case, the rater gives greater weightage to recent occurrences than earlier performance. For example, an excellent performance that may be six or seven months old is conveniently forgotten while giving a poor rating to an employee's performance which is not so good in recent weeks. Alternatively, the appraisal process may suffer due to a 'spill over effect' which takes place when past performance influences present ratings.

2. ***Poor appraisal forms:*** The appraisal process might also be influenced by the following factors relating to the forms that are used by raters:

   - The rating scale may be quite vague and unclear.
   - The rating form may ignore important aspects of job performance.
   - The rating form may contain additional, irrelevant performance dimensions.
   - The forms may be too long and complex.

3. ***Lack of rater preparedness:*** The raters may not be adequately trained to carry out performance management activities. This becomes a serious limitation when the technical competence of a ratee is going to be evaluated by a rater who has limited functional specialization in that area. The raters may not have sufficient time to carry out appraisals systematically and conduct thorough feedback sessions. Sometimes the raters may not be competent to do the evaluations owing to a poor self-image and lack of self-confidence. They may also get confused when the objectives of appraisal are somewhat vague and unclear.

4. ***Ineffective organizational policies and practices:*** If the sincere appraisal effort put in by a rater is not suitably rewarded, the motivation to do the job thoroughly finishes off. Sometimes, low ratings given by raters are viewed negatively by management – as a sign of

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failure on the part of rater or as an indication of employee discontent. So, most employees receive satisfactory ratings, despite poor performance. Normally, the rater's immediate supervisor must approve the ratings. However, in actual practice, this does not happen. As a result, the rater 'goes off the hook' and causes considerable damage to the rating process.

7.8 Creating the Total Performance Management Process

Total Performance Management System is designed to capture and assess all employee efforts and align them with desired organizational results. It includes work performed on special assignments and projects as well as leadership behaviours to promote innovation.

It includes four stages:

Stage 1: Performance Planning: We work with you to incorporate the organization's strategic goals into a performance management program for employees.

Stage 2 : Performance Development: This stage ensures that employees and their manager agree on the overall goals for the position and identify the tools necessary to help the employee meet their performance objectives.

Stage 3 : Performance Coaching: We help facilitate a process to provide on-going feedback to employees that incorporates functional job performance as well as work performance on projects so that all performance measures are evaluated and development gaps are properly identified and addressed.

Stage 4 : Performance Review: We will customize a Total Performance Review Tool to meet your organizations specific requirements.

Self Assessment

Multiple Choice Questions:

13. Graphic Rating Scale, Paired Comparison Method, and Forced Distribution Method are all examples of:
    (a) measures on the HR Scorecard
    (b) techniques for appraisal performance
    (c) performance management systems
    (d) management by objectives
14. The problem that occurs when a supervisor's rating of a subordinate on one trait biases the rating on that person on other traits is called:
    (a) the halo effect
    (b) central tendency
    (c) leniency or strictness problems
    (d) bias
15. An appraisal method that aims at combining the benefits of narrative and quantified ratings by anchoring a quantified scale with specific narrative examples of good and poor performance is called:
    (a) management by objectives
    (b) behavioral anchored rating scale

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(c) critical incident method

(d) alternation ranking method

16. The process that consolidates goal setting, performance appraisal, and development into a single, common system is called:

(a) performance appraisal

(b) the hr scorecard

(c) performance management

(d) management by objectives

Case Study

360-Degree Feedback in Otis Elevators Co.

Otis Elevator Company had concerns that its old paper-based performance appraisal system was too slow and cumbersome. There were also concerns about whether the raters could be assured of the confidentiality to their ratings. Because of these problems, the company wanted a better system for appraising and developing the performance of its engineering managers. Specially, the company was interested in enhancing these managers' project management and project team leadership skills. The engineering managers needed substantial improvement in their skills, and the company wanted a performance appraisal system that would provide feedback from the managers' subordinates, peers and customers as well as their direct superiors.

Given these concerns, it is not surprising that Otis Elevator decided to develop a 360-degree feedback system. The innovative aspect of the company's approach to the 360-degree system is that the company decided to base the system on the Internet and its own Intranet. A independent contractor, E-Group, developed the system and handles the collation and analysis of the feedback information.

E-group chose a 75-item survey called LEAPS, which measures seven dimensions of leadership, for the 360-degree instrument. The instrument was loaded on a website so that all raters can pull up the information and complete the appraisal in approximately 20 minutes. After completing the appraisal, they simply submit the results via e-mail to E-Group to process. Because the system is encrypted, the company is able to provide greater confidentiality and anonymity for the raters than with the previous paper-and-pencil system. In addition to the LEAPS items, the company included a fairly large set of other items to assess managers' technical competency and their contributions to the business. E-Group was able to provide appraisal profiles for the managers within three days after the last of the evaluators e-mailed their input for the manager. In addition, the profile of actual ratings for each manager from E-Group also includes an ideal leadership profile developed by Otis executives. By comparing his actual ratings with the ideal profile, managers can identify areas for future development. Otis Elevator chose to use the system only for developmental purposes, although recently it began to consider other purposes for the system.

Questions

1. How was the 360-degree appraisal better than the traditional appraisal system in Otis Elevators?

2. What problems do you think Otis Elevator experienced once the 360-degree system was successfully implemented on the Internet?

Contd…

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3 In past, many human resource professionals have been almost obsessed with forms or formats used in performance appraisal system. How is the application of 360-degree performance appraisal systems different from the old obsession with forms or formats?

7.9 Summary

- Performance management system is a process for setting goals and monitoring progress toward achieving those goals.
- It is just like other system where achieved results are continually measured and compared with the desired goals or outputs.
- Monitoring means consistently measuring performance and providing regular feedback to employees and work groups on their progress toward reaching their goals.
- Performance appraised systems are designed to improve performance, they broadly cover three areas: define performance, facilitate performance and encourage performance.
- The objective of potential appraisal is to identify the potential of a given employee to occupy higher positions in the organizational hierarchy and undertake higher responsibilities.
- Assessment center is a type of appraisal method.
- The problem with subjective measures is the opportunity for bias. Bias is the inaccurate distortion of a measurement.
- It is usually caused by raters who fail to remain emotionally unattached while they evaluate employee performance.
- The most common rater biases include
    - The halo effect
    - Personal prejudice
    - The error of central tendency
    - The recency effect
    - The leniency and strictness biases

7.10 Keywords

360-degree Feedback: Where multiple raters are involved in evaluating performance, the technique is called 360-degree appraisal.

Assessment Centre: It is an appraisal technique that relies on multiple types of evaluation and multiple raters.

Checklist: Performance appraisal tool that uses a lot of statements or words that are checked by raters.

Counseling: Counseling is the discussion of a problem with an employee, with the general objective of helping the worker cope with it.

Directive Counseling: Directive counselling is the process of listening to an employee's problems, deciding with the employee what should be done, and then telling and motivating the employee to do it.

Monitoring: It means consistently measuring performance and providing regular feedback.

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Non-directive Counseling: Non-directive, or client-centered, counselling is at the opposite end of the continuum. It is the process of skillfully listening and encouraging a counsellee to explain bothersome problems, understand them, and determine appropriate solutions.

Participative Counseling: Participative counseling is a mutual counselor-employee relationship that establishes a cooperative exchange of ideas to help solve an employee's problems. It is neither wholly counsellee-centred nor wholly directive counseling.

Performance Appraisal: A systematic and objective way of evaluating both work related behaviour and potential of employees.

Performance Management System: It is a process for setting goals and monitoring progress toward achieving those goals.

Rating Scale: A method which requires the rater to provide a subjective performance evaluation along a scale from low to high.

7.11 Review Questions

1. "Performance appraisal is not merely for appraisal but is for accomplishment and improvement of performance". Discuss.
2. Discuss the appropriateness of performance management system in present time.
3. Being an HR manager how would you develop a performance plan?
4. What is performance monitoring? Explain with example.
5. Suggest a stepwise process for the performance management system.
6. What are the benefits of assessment centers to the organizations today?
7. What is the difference between potential appraisal and performance appraisal? Which one do you think is better and why?
8. What homework do you suggest for a corporate counselor?
9. Whose responsibility it should be to chalk out the performance plan for the employees with biggest potential?
10. Do you think that continuous performance monitoring increases the employee productivity or vice versa? Give reasons to support you answer.
11. Think of a time when someone gave you counselling in an inappropriate manner. Given what you read in this unit, how could you have reacted to improve the usefulness of the feedback?

Answers: Self Assessment

1.	(c)	2.	(b)
3.	True	4.	False
5.	True	6.	True
7.	False	8.	False
9.	False	10.	True
11.	True	12.	True
13.	(b)	14.	(a)
15.	(b)	16.	(c)

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Unit 8: Compensation Management

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Objectives

After studying this unit, you will be able to:

- Define the term compensation
- Discuss the establishing pay plans and rates
- State the relevance of job evaluation, pricing managerial and professional jobs
- Explain the concept of competency-based pay and variable pay plans
- Realize the importance of fringe benefits

Introduction

Compensation is what employees receive in exchange for their work. The management of this key activity helps the organisation obtain, maintain and retain a productive work force. The outcomes of pay dissatisfaction may detract from the organisation's productivity and suggest a decline in the quality of work life. Poorly compensated jobs can lead to absenteeism and other forms of employee withdrawal. High compensation costs reduce the firm's competitiveness. This balance between pay satisfaction and organizational competitiveness underlies most of the human resource department's compensation efforts.

8.1 Objectives and Nature of Compensation Management

8.1.1 Objectives of Compensation Management

- Acquire qualified personnel.
- Retain present employees.
- Ensure equity.
- Reward desired behaviour.
- Control costs.
- Comply with legal regulations.
- Administer efficiently.

Compensation objectives are guidelines. But the better the objectives are followed, the more effective the wage and salary administration will be. To meet these objectives, compensation specialists evaluate every job, conduct wage and salary surveys, and price each job.

8.1.2 Nature of Compensation

Compensation offered by an organisation can come both directly through base pay and variable pay and indirectly through benefits.

- ***Base pay:*** It is the basic compensation an employee gets, usually as a wage or salary
- ***Variable pay:*** It is the compensation that is linked directly to performance accomplishments (bonuses, incentives, stock options)
- ***Benefits:*** These are indirect rewards given to an employee or group of employees as a part of organizational membership (health insurance, vacation pay, retirement pension, etc.)

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Did u know? Wage Board is one of the important institutions set up by the Government of India for fixation and revision of wages. Separate wage boards are set up for separate industries. Wage Boards are not governed by any legislation but are appointed on an ad hoc basis by the Government.

8.2 Establishing Pay Plans and Rates

The most important objective of any pay system is fairness or equity. The term 'equity' has three dimensions:

1. ***Internal equity:*** This ensures that more difficult jobs are paid more.
2. ***External equity:*** This ensures that jobs are fairly compensated in comparison to similar jobs in the labour market.
3. ***Individual equity:*** It ensures equal pay for equal work, i.e., each individual's pay is fair in comparison to others doing the same/similar jobs.

In addition, there are other objectives also. The ultimate goal of compensation administration (the process of managing a company's compensation programme) is to reward desired behaviours and encourage people to do well in their jobs. Some of the important objectives that are sought to be achieved through effective compensation management are listed below:

1. ***Attract talent:*** Compensation needs to be high enough to attract talented people. Since many firms compete to hire the services of competent people, the salaries offered must be high enough to motivate them to apply.
2. ***Retain talent:*** If compensation levels fall below the expectations of employees or are not competitive, employees may quit in frustration.
3. ***Ensure equity:*** Pay should equal the worth of a job. Similar jobs should get similar pay. Likewise, more qualified people should get better wages.
4. ***New and desired behaviour:*** Pay should reward loyalty, commitment, experience, risks taking, initiative and other desired behaviours. Where the company fails to reward such behaviours, employees may go in search of greener pastures outside.
5. ***Control costs:*** The cost of hiring people should not be too high. Effective compensation management ensures that workers are neither overpaid nor underpaid.
6. ***Comply with legal rules:*** Compensation programmes must invariably satisfy governmental rules regarding minimum wages, bonus, allowances, benefits, etc.
7. ***Ease of operation:*** The compensation management system should be easy to understand and operate. Then only will it promote understanding regarding pay-related matters between employees, unions and managers.

8.2.1 Equity and Pay Rates

The need for equity is the most important factor in determining pay rates. This is achieved through the following steps:

- Find the worth of each job through job evaluation.
- Conduct a salary survey to find what other employers are paying for comparable jobs.
- Group similar jobs into Pay grades.

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- Price each pay grade by using wage curves.
- Fine tune pay rates.

8.2.2 Job Evaluation

Job analysis offers valuable information for developing a compensation system in terms of what duties and responsibilities need to be undertaken. The worth of a job to the organisation is as ascertained through job evaluation. Since the whole process is largely subjective, a committee is appointed to collect information and come up with a hierarchy of jobs according to their value. The evaluation is done through the use of market pricing or through the use of ranking, point or factor comparison methods.

8.2.3 Wage and Salary Surveys

While job evaluation ensures internal equity, wage and salary surveys ensure external equity. A wage and salary survey provides information as to what other organisations that compete for employees are paying. The survey could cover all the jobs within an organisation (obviously costly and hence avoided) or limited to benchmark jobs, jobs that are used to anchor the company's pay scale and around which other jobs are slotted based on their relative worth to the firm. The benchmark jobs have the following basic characteristics:

- Many workers in other companies have these jobs.
- They will not be changing in the immediate future in terms of tasks, responsibilities, etc.
- They represent the full range in terms of salary such that some are among the lowest paid in the group of jobs, others are in the middle range and some are at the high end of the pay scale.

Formal and informal surveys (through telephone, for example) could be undertaken to collect data on benefits like insurance, medical leave, vacation pay, etc., and so offer a basis on which to take decisions regarding employee benefits.

Caution Published sources also provide valuable information regarding industry-wise trends in salary structures in and around the country.

The published sources in India include:

- Reports published by the Ministry of Labour.
- Pay commission reports.
- Reports of Wage Bonds appointed by Government.
- Reports of employees and employers' organisations.
- Trade journals of specific industry groups, etc.

One of the major problems with these sources is the comparability of jobs in the survey to jobs in the organisation. To overcome the limitations of published surveys, conduct your own surveys of important jobs. The following survey methods are generally used to collect relevant wage-related information:

- ***Key job matching:*** Under this method, similar key jobs are identified between the organisations and the relevant wage particulars about those comparable jobs are collected.
- ***Key class matching:*** Similar classes of jobs are identified and the necessary data about those classes are collected.

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- ***Occupational method:*** Certain basic occupational groups like clerks, officers managers are identified and then the necessary data is collected.
- ***Job evaluation method:*** All the parties participating in the survey method, use the same method and same mechanism for evaluating similar jobs.
- ***Broad classification method:*** Under this method, broad groups of relatively homogeneous jobs, i.e., by industry, by profession or by geographical area are grouped and the relevant information about these jobs is collected.

8.2.4 Group Similar Jobs into Pay Grades

In this step, similar jobs (in terms of their ranking or number points as ascertained by the job evaluation committee) are grouped into grades for pay purposes. The organisation can now focus on, say 10 to 12 pay grades, instead of hundreds of pay rates. A pay grade consists of jobs of approximately equal difficulty or importance as determined by job evaluation. If the point method is used, the pay grade consists of jobs falling within a range of points. Ten to sixteen grades per job cluster (factory jobs, clerical jobs) is common.

8.2.5 Price each Pay Grade – Wage Curves

In the next step, pay rates are assigned to pay grades through a wage curve. The wage curve shows graphically the pay rates currently paid for jobs in each pay grade relative to the points or rankings given to each job or grade.

A completed wage curve tells management the average relationship between the pay grade points and wage rates. It will show which pay is out of the trend line. If a job's pay rate is very high – where the current rates paid by the company fall well above or below the wage line – those wage rates are identified as 'red circle' rates. This only means that pay is frozen or below average increases are granted until the structure is adjusted upward to place the circled rate within a normal range.

8.2.6 Fine Tune Pay Rates and Determine Wage Structure

Here the employees fix a pay range for each grade (Officer Grade I, II and III, for example, in Banking industry). The wage structure of a company is nothing but a pay scale showing ranges of pay within each grade.

8.3 Job Evaluation

Job evaluation considers the responsibilities, skills, efforts and the work conditions of the job. The purpose of job evaluation is to decide which jobs should be paid more than others. It determines the relative worth of jobs by selecting a job evaluation method. The most common ones are job ranking, job grading, factor comparison and the point system.

(i) ***Job Ranking.*** Each job is ranked subjectively according to its relative importance in comparison with other jobs. These rankings do not differentiate the relative importance between jobs. Pay scales based on these broad rankings ensure that more important jobs are paid more. But since the rankings lack precision, the resulting pay levels may be inaccurate.

(ii) ***Job Grading.*** Job grading, or job classification, works by having each job assigned to a grade. Once again, more important jobs are paid more.

(iii) ***Points Rating.*** Under this system, points are awarded for factors such as experience, training, mental alertness required, physical effort necessary etc. which are common to

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most jobs. According to the relative importance of the factors, weightage is given to those points. Thereafter all the points are totalled up to arrive at the rating value of the job.

(iv) ***Factor Comparison.*** This method requires to compare critical job components. They are those factors which are common to all the jobs such as responsibility, skill, mental effort, physical effort and working conditions.3 This method involves the following five steps.

(a) Determine critical factors,

(b) Determine key jobs (benchmark jobs),

(c) Allot present wage for key jobs,

(d) Place key jobs on a factor comparison,

(e) Evaluate other jobs.

8.4 Pricing Managerial and Professional Jobs

One of the important challenges in business today is attracting and retaining quality employees. It is true that challenging work, good working conditions, fair wages and salaries help in getting prospective candidates into an organization. Apart from this, an employer's benefit programme is an important '*magnet*' that helps an organization to attract and retain talent. Of course, companies cannot go beyond a point while designing an attractive compensation package. It can at best be in sync with competition and industry practices. Incentives and benefits cost a lot and constitute a major portion of the cost (in most cases over 40 per cent of the total payroll cost to employers). In actual practice, keeping track of the legal requirements and going beyond the book and meeting multi-myriad employee expectations could prove to be really challenging. The motivational value of a full benefits programme is always open to question, if it is not being designed and administered properly. The incentives and benefits programme—especially in the 21st century-- is not an act of merciful giving or whimsical actions and most employees '*expect*' the package to be unique, attractive and motivating.

8.4.1 Characteristics of a Desirable Wage Plan

Simple: The system of wage payment should be simple and easily intelligible to the worker. Above all, it must be perceived by employees as equitable.

Beneficial: The allocation of gains should be judiciously made among labour and management on some equitable basis.

Equitable: Each worker should be paid fairly, in line with his effort, abilities and training.

Guaranteed minimum wage: The system should guarantee a minimum wage (to meet bare necessities and comforts of life) to every worker. Pay should be enough to help an employee cover his basic needs.

Balanced: Pay, benefits and other rewards should offer a reasonable total compensation package.

Incentive-oriented: The wage system should be such that the workers may feel encouraged to produce more and earn more wages.

Quality output: The system must encourage the worker not only to increase the quantum of output but also improve the quality of output.

Certainty: Wages should be paid in cash on a convenient date, time and place during working hours. The system should not have any element of uncertainty.

Cost-effective: Pay should not be excessive, considering what an organisation can afford to pay

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Flexible: The system should be flexible to allow necessary changes, which may arise from time to time (See Armstrong; Hills)

8.4.2 Universal Factors

The various factors used to value jobs for managerial and professional status relate to the "universal factors".

Knowledge

Formal Education/Training

1. Basic skills, supplemented by specialized or technical knowledge; equivalent to 3-12 months of vocational/specialized training.
2. Extensive technical/specialized knowledge; equivalent to an Associates degree or 2-3 years of vocational/ specialized training.
3. Broad educational background including advanced verbal, writing and math skills; equivalent to a two to three-year degree in a specialized technical field.
4. Extensive knowledge in a technical or professional field, equivalent to a college degree.
5. Advanced level of knowledge in a technical or professional field, equivalent to an advanced degree (MA/MLS/MS/MBA/CPA/Law).
6. Doctorate degree

Work Experience

This may extend from period to period acquiring different ranks /grades/ score.

Mental Demands

This factor measures the extent to which original and independent thinking and resourcefulness are required in the job. This factor includes the ingenuity involved in negotiating/counseling with others as well as the creativity required to originate and develop new or improved methods, procedures, programs, plans and products. When rating the job, match it first to one of the seven levels; if the description matches the job, use the middle number for the level - if the job requires somewhat more than the description, use the larger number - if it requires somewhat less, use the smaller number.

1. Required to develop improved methods and procedures and to use resourcefulness in applying knowledge.
2. Originates new or improved methods and procedures, OR, requires independent thinking to improve the operations of own department/office.
3. Originates or develops improved procedures, products or ideas when methods are not fully defined, OR, refines ideas of a complex nature, OR, requires independent thinking to accomplish major changes to operations of own department/office.
4. Originates or develops moderately complex methods, procedures, products or ideas in new and undefined areas, OR, applies independent thinking to direct a major operation of a department/office.
5. Originates or develops complex methods, procedures, products or ideas in new and undefined areas, OR, applies independent thinking to direct a department.

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6. Originates or develops very complex ideas/concepts in new and undefined areas, OR, applies independent thinking to direct a division that has significant impact on entire organization.

Operating Responsibility

This factor measures the extent to which the job incumbent is responsible for the management of operations; consider: the difficulty and complexity of analytical ability, judgment and timeliness in making decisions/taking actions on policies, operating problems and operating decisions.

Complexity and Difficulty of Operating Decisions

1. Operating decisions made by interpreting specific guidelines or practices; may assist in formulating recommendations on difficult/important decisions.
2. Operating decisions and actions are difficult and/or not fully prescribed; regularly develops solutions to problems using established principles.
3. Operating decisions and actions are guided by established objectives, without prescribed guidelines and require resolution of complex problems using factual information/ management principles; decisions impact several related functions/work areas/offices.
4. Operating decisions are complex and impact the operations of diverse functions/ departments; analyses are relatively original and considerable latitude is exercised in reaching decisions.
5. Operating decisions are final and impact the entire organization in the short-term; regularly makes recommendations on long-term, strategic issues facing the organization.

Impact of Operating Decisions on the Organization

This factor measures the extent to which the job incumbent is responsible for the management of operations. Consider the extent to which the accuracy, timeliness and adequacy of such decisions impact operations.

1. Moderate costs/impact on own work area.
2. Considerable costs/impact on own work area.
3. Major impact to efficiency/effectiveness or operations of a significant office.
4. Impact of operating decisions outside of immediate work area.
5. Major impact on the performance of a department.
6. Major impact on the performance of a division that accounts for a significant portion of organizational performance.

Administrative Responsibility

The next two factors measure the extent to which the job incumbent is responsible for the work of others, in the form of direct supervision or as functional direction/technical advice, whether it be in instructional support, institutional support, or administrative support. These factors consider: (a) the difficulty and complexity of the incumbent's responsibilities for the work of others, and (b) the size of affected, as well as the variety of complexity of work performed by those directed.

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Difficulty and Complexity of Responsibilities for Work of Others

1. No significant responsibility for directing others.
2. Supervision is routine and activities of subordinates are covered by established policy/ procedure with limited diversity in types of activities performed, OR, occasional functional guidance is provided in one specialized discipline, to a small work group.
3. Supervision involves work that is technical and diverse in nature; subordinates may work on multiple shifts and in multiple locations and/or require close attention to how their work is integrated, OR, regular functional guidance is provided in a complex discipline to a diverse work group.
4. Supervision may involve complex multi-shift or multi-location coordination and is of a work unit performing very complex technical work involving significant diversity or staffing and managing all personnel involving few levels of reporting and limited diversity, OR, regular functional guidance is provided in a complex discipline to all of a department
5. Responsible for staffing and managing personnel involving multiple levels of supervision and very technical and diverse work; OR, functional guidance in most facets of a very complex discipline is provided to a significant portion of the organization
6. Responsible for staffing and managing all personnel of a highly technical and complex section involving several levels of supervision and very diverse activities; OR, functional guidance in most facets of a very complex discipline is provided to the entire organization.

Scope of Responsibility for Direct Supervision

This sub-factor applies only to subordinate personnel who report to the job being rated.

1. No staff supervision.
2. Coordination or direction of function of others. (If points awarded for supervision of students and/or employees, no points awarded for coordination.)
3. Supervision of group of 1-5 employees.
4. Supervision of 6-14 employees
5. Supervision of 15+ employees.
6. Supervision of; 25-50% or more of institute
7. Supervision of 50% or more of the total employment of the institute.
8. Entire institute.
9. Supervision of 1-5 student employees.
10. Supervision of 6-14 student employees
11. Supervision of 15+ student employees.

Work Environment

The next two factors measure the extent to which the job is performed in an environment that includes adverse conditions and/or hazards. The two factors consider: (1) the frequency and nature of adverse conditions to which the employee is exposed and which cannot reasonably be avoided when performing the job, and (2) the frequency and nature of hazards to which the employee is exposed and which cannot reasonably be avoided when performing the job.

Notes

Adverse Working Conditions

1. Occasional exposure to moderately unpleasant conditions, including occasional travel.
2. Frequent exposure to moderately unpleasant conditions or occasional exposure to very Disagreeable conditions. Frequent travel.

Hazardous Working Condition

1. Occasional exposure to minor injury.
2. Frequent exposure to minor injury or occasional exposure to major injury.

Most employees these days expect the wage plan to be in sync with employee skills, knowledge and experience. If they work harder and produce more, they should get a fair share of the cake. So even an organization is armed with an ideal payment plan—containing all the essential features just listed above–that's not enough because employees wish to be paid based on their contributions. High performance should be recognised and rewarded appropriately and therefore, it is not surprising to find most companies getting ahead with pay for performance systems—in recent times.

Notes **Pay for Performance**

Knowledge-based organisations these days follow a performance-based payment plan offering awards to employees for cost saving suggestions, bonuses for perfect attendance or merit pay based on supervisory appraisals. The objective of performance pay is to develop a productive efficient and effective organisation which enhances employees' motivation and effectiveness. Performance pay is based on employees performance on the job. It is believed that this approach attracts and retains better talents.

A growing number of companies in recent times have established compensation programmed for employees that offer additional compensation based on individual, group and organisational performance. The logic behind this move is understandable. Organisations want every individual to think of performance in the same way as the organisation. You have to compete, get ahead, deliver results and fight for the wining slot almost on a daily basis. In such a scenario, the employer-employee relationship assumes a mercenary dimension, bulldozing poor performers at every stage. The organisation becomes cold and transactional rather then warm and relationship oriented. It affects workforce camaraderie, and undoubtedly kills the morale of a large majority of employees who lag behind in the race. The single-minded focus on performance of course, helps the organisation in weeding out the dead wood and remain highly competitive.

However, Most organizations, however, still pay their employees based on the number of hours of work per week coupled with certain benefits for serving t he company loyally for a particular period.

8.5 Competency-based Pay

Competencies are the knowledge-skills and the attitude needed by any individual employee to carry out their job effectively. These can be incorporated into a pay system to reward individuals who positively contribute to the overall values and objectives of an organization. This is competency based pay: rewarding the way people work, not just recognizing what they can deliver.

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Competency pay is a fancy term given to the idea of paying for the person rather than the job. In fact, very few compensation plans pay for only one thing.

Competencies are one of the inputs to the organization's operation; the human input. Individuals bring their competencies to work and use them in accomplishing the tasks required by the organization. As such, competencies are indirect measures of individual accomplishment. It is posited that if the individuals that make up the organization have the appropriate competencies and are rewarded appropriately, then the organization will have the best chance of achieving its goals. Using them as the basis for reward makes the assumption that the use of the individual's competencies will result in the type and level of accomplishment desired.

Definition of Competencies

Defining competencies is problematic. There are no clear cut definitions. Some human characteristics definitely fall within most definitions, but from there a wide variety of human characteristics may be included. These first two competencies are agreed upon by almost everyone:

- ***Knowledge:*** This is the accumulated information that the individual has attained through education and experience.
- ***Skill:*** This is the application of knowledge to particular situations. These are the things [tasks] the individual can do.

Together these might be called the individual's **ability:** these two factors are the essential characteristics of individuals that are required to do the job (as in the motivation model that states that performance is a function of ability x effort). Knowledge and skill requirements are the basis of the selection process and can be found in the job specification section of job descriptions.

A **second level** of competencies is that of **behaviors.** In this regard competencies look very much like Behaviorally-Anchored Rating Scales [BARS] used in performance appraisal. These competencies represent the application of skills and knowledge in work related situations, much like behavior-based questions interviewers would ask of applicants.

A **third level** of competencies are more controversial, those of **personal characteristics.** This opens up competencies to a wide variety of factors such as motives, general disposition, attitudes, values and self-image. The premise behind using these kinds of factors is that through observation and research, the organization can elicit the critical factors that distinguish superior performance. Then the characteristics that distinguish superior performance from average performance can be used as rewards. The ultimate goal being that the total productivity of the organization be increased. What the organization is seeking to discover with these factors is what causes the individuals to apply their effort: this answers the part of 'effort' in the motivation model. However, these factors may vary by areas within the organization and over time as the organization grows and changes.

Using this third level of competencies runs into three problems:

1. The time and effort to develop competencies that reflect the organization's character takes both time and effort. Further, the factors may change over time.
2. Measuring these factors in a reliable and valid manner may be difficult. Even knowledge, skill and behaviors are difficult to measure as the employment process shows, and these personal characteristics are even more susceptible to error.
3. Related to point 2 above, the use of these factors can run into legal problems with the Civil Rights Act. The use of personality tests whose validity organizations have trouble proving, has led most organizations to stop using these kinds of tests in the selection process.

Competency-based Pay plan is a reward plan that pays for the employee's range, depth, and types of skills and knowledge, rather than for the job title that he or she holds. Employees get paid

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for what they bring to the job (including their personality traits, attitudes, motives etc) and what they are capable of doing–if not immediately–in future. According to Brown and Armstrong, *'Competency-based pay can be defined as paying for the development and application of essential skills, behaviours and actions which support high levels of individual, team and organisational performance.*

Stated precisely, a competency is an underlying characteristic of a person or organisation which enables to deliver performance in a given job, role or a situation. Competencies can be broadly classified into three categories, namely, organisational competencies, job related competencies and personal competencies.

- ***Organisational competencies*** are unique factors (outstanding customer service, excellent product development capabilities, superb innovation processes, flexibility in manufacturing processes etc) that make an organisation competitive; some of the examples for organizational competencies include Sony-miniaturization, Phillips-optical media, Honda-engines, and Intel-microchip.
- ***Job related competencies*** are those that are required to carry out an assigned operation in an effective way. These are specific to a job and vary from job to job.
- ***Personal competencies*** are basically behavioural competencies—in addition to job related skills and knowledge—such as taking risk and initiative, delivering results, showing commitment and adaptability when required.

Notes **Competencies required for carrying out a job effectively**

Competencies as defined by the experts are those demonstrable characteristics of the person, including knowledge, skills, and behaviors, that excellent performers exhibit more consistently and more effectively than average performers. Hoyt W. Doyel, consultant at Effective Compensation, Incorporated (ECI), provides some sample competencies which include:

- skill sets (operating equipment)
- knowledge sets (understanding statistics)
- insightful selling ability
- ability to be direct, yet sensitive
- ability to keep the larger objective/goal active
- ability to stay calm under pressure
- ability to be an effective mentor
- creative solutions to difficult challenges
- effective negotiating abilities
- consistently demonstrates selfless team spirit

Did u know? **How to introduce competency based pay plan?**

The following factors need to be fully integrated within an organisation before competency pay plan can be introduced: an employee appraisal process must already exist; managers must already have been trained to assess competencies; staff should be made aware of the competencies required and how to demonstrate them when it comes to their appraisals;

all employees must give their full commitment; the system must be fair so that all employees are included.

8.5.1 Competency Mapping

Competency mapping is a process to assess and determine one's strengths as an individual worker or a part of an organization. It usually comprises two areas:

1. emotional intelligence/emotional quotient (EQ), and
2. strengths of the individual in areas like
   - team structure,
   - leadership, and
   - decision-making.

Large organizations frequently employ some form of competency mapping to understand how to most effectively employ the competencies of strengths of workers. They may also use competency mapping to analyze the combination of strengths in different workers to produce the most effective teams and the highest quality work.

Steps involved in Competency Mapping Process

The steps involved in competency mapping with an end result of job evaluation include the following:

1. Conduct a job analysis by asking incumbents to complete a position information questionnaire. This can be provided for incumbents to complete, or you can conduct one-on-one interviews using the position information questionnaire as a guide. The primary goal is to gather from incumbents what they feel are the key behaviors necessary to perform their respective jobs.
2. Supporting the results of the job analysis develop a competency based job description. A sample of a competency based job description generated from the PIQ may be analyzed. This can be developed after carefully analyzing the input from the represented group of incumbents and converting it to standard competencies.
3. With a competency based job description, begin mapping the competencies throughout human resources processes.
4. The competencies of the respective job description become your factors for assessment on the performance evaluation.
5. Using competencies will help guide you to perform more objective evaluations based on displayed or not displayed behaviors.
6. Taking the competency mapping one step further, you can use the results of your evaluation to identify in what competencies individuals need additional development or training.

This will help you focus your training needs on the goals of the position and company and help your employees develop toward the ultimate success of the organization.

8.5.2 Method of Competency-based Pay

Following are the subsequent stages:

1. ***Introducing competency based pay:*** Several factors need to be fully integrated within an organisation before competency based pay can be introduced:
   - an employee appraisal process must already exist

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- managers must already have been trained to assess competencies
- staff should be made aware of the competencies required and how to demonstrate them when it comes to their appraisals
- all employees must give their full commitment
- the system must be fair so that all employees are included

2. ***Determining the right competencies:*** Most competency based pay systems are determined by performance indicators. Typically, the competencies needed to drive progression are quantified by senior managers through employee interviews, surveys and job analysis. The following competencies are relevant here:
   - core competencies that apply to any job within the organisation and reflect the organization's core values
   - the technical skills and expertise that are necessary to carry out the job
   - competencies relating to a specific job category e.g. 'leadership' for senior managers
   - competencies that define the contribution an employee makes to their role including:
   - communication
   - teamwork and motivation
   - coaching
   - knowledge and experience
   - service delivery
   - liaison and networking
   - investigation analysis
   - initiative and problem solving
   - planning and organising resources
   - decision making process and outcomes
3. ***Understanding competency framework:*** A competency framework defines the behaviour needed by an employee to achieve effective job performance. The framework should enable employees to be clear about what is expected of them in terms of their behaviour and specific job role.

   Designing the competency framework: Authorities need to consider the following when devising a competency framework:
   - encourage co-operation, ownership and commitment of employees by involving them throughout the process
   - ensure the framework is relevant to both individual and organizational performance
   - include a planned analysis of relevant jobs to combine the imminent changes which will affect the ways employees work
   - ensure that the necessary data gathered is as objective as possible and is put into practice with discipline
   - ensure that the relationship between competencies and job performance is not taken for granted
   - make sure that the language used within the framework relates to its users and is easy to comprehend. It should also be tried and tested before it is implemented

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4. ***Assessing the competencies:*** Competencies are assessed through a regular appraisal process to facilitate pay progression within a grade. The best approach is probably to describe each job in terms of the competencies needed to do it. These can be taken from a set of common or 'core' competencies. More complex individual competencies will need to be added for more complex senior roles.

5. ***Designing the pay structure:*** There are two established methods of competency based pay structures: broad banding and job families.

   (a) *Competencies within broad banded pay structures*

   - The band boundaries are defined using job evaluation and market rates. The employees' position in the band is reflective of their competency within their role. Employees' expectations can be problematic in 'open' broad bands.
   - In some systems employers use market rate and job evaluation factors to split the bands into zones. An employee's position within the band zone will depend upon their technical competencies.

   Advantages:

   Employees can develop their careers horizontally on the basis of their experience and competence. Pay progression and career development can be achieved without the need for individual promotion.

   Disadvantages:

   It can be difficult to manage the expectations of employees, particularly new recruits, who may be under the delusion that they can automatically move to a much higher salary simply by doing their job satisfactorily. In fact, they actually need to develop their competencies. In managing the process, effective communication between line managers and staff needs to be put into place.

   (b) *Competencies within a job family structure*

   Different pay structures can be established for different job families under occupational or functional groupings. As work activities and basic skills are common within these groups it is possible to set out the different levels of responsibility, skill and competence.

   Advantages:

   Career progression based on increases in skill or competence can be planned and individuals have the clarity to perceive how far they can develop within the job family

   Disadvantages:

   In instances where these job families are segregated by gender it could appear that pay differentials are gender rather than content biased. In order to avoid equal pay claims managers must explain to employees and their representatives how the pay system is structured and work to encourage a better gender mix across jobs.

8.5.3 Benefits and Limitations

Competency based pay encourages employees to give their best; to live up to their potential and deliver far superior results in order to stay ahead of competition and earn rewards. The tangible, measurable benefits of excellent performance compel them to remain relevant and stay focused on what they can achieve. It is a people-focused plan that separates the outstanding employees from the ordinary ones, separates the meritorious ones from the mediocre stuff.

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As employees begin to equip themselves with more organizationally-relevant skills—through constant training and developmental initiatives undertaken by the organisation—they become more valuable to an organisation. Of course the system is not without critics. Identifying competencies, their proficiency levels, and assessing employee competencies from time to time would demand considerable amount of managerial attention, time and commitment. Many a time, an organisation might be forced to pay employees for knowledge and skills they possess but not put into practice! The linkage between competency learning and pay increases need to be highlighted constantly. It all depends on how employees ultimately evaluate the effort-reward relationship. If competency development is viewed as something not related to increases in pay, employees may not be enthusiastic about learning new competencies. It is therefore, not surprising to find that in recent times, competency-based pay has become the focus of much heated debate in corporate as well as academic circles. While its advocates assert it achieves precisely measurable benefits, its opponents argue that it tends to lead to unfair, invalid, and discriminatory outcomes. Among companies that have implemented competency-based pay, there is evidence that the failure rate is relatively high. (Darell J. Cira et al "Competency based pay", Compensation and Benefits Review, Vol 30, 1998)

8.6 Variable Pay Plans

Variable Pay refers to cash incentives and year-end bonuses granted to high performers based on their extraordinary contributions to the organisation relating to a specific period. Companies like Boeing, Timex, and Westinghouse (most retailers in India including Shoppers' Stop, Pantaloon Retail, and companies like Philips India use this plan) have been using variable pay plans wherein employees get a single lump-sum increase at the time of their review—an increase that is not added to their base salary. Since the link between pay and performance is direct, employees work for getting a fair share of the cake. Since the base pay of employees remains unaffected, the organisation can keep labour costs under control (if base pay increases, other benefits like insurance, retirement benefits calculated on the base pay also need to be raised). A portion of employees' compensation is always at risk with variable pay plans because when the performance suffers, the rewards would get reduced accordingly.

Self Assessment

State whether the following statements are true or false:

1. External equity is determined through job analysis.
2. An example of indirect compensation is 'pensions'.
3. Pay levels are determined by combining job evaluation results with survey wage rates.
4. Jobs with similar value are combined into pay ranges.
5. The predominant approach to employee compensation in India is still the skill-based system.
6. Pay secrecy does not give freedom to mangers in compensation management.
7. Fringe benefits, nowadays, are the most insignificant components of compensation.
8. Subjective evaluations are a problem with merit pay systems.
9. The main objectives of compensation administration are to design a cost-effective pay structure that will attract, motivate and retain all the employees.
10. Compensation is what employees receive in exchange for their contribution to the organisation.

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11. Base pay is the basic compensation an employee gets, usually as a wage or salary.
12. Strategic pay plans refers to the policies and decisions on why organisations give compensation to its employees.
13. Compensation needs to be high enough to attract talented people.

8.7 Fringe Benefits

The term, fringe benefits, refers to various extra benefits provided to the employees, in addition to the compensation paid in the form of wage or salary. These benefits can be defined as any wage cost not directly connected with the employees' productive effort, performance, service or sacrifice. It is also defined as those benefits which are provided by an employer to or for the benefit of an employee and which are not in the form of wages, salaries and time-related payments.

Different terms are used to denote fringe benefits. They include social security measures, social charges, welfare measures, supplements, workers' benefits etc.

ILO defined fringe benefits as, "Wages are often augmented by special cash benefits, by the provision of medical and other services or by payments in kind, that form part of the wages for expenditure on the goods and services. In addition, workers commonly receive such benefits as holiday with pay low cost meals, low rent housing etc. Such additions to the wages proper are sometimes referred to as fringe benefits even though they may constitute a significant part of the worker's total income."

We can thus conclude that fringe benefits include both monetary and non-monetary benefits given to the employees during and post-employment period of the employee.

8.7.1 Coverage

The term 'fringe benefits' covers statutory bonus, social security measures, retirement benefits like provident fund, gratuity, pension, workmen's compensation, housing, medical, canteen, co-operative credit, consumer stores, educational facilities, recreational facilities, financial advice and so on. Thus, fringe benefits cover a number of employee services and facilities provided by an employer to his employees and in some cases to their family members also. The welfare of employee and his family members is an effective advertising and also a method of buying the gratitude and loyalty of employees. But, while some employers provide these services over and above the legal requirements to make effective use of their workforce, some restrict themselves to those benefits which are legally required.

8.7.2 Need for Extending Fringe Benefits

During the World War II, certain non-monetary benefits were extended to employees as means of neutralizing the effect of inflationary conditions. These benefits which include housing, health, education, recreation, credit, canteen etc. have been increased from time to time, as a result of the demands and pressures from trade unions. It has been recognized that these benefits help employees in meeting some of their life's contingencies and to meet the social obligation of employers.

The main features of fringe benefits are:

1. They are supplementary forms of compensation.
2. They are paid to all employees based on the membership in the organisation.
3. They are indirect compensation because they are usually extended as a condition of employment and are not directly related to performance.

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4. They help raise the living conditions of employees.
5. They are statutory or voluntary. Provident fund is a statutory benefit, whereas transportation is a voluntary benefit.

8.7.3 Need for Fringe Benefits

1. ***To Satisfy Employee Demands:*** Workers demand more and variety of fringe benefits rather than pay hike because of reduction in tax burden on the part of employees.
2. ***To Satisfy Trade Union Demands:*** If one trade union succeeds in getting one benefit, the other union persuades management to provide the new fringe benefit. Thus, competition among the trade union results in more varied benefits.
3. ***To Improve Human Relations:*** Fringe benefits satisfy the worker's economic, social and psychological needs. Most of the fringe benefits satisfy and remove economic problems of the workers. Some social security benefits provide post-retirement relief to the workers, thus satisfying his psychological needs. There are others like, credit facilities, canteen, recreational facilities, customer stores which provide social benefits.
4. ***To Improve Organizational Commitment:*** It improves morale and motivates the employees to give the best to the organisation. It increases organizational commitment and loyalty to the organization in the long run.
5. ***To Provide Social Security:*** The employer has to provide various benefits like safety measures, compensation in case of involvement of workers in accidents, medical facilities etc. with a view to provide security to his employees against various contingencies.

8.7.4 Objectives of Fringe Benefits

1. To create and improve sound industrial relations.
2. To motivate employees by identifying and satisfying their unsatisfied needs.
3. To provide security to the employees against social risks like old age benefits and maternity benefits.
4. To protect the health of the employee and to provide safety to the employees against accidents.
5. To promote employees' welfare.
6. To create sense of belongingness among employees.
7. To meet the requirement of various legislation relating to fringe benefits.

8.7.5 Benefits of Fringe Benefits to Employees

1. Rising prices and cost of living have brought about incessant demand for provision of extra benefit to the employees.
2. Employers too have found that fringe benefits present attractive areas of negotiation when large wage and salary increases are not feasible.
3. As organizations have developed or elaborated fringe benefits programmes for their employees, greater pressure has been placed upon competing organizations to match these benefits in order to attract and keep employees.
4. Recognition that fringe benefits are non-taxable rewards has been major stimulus to their expansion.

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5. Rapid industrialization, increasingly heavy urbanization and the growth of a capitalistic economy have made it difficult for most employees to protect themselves against the adverse impact of these developments. Since it was workers who were responsible for production, it was held that employers should accept responsibility for meeting some of the needs of their employees. As a result, some benefits and services programmes were adopted by employers.
6. The growing volume of labour legislation, particularly social security legislation, made it imperative for employers to share equally with their employees the cost of old age, survivor and disability benefits.
7. The growth and strength of trade unions have substantially influenced the growth of company benefits and services.
8. Labour scarcity and competition for qualified personnel has led to the initiation, evolution and implementation of a number of compensation plans.
9. The management has increasingly realized its responsibility towards its employees and has come to the conclusion that the benefits of increase in productivity resulting from increasing industrialization should go, at least partly, to the employees who are responsible for it, so that they may be protected against the insecurity arising from unemployment, sickness, injury and old age. Company benefits-and-services programmes are among some of the mechanisms which managers use to supply this security.

Task Some companies have a policy of selectively matching external offers to prevent employees from leaving the company. What are the pros and cons of such a policy? Examine.

8.7.6 Types of Fringe Benefits

The fringe benefits offered by various organisations in India may be broadly classified into five categories. These are discussed below:

Payment for Time not Worked

This category includes: (a) hours of work, (b) paid holidays, (c) shift premium, (d) holiday pay and (e) paid vacation.

1. ***Hours of work:*** Section 51 of the Factories Act, 1948, specifies that no adult worker shall be required to work in a factory for more than 48 hours in any week. Section 54 of the Act restricts the working hours to 9 on any day. In some organisations, the numbers of working hours are less than the legal requirements.
2. ***Paid holidays:*** According to the Factories Act, 1948, an adult worker shall have weekly paid holidays, preferably Sunday. Some organisations allow the workers to have two days' holidays in a week.
3. ***Shift premium:*** Companies operating second and third shifts, pay a premium to the workers who are required to work during the odd hour's shift.
4. ***Holiday pay:*** Generally organisations offer double the normal rate of the salary to those workers, who work during holidays.

Notes

5. ***Paid vacation:*** Workers in manufacturing, mining and plantations who worked for 240 days during a calendar year are eligible for paid vacation at the rate of one day for every 20 days worked in case of adult workers and at the rate of one day for every 15 days worked in case of child workers.

Employee Security

Physical and job security to the employee should also be provided with a view to ensure security to the employee and his family members. The Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment Bonus Act, 1965, provide income security to the employees.

1. ***Retrenchment compensation:*** The Industrial Disputes Act, 1947, provides for the payment of compensation in case of lay off and retrenchment. The compensation is to be paid at the rate of 15 days wage for every completed year of service with a maximum of 45 days wage in a year. Workers are eligible for compensation even in case of closing down of undertakings.
2. ***Lay off compensation:*** In case of layoff, employees are entitled to a compensation at the rate equal to 50% of the total of the basic wage and dearness allowance for the period of their lay off except for weekly holidays. Layoff compensation can normally be paid up to 45 days in a year.

Safety and Health

In India, the Factories Act, 1948 stipulated certain requirements regarding working conditions with a view to provide safe working environment. These provisions relate to cleanliness, disposal of waste and effluents, ventilation and temperature, dust and fume, artificial humidification, over-crowding, lighting, drinking water, latrine, urinals and spittoons.

Workmen's compensation: Workmen's Compensation Act, 1923 is intended to meet the contingency of invalidity and death of a worker due to an employment injury or an occupational disease specified under the Act at the sole responsibility of the employer. The Act covers the employees whose wages are less than ₹ 500 per month. Dependants of the employee are eligible for compensation in case of death of the employee.

Health benefits: Today, various medical services like hospital, clinical and dispensary facilities are provided by organisations not only to employees but also to their family members.

Employees State Insurance Act, 1948, is applicable to all factories, establishments running with power and employing 20 or more workers. Employees in these concerns and whose wages do not exceed ₹ 1,000 per month are eligible for benefits under the Act. Benefits under this Act include:

1. ***Sickness benefit:*** Insured employees are entitled to get cash benefit for a maximum of 56 days in a year under this benefit.
2. ***Maternity benefit:*** Insured women employees are entitled to maternity leave for 12 weeks (six weeks before the delivery and six weeks after the delivery) in addition to cash benefit of 75 paise per day or twice of sickness benefit, whichever is higher.
3. ***Disablement benefit:*** Insured employees, who are disabled temporarily or permanently (partial or total) due to employment injury and/or occupational diseases are entitled to get the cash benefit under this head.
4. ***Dependant's benefit:*** If an insured person dies as a result of an employment injury sustained as an employee, his dependants who are entitled to compensation under the Act, shall be entitled to periodical payments referred to as dependant's benefit.

Notes

5. ***Medical benefit:*** This benefit shall be provided to an insured employee or to a member of his family where the benefit is extended to his family. This benefit is provided in the following forms:

   (a) out-patient treatment, or attendance in a hospital, dispensary, clinic or other institutions;

   (b) by visits to the home of the insured person; or

   (c) treatment as in-patient in a hospital or other institution.

Welfare and Recreational Facilities

Welfare and recreational benefits include: (a) canteens, (b) consumer societies, (c) credit societies, (d) housing, (e) legal aid, (f) employee counseling, (g) welfare organisations, (h) holidays homes, (i) educational facilities, (j) transportation, (k) parties and picnics and (l) miscellaneous.

1. ***Canteens:*** Section 46 of the Factories Act, 1948, imposes a statutory obligation to employers to provide canteens in factories employing more than 250 workers. Foodstuffs are supplied at subsidized prices in these canteens.

2. ***Consumer stores:*** Most of the large organisations located far from the towns set up the consumer stores in the employees' colonies and supply all the necessary goods at fair prices.

3. ***Credit societies:*** Some organisations encourage employees to form cooperative credit societies with a view to fostering self-help rather than depending upon money lenders, whereas some organisations provide loans to employees directly.

4. ***Housing***: Most of the organisations built quarters nearer to factory and provided cheap and decent housing facilities to their employees, whilst a few organisations provide and/ or arrange for housing loans to employee and encourage them to construct houses.

5. ***Legal aid:*** Organisations also provide assistance or aid regarding legal matters to employees as and when necessary through company lawyer or other lawyers.

6. ***Employee counselling:*** Organisations provide counselling service to the employee regarding their personal problems through professional counsellors. Employee counselling reduces absenteeism, turnover, tardiness, etc.

7. ***Welfare organisations, welfare officers:*** To provide all types of welfare facilities at on centre and appoint welfare officers to provide the welfare benefit continuously and effectively to all employee fairly.

8. ***Holiday homes:*** As a measure of staff, a few large organisations established holiday home at a number of hill stations, health resort and other centres with low charges of accommodation, so as to encourage employees to use this facilities for rest.

9. ***Educational facilities***: Educational facilities include reimbursement of fee, setting up of schools, colleges, hostel. Further, the organisations provide rooms and libraries for the benefit of employees.

10. ***Transportation:*** Companies provide conveyance facilities to their residence to the place of work as most of the industries are located outside town and all employees may not get quarter facility.

11. ***Parties and picnics:*** Companies provide these facilities with a view to inculcating a sense of association, belongingness, openness and freedom among employees.

Notes

Old Age and Retirement Benefits

1. ***Provident fund:*** Provident Fund Scheme of the act provides for monetary assistance to the employees and/or their dependants during post retirement life. Employees in all factories under Factories Act, 1948, are covered by the Act. Both the employee and employer contribute to the fund. The employees on attaining 15 years of membership are eligible for 100% of the contributions with interest. Generally, the organisations pay the Provident Fund amount with interest to the employee on retirement or to the dependants of the employee, in case of death.

2. ***Pension:*** Employee's Family Pension Scheme, 1971, provides for a Family Pension to the family of deceased employee as per the following rates:

Table 8.1: Pension Rates

Pay for month	Rate
Rs 800 or more	12% of the basic subject to a maximum of Rs 150 as monthly pension.
More than Rs 200 but less than Rs 800	15% of the basic subject to a maximum of Rs 96 and a minimum of Rs 60 as monthly pension.
Rs 200 or less	30% of the basic subject to a minimum of Rs 60 as monthly pension.

This scheme also provides for the payment of a lump sum amount of ₹ 4,000 to an employee on his retirement as retirement benefit and a lump sum amount of ₹ 2,000 in the event of death of an employee as life insurance benefits.

1. ***Deposit linked insurance:*** Under this scheme, if a member of the Employees Provident Fund dies while in service, his dependents will be paid an additional amount equal to the average balance during the last three years in his account. (The amount should not be less than ₹ 1,000 at any point of time).

2. ***Gratuity:*** It is payable to all the employees who render a minimum continuous service of five years with the present employer. It is payable to an employee on his superannuating or on his retirement or on his death or disablement due to accident or disease. The gratuity payable to an employee shall be at the rate of 15 days wage for every completed year of service on part thereof in excess of six months. Here, the wage means the average of the basic pay last drawn by the employee. The maximum amount of gratuity payable to an employee shall not exceed 20 months' wage.

3. ***Medical benefit:*** Some of the large organisations provide medical benefits to their retired employees and their family members. This benefit creates feeling of permanent attachment with the organisation to the employees even while they are not in service.

Fringe benefits are one of the means to ensure, maintain and increase the material welfare of employees.

Self Assessment

Fill in the blanks:

14. The term, ……, refers to various extra benefits provided to the employees, in addition to the compensation paid in the form of wage or salary.

15. …… is payable to all the employees who render a minimum continuous service of five years with the present employer.

Notes

16. Labour scarcity and competition for qualified personnel has led to the ……, …… and ……of a number of compensation plans.

17. Fringe benefits are one of the means to ensure, maintain and increase the …… of employees.

Case Study

Shrunken Pay Cheque

It was payday and Sushma was looking forward to receiving her cheque. She would finally have enough money to buy that colour television set she was saving for. However, she was unpleasantly surprised when she opened the envelope. The amount of the cheque was less than usual. Sushma knew that she had been receiving more than the amount specified for her classification in the contract, but this higher rate had been granted to her because of some specialized work she had previously done. A notice attached to her pay slip advised Sushma that she would receive the contractual rate from now on.

Sushma informed her Union Secretary of the notice, and he advised her to file a grievance immediately. "Why am I being demoted?" Sushma asked the HR Manager during the grievance meeting the next day. "You're not being demoted," the HR Manager replied. "The company has always retained sole discretion to grant merit increases and to take them away."

The dispute was brought before conciliation by the Union. Both the Company and the Union found support for their arguments in a provision that states that "the Company shall continue to exercise its right to pay any employee wages or other remuneration in excess of the minimum amounts herein specified."

Questions

1. Can Sushma claim higher wages on her classified salary?
2. Is the management right in abruptly stopping higher rate of pay? Give reasons.
3. Is there a real industrial dispute in the present case?

8.8 Summary

- Compensation is what employees receive in exchange for their work.
- The outcomes of pay dissatisfaction may detract from the organisation's productivity and suggest a decline in the quality of work life.
- Poorly compensated jobs can lead to absenteeism and other forms of employee withdrawal.
- High compensation costs reduce the firm's competitiveness.
- The balance between pay satisfaction and organizational competitiveness underlies most of the human resource department's compensation efforts.
- Compensation administration intends to develop the lowest-cost pay structure that will not only attract, inspire and motivate capable employees but also be perceived as fair by these employees.
- The benefits and services offered by various organisations in India may be broadly put into five compartments.

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- Payment for time not worked, employee security, safety and health, welfare and recreation facilities and old age and retirement benefits.
- Organisations face many challenges while deciding on remuneration of a employee

8.9 Keywords

Benefit: An indirect reward given to an employee or group of employees as a part of organisational membership.

Compensation: It refers to the financial and non-financial rewards to the employees for their services rendered to the company.

Deposit Linked Insurance: Under this scheme, if a member of the Employees Provident Fund dies while in service, his dependents will be paid an additional amount equal to the average balance during the last three years in his account.

Earnings: Total amount of remuneration received by an employee during a given period.

Fringe Benefits: The term, fringe benefits, refers to various extra benefits provided to the employees, in addition to the compensation paid in the form of wage or salary.

Gratuity: It is payable to all the employees who render a minimum continuous service of five years with the present employer.

Pay Equity: An employee's perception that compensation received is equal to the value of work performed.

Pay Grades: Groups of jobs within a particular class that are paid the same rate.

Salaries: Remuneration paid to the clerical and management personal employed on a monthly or yearly basis. However the distinction between wages and salaries need not be observed in actual usage. Both may mean remuneration paid to an employee for services rendered.

Variable Pay: Tying pay to some measure of individual, group or organisational performance.

8.10 Review Questions

1. If we pay predominantly for jobs rather than people, how can we reward the truly exceptional performing employee?
2. 'If the employees believe that subjectivity and favouritism shape the pay system in an organisation, then it does not matter that the system was properly designed and implemented'. Discuss.
3. Since employees may differ in terms of their job performance, would it not be more feasible to determine the wage rate for each employee on the basis of his or her relative worth to the organisation. Analyse the statement.
4. Do small companies need to develop a pay plan? Why or Why not?
5. One expert argues that external equity should always be the primary concern in compensation, noting that it attracts the best employees and prevents the top performers from leaving. Do you agree? Why/Why not?
6. What three general types of benefits do you think most medium-sized and large firms provide voluntarily?
7. What is meant when it is said that many employees view benefits and services as entitlements? How can employers make employees realise that benefits and services must be earned?

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8. What benefits and services are most important to today's increasingly diverse workforce? Why?
9. What do you think attract employees more – high basic pay and low variables or high variables and low basic and why?
10. Which is a better mode – pay openness or secrecy and why?
11. Why do the organizations need to work on employee benefit programmes?

Answers: Self Assessment

1.	False	2.	True
3.	True	4.	True
5.	False	6.	False
7.	False	8.	False
9.	False	10.	True
11.	True	12.	False
13.	True	14.	Fringe benefits
15.	Gratuity	16.	initiation, evolution, implementation
17.	material welfare		

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Unit 9: HRD

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Objectives

After studying this unit, you will be able to:

- Define the term HRD
- Discuss the need and scope of HRD
- Describe the HRD climate
- Understand the HRD practices in indian organizations
- Explain the concepts of quality of work life, employee empowerment and career planning
- Realize the relevance of knowledge management, mentoring & reverse mentoring

Introduction

Human Resource Development (HRD) is a positive concept in human resource management. 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 is 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 debit side, HRD seeks to show them as assets on the credit side.

HRD is a process by which the employees of an organization 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 organizational development purposes;

(3) Develop an organizational culture in which superior-subordinate relationships, team work and collaboration among sub units are strong and contribute to the professional well being, motivation and pride of employees.

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

9.1 Need and Scope

People are the real assets of an organization. If treated well, they can take organizations to commanding heights. Two plus two could be four or even ten. Organizations are, generally, driven by a set of pre-determined goals. They employ physical, financial and human resources in order to achieve the goals. These goals have no meaning unless people understand the underlying philosophy, translate them into concrete action plans and put their heart while realizing the targets. Organizations, thus, depend on people for their survival and growth. In a similar way, people need organizations. The vast majority of people work to support themselves and their families. But people work for many reasons other than economic security. For example, they may also work to keep busy and feel useful, to create and achieve something. They want to gain recognition and achieve status or to test and stretch their capabilities. To meet these multifarious needs, people and organizations join hands. Unfortunately, this union seldom approaches perfection. Organizations face several problems in meeting their goals, and likewise, employees

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report some problems in their attempts to be productive and efficient in their jobs and to feel satisfied in their work lives. The challenge of human resource management is to minimise these obstacles and problems and improve the contributions made by people to organizations.

HRD, basically, aims at developing:

- the capabilities of each employee as an individual;
- the capabilities of each individual in relation to his or her present role;
- the capabilities of each employee in relation to his or her expected future role(s);
- the dyadic relationship between each employee and his or her employer;
- the team spirit and functioning in every organizational unit;
- collaboration among different units of the organization;
- the organization's overall health and self-renewing capabilities, which, in turn, increase the enabling capabilities of individuals, dyads, teams and the entire organization.

9.1.1 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) issues. 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 Level: 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 the nation 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 base for economic planning. However, HRD's contribution at macro level has not gained popularity as yet.

Micro Level: 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 organisational development. Generally, HRD at micro level talks of the organisations' manpower planning, selection, training, performance appraisal, development, potential appraisal, compensation, organizational 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.

The traditional personnel function is a service oriented activity, responding to the needs of the organization as and when they arise. On the other hand, HRD is a productive function which does not merely respond to organizational requirements but anticipates them and prepares the people and the organization to face future challenges with confidence.

HRD is wider in scope as it tries to develop the whole organization instead of focusing attention on people alone. Instead of concentrating on maintenance factors (wages, incentives, day-to-day plans, operating procedures, etc.) it tries to focus on motivating factors (job enrichment, developing potentialities of people, creating autonomous work groups, 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 organization.

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The personnel function views higher morale and improved job satisfaction as the causes of improved performance. HRD, on the other land, regards "job challenges, creativity and opportunities for development as the main motivating forces.

Notes **HRD Matrix**

The HRD Matrix shows the interrelationships between HRD instruments, processes, outcomes and organisational effectiveness.

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:*** HRD instruments and processes make people more committed and satisfied, where they tend to give their best to the organisation enthusiastically.
4. ***Organizational effectiveness: Dimensions:*** Such HRD outcomes influence the organisational effectiveness, which in turn, depends on a number of variables like environment, technology, competitors, etc.

9.2 HRD Climate

"Organizational climate is a set of characteristics of an organization which are referred in the descriptions employees make of the policies, practices and conditions which exist in the working environment".

After analyzing Human Resource and Development we can simply stated that, HRD is the process of helping people to acquire competencies.

An organization became dynamic and growth oriented if their people are dynamic and pro-active. Through proper selection of people and by nurturing their dynamism and other competencies an organization can make their people dynamic and pro-active. To survive it is very essential for an organization to adopt the change in the environment and also continuously prepare their employees to meet the challenges; this will have a positive Impact on the organization.

Did u know? **Meaning of HR+D+Climate**

HR means employees in organization, who work to increase the profit for organization.

D is for Development, it is acquisition of capabilities that are needed to do the present job, or the future expected job.

Now, climate is an overall feeling that is conveyed by the physical layout, the way employees interact and the way members of the organization conduct themselves with outsiders.

Notes

9.2.1 Components of HRD Climate

The organizational climate consists of:-

1. ***Organizational Structure:*** An organization's structure is actually a 'snapshot' of a work process, frozen in time so that it can be viewed. The structure enables the people's energy to be focused towards process achievement and goal achievement. Employee must have a clear definition of not only the work structure but also the role used to organize the work. If the structure and the role is not clear, people will not know what the work process is, who is responsible for what, whom to go for help and decision, and who can Assist in solving problems that may arise.

2. ***Organizational Culture:*** Organizational culture is the pattern of beliefs, knowledge, attitudes, and customs that exists within an organisation. Organizational culture may result in part from senior management beliefs or from the beliefs of employees. Organizational culture can be supportive or unsupportive, positive or negative. It can affect the ability or willingness of employees to adapt or perform well within the organisation. The most effective work culture is one that supports the organizations HR strategies by aligning behaviors, processes and methods with the desired results. It is not just achieving results but the methods through which they are achieved that are critical to long-term success.

   Before any HR strategy is designed there must be a clear understanding of the organisation, its current values, its structure, its people as well as its goals and vision for the future.

3. ***HRD Processes:*** The HR system of an organisation should be comprehensive enough to take care of employees from the time they join till the time they leave HR. Their demands must not be ignored, but a feeling of belongingness be created. Process should be very clear and impartial, so that employee's faith in organization. From recruitment to retirement whole process should be according to employees expectation and ability of employer.

9.2.2 Importance of HRD Climate

1. It gives HR professionals time to anticipate opportunities in HR area and time to plan optional responses to these opportunities.
2. Climate factors of HR are prime influencing elements of change in HR strategy.
3. It helps HR professionals to develop an early warning system to prevent threats emerging out from HR scenario, or to develop strategies, which can turn a threat.
4. It enables the entry of the latest national/international HR developments.
5. It forms a basis of aligning the organization strengths to the changes in the environment.

Self Assessment

State whether the following statements are true or false:

1. The vast majority of people work to support themselves and their families.
2. Human resources are the least important assets in an organisation.
3. HRD is a multi-disciplinary concept.
4. Evaluation is a universal part of training programmes.
5. Competent and motivated employees are essential for organisational survival growth and excellence.

Notes

6. Viewed broadly, the distinction between training for a present job and development for future ones is blurred.
7. People rarely fudge credentials.
8. Good job candidates can usually be hired fairly quickly because they are so obviously good.
9. International experience is an automatic ticket to career development in most organisations.
10. Training programmes should not be designed as quick fixes for organisational problems.

9.3 HRD Practices in Indian Organizations

The issue of HRM practices in large business organizations was explored to determine whether organizations were practising traditional or modern philosophy of management. The findings pertaining to private sector organizations reflected that Indian organizations were practising traditional philosophy of management. The traditional philosophy of management depends primarily upon economic motivation.

Notes **Employees are the New Corporate Heroes**

People are central to an organisation. To achieve corporate goals, they have to put their heart into everything and work with zeal, enthusiasm, dedication and commitment. Without positive and creative contributions from people, organizational goals may remain pious dreams, existing only on paper. The knowledge, skills, experience possessed by employees and their whole-hearted support to organizational work, in most cases, would spell the difference between success and failure. The organization's talent pool is its most valuable corporate resource and is the primary source of competitive advantage. The quality of human capital (i.e., collective knowledge, skills, abilities and attitudes of total workforce within an organisation) and its effective management (by placing the right man on the right job) would go a long way in enhancing productivity and reducing costs. In knowledge based industries, human resources could make or break a company. Most importantly, the knowledge, skills and attitudes of workforce cannot be duplicated or imitated by competitors. They remain with people and, therefore, become a source of rare competitive strength when the organisation offers the right kind of environment and atmosphere. In organizations where fairness, equity, justice and autonomy are fiercely guarded and people are treated with respect, love and affection—work becomes fun and people come out with outstanding results, surpassing all mathematical calculations. One plus one could be two, twenty or even two hundred! One man's dream—it could be Ratan Tata, Anand Mahindra or K.M.Birla–becomes a life and death struggle for many. The result could be an Indica, a Nano or a Scorpio–the result of outstanding contributions from ordinary people trying to convert a passion/dream into a concrete reality. To gain the edge, however, the organisation needs to invest in its human resources—through training and development programmes and creating growth opportunities within the company from time to time. The competency gaps of employees need to be identified and bridged through appropriate training and development programmes. HR policies and programmes must be in sync with the business plans of the organisation and with each other.

Notes

9.3.1 HRD and the LPG Era

The LPG (liberalization, privatisation, and globalization) era changed the rules of the game completely in India (Sadri; T.V. Rao, 2007; R.K. Gupta 2006) Companies do not compete any more with their local counterparts in terms of products, prices, quality, service etc. They are compelled to operate in a well integrated global market place where product prices are governed by factors which are beyond the control of any one player. Every company is forced to embrace latest technology, hire the best talent, offer the best quality products and services at economical prices and do everything possible to retain both customers and employees. Best quality delivered to customer—at an amazing speed, preferably ahead of competition—t an affordable price is the new corporate mantra for survival. You have to be the best always in terms of price, quality, service, speed etc and win customers by moving closer to their hearts. To economise further, outsourcing could be one way. To improve communication and service quality, a flat organisation structure could be embraced. New product developments and innovations must propel the company to greater heights every year. Employees must be exposed to the latest technologies and, to this end; raining and developmental efforts must be put in place. HR policies, practices and mechanisms must move in sync with corporate goals and strategy. The whole effort must lead to: (i) building critical organisational capabilities (ii) enhancing employee satisfaction, and (iii) keeping the customers happy by delivering value for money (excellent products at affordable prices—always) HR professionals have to recognise these challenges and do everything possible to put internal mechanisms in place so that the rhetoric—in the form of corporate ethics, values, and principles—is actually getting translated into concrete actions. The concept of HRD Scorecard, it measures the effectiveness and efficiency of the HR function in producing those employee behaviours that are important for a firm in achieving its strategic objectives introduced in India by T.V. Rao, would be highly useful in meeting this admirably. The HRD scorecard indicates the level of HRD maturity of an organisation and it shows the ability of HRD systems and processes in an organisation to contribute to organisations' strategy. The model is based on the assumption that competent and motivated employees are best suited to deliver high quality products and offer best services to customers at affordable prices and thereby keep the organisation's flag flying high in the marketplace. The HRD score card measures the maturity level of an organisation along four dimensions on a ten point scale (10 represents the highest maturity level, 5 represents a moderate maturity level and 1 represents the least level of maturity). Trained assessors generally carry out the exercise. There are four basic building blocks around which the score is actually computed:

- ***HRD Systems maturity score:*** Through appropriate HRD mechanisms, employee competencies and commitment can be measured such as: HR planning and recruitment, performance management systems; potential appraisal systems; feedback and coaching mechanisms; training, career development, and job rotation; OD interventions, HRIS, etc.
- ***HRD Competence score:*** Here the competencies of top management, line managers, supervisors, union leaders, and blue/white collar employees are measured to see whether the internal systems and processes actually contribute to employee satisfaction, competency building and customer satisfaction or not. Each group is assessed on the following dimensions: the level of HRD skills they possess, attitudes and support to the learning environment, attitude and support to HRD functions and systems.
- ***The HRD Culture:*** Questionnaires measuring HRD culture have been developed and used to measure employee values, styles etc and processes created by the HRD tools by most organisations now-a-days.
- ***Business Linkage Score:*** How far the HRD systems, competencies and culture have been aligned with overall corporate goals is being measured through this. The business linkage goals include: business excellence, operational excellence, customer satisfaction, employee motivation and commitment, quality orientation, technology adoption, cost consciousness and cost effectiveness, etc.

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The top managers of the public sector and their public documents show belief in modern philosophy of management; however, the survey results project a blurred picture of the philosophy of management. It has also been observed that managers often find themselves "living in dual world: the real world and the world of officially sanctioned ideology. Thus, they talk about 'empowerment' but habitually hoard power or they proclaim that they are 'reengineering' their organizations when they are really just firing a few of the lacklustre workers." Managerial beliefs can be better understood by having a knowledge of cultural traditions. They felt the need to consider both economic and cultural traditions as they were broadly taken as determinants of managerial philosophies, values, and the concept of man.

Looking back, the origins of the modern Indian organization can be traced to the British rule. The British were the first to introduce the Western type of administration in India.

Hence, emotional aloofness combined with high control of subordinates characterized the British style of Indian management. This was the model that Indian managers inherited from the British. Organizations would have to design managerial philosophy which is sensitive to human existence. The managerial philosophy in the organization has an impact on the organizations of the future. HR concepts that get packaged along with modern managerial philosophy are likely to revolutionize the workplace. The bottom line is that people want to be cared for and respected.

On their part, organizations want commitment and integrity. A successful combination of committed people and a benevolent organization would be beneficial in the long run. This is possible only if organizations adopt HR practices with modern managerial philosophy.

Case Study

HRD Scheme: A Bone of Contention

Innovative Technologies Limited (ITL) is a medium sized engineering company situated at Hyderabad, manufacturing telecom equipment. Its customers were primarily government departments (Railways, Post and Telegraph, Department of Telecommunications etc.) and private telecom operators in the country. The company made rapid progress in recent years, thanks to the rising income levels, internet boom and growth in infrastructure sector all over India. To encourage a culture of innovation and creativity, which is essential for the company's own survival in a highly competitive field, the company has all along been encouraging its employees numbering over 1000 mainly engineering graduates, to upgrade their knowledge and skills in their own fields of specialization. It had always encouraged employees to go for workshops, seminars, conferences and even volunteered to pay the tuition fee of employees if they are able to secure admission in prestigious Information Technology and Telecommunication Schools in India and abroad. With a view to promote managerial talent internally, the company wanted both engineering (600 in number) and non-engineering professions (390 in number) to go for MBA, PGDBA courses as well, offered by reputed business schools.

Since admission procedures in most reputed business and technology schools are quite tough consisting of entrance test, group discussion and interview, the field naturally is wide open only for the competent and bright people. The company's engineering graduates invariably got through these tests and were always utilising a major portion of the funds earmarked by the company for this purpose. The non-engineering people, somehow, could not run the race and get benefited by the company's scheme. May be they lacked the will, or the quantitative and analytical skills needed to get through the competitive entrance examinations. But they were reluctant to admit this and instead targeted the engineering professionals for their own poor show. They, in fact, requested management to revise

Contd…

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(a) the guidelines, suggesting a quota system (3 from engineering and 2 from non-engineering category every year, if selected in any business school) for selecting internal candidates for educational benefits. They even wanted management to extend the scheme to all employees securing admission (b) to any professional course on the basis of seniority.

Meanwhile Mr Raj Pal (31) a brilliant computer professional working in the Telecom Software division for the past 4 years has been selected by IIM (A) for their PGDBA course. He is the fourth candidate who secured admission in business schools in 1999. From the non-engineering stream, two persons got selected but in lesser – known business schools.

Raj Pal's selection news came after the company has finalised the names of employees who are going to be sponsored under the HRD scheme in 1999. In addition to pressures from non-engineering candidates whose names have yet to be finalised, the company is facing lot of criticism from the Software Division also where seniors are of the opinion that the young professionals who get sponsored will either not return to the company or will be given preference ahead of seniors in case of internal promotions. In future, they, therefore, want the company to secure an undertaking from sponsored candidates to serve the company in the same category for at least three years before becoming eligible for promotion. If the sponsored ones decide to leave the company, they have to pay back the money with 12% p.a. interest.

The company is not very sure whether the quota system be introduced or the present scheme of picking up candidates on the basis of merit should be allowed to continue. The growing popularity of the scheme has in fact led the management to think about certain guidelines for its implementation without any operational problems in future.

Questions

1. What is the main problem in the case?
2. Should the quota system be introduced while selecting people under the HRD scheme?
3. Should ITL insist on execution of a 3-year bond by the employees who avail benefits under the HRD scheme?
4. Should ITL enlarge the scope of the scheme to include under-graduate and non-engineering graduate employees for taking admission in management diploma/ degree courses offered by various national institutions?

9.4 Quality of Work Life

Quality of Work Life (QWL) efforts are systematic attempts by organizations to give workers a greater opportunity to affect their jobs and their contributions to the organization's overall effectiveness. Too often employers have sought a worker's labour but have not tapped his ideas. Since employees' ideas often were not used, workers felt little responsibility for the success or failure of management's unilateral decisions. Teamwork seldom existed. When it did, it rarely bridged the gap between workers and management. Productivity suffered. At the same time, an entire generation of workers began entering factories and offices with different work attitudes and expectations. This combination of economic necessity and a changing work force has led a growing number of organizations to embrace QWL efforts.

More and more employers are installing QWL efforts as a way to gain productivity through improved employee motivation and satisfaction, reduced employee stress, improved communications, and reduced resistance to change. A properly executed QWL effort can also result in many of the benefits associated with organizational development.

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9.4.1 The HR Department's Role

The role of the HR department in QWL efforts varies widely; the HR department is responsible for initiating and directing the firm's QWL and productivity efforts. Perhaps the most crucial role that the HR department plays is winning the support of key managers. Management support—particularly top management support—appears to be an almost universal prerequisite for successful QWL programmes.

9.4.2 QWL Overview

Richard E Walton explains quality of work life (QWL) in terms of eight broad conditions of employment that constitute desirable QWL. These conditions/criteria include:

1. Adequate and fair compensation
2. Safe and healthy working conditions
3. Opportunity to use and develop human capital.
4. Opportunity for career growth
5. Social integration in the work force
6. Constitutionalism in the work organisation
7. Work-life balance
8. Social relevance of work.

9.4.3 QWL through Employee Involvement

One of the most common methods used to create QWL is employee involvement. Employee Involvement (EI) consists of a variety of systematic methods that enable employees to participate in the decisions that affect them and their relationship with the organization. Through EI, employees feel a sense of responsibility, even ownership, of decisions in which they participated. To be successful, however, EI must be more than just some systematic approach; it must become part of the organization's culture by being part of management's philosophy of management.

9.4.4 Approaches to QWL and EI

There are a variety of approaches to employee involvement. Attitude survey feedback, suggestion systems, HR communications systems, profit sharing and gain sharing are some of them. Even the performance evaluation interviews are a form of involvement. Each of these approaches, however, is a traditional function of the HR department. In the last decade, proactive departments, along with progressive business and union leaders, increasingly have sought new approaches to quality of work life through employee involvement.

Some of the more commonly used approaches to attain QWL through EI are discussed hereunder:

1. ***Quality Circles:*** Quality circles are small groups of employees who meet regularly with their common leader to identify and solve work-related problems.

   Japan found that to buy sufficient food stuffs and raw materials it had to export. But, in the 1950s and even in the early 1960s, "Made in Japan" meant poor quality to many buyers. Government and business leaders realised that to import raw goods, to add value, and to export required production of quality products that the world would buy. The concept of quality control circles was born in Japanese factories with the assistance of such US experts

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as Drs Deming and Juran, in the early 1960s. This effort began as a quality improvement programme but has since become part of the routine procedures of many Japanese managers and a key part of the QWL effort in many Japanese firms.

Unique Characteristics: Whatever they are called, Quality Circles (QC) are unique among the many QWL efforts. First, membership in the circle is voluntary for both the leader (the supervisor) and the members (workers). Second, the creation of quality circles is usually preceded by in-house training. Then the employees are usually given one day of intensive training primarily in the same problem-solving techniques. Third, the group is permitted to select the problems it wants to tackle.

QC Process: After the training is completed, employees and their supervisor begin meeting—usually once a week for an hour. First the supervisor reviews the ground rules. Circles are intended to tackle problems in that group's area of responsibility. The group uses brainstorming to create a list of problems worth solving. Then, through discussion, one of them is selected for further study and research. Data are collected about the problem analyzed to see if there is a pattern from which causes and effects may be identified. Once a cause has been found for the problem, the group develops a solution.

Once an idea is presented, the burden is on the management to give the circle a timely authorisation to implement the solution or an explanation as to why the suggestion is rejected. Circles usually disband when supervisors act autocratically rather than participatively or when upper levels of management repeatedly and arbitrarily reject circle recommendations.

Facilitators and Circle Coordination: Most organizations with multiple circles find that a coordinator or a facilitator is needed. This person may be a line manager or a HR specialist. Facilitators need good interpersonal skills, particularly the ability to communicate and train. The first facilitator usually receives five days of specialised training through the Quality Circles Forum of India. These training programmes focus on teaching the facilitator about quality circles and how to administer a QC effort. Sessions on teaching and consulting skills are typical, too. Likewise, the facilitator also receives considerable training in group dynamics and in the ability to coach supervisors. He reports to the steering committee, which includes the top manager and staff.

2. ***Socio-technical Systems:*** Another approach to QWL efforts is the use of socio-technical systems. Socio-technical systems are interventions into the work situation that restructure the work, the work groups and the relationship between workers and the technologies they use to do their jobs. More than just enlarging or enriching a job, these approaches may result in more radical changes in the work environment.

   This rearrangement of the social and technical relationships on the job offers workers an opportunity for greater QWL. Ergonomics is the study of the bio-technical relationships between the physical attributes of workers and the physical demands of the job. The objective is to reduce the physical and mental strain in order to increase productivity and QWL. Through ergonomics and socio-technical approaches to work, it is possible to modifying assembly lines and increase a worker's job cycle to minimize boredom and dissatisfaction.

3. ***Autonomous Work Groups:*** A more common approach to employee involvement is the use of autonomous work groups. These are teams of workers, without a formal company-appointed leader, who decide among themselves on most decisions traditionally handled by supervisors. These groups of workers typically decide daily work assignments, the use of job rotation, new employee orientation, training and production schedules. These innovations do indicate a demand by some employers and employees for more novel solutions to the trade-offs between efficiency and behavioural elements of job design. Improving the quality of work life may mean completely redesigning factories and workplaces to satisfy efficiency, environmental and behavioural requirements of jobs.

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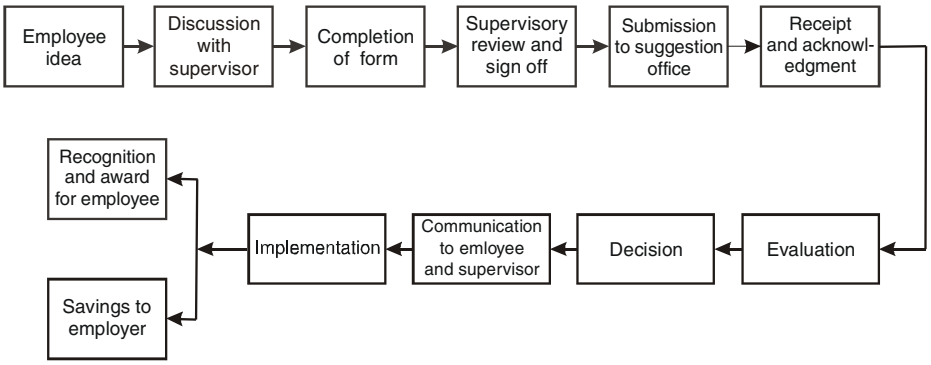
QWL is more likely to improve as workers demand jobs with more behavioural elements. These demands will probably emerge from an increasingly educated work force that expects more challenges and more autonomy in its jobs—such as worker participation in decisions traditionally reserved for management. HR departments will play an even more important role in organisations as social expectations increase the pressure for more autonomy. Job rotation, enlargement, enrichment and other job-design changes will be coming. The training of present workers will likely receive additional attention from HR departments, too.

4. ***Suggestion Systems:*** Suggestions systems are a formal method for generating, evaluating and implementing employee ideas. If even one of these three elements is missing, the suggestion plan fails. All three are crucial.

   Figure 9.1 shows the key steps in a successful suggestion system. It begins with the employee's idea and a discussion with the supervisor. Once the suggestions form is completed, the supervisor reviews and signs the form, indicating awareness of the suggestion but not necessarily approval. The suggestion system committee receives the idea and sends an acknowledgment to the employee through company mail. The idea is then evaluated and the decision is communicated to the employee. If it is a good idea, implementation follows with the employee receiving recognition and usually some award.

Figure 9.1: Steps for a Successful Suggestion System



Barriers to QWL and EI

As with many HR department programmes, barriers to implementation can undermine the success of any quality of work life effort. These barriers are commonly erected by employees, management, or unions. To overcome these barriers, the HR department usually must explain the need for change, as workers and unions are sometimes suspicious because they may feel that any programme to the management's advantage is not likely to benefit them. Feelings of suspicion are likely to be much lower among employees with high QWL, especially if job security is also available.

Even when productivity, quality, or QWL is declining, many managers are reluctant to adopt new approaches that may be quite foreign to their more traditional methods of management. And in this regard, union leaders are much like managers, they too are reluctant to give up "proven" roles and approaches to problem solving. Although there is no one certain way to gain the support of each group, most successful attempts at implementing quality of work life require broad participation.6 Through the involvement of key managers union officials, and affected employees, HR specialists are more likely to overcome barriers to new programmes.

Notes

Successful QWL and productivity efforts have some common elements. One of the most important is top management commitment. Another key point for successful QWL efforts is a long-term perspective. Often HR department lacks the resources or the organizational clout to direct the company towards a large scale QWL effort. However, when top management decides to undertake such a journey the HR department is often called upon to provide its people expertise along with its staffing, training and communication abilities.

9.5 Employee Empowerment

Most managers and supervisors have experienced an authoritarian approach to management from their managers. This experience can form the impression that, since this is how your manager did it, it is the only way to manage. However, it isn't, and it isn't usually the best way, either. Putting the emphasis on control and issuing orders and instructions works in some situations, but it can smother the human potential of the people working for you.

Having to empower people might sound as if you are going to lose your grip. Trust people and they almost invariably perform well for themselves, for you and for the organisation. Empowerment will not happen on its own. It is something you will need to lead your people through.

To empower people you need to look at your own, and their attitudes. If you believe that people are basically unambitious, then empowerment may not be for you. If you believe that people are always capable of more than they do at present, then you can empower them. Empowerment is about valuing people and understanding the contribution they can make.

Caution Be Clear about what Empowerment Means to you: If you are going to either introduce or implement empowerment, you need to be absolutely clear in your own mind what it is, what it will mean for you and what you want to achieve with it.

9.6 Career Planning

Individual career planning assumed greater significance with the unparalleled growth and spread of knowledge, phenomenal increase in educational and training facilities and widespread increase in job opportunities. Similarly organisational career planning also gained importance with the change in technology, human needs, values and aspirations, increase in organisational size, complexity and number of openings at different levels.

A career is all the jobs that are held during one's working life. Edwin B. Flippo defined a career as a sequence of separate but related work activities that provide continuity, order and meaning in a person's life. Douglas T Hall defined a career as "an individually perceived sequence of attitudes and behaviours associated with work related experiences and activities over the span of the person's life".

Career goals are the future positions one strives to reach as part of a career. Career planning is the process by which one selects career goals and the path to these goals. Career development is those personal improvements one undertakes to achieve a personal career plan. Career management is the process of designing and implementing goals, plans and strategies to enable the organisation to satisfy employee needs while allowing individuals to achieve their career goals.

9.6.1 Career Counselling

To help employees establish career goals and find appropriate career paths, some HR departments offer career counselling. The career counsellor may simply be someone who listens to the

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employee's interests and provides specific job-related information. Or the counsellor may help employees uncover their interests by administering and interpreting aptitude and skills tests. But to be truly successful, career counsellors must get employees to assess themselves and their environment.

9.6.2 Employee Self-assessment

Career counsellors realise that a career is only a part of one's life. It may be a large part or even a central part, but it is only a part of one's life plan. Ideally, a career plan should be an integral part of one's life plan. Besides a life plan, self-assessment includes self-inventory. If a career counsellor can get employees to complete a detailed and honest self-evaluation, it helps to focus their thinking about themselves. Then employees can match their interests and abilities on the self-inventory with the career information available to them from the HR department. Likewise, they can match their aptitudes and career paths with their personal life plan.

9.6.3 Environmental Assessment

A career plan that matches employee interests with likely career paths actually may do a disservice to the employee if environmental factors are overlooked. A return to the choices faced by clerk-typists at the newspaper provides an example.

For the job family of clerk-typist Teletype operator and Linotype operator may appear to be a reasonable path since clerk-typists possess the basic typing skills needed for all three jobs. But technological changes in the newspaper industry may reduce the need for Linotype operators in the future. Photographic and computer developments are quickly replacing the use of Linotype machines in newspaper printing. If career counsellors in the HR department do not point out this development, clerk-typists may find their careers stalled in the job of teletype operator.

Regardless of the match between one's skills and the organisation's career paths, counsellors need to inform employees of likely changes that will affect their occupational choices.

9.6.4 Career Counselling Process

One of the problems often encountered by career counsellors is employee reaction to the counselling process. Counselling about careers is a very sensitive issue. Employees may see only parts of some jobs that pay much better and think that they are qualified. When the counsellor tries to explain the need for additional skills that are not apparent, employees may feel that they are not being treated fairly. Or when the counsellor suggests necessary steps to become qualified for a job, the employee may resist additional training or schooling, Finally, the mere presence of career counsellors may be a trap. Employees might think that someone else is taking responsibility for their career planning and development.

9.6.5 Career Development

The implementation of career plans requires career development, which development comprises those HR improvements that one undertakes to achieve a career plan. These actions may be sponsored by the HR department, or they may be activities that employees undertake independent of the department.

Individual Career Development

Career development begins with the individual. Each person must accept his responsibility for career development or else his career progress may suffer. Once this personal commitment is made, several career development actions may prove useful. These actions involve:

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- Job performance
- Mentors and sponsors
- Exposure
- Key subordinates
- Organisational loyalty
- Growth opportunities

Organisational Loyalty

In many organisations, people put career loyalty above organisational loyalty. Low levels of organisational loyalty are common among recent college graduates and professionals. Career-long dedication to the same organisation complements the HR department's objective of reducing employee turnover.

Growth Opportunities

When employees expand their abilities, they complement the organisation's objectives. For example, enrolling in a training programme, pursuing an additional degree, or seeking a new work assignment can contribute to employee growth. These growth opportunities aid both the HR department's objective of developing internal replacements and the individual's personal career plan.

Self Assessment

Multiple Choice Questions:

11. Career progress largely depends on:
    (a) international exposure
    (b) performance
    (c) experience
    (d) mentoring
    (e) qualifications
12. Career planning is the responsibility of:
    (a) government
    (b) the HR department
    (c) the sponsor
    (d) the employer
    (e) career counsellors
13. Information for career planning in a company:
    (a) is available through the HRIS
    (b) can be had form line manages
    (c) can be obtained from staff assistants

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(d) is often not available

(e) is best obtained from fortune-tellers.

14. An example of a career development ability would be

(a) scaling a mountain

(b) planning a vacation

(c) working hard

(d) discussion with the boss

(e) getting another degree

9.6.6 HR Supported Career Development

Career development should not rely solely on individual efforts because such efforts are not always in the organisation's best interest. For example, employees may move on to another employer. Or employees may simply be unaware of opportunities within the company to further their careers or of the organisation's staffing needs. HR departments do more to help employee careers than just conduct career information seminars during off-hours; they seek many goals through their career planning activities in addition to helping employees. A key goal is to develop an internal pool of talent. Career planning can help trainers identify training needs among employees. Improvements in performance, loyalty to the company, and motivation also may be outcomes of career planning. Simply put, career planning can make good business sense; it can enhance profits, productivity, and employees' quality of work life.

Management Support

Efforts by the HR department to encourage career development have little impact unless supported by managers. Commitment by top management is crucial. Without, it, middle-level managers may show much less support of their subordinates' career planning concerns.

9.6.7 Feedback

Without feedback about their career development efforts, it is difficult for employees to sustain the years of preparation sometimes needed to attain career goals. HR departments can provide this feedback in several ways. One way is to give employees feedback about job placement decisions. An employee who pursues career development activities and is passed over for promotion may conclude that career development is not worth the effort. Unsuccessful candidates for internal job openings should be told why they did not get the career opportunity they sought.

Another type of feedback concerns job performance, which is, perhaps, the most important feedback that an employee gets. As stated, career success rests largely upon job performance. To give employees feedback about their job performance, many HR departments develop formal performance evaluation procedures. The resulting feedback allows the employee to adjust his performance and career plans.

Self Assessment

State whether the following statements are true or false:

15. Career development focuses basically on the short range career effectiveness and success of organisation personnel.

16. All employees have similar career goals.

Notes

17. Good performance is always recognised by managers.
18. Employees only have themselves to blame for stalled careers.
19. Career planning helps the management of a diverse workforce.
20. Career Development aims at tracking career sponsors.

9.6.8 Benefits of Career Planning and Development

- The process of career planning helps the individual to access the knowledge of various career opportunities, his priorities.
- This knowledge helps him select the career which is suitable to his life style, preferences, family environment, scope for self-development.
- It helps the organisation identify internal employees who can be promoted.
- Internal promotions, upgradation and transfers motivate the employee, boost their morale and also result in increased job satisfaction.
- Increased job satisfaction enhances employee commitment and creates a sense of belonging and loyalty to the organisation.
- Employee will await his turn of promotion rather than change to another organisation. This lowers employee turnover.
- It provides opportunity to employees to perform on the job by tapping their potential and furthers employee growth.
- It satisfies employees esteem needs.

9.6.9 Career Problems

Despite planning the career, employees face certain career problems. They are:

- ***Dual career families:*** With the increase in career orientation among women, the number of female employees is on the increase. With this, dual career families have also increased. Consequently, one of those family members might face the problem of transfer. This has become a complicated problem to organisations. Thus other employees may be at a disadvantage.
- ***Low ceiling careers:*** Some careers do not have scope for much advancement. Employees cannot get promotions despite their career plans and development in such jobs.
- ***Declining career opportunities:*** Career opportunities for certain categories reach a declining stage due to the influence of technological or economic factors. Solution for such a problem is career shift. For example, career opportunities for statisticians have declined due to computerisation.

Solutions to Career Problems

Employees can minimise the problem by (a) improving the dissemination of career information in order to help the early process of career choice; (b) improving mechanisms for people to discover their own talents, needs and motives (c) improving mechanism for career switching and (d) introducing necessary educational facilities.

The organisation can also minimise the problems by (a) improving human resource planning and forecasting systems (b) improving dissemination of career option information (c) career

counselling (d) developing effective internal and external assessment centres (e) supporting educational and training programmes and (f) introducing more flexible reward and promotional systems.

Self Assessment

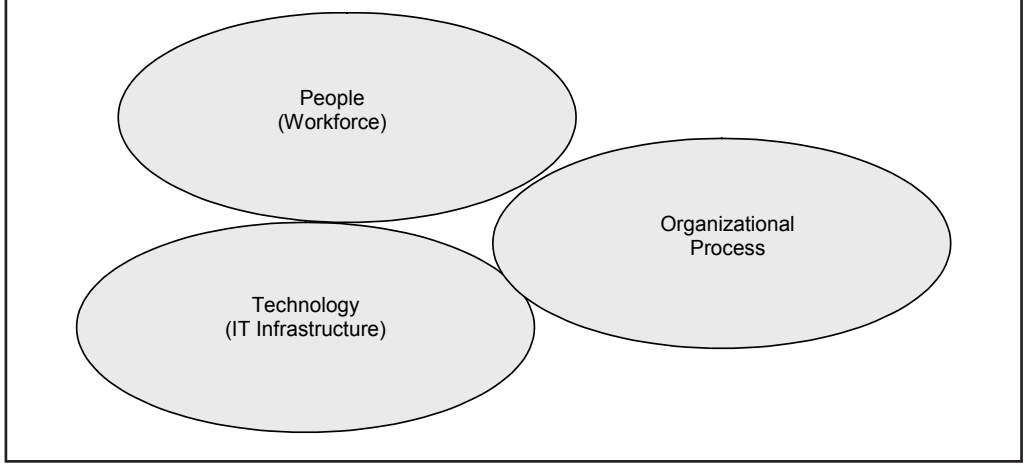
Fill in the blanks:

21. Career is a ..... of positions held by a person during the course of a lifetime.
22. Career planning and development is a conscious process through which a person becomes aware of personal .....
23. Career development is a .....process.
24. The ..... chart is a visual representation of who will replace whom if there is a job opening.
25. A ..... plan is a plan for identifying who is currently in post and who is available and qualified to take over.

9.7 Knowledge Management

Knowledge Management (KM) is a newly emerging, interdisciplinary business model that has knowledge within the framework of an organization as its focus. It is rooted in many disciplines including business economic, psychology, and information management. It is the ultimate competitive advantage for today's firm. Knowledge Management involves people, technology, and process in overlapping parts. These areas have developed perspectives on the workings of individual and systematic knowledge. Knowledge Management embraces these perspectives, but operates from the basic premise of the "Sticky" nature of knowledge.

Figure 9.2: Human Organizational and Technological Factors of Knowledge Management



Knowledge Management is the process of capturing and making use of a firm's collective expertise anywhere in the business – on paper, in documents, in database (called explicit knowledge) or in people's heads (called tacit knowledge). It is the fuel or raw material for innovation – the only competitive advantage that can sustain a company in an unpredictable business environment. It is not intended to favour expert systems of the early processes. The goal is to present a balanced view

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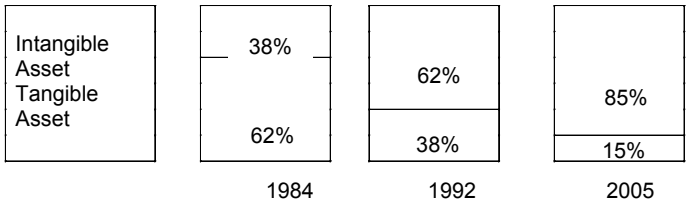
of how computer technology captures, distributes, and shares knowledge in the organization by linking human expertise and documentation in an integrated Knowledge Management system.

Figure 9.3 : Tangible to Intangible Assets



Why do we need knowledge management now?

1. Work is information-based
2. Competitive advantage
3. Life long learning
4. Innovation
5. PLC is decreasing
6. Diversification

9.7.1 Knowledge Management: A Cross-disciplinary Domain

Knowledge Management draws from a wide range of disciplines and technologies.

Cognitive Science

Insights from how we learn and know will certainly improve tools and techniques for gathering and transferring knowledge.

Expert system, Artificial Intelligence (AI) and Knowledge Based Management (KBM) and Knowledge Base Management Systems (KBMS).

Artificial Intelligence (AI) and related technologies have acquired an undeserved reputation of having failed to meet their own and the market place's high expectations. In fact, these technologies continue to be applied widely, and the lessons practitioners have learned are directly applicable to knowledge management.

Computer – Supported Collaborative Work (Groupware)

In Europe, knowledge management is almost synonymous with groupware and therefore with Lotus Notes. Sharing and collaboration are clearly vital to organizational Knowledge management with or without supporting technology.

Library & Information Science

We take it for granted that card catalogs in libraries will help us find the right book when we need it. The body of research and practice in classification and knowledge organization that makes libraries work will be even more vital as we are inundated by information in business. Tools for Thesaurus construction and controlled vocabularies are already helping us manage knowledge.

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Technical Writing

Also under-appreciated, even sneered at us a professional activity, technical writing (often referred to by its practitioners as technical communication) forms a body of theory and practice that is directly relevant to effective representation and transfer of knowledge.

Document Management

Originally concerned primarily with managing the accessibility of images, document management has moved on to making content accessible and reusable at the component level. Early recognition of the need to associate "metainformation" with each document object prefigures document management technology's growing role in knowledge management activities.

Decision Support System

According to Daniel J. Power, "Researchers working on Decision Support Systems have brought together insights from the fields of cognitive sciences, management sciences, computer sciences, operations research, and systems engineering in order to produce both computerized artifacts for helping knowledge workers in their performance of cognitive tasks, and to integrate such artifacts within the decision-making processes of modern organizations."

Semantic Networks

Semantic networks are formed from ideas and typed relationships among them, sort of "hypertext" without the content, " but with far more systematic structure according to meaning. Often applied in such arcane tasks as textual analysis, semantic nets are now in use in mainstream professional applications, including medicine, to represent domain knowledge in an explicit way that can be shared.

Relational and Object Database

Although relational database are currently used primarily as tools for managing "structures "data and object-oriented database are considered more appropriate for "unstructured" content we have only begun to apply the models on which they are founded to representing and managing knowledge resources.

Simulation

Knowledge Management expert Karl-Erik Sveiby suggests "simulation" as a component technology of knowledge management, referring to "computer simulations, manual simulations as well as role plays and micro arenas for testing out skills".

Organizational Science

The science of managing organizational increasingly deals with the needed to manage knowledge often explicitly. It is not a surprise that the American Management Association's APQC has sponsored major knowledge management events.

Knowledge Management definition yet agree on by researchers and practitioners. It includes:

1. Knowledge generated from outside sources
2. Organization values, practices and ethics
3. Transferring and sharing knowledge

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Knowledge Management is a:

1. Systematic leveraging of information and expertise
2. In US Knowledge Management process use IT
3. In Europe – managing intellectual capital
4. In Japan development of knowledge workers.

Knowledge Management is understanding gained through experience of "Know-how" i.e. accumulation of facts, procedures and rules.

Knowledge Management: is a tool for problem solving cross-disciplinary domain strategic levers.

There are several levers that organizations commonly use to solve problems and to exploit knowledge. The main ones are knowledge in people, products and process.

Knowledge Management: Cross-disciplinary domain strategic levers. The main ones are:

1. Customer knowledge
2. People – employees
3. Smart product
4. Business process engineering
5. Organizational memory
6. Knowledge relations
7. Knowledge assets

Customer Knowledge

In virtually every survey, customer knowledge tops the list of an organization's most vital knowledge; customers can provide valuable insight into the use of product /services and can help supplier clarity about unmet needs. Many organizations do not integrate their various sources of customer knowledge. Faculty members do not systematically realize participant's unmet feedback that is of immediate relevance to the satisfaction of the participants. In contrast, Motorola University records all the classroom lecturers knowledge channels by talking to customer's customers, the ultimate end-users of their training programmes. It uses video ethnography to understand how their lecturers are used and can be redesigned to improve the effectiveness of knowledge work. As a result, it has created award winning office modules that although premium priced quickly recoups their investment through much higher knowledge worker productivity.

Knowledge in People

Knowledge in people's mind is often more valuable than encapsulated in database. The skills and experience of employees need to be continually tapped. "Learning Organizations" programmes are one way of nurturing and applying under utilized talent. At Institute of Public Enterprise, Hyderabad, faculty reaching retirement share their experiences with colleagues and deposit some of their knowledge before they leave, through involving junior faculty in organizing seminars, workshops and training programmes and contributions to knowledge bases. Other academic institutions in Hyderabad use learning network and knowledge share fairs, as a better way to diffuse personal knowledge throughout an organization.

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Knowledge in Products

"Intelligent" or "Smart" products can command premium prices and be more beneficial to users as is information that surrounds products. One example is the intelligent" oil drills that bend and weave their way to extract more oil than ever from the pockets of oil in underground formations.

Knowledge in Process

Business processes in many companies hinder customer service. They often represent an idealized way of doing business at a historic point in time. British Airlines, when it re-engineered its business processes for underwriting insurance risk, captured the knowledge of its best experts and embedded it as hints and help files in the computer workflow programme. In addition, contact details of experts allow users to access their latest thinking.

Organizational Memory

This level helps the process of identifying "knowledge what we know" because of computer database on intranets and common form of organizational memory, but many suffer lack of organization or ease of navigation.

Knowledge in Relationships

Frequently overlooked is the depth of personal knowledge relationships. Two people who have worked together for a long time instinctively know the another's approach and what needs to be expressed and what can be taken for granted. With the growing need for collaboration with customers, suppliers and many other business partners, companies need to capture some of this knowledge and provide forums where these relationships can be strengthened.

Knowledge Assets

The growing discrepancy between market and book value in many knowledge –intensive companies means that traditional financial accounting methods are failing to capture details of these assets. Many companies are instituting more formal systems to capture information about their intangible assets or intellectual capital. Commonly divided into human assets (skills, knowledge and experience), organizational capital (system, process, and databases), customer assets (number, quality and depth or relationship) and intellectual property (parents, copyright, trademark, etc.) Reliance Industries' intellectual asset management programme initially focused on patents. It created an inventory of them and analyzed how well they were exploited. In 1996, it exhibited its intellectual capital on the stock exchange and attracted huge investment during the capital market recession. Reliance Industries Limited (RIL) is at the forefront of reporting its intellectual capital measures publicly.

These are not the only ways that companies are solving problems through knowledge but give an idea of how effort can be focused to good effect. The leavers are not mutually exclusive, in practice; many knowledge programmes concentrate on just two or three.

9.7.2 Difficulties in Knowledge Management

Knowledge awareness benefits entire organizations, with today's emphasis on suitable competitive advantage, added value, and improved productivity, a firm's management needs to create, innovate, monitor, and protects its knowledge inventory. More specifically, a knowledge management environment means a focus on generating new knowledge, transferring

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existing knowledge; embedding knowledge in products, services and processes; developing an environment for facilitating knowledge growth; and accessing valuable knowledge from inside and outside the firm. When this happens, it is beyond survival. In fact, it is beyond intranets and databases—the technology that supports knowledge management.

Knowledge management creates competitive advantage, provided: HR professional should be able to attract and retain tacit knowledge. 20% of organizational knowledge personnel can operate 80% of organization day-to-day business to create learning organization.

Some sources claim that 20 percent of organization knowledgeable personnel can operate 80 percent of the organization's day-to-day business. The human resources manager can play an important role in identifying the knowledge core of the organization, recommending ways to preserve this critical core, and building a robust, long range plan to ensure top-quality operation. Without such preparation, corporate talent could potentially erode through a brain drain that spells disaster for any business. At the same time, professional's expertise, especially when that expertise directly contributes to the firm's productivity. Such matches explain the stability and growth of many successful "learning" companies.

Several ideas should be considered for how a company should perform in order to create and maintain sustainable competitive advantage. First, there should be more emphasis on tapping, sharing, and preserving tacit knowledge and the total knowledge base of the company and exists internally in the business as well as within the firm's external connections. Second, companies should focus on innovation and the processes that convert innovation to new products and services. Knowledge sharing and an emphasis on the total knowledge base promote innovation.

Finally, it is important to consider a renewed focus on organizational learning systems and systematic thinking throughout the organization. This is a realistic expectation, because knowledge is closely related to learning, which is the outcome of regular and continuous interactive learning. Systems thinking mean understanding how the various parts of the company work. This includes learning behavioural patterns in the system and the culture or system environment in which employees and administrators operate. In other words, systematic thinking is expected to support innovation and continuous improvement processes social competence, and interactions, as well as the total knowledge base.

What good is knowledge if it cannot be shared? If knowledge is power sharing, it will multiply power across the business. Unfortunately, sharing knowledge is an unnatural thing. One person's knowledge is an added value to that person's carrier path. Knowledge management is designed to solve the problem of unrecycled knowledge. Systems have been developed to gather, organize, refine and distribute knowledge throughout the business. Virtually, all such systems should have six key attributes; learning capacity, improving with use, knowing what you want, two-way communication between the system and you, recalling past actions to develop a profile, and unique configuration to your individual specifications in real time.

In the final analysis, communication and connection make knowledge sharing an ongoing activity. Technology can only do so much to create a formal system. Success with knowledge management exists when the culture is ready to communicate and connect. The end result is a "community" built around knowledge and based on vision.

9.7.3 Types of Knowledge Management

Knowledge management has been categorised into three:

1. Explicit
2. Implicit
3. Tacit Knowledge

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Distinguishing between Data, Information and Knowledge

All knowledge possessed by employees cannot be captured. Knowledge that has been tapped, recorded and documented is known as tacit knowledge and knowledge that can be captured as explicit.

1. ***Data:*** Symbols or facts out of context, and thus not directly nor immediately meaning.
2. ***Information:*** Data placed within some interpretive context, and thus acquiring meaning and value.
3. ***Knowledge:*** Meaningfully, structured accumulation of information, information that is relevant, actionable, and based at least partially on experience.

Distinguishing between Explicit and Tacit Knowledge

1. ***Explicit knowledge:*** Can be formally articulated or encoded; can be more easily transferred or shared; is abstract and removed from direct experience.
2. ***Tacit knowledge:*** Knowledge-in-practice; developed from direct experience and action; highly pragmatic and situation specific; sub-consciously understood and applied; difficult to articulate; usually shared through highly interactive conversation and shared experience.

Application of Tacit Knowledge in Innovation

1. ***Problem solving:*** Experts, as opposite to novices, can solve a problem more readily as they have in mind a pattern born of experience, which they can overlay on a particular problem and use to quickly detect a solution.
2. ***Problem finding:*** Linking a general sense of intellectual or existential unease to radical innovation: creative problem framing allows the rejection of the "obvious" answer to a problem in favour of asking a wholly different question. Intuitive discovery is often not simply an answer to the specific problem but an insight into its real nature.

Task 'HRD is nothing but looking at the development of manpower of an organisation in the light of its requirements.' Comment.

9.8 Mentoring and Reverse Mentoring

Mentor was historically what Chanakya was to Chandragupta Maurya, and mythologically, what Krishna was to Arjuna. Although this one-on-one training tool is used only sparingly in corporate India, among the companies that do deploy it is SmithKline Beecham Consumer Healthcare (SmithKline Beecham).

Mentoring has grown out of formal learning techniques like behaviour modelling. In the corporate context, it is the process whereby a senior manager acts as friend, philosopher, and guide to a new-to-the ranks entrant, easing him through the rites of passage from educational instructions to organisational life. From job-content to personal counseling, from drawing up a dress-code to teaching table-manners in the executive lunchroom, from explaining the obduracy of a boss to analysing the intransigence of a subordinate, there's no act of elucidation and hand-holding that a mentor does not perform for his protégé' (mentee). In short, while organisational training takes care of the knowledge-base and the skills-set of the young manager, mentoring complements

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it with personal instruction in the intricacies of operating in that corporation, conducted by someone who's been there, done that.

Mentoring plays a vital role in smoothening the creases arising from cultural diversity, which brings together a group of people with varying expectations, beliefs, and methods, by offering individuals a path through what appears to be a bewildering array of systems and processes.

Those, in fact, are the primary goals with which SmithKline Beecham has been deploying the tool since 1996, using specially-selected and trained senior managers to provide guidance and advice to help develop its trainees' careers. Mentoring creates an enabling system which helps the new hires to absorb the culture quickly, and forge ties with customers, both internal and external. It also creates synergies with core values of customers, integrity, performance, people and innovation, and the policy of growing its own timber. The process at SmithKline Beecham kicks off with the allotments, made on the same day on which trainees are indoctrinated in the company's philosophy, vision, and culture. Over the next five days, as the trainees are given a quick rundown on the different aspects of the company's operations, the results of a personality test that they have taken are studied by the mentors to understand their wards. Soon after, a role-clarity workshop attended by CEO explains the scenario for the mentors.

Although serving as a mentor is a matter of choice, managers know that being offered the role is an achievement on their career graphs. And while the quality of their mentoring isn't linked directly to performance evaluation, the feedback from the mentees are filed for reference. While each trainee has only one mentor, a mentor sometimes has two trainees. Over the next nine months, as new managers go through their formal training being rotated through different departments, regular interaction between mentor and mentee gets under way. That closeness is built through specific action too.

SmithKline Beecham's mentoring addresses the variety of educational backgrounds and social settings that fresh managers carry into the organisation. The company took no chances, using simulations of real-life situations, drawing on managers' personal experiences and detailed role-play to identify just what were likely to be the biggest concerns for new managers and, by extension, for the mentors. Mentors have to provide solutions and advice by drawing on their own experience, their understanding of the protégé's personality, their grasp over the company's culture and resources, and their willingness to innovate.

Equally vital is the role that mentoring plays in facilitating the process of mutual adjustment between a new manager and the organisation. Mentors clarify all issues, especially cultural and ethical ones, and instill greater confidence in mentees. They are then better equipped to take on organisational responsibilities. Thus, mentors act as a shortcut between the individual and the organisation, translating the latter's impersonal form into explanations that new managers can fathom. As proof of the success of its mentoring programme, SmithKline Beecham cites retention rates; the fact that, ever since SB began this process, it has not lost any of the management trainees.

Before you put mentoring on your list of HR tools, take a reality-check, though. Its downsides are definitive; mentoring only gives a leg-up to people with deficiencies. It is a fact that highly-motivated, top-performing people often find it a lag rather than a booster since it can retard their functional learning by constantly seeking personal interaction. Worst of all, mentoring-gone-bad can create add cost relationships that threaten both individual efficiency and organisational objectives.

Ironically, a second set of problems may arise from any communication and culture gaps between a mentee and a mentor from different generations. An important piece of feedback is that the seniority of the mentors, sometimes, acts as an inhibiting factor. SmithKline Beecham's solution was to add buddies: colleagues slightly senior to the mentees, but close enough to them in age and seniority to understand their problems, and help them communicate better with their

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mentors. Since 1997, a mentee's buddy—who, ideally, shares his social, educational and cultural background—has been acting as a bridge with the mentor wherever necessary.

Despite its drawbacks and deficiencies, mentoring helps fresh managers understand their organisation, and their roles in it, better. Many employees quickly learn that a mentor can nominate the employee for career development activities, such as a training programme. For transfers or promotions, the mentor becomes a sponsor. Often an employee sponsors the immediate supervisor.

There are a number of specific benefits that mentors can provide to those they assist, including the following:

1. Identify the skills, interests and aspirations the person has.
2. Provide instructions in specific skills and knowledge critical to successful job performance.
3. Help in understanding the unwritten rules of the organisation and how to avoid gaffes—saying or doing the wrong thing.
4. Answer questions and provide important insights.
5. Offer emotional support.
6. Serve as a role model.
7. Mentor was historically what Chanakya was to Chandragupta Maurya, and mythologically, what Krishna was to Arjuna. Although this one-on-one training tool is used only sparingly in corporate India, among the companies that do deploy it is SmithKline Beecham Consumer Healthcare (SmithKline Beecham).

9.8.1 Reverse Mentoring

The concept of a senior person learning new & latest concepts from a fairly young & junior person is termed as Reverse Mentoring. While traditional mentoring focuses on passing knowledge from professional to up-and-coming stars, Reverse Mentoring feeds expertise up the corporate world. Thus, under Reverse Mentoring, "a younger or less experienced Executive helps a more senior manager gain insight into areas, such as computers and changing IT technology, changing mindsets & expectations of the younger generation, new business concepts, thinking out of the box etc."

The reverse mentoring sessions are extra-ordinarily valuable. They have made us a better leader and more in touch with today's workplace".

Benefits

1. It Improves decision making as it brings a lot of associated inputs in terms of feeling of employees, new development around the industry, best practices etc. and create more tightly knit relationship with juniors. So it serves as an element of Decision Support System.
2. It helps senior executives learn new areas as computers, technology, culture and other highly focused technical areas.
3. It is a part of natural evolution of learning as business in the digital age requires more than a pulse and a briefcase.
4. It helps senior employees to learn new skills and competencies that boost their job performance and motivate them to work better.

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Principles of Reverse Mentoring

Setting up a successful Reverse Mentoring program requires a great deal of effort and planning. Without a solid foundation, it is likely to encounter more than a few bumps and participants are likely to receive plenty of mental bruises. As the relationship involved is a very delicate one.

Steps of Reverse Mentoring Program

1. Developing a structured program: Either, assign mentoring pairs or, let participants find mentors/mentees they feel they will be comfortable with. What's important is to develop a set of goals, objectives and ground rules.
2. Make the program a priority: Participants must understand the importance of a reverse mentoring program and block time which mentors & mentees would spend with each other so that seniors do not miss those sessions due to their busy schedule.
3. Mentors must have patience and temperament to work with senior executives as the seniors may be reluctant to open up with someone so junior.
4. Mentor must learn what's important and how to show patience and the mentee has to check his or her ego at the door, otherwise the whole reverse mentoring program may fall.
5. Reverse mentoring can require correction. By surveying participants it's possible to identify strengths and weaknesses and make the adjustment necessary to achieve success.

Essentials for Successful Reverse Mentoring

Both, the mentor and the mentee, must have certain qualities and attributes. Both the parties have their share of responsibilities which when fulfilled can make a reverse mentoring program successful. Following are the must have qualities for a mentor and his partner in a Reverse Mentoring Program:

Characteristics of Good Mentors

- Listen and Understand
- Challenge and Stimulate learning
- Teach by example
- Introduce to new technologies
- Patient
- Restricted advice

Characteristics of Good Mentees

- Listen
- Act on advice
- Show commitment
- Ask for feedback
- Open-minded
- Willing to change
- Act pro-actively By developing these qualities the success of the reverse mentoring program can be ensured.

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Limitations of Reverse Mentoring

"The idea of reverse mentoring is good, but should be used Judiciously"

1. Senior executives may not like taking advice from executives who are juniors to them.
2. It is not present formally, therefore, little Reverse Mentoring is found in organizations.
3. Reverse Mentoring programs may wither if they lack clear and adequate goals.

If not handled properly it can ruin the work atmosphere and discipline in the organization.

Case Study

Empowerment in Action

Talking about taking action reminds me of a specific example that exemplifies what happens when a team member has been empowered. I had been on a grueling speaking tour when, after an arduously long flight, I checked into the Meridien hotel, New Delhi at 2:00 a.m. Because it was late, I gave the car keys to a bellman so that I could get checked in and go to bed. The following morning I had an early engagement with a client. After breakfast I gave my claim check to an attendant. After waiting for about five minutes, Hari, the bellman, came back and told me that my car would not start. "It appears," he explained, "that someone left the lights on overnight." Given that I had an appointment with a very important client, I started getting a bit nervous. "Not to worry, Dr. Rakesh." (Those Meridien hotel folks have figured out how important our names are to us—I just wonder why most other service companies have not caught on) " I'll just drive you to your appointment in our van and get you there in plenty of time." On the way over, he told me that he would contact the car rental company and make sure that they correct the problem or provide me with another car. (Mind you, he came up with that, I didn't ask for it.) "Also, he continued, "what time would you like me to pick you up?" I assured him that I would be able to get a ride back, but that I would be extremely grateful if he could make sure that the car would be fixed, since I would have little chance to do it myself. At the end of a full and demanding day, I returned to the hotel. I could hardly believe it when I found out that Hari had indeed taken care of everything. And to think, all I had given him was the name of the car rental company ! Plus, he was incredibly cheerful and composed at all times. A front-line employee taking independent, autonomous action to do right by the customer regardless of effort, inconvenience, or cost. That's what I call empowerment in action !

Questions

1. What prompted the bellman to take care of every problem of Dr Rakesh?
2. What factors contributed to the extraordinary performance of the bellman?
3. What benefit did the hotel Meridien derive from Hari's action?

9.9 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.
- Human Resource Development aims at helping people to acquire competencies required to perform all their functions effectively and make the organisation do well.

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- HRD improves the capabilities of people; promotes team spirit among employees.
- HRD 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.
- There is an increasing realisation in business circles that HRD (not a Highly Redundant Department please) would help people acquire knowledge, skills, and higher capabilities.
- HRD is needed by organisations today to survive and flourish in a competitive world.

9.10 Keywords

Autonomous Work Groups: These are teams of workers, without a formal company-appointed leader, who decide among themselves on most decisions traditionally handled by supervisors.

Development: Represents activities that prepare an employee for future challenges and responsibilities.

HRD: A planned way of developing individual employees, groups and the total organisation to achieve organizational goals, in an atmosphere of mutual trust and cooperation.

Human Resources: The sum of knowledge, skills, attitudes, commitment, values and the like of the people of an organisation.

Human Resource Management: A process of bringing people and organisations together so that the goals of each are met.

Personnel Management: Deals with people at work and their relationships with each other.

Proactive Approach: Initiating action in anticipation of future challenges.

Productivity: The ratio of an organisation's output to its inputs.

Quality Circles: Quality circles are small groups of employees who meet regularly with their common leader to identify and solve work-related problems.

Quality of Work Life: QWL efforts are efforts by organisations give workers a greater opportunity to affect the way they do their jobs and the contributions they make to the organisation's overall effectiveness.

Socio-technical Systems: Socio-technical systems are interventions into the work situation that restructure the work, the work groups and the relationship between workers and the technologies they use to do their jobs.

Suggestions Systems: Suggestions systems are a formal method for generating, evaluating and implementing employee ideas. If even one of these three elements is missing, the suggestion plan fails. All three are crucial.

9.11 Review Questions

1. What is HRD needed in modern organisations?
2. Analyse the importance of HRD both at the micro and macro levels.
3. ''Man, of all the resources available to man, can grow and develop" (Drucker). Comment.
4. HRD is needed at national as well as organisational level. Examine.
5. Discuss HRD practices in Indian organisation with proper examples.

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6. What is the need for Human resource development in organizations operating in an environment as that of India?
7. New people management is a relatively new concept in HRM. Examine its significance & utility.
8. What is the macro level scope of HRD?
9. When would you use an HRD matrix?
10. What are the different types of knowledge management known to you?
11. Differentiate between socio-technical system and suggestion system.
12. What is reverse mentoring? Discuss its limitations.

Answers: Self Assessment

1.	True	2.	False
3.	True	4.	False
5.	True	6.	True
7.	False	8.	False
9.	False	10.	True
11.	(b)	12.	(d)
13.	(a)	14.	(e)
15.	False	16.	False
17.	False	18.	False
19.	True	20.	False
21.	sequence	22.	career-related
23.	lifelong	24.	replacement
25.	succession		

9.12 Further Readings

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Unit 10: Industrial Relations and Trade Unions

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Objectives

After studying this unit, you will be able to:

- Define the term Industrial relations
- Discuss the need of trade unions
- State the causes of disputes
- Explain the concept of dispute resolution

Introduction

The term, industrial relations, refers to industry and relations. "Industry" means "any organization in which an individual is engaged" and "relations" mean "the relations that exist in the industry between the employer and his workmen."

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The term, industrial relations, explains the relationship between employees and management, which stem directly or indirectly from union employer relationship"

– V. Agnihotri

According to the ILO, "Industrial relations deal with either the relationship between the state and employer" organizations or the relations between the occupational organizations themselves."

10.1 Industrial Relations

The problem of industrial or labour management did not arise when business organizations were small, but they developed only when elaborate organizational structure came into being during the late nineteenth century followed by the technology of mass production in the early twentieth century. Labour management became an important subject of the study only when large aggregations of people came to work together under one roof in an organization.

Evolution of industrial system has passed through the following stages:

1. ***Primitive Stage:*** Necessities of life were simple, few and mostly provided by hunting, fishing etc. Production was just sufficient for consumption and therefore, there were no savings, no accumulation of wealth and no exchange of products. Authority was exercised by elderly people – family (senior patriarch or matriarch) with generally having good experience, seniority status and mostly the eldest in the family.

2. ***Agrarian Economy Stage:*** There arose a class of propertied individuals and a class of propertyless workers. The employee-employer relationship was that of the master-servant/ slave type. The slave had to live under the absolute authority of his master till death. The government did not wield any power in determining employer-employee relationship. Political organizations that developed from alliance and conquests supported the authority of the owners.

3. ***Serfdom Stage:*** Serfdom developed under the feudal society (comprising princes, lords and land owing class). Their position was not better than that of slaves. Their duties and obligations were defined largely in terms of the quantities of produce they had to give to their masters.

4. ***Handicraft Stage:*** The handicraft stage developed because of the growth of towns and cities, increase in trade and commerce and decline in the power of the feudal lords. The craftsmen owned the factors of production, worked with their own tools and with the help of the member of their family and performed manual tasks. The cottage workers of the master craftsmen developed a new institution, the crafts guilds. These regulated the economic and employment conditions of the member, quality of materials set prices and determined wages. They also provided benefits, such as in case of death, disability, unemployment, to their members.

5. ***Cottage or Putting-out Stage:*** With the development of economic system, steam power, some individuals became employees in the new industrial units which were brought as a result of both technological changes and the expansion of markets and trade. Other master-craftsmen or travelling traders undertook to buy raw materials and supply these as well as finance to the craftsmen who worked in their homes and workshops.

6. ***Factory or Industrial Capitalism Stage:*** Instead of 'framing out', production to numerous small, cottage workers, the capitalist trader himself set up a factory and offered employment to those who were willing to work for him. With the invention of and manufacture of power driven machinery in late eighteenth and nineteenth century. In course of time, human labour was replaced by machines. This gave rise to the Industrial Revolution.

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Under this system-

(a) Women and child labour were employed.

(b) Living and working conditions were deplorable.

(c) Housing accommodations were inadequate.

(d) Relationship between workers and employers was impersonal.

(e) Workers were brought under one roof and strict discipline was maintained by the employers.

(f) Since the workers did not have means of production, they were economically dependent on the employers for means of livelihood.

(g) The supply and demand of labour determined the wages.

(h) The human element in the production disappeared because the employer had no personal tie with the workers.

(i) Maximization of profit was the sole factor which dominated the factory system.

(j) Inter-personal relations were eroded to a considerable extent.

Did u know? Harmonious industrial relations between labour and management are essential to achieve industrial peace and higher productivity. When the relationship between the parties is not cordial, discontentment develops and conflicts erupt abruptly. It is not always easy to put out the fires with the existing dispute-settlement-machinery, created by the government. Hence both labour and management must appreciate the importance of openness, trust and collaboration in their day-to-day dealings.

10.1.1 Theories of Industrial Relations

There are varied theories of industrial relations providing an integrated view of the activities in field. These theories can help in analyzing industrial relations to evolve a relevant framework for Indian context. In general, Jerome Joseph classifies theories of industrial relations in two categories: "political and apolitical."

Political vs Apolitical Theories

The political theories of industrial relations are concerned with:

1. Macro social questions such as the political-economic purpose of society.
2. Issues such as the class characteristics of the state, conflict between the classes, the exploitative element of economic and industrial structures and systems, private vs state ownership, the role and voice of the working classes and the need for change of political power.
3. The protection and promotion of the rights and interests of the working classes and their organisations using varied measures available to the working classes.

The 'apolitical' theories of industrial relations are concerned with:

1. Micro organizational questions at the strategic, functional and operational levels of the firm or the industry.
2. Procedural issues such as evolving laws and rules to regulate working class organisations and action at strategic, functional and operational levels of the firms or the industry.

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3. Substantive issues such as competitive advantage, market-orientation, productivity and technological dynamism take precedence over concerns related to collective organisation and action or larger political economic purposes.

Specifically, the theories of industrial relations include:

1. The Marxian theories of Lenin, Trotsky, Michels, Marx and Engles and Hyman
2. The Pluralist Approach represented by Flanders, Clegg and Fox
3. Webers Social Action Theory
4. Miller and Form's model
5. Dunlop's model

Dunlop's Model

Dunlop, a Harvard Professor explains industrial relations as a system involving workers and their organization, managers and their organization and governmental agencies concerned with the work environment, work place and work community. Every industrial relation system creates a complex set of rules such as agreement, statutes, orders, decrees, regulation, award, policies, practices and customs.

The actors in industrial relations system confront an environmental context. The environment involves three interrelated contexts including technology, the market or budgetary constraints and the power relations and statute of the actions.

Dunlop compares several rules from industrial relations system in coal mining in 8 countries including the US, Great Britain, France, Germany, Italy, Australia, New Zealand and Poland. He also compares the rules formed by building sectors in 9 countries.

He points out that some rules are directly concerned with technological and market contexts of the system, while others are related more uniquely to power status of the actors in the society in general. For example, there prevail several similar rules in building and coal mining throughout the world despite divergent economic and political system.

The commonality of rules is because of the common features of the technological and budgetary contexts. It should be recognized that in some cases, the common elements of rules can be attributed to the migration of workers, managers and engineering enterprises. For example, the distribution of concessionary coal in terms of the size of the family in countries such as France and Germany and equally among Americans and British households indicates national industrial relations in a rule primarily oriented towards a common technological and market contexts. Similarly, the status of the actors tends to influence the forms and the functions of the specific hierarchies.

It represents the Indian industrial system as a subsystem of industrial or industrializing society. Society is influenced by several external factors including international relations, global conflicts, dominant socio-political perspective aboard and operations of international organization, such as ILO. It attempts to develop a common national ideology. The economic, socio-political and technological factors influence the interrelationship of government, business and labour. Their interactions give rise to the formulation of rules of behaviour including labour laws, voluntary codes and collective bargaining.

Caution *"Bargaining zone"* is the area bounded by the limits within which the union and employees are willing to concede.

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Notes **Some Basic Facts about IR**

These relations, however, do not constitute a simple relationship but are a set functional inter-dependence involving historical, economic, social psychological, demographic, technological, occupational, political, legal and other variables- needing an inter – disciplinary approach for their study.

Industrial relations do not function in a vacuum but are multi-dimensional in nature, and are conditioned with four sets of determinants, namely;

1. ***Institutional factors:*** Under institutional factors are included such items as state policy, labour laws, voluntary codes, collective agreement, labour unions and employers' organizations, social institutions.
2. ***Economic factor:*** Under economic factors are included economic organization (socialist, capitalist, communist, individual, ownership, company ownership, and government ownership), inflationary situation, recession and expanding economy. In these situations, labour-management relationship varies substantially.
3. ***Technological factors:*** Technological factors include the techniques of productions, modernization, rationalization, capital structure, etc. There is a conflict between labour and capital intensive industries. Efforts have been made by the organizations to adopt technical changes, while some organizations are still carrying on with the less productive primitive technologies. In India, we have a mixed economy which not only stresses on co-existence of the public sectors and the private sector, but also specifies mutually supportive roles for both.
4. ***Socio-political factors:*** Socio-political factors include the relative status, pulls and nearness to the centers of power of labour and employer. These factors exert marked impact on labour-management relations.

In India, we come across the changing roles of three factors that is, management, government and trade unions. Tripartism has grown substantially in the country. The government continues to play an interventionist role.

Sometimes external factors such as international relations, global conflicts, dominants socio-political ideologies, and the operations of international bodies (such as the ILO) influence industrial relations in country.

10.1.2 Objectives of Industrial Relations

1. Improving the economic condition of works in existing state of industrial management and political government.
2. Control by the state over industries to regulate production and industrial relation.
3. Socialization or nationalization of industries by making the state itself an employer.
4. Vesting the proprietorship of industries in the workers.

Self Assessment

State whether the following statements are true or false:

1. Collective bargaining is a one-shot deal.

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2. Collective bargaining has not made much headway in India when compared to other industrialised nations.
3. Collective bargaining is a tripartite process.
4. The Trade Unions Act came into existence in India in 1906.
5. Friendly attitudes that unions and management hold toward each other can lead to severe conflicts and result in poor organisational performance.
6. A union is an informal association of workers formed to protect the interests of its members through collective action.
7. Generally speaking, the larger the union movement, the greater its power.
8. Labour always wants a major share of productivity gains.
9. A strike undertaken to show sympathy with workers in other industries is called a "sectional" strike.
10. Strong trade unions help prevent industrial disputes.
11. Lock-out means closing down the place of business but not the business itself.
12. There is no employer-employee relationship when payment is made on a piece rate basis.

10.1.3 Scope and Aspects of Industrial Relations

In its wider sense, industrial relations include the relationship between an employee and an employee in the course of the ruining of an industry and may project itself in to sphere which may transgress into the area of quality control. The association of various persons, workmen supervisory staff, management and employer creates an industrial relationship. In other words, industrial life creates a series of social relationship, which regulate the relation and working together of not only workmen and management, but also of the community and the industry.

1. ***Labour relations:*** relation between union and management also know as labour as management relation.
2. Employer employee relation i.e. relations between management and employees.
3. ***Group relation:*** relation between various groups of workmen.
4. Community or public relations i.e. relations between industry and society.

The last two are generally not considered for study under industrial relations but as part of the larger discipline – sociology.

The main aspects of industrial relations are:

1. Promotion and development of healthy labor management relation
2. Maintenance of industrial peace and avoidance of industrial strife and
3. Developments of Industrial democracy.

Development of Healthy Labour-management Relations

1. The existence of strong, well-organized, democratic and responsible trade unions and association of employers. These associations also tend to create vantage grounds for negotiations consultations and discussion on a mutual basis which ultimately lead to good labour-management relations;
2. Spirit to collective bargaining and willingness to take recourse to voluntary arbitration. Collective bargaining recognizes equality of status between apposing and conflicting

groups and prepares the ground, in an atmosphere of trust and goodwill, for discussions, consultation and negotiation on matter of common interest to both industry and labour;

3. Welfare work – whether statutory or non-statutory – provide by the state trade unions and employers to create maintain and improve labour management relations try to achieve peace in the industry.

10.2 Trade Unions

Trade unions are all organizations of employees, including those of salaried and professional workers as well as those of manual wage earners which are known to include among their functions that of negotiating with their employees with the object of regulating condition of employment".

—British Ministry of Labour

Trade union is a continuous and long duration workers organization which is meant for attainment of specific objective to protect the interest of its members and for the improvement of labour relations.

—Dale Yoder

A trade union is the workers—organizations which is established by there collective activities to the welfare of the members in social economic and potential interests and to keep them secured and for improvement in it"

—Edwin B. Flippo

10.2.1 Nature and Characteristics of Trade Union

1. The trade union is a continuing long-term association of workers. They are not temporary or casual association.
2. Trade union may be an association either of the employees or of independent workers.
3. The union is essentially "a cooperative labour marketing association". It is an association of workers who are engaged in securing economic benefit (sometimes social, political and cultural benefits interest for their members).

10.2.2 Objectives, Function and Role of Trade Unions

1. To improve working and living conditions.
2. To offer responsive cooperation in improving levels of production and productivity, discipline and high standard of quality.
3. To secure for workers fair wages.
4. To enlarge opportunities for promotion and training.
5. To promote identity of interests of the workers with their industry.
6. To cooperate in and facilitate technological advance by broadening the understanding of workers on its underlying issues.
7. To promote individual and collective welfare.
8. To provide for educational cultural and recreational facilities.
9. To safeguard security of tenure and improve condition of service.
10. Installing in their members a sense of responsibility towards industry and community.

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11. The unions are also expected to fulfill certain social responsibility like promotion of national integration.
12. Generally influencing the socio-economic polices of community through active participation in their formulation at various levels.

10.2.3 Advantages and Importance of Trade Unions

Trade unions are very important to labour, the industrialist society and country. Every group is benefited by the presence of those groups. Benefits to different groups are as follows:

Advantages to Labour: Labour acquires mainly following benefits from trade unions:

1. Reducing the tendency of labour exploitation.
2. It leads to unity in labour force.
3. Open the door of overall development of labour.
4. Labour get the opportunity to participate in management.
5. Increase in efficiency due to improvement in working conditions.
6. Labour gets economic and entertainment facilities.

Advantages to Employer and Industrialists: Industrialists derive following advantages from trade unions:

1. Union can help in avoiding conflict by collective talks and collective bargaining.
2. Union helps to pacify conflict at the time of industrial conflict.
3. Union promotes the feeling of unity cooperation and fraternity which lead to the co-operation at the time of their work.
4. Unions provide education training and entertainment facilities to labour which gives the industry a trained conscious and effective work force.

Advantages to Society and Country: Labour unions are the representatives of labour who put the problem of ideas, feeling and welfare of labour before the country. In this way, society and the country understand the manpower of the country, which makes possible for the government to make labour polices labour laws which are in coherence with the conservation and prosperity of manpower in the country. In short, we can say that unions promote productivity, labour co-operation etc. to make a practical ground for the idea of a permanent and conscious labour force for the overall development of the country.

10.2.4 Weaknesses of Trade Unions

1. Many trade unions are small and have a small number of members. They are therefore, not in a position to engage the services of exports to advise and guide them and help them to face the challenge of employers.
2. Political leaders have acquired control over trade union activities. As a result, trade unions are not as strong as they should be.
3. Trade unions now have become the centre of political activity rather than workers welfare.
4. Small unions have weak financial position bargaining position and they are not able to make their influence felt.
5. The government encouragement of weak and dependent trade unions.

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6. Trade unions which have grown very slowly have not developed as voluntary organizations because of:
   (a) Moral idealism about goals and optimism about achieving them.
   (b) The government encouragement of weak and dependent trade unions.
   (c) The unrealistic labour polices of the government.
7. The political involvement of trade union leaders and union rivalries have weakened the trade union movement.
8. Trade union activity is generally concentrated in metropolitan centres where large scale industry is located.

Task Examine the human relations approach to Industrial relations with respect to service industry.

10.2.5 Causes of Slow Progress of Trade Unions in India

The National Commission on Labour has recommended the following points to improve the functioning of trade unions i.e., strengthening the bargaining power of the unions. The following reasons were identified for the slow progress of trade unions in India:

1. ***Rivalries:*** As far as possible, the central organization should settle intra-union rivalries to eliminate the problems arising from multiple unions the commission has recommended one union one industry.
2. ***Political Influences:*** To eliminate politics and outsider, the commission felt that internal leadership must be built within the union leadership should be promoted from within the rank and file and given a more responsible role initiative should come from workers themselves through the launching of a program for workers education.
3. ***Registration:*** The commission recommended that registration should be cancelled if membership falls below the minimum limit or the unions fail to submit the return in a proper way.
4. ***Financial crunch:*** To improve the financial condition of the union, the commission recommended that the membership fees should be raised to ₹ 1 per month.

10.2.6 Weaknesses of the Trade Union Movement in India

In India, the first union was established in Bombay (called the Bombay Mills Hands associations) in 1890. Trade unions were born of the necessity of the workers to protect and defend themselves from encroachment injustice and wrong. At present, there are more than 43,000 registered workers union and 10 central labour organizations in India. The functions and roles of trade unions have been changing steadily especially after independence. Total membership in central unions is more than 60 lakh today. The functions of trade union involve not only protecting and improving wages and conditions of labour but they concern themselves with all matters by which the workers are likely to be affected. In spite of its social and legal importance trade unionism has suffered for a considerable period and is still suffering to a certain extent from a number of problems, which include:

1. Many unions have concentrated in metropolitan centres where large scale industries are located.

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2. Loose and amorphous nature of trade union organizations, casteism, regionalism and linguism, which have dangerously divided the workers into various heterogeneous groups, resulting in intra-union rivalries and hostile attitude towards employers.
3. Under the influence of historical and institutional factors and developments in the socio-economic and political field trade, unions have become highly political in nature. It has significantly weakened the trade union movement itself.
4. Small membership and unsuccessful strikes have rendered trade unions unproductive and redundant.
5. The attitude of employer is not positive towards trade union. For several decades employer have been intimidating and victimizing labour leaders, promoting rival unions, bribing union officials and have exploited them in taking advantage of communal factors.

10.3 Industrial Conflict/Dispute

Industrial conflict is a rather general concept. When it acquires specific dimensions, it becomes an industrial dispute. The various terms, such as "industrial dispute" "labour dispute" or "trade dispute" are used in different countries to identify the difference between employers and workers.

According to the industrial dispute Act, 1947, Section 2(k): "industrial dispute means any dispute or difference between workmen which is connected with the employment or non-employment or term of employment or with the conditions of labour of any person."

For a dispute to become an industrial dispute, it should satisfy the following essentials:

1. There must be a dispute or a difference
   (a) between employers
   (b) between employer and workmen
   (c) between workmen and workmen
2. It is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any or it must pertain to any industrial matter.
3. A workman does not draw wages exceeding ₹ 1,600 per month.
4. The relationship between the employer and the workmen must be in existence and should be the result of a contract and the workmen actually employed.
5. There should be an industry, employer and workmen. There must be a "collective will" of substantial or appreciable number of workmen taking up the cause of the aggrieved workmen. It must be first raised with the management rejected by it, i.e., the employer must be in position to redress the grievance.

However, every firm would want to avoid any types of conflicts as long as possible. For a smooth and harmonious functioning of a business, it is necessary that it does not counter any dispute. But there is no place where there is no misunderstandings or mismatching of different people's opinion. When there is plurality of people present then arises the problem of conflicts. Therefore it is important that managers and other concerned authorities concentrate on reducing the possibilities of arising disputes for this. There are a number of ways by which disputes can be prevented. But many a times, despite taking all possible preventive measures, disputes arise and then it is required that proper settlement measures are present through which the disputes can be handled. Below is brief study about the preventive and settlement measures usually taken by different firms in handling disputes.

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10.4 Dispute Resolution

10.4.1 Preventive Machinery

Following are the measures used in preventing disputes in any industry:

Tripartite and Bipartite Bodies

The need for consultation on labour matters on the patterns set by the I.L.O. was recommended by the Whitley Commission in 1931. It envisaged a statutory organization which should be sufficiently large to ensure adequate representation of the various interests involved; but it should not be too large to prevent the members from making individual contributions to the discussions. The representative of employers, of labour and of government should meet regularly in conference. The commission also recommended that labour members should elected by registered trade unions and employers' representatives should be elected by their associations. But the recommendation was not implemented and nothing could happen until the outbreak of Second World War, which necessitated the need of industrial peace.

In the Fourth Labour Conference held in August 1942, set up permanent tripartite collaboration machinery and constituted a preliminary labour conference (later named as the Indian labour conference-ILC) and the standing Labour Advisory Committee (later the word 'Advisory' was dropped). The pattern of representation was governed by the obtaining in the ILC. It ensured:

1. Equality of representation between the government and the non-government representatives;
2. Parity between employers and workers;
3. Nomination of representatives of organized employers and labourers was left to the concerned organizations; and
4. Representation of certain interests, where necessary, on an ad hoc basis through nomination by the government. The delegates are free to bring one official and one non-official advisor with them.

Indian Labour Conference (ILC)

The function of the ILC is to "advise the Government of India on any matter referred to it for advice, taking into account suggestion made by the provincial government, the states and representatives of the organization of workers and employers." The representatives of the workers and employers were nominated to these bodies by the Central Government in consultation with the all India organizations of workers and employers.

The rules and procedures, which characterize the Indian tripartite consultative machinery, are largely in tune with the recommendations of ILO Committee on consultation and cooperation. In this connection, the following guidelines have been suggested:

1. Use of flexible procedures;
2. Calling a meeting only when necessary with adequate notice of the meeting and the agenda;
3. Reference of certain items to working parties, if necessary;
4. Dispensing with voting procedure in arriving at conclusions to facilitate consultation;
5. Maintaining records of discussion in detail and circulating the conclusion reached to all participants;

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6. Documentation of reference; and
7. Provision of an effective secretariat and a small representative steering grant in case of more formal consultative machinery.

Standing Labour Committee

SLC's main function is to "consider and examine such questions as may be referred to it by the Plenary Conference or the Central Government, and to render advice taking into account the suggestions made by various governments, workers and employers."

The agenda for ILC/SLC meetings was settled by the Labour Ministry after taking into consideration the suggestions sent by it to the member organizations. These two bodies worked with minimum procedural rules to facilitate free and fuller discussions among the members. The ILC meets once a year whereas the SLC meets as and when necessary.

Committee on Conventions

This is a three-man tripartite committee set up in 1954. The objects were:

1. To examine the ILO conventions and recommendations which have not so far been ratified by India; and
2. To make suggestions with regard to a phased and speedy implementation of ILO standards.

Industrial Committees

These committees provide a forum for the discussion of proposals for legislations and other matters connected with labour policy and administration before they are finally brought up before the legislature, so that the passage of the legislation may be facilitated.

Works Committees

These committees have been regarded as the most effective social institution of industrial democracy and as a statutory body, established within the industrial units with representatives of the management and workmen, for preventing and settling industrial disputes at the unit level. The works committee can be formed by any enterprise, employing 100 or more workers.

Joint Management Council

These communities give labour a greater sense of participation and infuse a spirit of co-operation between the two parties without encroaching upon other people's sphere of influence, rights prerogatives. These communities also aim at making the will of the employees effective in the management, insure the operation of the private-owned concern in conformity with national interests and provide for a popular agency for supervising the management of nationalized under takings.

10.4.2 Settlement Machinery for Resolving Disputes

Various types of settlement machinery involved are as follows:

Conciliation

Conciliation may be described as the practice by which the services of a neutral third party are used in dispute as a mean of the helping the dispute parties to reduce the extent of their difference

and to arrive at an amicable settlement or agreed solution. It is a process of rational and orderly discussion of difference between the parties to dispute under the guidance of conciliator.

It is a process by which representatives of workers and employers are brought together before a third person or group of person with a view to persuading them to arrive at an agreement by mutual discussion between them.

Types of Conciliation

Conciliations are of two types which are as follows:

1. ***Voluntary Conciliation:*** In voluntary conciliation, the disputes are referred to the conciliation officer or the board of conciliation by both parties of their own free will; they to have their dispute settled by an outsider; but they are free to accept or not to accept the decision.
2. ***Compulsory Conciliation:*** In compulsory conciliation, the disputes are referred to the board of conciliation under it, the procedure is made compulsory by provision requiring the parties' attendance at conciliation proceeding or empowering the conciliation authority to compel their attendance at such proceeding, as well as by prohibition of strike and lockout without prior resort to conciliation.

Arbitration

Arbitration is a means of securing an award on a conflict issue by reference to a third party. It is a process in which a dispute is submitted to an impartial outsider who makes a decision which is usually binding on both the parties. It is a process where there is a hearing and a determination of a cause between parties in controversy by a person or persons chosen by them, or appointed under a statutory provision. The parties submit their disputes/issues and are bound by the award of an arbitrator in relation to the matter which is in dispute between them.

Types of Arbitration

Arbitration may be **'voluntary' or 'compulsory'.**

Voluntary arbitration implies that the two contending parties, unable to compose their differences by themselves or with the help of the mediator or conciliator, agree to submit the conflict/dispute to an impartial authority, whose decision they are ready to accept. In other words, under voluntary arbitration, the parties to the dispute can and do they refer voluntarily any dispute to arbitration before it is referred for adjudication. This type of reference is known as a 'voluntary reference', for the parties themselves volunteer to come to a settlement through an arbitration machinery.

The essential elements in voluntary arbitration are:

1. The voluntary submission of dispute to an arbitrator;
2. The subsequent attendance of witnesses and investigation;
3. The enforcement of an award may not be necessary and binding because there is no compulsion. But, generally, the acceptance of arbitration implies the acceptance of its award-be favorable or unfavorable; and
4. Voluntary arbitration may be specially needed for disputes arising under the agreements.

Compulsory arbitration, on the other hand, is one where the parties are required to accept arbitration without any willingness on their part. When one of the parties to an industrial dispute feels aggrieved by an act of the other, it may apply to the appropriate government to refer the

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dispute to adjudication machinery. Such reference of a dispute is known as 'compulsory' or 'involuntary' reference; because references in such circumstances do not depend on the sweet will of both the contending parties or any party to the dispute.

Compulsory arbitration leaves no scope for strikes and lockouts; it deprives both the parties of their very important and fundamental rights.

Advantages of Arbitration

Following are the arguments for arbitration:

1. Since it is established by the parties themselves, arbitration has the particular advantages of bringing the dispute settlement procedure down to the level of the parties to the dispute. Workers and management tend to have greater faith and confidence in settlement machinery which is in effect of their own.
2. Since arbitration is established by agreement, it is more flexible than other procedures and can be adjusted to the views, desires and experience of the parties and to the circumstances obtaining in the undertaking or industry.

Evils of Arbitration

Following are the arguments against arbitration:

1. It deprives of its right to go on a strike, for there is often a provision in the agreement that the trade unions and workers will refrain from a strike during the continuance of the agreements.
2. Judgment is often arbitrary and ill-advised as the arbitrators are not well-versed in the economic and technical aspects of industry.

Adjudication

The ultimate legal remedy for the settlement of an unresolved industrial dispute is its reference to adjudication by the government. *Adjudication* involves intervention in the dispute by a third party appointed by the government for the purpose of deciding the nature of final settlement.

On getting a report of the failure of conciliation, the government has to decide whether it would be appropriate to refer the dispute to adjudication. The rationale behind this is that developing countries can ill-afford to suffer loss of production flowing from long-drawn strikes and lockouts. Further, the trade-union movement is yet not strong and mature enough to adopt and rely only on collective bargaining or the protection of the interest of the workers. Therefore, the need of intervention by the government is felt.

Types of Adjudication

When the government gets a report of the failure of conciliation proceedings, it has to decide whether it would be appropriate to refer the dispute to arbitration. The reference of dispute to adjudication is at the discretion of the government.

When both parties, at their own accord, agree to refer the dispute to adjudication, it is obligatory on the part of the government to make a reference. When a reference to adjudication is made by the parties, it is called *Voluntary Adjudication.*

On the other hand, when reference is made to adjudication by the government without the consent of either or both the parties to the dispute, it is known as *Compulsory Adjudication.*

Self Assessment

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Fill in the blanks:

13. …… may be described as the practice by which the services of a neutral third party are used in dispute as a mean of the helping the dispute parties to reduce the extent of their difference and to arrive at an amicable settlement or agreed solution.

14. …… is a means of securing an award on a conflict issue by reference to a third party. It is a process in which a dispute is submitted to an impartial outsider who makes a decision which is usually binding on both the parties.

15. …… involves intervention in the dispute by a third party appointed by the government for the purpose of deciding the nature of final settlement.

Case Study

Delayed Flight

The operative manpower per shift at a certain Aviation Station Fuel (ASF) location is one supervisor, one special crewman, one crewman and one refuelling operator. Normally the special crewman attends to the repairs and maintenance of the hydrant and also drives Refueler (Tanker). The Refuelling Operator also drives the Refueler as required. The duties of the crewman are basically as helpers to do such work as to lift the hose pipes, hook them up into the aircraft, rewind them to the Tanker and such incidental work. Crewman is the lowest job, progressively promotable to special crewman after acquisition of necessary skills, and then to refuelling operator.

Depending on the traffic at the airport, the shift timings at this particular ASF location have been fixed from 8.00 a.m. to 4.00 p.m. (A shift) and 2.00 p.m. to 10.00 p.m. (B shift).

On a given day at this particular ASF location, Mr. Kapoor was the Supervisor in the A shift and Mr. Sukumar was the Supervisor in the B shift. Special crewman Singh, refuelling operator Dhir and crewman Bajaj were scheduled for the B shift. While Singh and Dhir came to work crewman Bajaj did not turn up at the start of the second shift.

Refuelling operator Dhir informed Supervisor Sukumar at 2.00 p.m. that Bajaj had sent a message that he would be coming late by an hour or so as he had to attend to some urgent personal work. Dhir has also advised Patel, the crewman of the A shift, to go home after completion of his normal shift as Bajaj would be coming to work.

When Bajaj did not turn up even at 4.00 p.m. the shift supervisor Sukumar requested the outgoing crewman of the A shift Patel to continue in the B shift on O.T. Mr. Sukumar also reported the matter to Mr. Kapoor the other Supervisor who had decided to stay back in the B shift also in view of the air traffic in the evening hours.

Mr. Bajaj reported for duty at 4.45 p.m. almost 3 hours late. Therefore Mr. Sukumar did not allow him to resume duty and asked him to go home. At about 5.15 p.m. the Indian Airlines Boeing: was kept ready for refuelling. Having noticed that Patel has gone home without continuing in B-shift, Supervisor Sukumar requested Singh the special crewman to drive the Tanker. But Mr.Singh excused himself on the pretext that he was busy with the repairing of the hydrant though no work was assigned to him for that purpose at that time. Mr. Sukumar then requested Dhir the Refuelling Operation to drive the vehicle. But Dhir insisted that he would drive the Tanker only with the help of a crewman. Sukumar volunteered to help act as a crewman so that the aircraft could be refuelled without further delay but Dhir refused.

Contd…

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Since the aircraft was already delayed by over 2 hours till then, Supervisor Kapoor rushed to another Oil Company office nearby to refuel the stranded aircraft. By the time the aircraft left, it was already 8.00 p.m. and at 8.30 p.m. another aircraft was positioned for refuelling. Because of this nightmarish experience, both the supervisors, Kapoor and Sukumar, had decided to refuel the aircraft all by themselves—which they did.

Questions

1. Has Sukumar (B shift Supervisor) taken correct step in not allowing Bajaj to report for duty?
2. Was Singh justified in refusing the request of Sukumar to drive the tanker?
3. Was Sukumar's instruction to Dhir to drive the vehicle, a reasonable order?
4. Who is at fault in this episode?
5. How could such a situation have been avoided?
6. What was the role of Kapoor in this incident?
7. What are the lessons to be drawn from such IR situations?
8. Has Patel committed misconduct?
9. Who should be punished and why ? Do you think punishment is the best action?
10. Is there any defect in the working of the system?

10.5 Summary

- Industrial relations or labour relations are the outcome of the employment relationship in an industrial unit. It underscores the importance of compromise and accommodation in place of conflict and controversy in resolving disputes between labour and management.
- The basic objective of industrial relations is to maintain sound relations between employers and employees.
- Collective bargaining is the process by which representatives of management and workers negotiate over wages, hours and other terms and conditions of employment.
- The objective of collective bargaining is to agree upon an acceptable contract, voluntarily through negotiations. Traditionally, collective bargaining between labour and management has been adversarial. Presently, negotiations are carried out in non-adversarial way, in an atmosphere of mutual trust and faith.
- There are five different approaches to study industrial relations, namely, the psychological approach, the sociological approach, the human relations approach, Giri's approach and the Gandhian approach.
- A trade union is a formal association of workers, acting collectively, who seek to protect and promote their mutual interests through collective action.
- The main objective of any trade union is to protect and promote the interests of its members. Unions perform certain social, political and fraternal functions as well.
- Industrial conflicts constitute militant and organised protests against existing terms and conditions of employment. They occur in several forms such as strikes, lock-outs, gheraos, picketing, boycott etc.
- Industrial disputes arise due to several causes relating to recognition, retrenchment, employment conditions, indiscipline, wages and allowances, bonus, ill-treatment etc.

Notes

10.6 Keywords

Closure: In case of closure the employer not only shuts down the place of business but also suspends all the transactions of his business.

Collective Bargaining: A procedure by which the terms and conditions of employment of workers are governed by agreements between their bargaining agents and employers.

Employers' Association: It is a formal group of employers set up to defend, represent and advise affiliated employers.

Industrial Conflict: Organised protest against prevailing industrial conditions raised by a group or a class of workers.

Industrial Dispute: Any dispute or difference between employers and employers, or between employers and workmen or between workmen and workmen which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person.

Industrial Relations: It generally refers to the collective relations between employers and employees as a group.

Lock-out: Closing down of an undertaking or the suspension of work or the refusal of an employer to continue to employ any number of persons employed by him.

Negotiation: An interpersonal process used by two or more parties whereby both or all modify their demands to reach an agreement.

Strike: A collective stoppage of work by a group of workers.

Trade Union: A voluntary organisation of workers formed to promote and protect their interests by collective action (V.V. Giri).

10.7 Review Questions

1. What measures would you suggest to improve labour relations in a firm?
2. Do you think the right of the workers to strike is a fundamental right – as guaranteed in the Constitution of India? Why and Why not?
3. Examine the current state of labour-management relations in India. What measures would you suggest to make these more cooperative?
4. In the face of technological, competitive, political and social changes, do you visualise a constructive role for trade unions in the years ahead?
5. Is union influence on the decline? If yes, illustrate your arguments with examples from the corporate world.
6. Once bargaining begins, an employer is obliged to negotiate in good faith with the union's representatives over conditions of employment. Do you think this is being observed in actual practice in India? Why and why not?
7. Why is collective bargaining considered as the best way of determining employer-employee relations?
8. What is your opinion about the lock outs in manufacturing firms? Are they the right manner to show one's angst and get the demand/s fulfilled?
9. What are the various types of Strikes? Which one do you discount and why?
10. As an HR manger, do you approve of the political functions of Trade Unions? Why/ why not?

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Answers: Self Assessment

1.	False	2.	True
3.	False	4.	False
5.	False	6.	False
7.	True	8.	False
9.	False	10.	True
11.	True	12.	False
13.	Conciliation	14.	Arbitration
15.	Adjudication		

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Unit 11: Employee Grievance and Discipline

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Objectives

After studying this unit, you will be able to:

- Define the term grievance management
- Discuss the discipline & disciplinary action
- State the relevance of employee empowerment

Introduction

A grievance is a sign of employee's discontent with job and its nature. It is caused by the difference between employee expectation and management practice.

Beach defines, "any dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the management."

Jucius defines, "any discontent or dissatisfaction, whether exposed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable."

11.1 Characteristics of Grievances

1. ***Factual:*** When the employee joins the organisation, he expects the organisation to fulfill his needs, aspiration, expectation. When these are not fulfilled the employee is dissatisfied with the job. Such dissatisfaction is called factual grievance. These grievances reflect the drawback in the implementation of the organisation policies.

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2. ***Imaginary:*** When the job contract is not clear-cut and does not indicate the norms defining the limit within which the employee expects the organisation to fulfil his needs or aspirations, the employee develops such needs which the organisation is not obliged to meet. Here the grievance is not only based on facts, wrong perception of the employee, but also on wrong information.

3. ***Disguised:*** Psychological needs of the employees such as need for recognition, affection, power, achievement etc. are normally unattended and ignored. For instance, the employee complaining about the working conditions in the office may in turn be seeking some recognition and appreciation from his or her colleagues. Hence, it should also be considered since they do have far-reaching consequences in case they are unattended and ignored.

11.2 Nature and Causes of Grievances

If a problem is related to and endorsed by all or majority of employees or if the trade union submits a problem as a general claim, it falls outside the scope of grievance procedure and falls under the purview of collective bargaining. Thus, an issue is wider in scope or general in nature, it will be outside the grievance machinery. For example, if majority of employees or the trade union in an organisation demand wage revision, such issues fall outside the scope of grievance procedure and falls under the purview of collective bargaining. In contrast, if workers of different departments submit to the management that their wage is not in accordance with the award given by Wage Board and if they ask the management to correct the wage inequity, they fall in the scope of grievance machinery.

The National Commission on Labour states that "complaints affecting one or more individual workers in respect of their wage payments, overtime, leave, transfer, promotion, seniority, work assignment and discharge would constitute grievance. Other causes may be interpretation of areas like placement, transfer, promotion, working conditions, payments of wages, allowances, overtime pay, medical benefits, housing facilities, increments, granting loans, condition of work, leave, seniority, safety measures, fines, conditions of work, suspension, break in service.

11.3 Pre-requisites of Grievance Procedure

1. ***Conformity with prevailing legislation:*** While designing the grievance procedure, due consideration must be given to the existing statutory provision.

2. ***Clarity:*** An aggrieved employee must be informed about the person to whom a presentation can be made. Similarly, the redressing authority should be very clear about what is expected of him, what measures be taken, the limit within which he should resort to an action.

3. ***Simplicity:*** The procedure must be simple and every employee must understand different stages of the procedure, the forms to be filled, witness required etc.

4. ***Promptness:*** Since justice delayed is justice denied, the procedure should aim at rapid disposal of the grievance.

5. ***Follow up:*** The department should periodically review the procedure and introduce the essential structural changes making it more effective.

Notes **The Open Door Policy**

The development of sensitive feelers within the organisation for tapping is the source of dissatisfaction. The upward channels of communication should be free from blocks of hindrance. In many organizations, an endeavour is made for suppressing the grievance

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and the individual is prevented from 'speaking out'. To overcome the barriers of upward communication, some experts have suggested the 'Open door policy' which requires effort and willingness from the individual's superior. There should be a general invitation to all employees, to walk-in at any time and speak over their grievances. This policy is workable only in small organisations. In large organisations, the top management has neither time to look after the innumerable grievances nor familiarity with their work situation.

11.4 Grievance Management

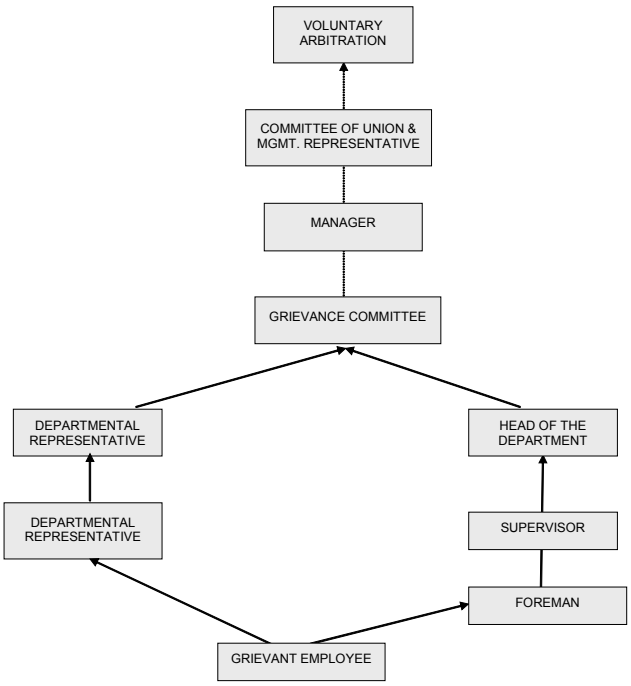
At present, there are three legislations dealing with grievance of employees working in the organization:

1. The Industrial Employment (Standing Orders) Acts, 1946, requires that every organisation employing 100 or more workers should frame standing orders. They contain a provision for redressal of grievance of workers against unfair treatment by employer or his agents.
2. The Factories Act, 1948 provides for the appointment of a welfare Officer in every factory employing 500 or more workers. The Welfare Officers look after complaints and grievance of workers. They also look after proper implementation of labour legislation.
3. The Industrial Disputes Act, 1947 amended in 1965 looks after issues related to discharge, dismissal or retrenchment.

11.5 Model Grievance Procedure

In India, there is a Model Grievance Procedure, which was adopted by Indian Labour Conference in its 16th session held in 1958. At present, Indian industries are adopting the Model Grievance Procedure or procedure formulated by themselves with modifications. In other words, Model Grievance Procedure is voluntary in the Indian Industries.

Figure 11.1: Model Grievance Procedure



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11.6 Discipline

Meaning and Definitions

Discipline refers to a condition or attitude prevailing among the employees with respect to rules and regulation of an organization, orderliness the opposite of confusion.

Discipline is defined as – A force that prompts individual or groups to observe the rules, regulation and procedures which are deemed to be necessary for the effective functioning of an organization.

Did u know? **The Red Hot Stove Rule**

McGregor coined the term "red-hot stove rules", which draws an analogy between touching a hot stove and undergoing discipline.

The disciplinary procedure should start immediately after a commission is noticed. It should give a clear cut warning regarding the extent or punishments for an offence. The same punishments should be consistently given for the same type of offence irrespective of status different punishments should be imposed i.e., it should be impersonal.

Task "You can't discipline employees today the way you could a generation ago". Do you agree or disagree? Discuss.

11.7 Disciplinary Action/Procedure

1. ***Issuing a letter of charge to the employee calling upon him for explanation:*** When the management of the establishments comes to the conclusion that an act of misconduct committee by an employee warrants disciplinary action, the concerned employee issues a charge sheet. The charge sheet should indicate the charges of indiscipline or misconduct clearly and precisely.
2. ***Consideration of the explanation:*** When the delinquent employee admits in an unqualified manner about his misconduct, there is no need for conducting any enquiry further.
3. ***Show cause notice:*** In the show cause notice, the employer provides another chance to the employee to explain his conduct and rebut the charges made against him.
4. ***Holding of full-fledged enquiry***: The enquiry should be in conformity with the principle of natural justice that is, the delinquent employee must be given a reasonable opportunity of begin heard. He may also suggest the nature of disciplinary action to be taken.
5. ***Considering the enquiry proceedings and findings and making final order punishment:*** When the misconduct of an employee is proved, the manager may take disciplinary action against him. In case the employee feels the enquiry is not proper and action unjustified, he must be given a chance to make an appeal.
6. ***Follow Up:*** After taking disciplinary action, there should be proper follow up. The disciplinary action should not make the employee report his mistake.

11.8 Types of Punishments

1. ***Oral Warning:*** Whenever an employee commits intromissions, he may be given an oral reprimand by the superior concerned.

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2. ***Written Warning:*** Written warnings are also referred to as "pink slips' which indicate that certain right would be withdrawn in case the employee continues his commotion or misconduct.
3. ***Loss of Privileges and Fines:*** If the contract of employments provides for imposition for fine by the employer on the delinquent employee, the employer may resort to them.
4. ***Punitive Suspension:*** Under punitive suspension, the employer prohibits the employee from performing the task assigned to him and the wages are withdrawn during the period of such prohibition.
5. ***Withholding of Increments:*** Under this method, the employer withhold the annual increments of the delinquent employee in a graded scale.
6. ***Demotion:*** Under this type of punishment, an employee is reduced to a lower grade from the grade enjoyed by his earlier. Normally, this method is resorted to when an employee is promoted by mistake and he is not able to perform the job.
7. ***Termination/Discharge and Dismissal:*** When the conduct of an employee is deemed to be incompatible with the faithful discharge of his duties and undesirable or against the interests of the employer to continue him in employment, dismissal will be justified. This is an extreme kind of punishment. But in case of discharge, an employer terminates the employment of delinquent employee either by giving agreed advance notice or by paying money in lieu of such notice. In other words, in discharge, the reciprocal promises and obligations are stated to be discharged.

Caution Termination of the service of an employee may not be on account of his misconduct, but may be for certain other reasons that do not cast a slur on him. This is referred to as discharge simpliciter.

Self Assessment

State whether the following statements are true or false:

1. Cooperation is essential in avoiding grievances.
2. Management often tries to stall grievances.
3. Management should always show sincere concern for the problems of employees.
4. The open door policy is an old standby for solving employee complaints.
5. Punishment should be the intent of disciplinary action.
6. Dismissal is the most accepted disciplinary step that management can take against a defiant employee.
7. When employees fail to conform to organisational rules and regulations, the final disciplinary action in many cases is discharge.
8. Grievances impact not only the employees and managers but also the organisation as a whole.
9. Discipline is the act of offering rewards for wrong behaviours.
10. Misconduct in the observance of established rules and procedures.
11. Management has to treat all cases of indiscipline in a fair and equitable manner.
12. No man should be held guilty without getting an opportunity to explain his point of view.

Notes

13. Lock out is the permanent closure of a unit.
14. Administering discipline can be viewed as analogous to touching a hot stove.
15. Penalties should be connected with a given violation, not with the personality of the violator.

11.9 Employee Empowerment

Stephen R Covey,5 the author of *"The Seven Habits of Highly Effective People"* writes in "Principle-Centered Leadership"— "Management must empower its people in the deepest sense and remove the barriers and obstacles it has created that crush and defeat the inherent commitment, creativity and quality service that people are otherwise prepared to offer. To receive joy and pride in one's work is the right of all. And it is management practices that prevent it. To achieve total quality, managers must become leaders, drawing from their people their greatest capacity to contribute ideas, creativity, innovative thinking, attention to detail and analysis of process and product to the workplace. In other words, management must become empowering leaders".

The way you define empowerment depends on a number of factors. If you are following a company policy of empowerment initiative then it is likely that many of the parameters will be sketched out. You may inherit a definition. If you are starting from scratch then you are free to develop your own definition. However, whatever boat you are in, it is important to get a working definition clear in your mind.

The whole focus of empowerment is that it should improve the service you offer to your customers through the increased performance of your team — both individually and as a whole. It is important here to be clear that empowerment is not the same as delegation. Delegation means that you decide what people should take on. Empowerment means they take responsibility for decisions and their work. Empowerment is not telling people to buy the tea bags from the local corner shop.

The next step is to make a list of some of the big issues that empowerment is likely to highlight so that you will be prepared for them. This is important because empowerment is dynamic and does lead to change.

More Personal Preparation: The issue you need to be clear about is your own attitude towards your own power. Empowerment may mean giving up some of the things you like and exchanging your present job for a slightly different one. You need to be comfortable with the implications of this. The empowered manager may no longer be a kind of benign dictator. You may need to swap this role and instead become more of an empowerer/facilitator, helping your staff to achieve.

Be Clear About Your Starting Point: A key thing is to get a clear idea in your mind of where your organization or team is at the moment. It's very difficult to start empowering people unless you know where you are coming from. There are different ways of looking at organizations, but the key phrase here is 'organizational culture'. Put simply, an organizational culture means 'the way we do things around here'. If your organization is very hierarchical and resistant to change, you are likely to have a much tougher job of empowering than if your organization is already open, communicates freely, and allows people to express themselves and fulfil their potential.

Self Assessment

Fill in the blanks:

16. When the employee joins the organisation, he expects the organisation to fulfill his needs, aspiration, expectation. When these are not fulfilled the employee is dissatisfied with the job. Such dissatisfaction is called …… grievance.

Notes

17. When the job contract is not clear-cut and does not indicate the norms defining the limit within which the employee expects the organisation to fulfil his needs or aspirations, the grievance is not only based on facts, wrong perception of the employee, but also on wrong information. This is called …… grievance

18. …… means that you decide what people should take on.

19. …… means they take responsibility for decisions and their work.

20. Under …… suspension, the employer prohibits the employee from performing the task assigned to him and the wages are withdrawn during the period of such prohibition.

Task Visit the website http/www.employer-employee.com/comm101.htm Where you will find current articles about various communication topics. Read a few of them and see whether you can develop some insights into the topics discussed in the unit and specifically these questions:

1. How is advanced information technology affecting interpersonal communication in organisation?
2. Suppose you are employed in an entry-level management position in a large Bank. What specific considerations would you identify for sending an e-mail versus talking in person to someone else in the Bank?
3. From your reading, what advice would you give to the training department to help improve communication effectiveness of those being trained for the assignment overseas?

Case Study

Positive Discipline

Ramdeo, a workman in the Fire and Safety Department of a manufacturing unit of a factory is addicted to alcohol. He has been warned many times for coming on duty in an inebriated state. He has been served charge-sheet and awarded punishment. Still there was no improvement in his chronic absenteeism. He is also deeply in debt and hardly takes a couple of hundred rupees as his take home salary. Instead of resorting to progressive punishment, the management, with the help of a social worker, counselled him and also made house visits and contacted his family members. Finally, he was sent to a hospital which specialised in de-addiction. His three months of treatment in the hospital was considered as special leave with wages which were paid to the family members. The company bore the entire hospital expenses. After discharge from hospital, Ramdeo resumed his work. There are no more complaints about him. His performance is satisfactory. During her regular visits, the social worker received satisfactory reports about Ramdeo from his family members. In fact they were grateful to the company for saving their family from certain destitution.

Questions

1. In these fast-paced times, is it possible for any management to stretch that far to reform a person?
2. Is it obligatory on the part of the management to take care of a workman beyond his working hours?
3. What did the management achieve by this action?

Notes

11.10 Summary

- A grievance refers to any form of discontent of dissatisfaction, arising out of employment, regarding certain organisational issues.
- A grievance many be factual, imaginary or disguised.
- If grievances are not identified and redressed properly, they may adversely affect the workers, managers and the organisation.
- Grievances may be uncovered through observation, gripe boxes, an open door policy, exit interviews and opinion surveys.
- 'Discipline' refers to a procedure that corrects or punishes a subordinate because a rule or procedure has been violated.
- The common causes of indiscipline are absence of effective leadership, unfair management practices, communication barriers, divide and rule policies, victimisation etc.
- Most organisations today use two important concepts in meting out disciplinary action: progressive discipline and positive discipline.
- In a progressive discipline system, the employee is given ample warning of performance or other work-related problems. Failure to change his or her behaviour is accompanied by increasingly harsher disciplinary action.
- Because of legal concerns, managers must understand discipline and know how to administer it equitably.
- General guidelines in administering discipline include making disciplinary actions corrective, making disciplinary actions progressive, and following the hot-stove rule – be immediate, provide ample warning, be consistent, and be impersonal.
- Empowerment implies granting employees power to initiate change, thereby encouraging them to take charge of what they do.
- Empowerment allows employees to take the initiative, try out new ideas, use resources freely, and work toward predetermined goals independently.

11.11 Keywords

Demotion: Under this type of punishment, an employee is reduced to a lower grade from the grade enjoyed by his earlier.

Discipline: In a restricted sense, it is the act of imposing penalties for wrong behaviour; broadly speaking, it is orderliness, conformance to established rules and codes of conduct.

Dismissal: Termination from employment for any of the misconducts mentioned in the Industrial Employment (Standing orders) Act, 1946.

Empowerment: Allowing employees more control over what they do on the job.

Grievance: Any discontent or dissatisfaction, whether expressed or not, whether valid or not, arising out of anything connected with the company which employee thinks, believes or even feels to be unfair.

Misconduct: Violation of established rules and norms of behaviour (both formal and informal).

Red-hot Stove Rule: The theory that discipline should be immediate, consistent, and impersonal, and should include a warning.

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Standing Orders: Service rules and other agreed terms of employment certified by an authority as per the provisions of the Industrial Employment (Standing orders) Act, 1946.

Suspension or Layoff: A situation in which the employees are temporarily taken off work, being told there is no work for them but that management intends to recall them when work is available. (Applicable only to lay-off; in suspension, the employee is not allowed to work until departmental enquiry leads to further course of action, spanning a range of possibilities from reinstatement to dismissal.)

Termination Interview: The interview in which an employee is informed of the fact that he or she has been dismissed.

11.12 Review Questions

1. Define the term 'grievance'.
2. How would you try to uncover grievances?
3. What is meant by discipline? Why it is needed?
4. Bring out the differences between positive and negative discipline.
5. Discuss the model grievance procedure that is applicable in India. What are the essential pre-requisites of a grievance procedure?
6. Outline the various forms of indiscipline and examine the factors leading to discipline.
7. Explain what you mean by the Principles of Natural Justice. Describe how the process of domestic enquiry fulfils those principles.
8. Write notes on: (a) Suspension (b) Dismissal
9. Discuss the importance of Red hot stove rule.
10. Why has the positive approach to discipline been useful in reducing employee lawsuits?
11. Explain why documentation is so important in the disciplinary process. What constitutes correct documentation?

Answers: Self Assessment

1.	True	2.	False
3.	True	4.	True
5.	False	6.	False
7.	True	8.	True
9.	False	10.	False
11.	True	12.	True
13.	False	14.	True
15.	True	16.	Factual
17.	Imaginary	18.	Delegation
19.	Empowerment	20.	punitive

Notes

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Unit 12: Health & Safety Management

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Objectives

After studying this unit, you will be able to:

- Define the term safety
- Discuss the management's role in safety
- State the causes of accidents
- Explain the prevention methods of accident

Introduction

Ensuring a safe and healthy work environment is the primary responsibility of every employer. It shows their sensitivity to employee needs and rights. Accident prevention is an additional bonus. Costs associated with sick leave, disability payments, replacement of employees who are injured or killed could be avoided. Respecting the laws of the land and going a step forward proactively would give a healthy image in the market place. Through effective safety and health programmes, the physical and emotional well being of employees may be preserved and even enhanced. However, in actual practice, there are serious violations on this front. The safety laws are violated gleefully and provisions governing employee health are ignored conveniently—with active support and help from law enforcing authorities. Not surprisingly, the health and safety record in India is very poor.

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Example: The Union Carbide accident in Bhopal, killed over 4,000 people in 1984 (and more than 25000 till date and another 1,20,000 suffering from hazards of various kinds) is considered by most experts to be the result of equipment design flaws which could have been avoided. Union labour ministry's records place companies in Maharashtra, Andhra Pradesh, Madhya Pradesh, Rajasthan and Gujarat as the most dangerous places to work, with thousands of fatal and non-fatal accidents reporting almost every year.

Did u know? The biggest offenders are generally from jute mills, cotton industry, lead battery manufactures, chemical units, textile mills, match and fireworks industry especially in Sivakasi, automotive industry, sugar crushing units, mining, heavy construction, flour mills, etc.

12.1 Health

Health is a state of well being. It not only includes physical well being, but also emotional and mental well being

Almost all large organisations provide a medical unit to service the needs of employees. These units are available to deal with illnesses or injuries to workers on the job. Additionally, they often provide physical examinations for new employees; and they work closely with those directly responsible for safety in the organisation, to advise on potential work-related hazards.

The larger the organisation, the greater the probability that such facilities will be needed. The greater the job-related hazards, the greater the need for facilities. In addition to the provision of physical health programmes, increasing attention is being directed to psychological problems. Two of the most widespread are alcoholism and drug abuse.

Alcoholism

Alcoholism is one of the nation's largest health problems. Alcoholics, when employed cause reduction in employee productivity, increased absenteeism, more on-the-job accidents, and higher health care costs. Alcoholics are distributed in proportion to employment groups in the work force. Professional, managerial, and white-collar employees are about as likely as those in blue-collar and operative jobs to be alcoholics. So the problem of alcoholism has ramifications for all levels in the organisation.

Alcoholism follows growth stages. In the early development stage, symptoms are almost non-existent. Corrective efforts of a preventive nature can be used at this point. In the second or disruptive stage, symptoms become visible, and early detection can prevent alcoholism from developing further. The third stage is fully developed alcoholism. Here, intensive treatment will be required to cure addiction.

Alcoholism is an illness, and employees with the problem should be treated as they would be for any other illness. Management needs to educate supervisory personnel to detect the early signs of the disease and train them to counsel employees. Employees already in the second or third stage may need to be referred to a rehabilitation programme. The organisation has an obligation to be supportive of employees as long as they are cooperative in trying to beat alcoholism. If an employee fails to co-operate, the disciplinary process should be followed. This includes the use of suspensions or discharge.

Notes

Notes **Drug Abuse**

Alcoholism and drug abuse have some important differences. First, alcohol can be legally obtained while drugs are frequently illegal. Drug abuse, therefore, may mean involvement with law enforcement agencies. Second, society is more tolerant of alcohol abuse than drug abuse. Alcoholism is a problem that is most widespread among employees in their forties and fifties, while drug abuse is most prevalent among employees under thirty years of age. Finally, drug abuse is more likely to be accompanied by theft than is alcoholism, because users need to raise money to buy drugs.

Employers should pursue drug abuse problems in the same way as they would tackle alcoholism, with some modifications. First, careful selection can increase the likelihood that drug abusers can be detected and screened out. Second, detection among employees will require closer scrutiny because individuals are more likely to hide their drug habit. Supervisors should be particularly knowledgeable of drug paraphernalia so that they can be on the lookout for it. Lastly, organisations may want to establish more severe discipline for the drug abuser. This can be justified on illegality of many popularly abused drugs such as marijuana, heroin, and cocaine.

12.1.1 Legal Provisions Regarding Health

India has had legislation on occupational health and safety for over 50 years. India was under British rule in the 19th and the early 20th century, hence the principal health and safety laws are based on the British Factories Act. The Factories Act, 1948 is amended from time to time, and especially after the Bhopal Gas disaster, which could have been prevented. This demanded a shift from dealing with disaster (or disease) to prevent its occurrence. The Factories (Amendment) Act came into force on 1 December 1987. The Factories Act, 1948, lays emphasis on the following preventive measures (Sec. 11 to 20)(Kumar, Labour Laws)

1. ***Cleanliness (11):*** Every factory shall be kept clean and free from effluvia. Dirt must be removed daily. Benches, staircases, passages and the floor of the workroom must be cleaned daily so that there is no accumulation of dirt. Workroom floors must be washed at least once a week, with some disinfecting fluid. Walls, partitions, ceilings, doors, windows, etc., be painted, varnished periodically.
2. ***Wastes (12):*** There must be effective arrangements for the disposal and/or treatment of waste and effluents.
3. ***Ventilation and temperature (13):*** Every workroom in the factory must have proper natural ventilation, permitting circulation of fresh air. The room temperature should be kept at a level comfortable to workers. The walls and roofs should be of such material and of such design so as to keep the temperature low. High temperature may be controlled by whitewashing, spraying and insulating the factory premises by screening outside walls, windows and roofs.
4. ***Dust and fumes (14):*** Effective arrangements must be made to prevent or reduce the inhalation and accumulation of dust and fumes. Exhaust appliances should be employed near the place of origin of dust and fumes.
5. ***Artificial humidification (15):*** In cotton textile and cigarette manufacturing units where artificial humidification is used, State Government rules should be followed. Water used for artificial humidification must be properly purified.

Notes

6. ***Overcrowding (16):*** No room in the factory should be overcrowded. There should be at least 14.2 cubic meters of space for every workman.

7. ***Lighting (17):*** The factory must have sufficient and suitable lighting arrangements – both natural and artificial glazed windows and skylights used to light the workroom should be kept clean. Provisions should be made for the prevention of glare and the formation of shadows in the work spot.

8. ***Drinking water (18):*** The factory must provide wholesome drinking water at suitable, convenient points. All such points are marked 'drinking water' clearly in a language understood by majority of workers. Every such point should be away (not within 6 meters range) from urinals, latrine, spittoons, open drains, etc. Where the factory employs more than 250 employees, suitable arrangements must be made to provide cool drinking water during the hot summer months.

9. ***Latrines and urinals (19):*** The latrines and urinals are (a) maintained separately for male and female workers, (b) having sufficient enclosed space, (c) conveniently situated and accessible to all workmen, (d) adequately lighted and ventilated, (e) cleanly kept at all times, (f) maintained properly by employing sweepers for this purpose.

10. ***Spittoons (20):*** A sufficient number of spittoons should be provided at convenient places in every factory and these should be maintained in a clean and hygienic condition.

12.1.2 Measures to Promote Employee Health

Health promotion at the work place may be broadly defined as any effort to prevent disease or premature death through behavioural and organisational change. Health promotion focuses on prevention rather than treatment or cure. Therefore the health programme at the company is planned around improvement and prevention of controllable risk factors such as smoking, obesity, high level of cholesterol, stress, hypertension and low level of physical fitness, which are responsible for most major diseases. Promoting health consciousness is not an easy task. It requires continuous education, systematic campaign and genuine support from top management. Before the company starts planning for the programme, it must investigate the needs and resources of both the employees and the organisation. The planning programme, basically, involves five steps: setting goals, developing the plan, allocation of resources, implementation and evaluation of the plan. The core health promotion activities may cover such areas as:

(i) Healthy living

(ii) Eating wisely

(iii) Exercise and Physical fitness

(iv) Smoking cessation

(v) Stress management

(vi) Protecting one self from workplace hazards.

Caution The initial effort and investment required to institute such health promotion programmes may prove to be quite heavy but the long run rewards are quite fruitful: improvements in employees health result in better work attitudes, higher morale, job satisfaction, reduced absenteeism and turnover.

Companies, of course, have realized the importance of investing in wellness programmes in recent times. Fast food chains such as McDonald's and Arby's go to any length to eliminate smoking in their restaurants. Companies such as Union Pacific Corporation go to the extent of rejecting

employment applications from smokers. Weyco, a medical benefits administrator, decided that it would be a no-smoking employer. The president of the company Howard Weyers is now in his 70s yet works out regularly and can squat-press 340 pounds! Weyers said that because employee lifestyle choices affect the bottom line, his company will not employ people who smoke, even on their own time. The Government of India, taking note of the heal hazards arising out of smoking, has banned smoking in public places. Smoke-free workplaces are rapidly becoming the norm even in India. Already there exists a prohibition against smoking in auditoriums, gymnasiums, restrooms, cafeterias, breakrooms, elevators, hallways and other common areas in most offices. Smoking has become an intercontinental nuisance and hence most countries—banned in Canada, Cuba, USA, Indonesia, Ireland, Italy, Australia, European Union to name a few which have put a ban on smoking in one form or the other—have imposed restrictions on smoking in public places. (Mejia)

Company sponsored wellness programmes have gained popularity in recent times. Most companies in the IT, Electronics, Telecommunications, FMCG sectors have come to realize that wellness programmes are nothing but inexpensive insurance covers for their employees and hence do not hesitate spending lavishly on professional health screening and multimillion dollar fitness facilities in their campuses.

12.1.3 Employee Assistance Programmes

One method that companies are using as a broad-based response to health issues is the employee assistance programme (EAP) which offers counselling and other help to employees having emotional, physical or other personal problems. In such a programme, the company establishes a liaison with a social service counselling agency. Employees who have problems may then contact the agency either voluntarily or by employer referral – seeking emotional support and even physical help. The counselling expenses are often paid by the employer either fully or upto prescribed limit. EAPs generally cover the following areas (see Hopkins; Wirt; Isaac)

Personnel Crises and Workplace Violence: The most prevalent problems among employees are personal crises involving material, family, financial or legal matters. Unable to bear the emotional stress caused by such unresolved issues, most employees may turn violent, beat up colleagues (or even supervisors) and destroy company property. Careful pre-employment screening, proper conflict resolution programmes, anonymous reporting by colleagues spotting such violent behaviours, increased security provisions including an emergency alarm would help in managing work place violence in a better way. A supervisor is in the best position to handle such charged circumstances through sympathetic listening. In most cases, he can extend the best help by being understanding and supportive and by helping the violent employee find the type of assistance he or she needs.

When confronted by an angry, potentially explosive employee, the supervisor would do well to take note of the following suggestions advanced by one expert: (i) make eye contact, (ii) stop what you are doing and give full attention, (iii) speak in a calm voice and create a relaxed environment, (iv) be open and honest, (v) let the person have his or her way, (vi) find out what the person is upset about, seeking specific examples, (vii) be careful to define the problem, (viii) explore all sides of the issue, (ix) listen sympathetically, patiently showing lot of support and understanding all the time.

12.2 Employee Safety

Safety refers to the act of protecting the physical well being of an employee It means protecting employees from injuries caused by work related accidents.

Legal Provisions Regarding Safety (Sec. 24 to 40)

Notes

The Factories Act, 1948, puts emphasis on the following safety provisions:

1. ***Fencing of machinery (21):*** In every factory the dangerous parts of any machines shall be securely fenced.
2. ***Work on or near machinery in motion (22):*** For examining and lubricating machines while in motion, specially trained workers wearing tight clothes be sent. Such a worker should not be allowed to handle belts of machines in motion without proper precautions. Women and young children should be prohibited from handling such dangerous machines.
3. ***Employment of young persons (23):*** No young person be allowed to work on dangerous machines unless he is fully instructed about possible dangers and precautions to be followed. Sufficient training be provided in advance and he should be allowed to operate such machines under the guidance of an experienced supervisor.
4. ***Striking gear and devices for cutting off power (24):*** In every factory suitable striking gear has to be used to move driving belts. Steps should be taken to ensure prevention of the belt from creeping back on to the fast pulleys. Driving belts, when not in use, shall not be allowed to rest or ride on a shaft in motion. Suitable devices for cutting off power in an emergency shall be maintained in every room. When a device which can inadvertently shift from 'off' to 'on' position is provided in a factory to cut off power, arrangements shall be made to lock it in a safe position with a view to prevent the accidental starting of the transmission machinery or any other machines to which the device is fitted.
5. ***Self acting machines (25):*** No traversing part of a self acting machine in any factory and no material carried thereon shall be allowed to run on its outward or inward traverse within a distance of 18 inches from any fixed structure which is not a part of the machine, if a person is liable to pass through the space over which it operates.
6. ***Casing of new machinery (26):*** All machinery, driven by power and installed after 1-4-1949, must be encased or otherwise effectively guarded to eliminate danger to those working in the factory.
7. ***Employment of women, children near cotton openers (27):*** No woman or child be employed in any part of a factory to press cotton when a cotton opener is working. But if the feed-end of a cotton opener is in a room which is separated from the delivery-end by partition extending to the roof or to such height as the factory inspector may express in writing, women and children may be employed in that part of the room where the feed-end is kept.
8. ***Hoists and lifts (28):*** In every factory hoists and lifts shall be of a good mechanical construction, sound material and adequate strength and shall be properly protected by enclosures fitted with gates. Once in every six months, it shall be thoroughly examined by a competent person. The maximum safe working load shall be clearly indicated on every hoist or lift. A heavier load shall not be allowed to be carried on that hoist or lift.
9. ***Lifting machines, chains and ropes (29):*** The lifting machines, tackles, chains and ropes used in every factory should be of good construction, sound material and strong enough to carry the necessary loads.
10. ***Revolving machinery (30):*** In every room where grinding jobs are performed, a notice showing the maximum working speed of the machine shall be fixed near it. Safe working peripheral speed of every revolving vessel, pulley, basket, flywheel, disc has to be observed and steps should be taken to see that the safe working speed is not exceeded.
11. ***Pressure plant (31):*** If in any factory operations are carried out at a pressure above the atmospheric pressure, proper measures shall be taken to see that the safe working pressure is not exceeded.

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12. ***Floors, stairs and means of access (32):*** All doors, steps, stairs, passages and gangways shall be of sound construction and maintained in a state of good repair; they shall be free from obstructions likely to cause persons to slip and hand rails shall be provided wherever required. As far as possible, safe means of access to the place of work shall be provided and maintained.

13. ***Pits, sumps, openings in floors (33):*** Every pit, tank, sump, fixed vessel, opening in the ground or in a floor which is a source of danger, shall be either properly covered or securely fenced.

14. ***Excessive weights (34):*** No person shall be employed in any factory to lift, carry or move any load which is so heavy as to cause him a possible injury.

15. ***Protection of eyes (35):*** Effective screens or suitable goggles be given to workers while scrutinising a manufacturing process involving risk of injury to eyes.

16. ***Dangerous fumes and gases (36):*** No person shall be allowed to enter any chamber, tank, vat, pit or other confined space in which any gas, fume, vapour or dust is likely to be present to a dangerous extent. A person can enter such a place only when it is provided with a manhole of adequate size or other effective means of egress. A person may be allowed to enter such a space only when suitable steps have been taken to remove dangerous fumes. In case of any emergency, suitable breathing apparatus, reviving apparatus, belts and ropes be kept ready. A sufficient number of persons in the factory shall be trained in the use of all such apparatus and in the method of restoring respiration.

17. ***Precautions with regard to portable electrical light (36A):*** No portable electric light or any other electric appliance of voltage exceeding 25 volts shall be permitted for use inside any chamber, tank, vat, pit, flue or confined place. If any inflammable gas, fume or dust is likely to be present in such chamber, tank, vat, pipe flue or any other confined space, no lamp or light, other than the one which is flame-proof shall be permitted to be used inside the factory.

18. ***Explosive or inflammable gas or dust (37):*** In the manufacturing process if any dust, gas or fume is likely to explode on ignition, preventive steps should be taken to

    - enclose plant or machinery used in the process
    - remove or prevent the accumulation of such dust, gas, fume or vapour
    - enclose all possible sources of ignition.

    Steps should also be taken to restrict the spread or effects of the explosion. When such explosive items need to be opened, the flow of gas or vapour should be stopped through a stop valve, reduce the atmospheric pressure through all practical steps and put the loosened or removed parts in respective locations in a proper way. Welding or soldering of vessels containing explosive material should be done, if necessary, only after removing fumes, vapour, etc., completely.

19. ***Precautions in case of fire (38):*** All practicable steps should be taken to prevent the outbreak of fire inside the factory. In case of fire, safe escape routes should be there. The exit routes should be marked in an understandable language. Clearly audible warning signals should be given in case of fire. Equipment for extinguishing fire should also be available. Workers should be familiar with the means of escape in case of fire and they should be adequately trained, in advance, in the procedure to be followed in such a case. The chief safety inspector may also prescribe certain other steps to ensure safety of workers. The Inspector may issue an order to the manager of a factory to furnish details of defective parts and also carry out safety drills and inform him of the results (39).

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20. ***Safety of building and machinery (40):*** When a particular building or machinery poses a danger to workers, it shall not be used till it is properly repaired or altered. The Inspector may prohibit the use of a building or machine during the intervening period. He may ask the owner to carry out specific repairs before a particular date – in writing (40 A).

21. ***Safety officers (40 B):*** A safety officer shall be appointed in every factory employing 1000 or more workers. He should (i) formulate a safety policy to be followed (ii) investigate causes of injuries and circumstances leading to accidents (iii) organise safety education, training and publicity at various levels and (iv) act as a technician, planner, organiser and stimulator of safety.

    The State Government has the power to make rules to supplement the provisions listed above (41).

Task Should organisations be willing to invest more money in employee wellness? Why or Why Not?

12.3 Management Role in Safety

Managers must ensure that the physical working conditions in their organisations meet the minimum standards of the law. The direct cost of an accident to an employer shows itself in the organisation's worker's compensation premium. These include wages paid for time lost due to injury, damage to equipment and materials, personnel costs incurred to investigate and report on accidents, and lost production due to work stoppages and personnel change over.

12.3.1 Role of Supervisors

Supervisors have a great role to play in reducing unsafe conditions and unsafe acts. For example, a supervisor in a ball-bearing plant may discharge his health and safety responsibilities thus: Reminding an employee to wear safety goggles, checking on the cleanliness of the workspot, observing employees to see if any of them have alcohol, drug or emotional problems that may affect their work behaviour and suggesting equipment changes (such as screens, railings or other safety devices) to safety experts in the factory. He can reduce unsafe acts by screening out accident prone persons before they are selected. Safety training, propaganda through posters, framing safety rules, regular inspections may also help supervisors in making employees more safety-conscious. Where employees carry out repetitive operations, they are likely to pay less attention to their tasks or they develop bad work habits that can cause accidents and injuries. One way to deal with worker's boredom and monotony is to redesign the job. Studies could also be undertaken to look into fatigue factors, lighting, tools, equipment layout, etc., so as to improve the work environment and climate of employees.

12.3.2 Effective Safety Management

Effective safety management considers the type of safety problems, accidents, employees and technology in the organizational setting. The role of human beings in safety related problems should also be looked into. Safety efforts will not be successful if we try to engineer machines without paying attention to behavioural reactions of employees. A comprehensive approach to safety includes the following steps:

1. ***Safety policy:*** Every factory must formulate and implement a safety policy. The objective of such a policy should be to eliminate or reduce accidents and injuries in the workplace.

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2. ***Top management support:*** The safety policy must be supported by top management firmly. Safety commitment should begin with top management. The commitment manifests itself in top managements' being personally involved in safety activities in a routine way; giving safety matters top priority in company meetings and production scheduling, giving company safety officer high rank and status and including safety training in new workers' training.

3. ***Safety committee:*** To promote safety consciousness among employees, safety committees could be constituted, under the chairmanship of a safety officer. The committee should consist of representatives from workers and supervisors from various departments and levels. It must meet regularly to conduct safety reviews and make recommendations for changes necessary to avoid future accidents.

4. ***Safety discipline motivation:*** Safety rules must be enforced strictly. Violations should not be tolerated. Frequent reinforcement of the need for safe behaviour and feedback on positive safety practices have been found to be extremely effective in improving workers' safety. Rewards and certificates could be offered to employees for good safety records. To promote employee involvement and motivation, safety contests could be held followed by incentives for safe work behaviour.

5. ***Safety engineering:*** To minimise workplace accidents, proper engineering procedures could be followed. Fencing of machinery, adequate space between machines, parts and equipment, use of material handling equipment, safety devices, proper maintenance of machines, etc., are undertaken to prevent accidents from occurring.

6. ***Safety training and communications:*** Safety training can also reduce accidents. It is especially useful in case of new recruits. Training in safe practices, procedures, material handling, first aid, fire prevention, etc., could be offered to them. Posters, newsletters, displays, slogans and signs could also be used to promote safety consciousness throughout the organisation. Another way to communicate safety ideas is through safety films and videotapes.

7. ***Accident investigation and research:*** When accidents takes place, they should be thoroughly investigated to find the actual reason (poor lighting, poor ventilation, wet floor etc.) as early as possible. Such an early probe is necessary to ensure that conditions under which the accident occurred have not changed significantly. Photographs, videotapes could be used to gain better view of the actual scene. In the next step, the injured employee or his supervisors should be interviewed to find out what happened and how the accident occurred. In the third place, an accident investigation report should be prepared indicating what has happened and recommending steps to prevent similar accidents from occurring.

8. ***Evaluation of safety effort:*** Organisations should monitor and evaluate safety efforts by conducting safety audits at intervals. Accident and injury statistics should be periodically compared with previous accident patterns to find any important changes. This analysis should be designed to measure progress in safety management.

9. ***Governmental support:*** To extend support to safety related activities the Government of India established the National Safety Council in 1966. The principal job of this council is to promote safety consciousness at the plant level and conduct safety programmes. The national Safety Day is celebrated every year to signify the foundation day of the council. National safety awards are given every year to industrial units for ensuring accident-free environments.

12.4 Causes of Accidents

The cause of an accident can be generally classified as either human or environmental. Human causes are directly attributable to human error brought about by carelessness, intoxication,

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daydreaming, inability to do the job, or other human deficiency. Environmental causes, in contrast, are attributable to the workplace and include the tools, equipment, physical plant and general work environment. The human factor is responsible for the vast majority of accidents. No matter how much effort is made to create a work environment that is accident free, a low accident rate record can only be achieved by concentrating on the human element.

One of the main objectives of safety engineers is to scrutinize the work environment to locate sources of potential accidents. Some people are more prone to accidents than are others. It would certainly be to the management's advantage if employee accident-proneness could be anticipated.

12.5 Preventions of Accidents

12.5.1 Predict the Accident-prone

No valid test of accident-proneness currently exists. Nor is there any substantive evidence to indicate that certain personality types consistently have more accidents than would occur by chance. Factors such as visual skills, age, and length of service with the organization have been found to be related to increased accident-inducing behaviours on certain types of jobs.

Some areas of research suggest that certain people are more accident-prone. The predictors of accident-proneness are:

(i) ***Life-Change Components:*** From studies it is revealed that patients frequently cited an increase in certain life events that required some form of adaptive or coping behaviour as preceding changes in their health status. Events of ordinary life — marriage, vacations, changing jobs, trouble with in-law; could initiate changes in an individual's health.

(ii) ***Biorhythmic Patterns:*** The term 'biorhythm' means regularly repeated life cycles. According to the theory underlying biorhythmic patterns, our lives are governed by three cycles (a) an emotional cycle, which lasts twenty eight days and affects one's sensitivity, attitudes and irritability (b) a physical cycle, which lasts twenty-three days and affects physical strength, endurance, energy, resistance, and physical confidence and (c) intellectual cycle, which lasts thirty-three days and affects memory functions and mental responses.

(iii) ***Attention Diagnostic Method (ADM):*** A new technique, the Attention Diagnostic Method (ADM), appears to offer potential as a predictor of accidents. It is based on the idea that accident-prone persons suffer from attention failure.

12.5.2 Preventive Measures

We can look to traditional measures for preventing accidents. They are education, skill training, engineering, protection devices, and regulation enforcement.

(i) ***Education:*** To induce people to 'think safety', it is necessary to create safety awareness. That is the objective of safety education. Popular methods for creating safety awareness include exhibiting easily visible signs that proclaim safety slogans; placing articles on accident prevention in organisation newsletters.

(ii) ***Skill Training:*** When employees undergo training, safety issues and preventive techniques should be discussed. Incorporating accident prevention measures into the learning process, rather than at some later date, makes them a natural part of the job activity.

(iii) ***Engineering:*** It is possible to utilise engineering methods to prevent accidents through both the design of the equipment and the design of the jobs themselves. Engineering can also consider the worker-machine interplay in the design of jobs. Whether the operator stands

or sits, and his position relative to the control devices that he monitors, are examples of factors that affect the amount of stooping, twisting, tension, and so forth — factors that can and do increase accident rates.

(iv) ***Protection:*** People should be provided with protective equipment where necessary. Safety shoes, gloves, hard hats, safety gaggles, and noise mufflers are some of the more popular protective equipment that employees need to wear. But protection is not limited to the employees. Protection of machinery, too, can pay dividends by fewer accidents. Preventive maintenance of machinery can avoid fires, explosions and oil leakages.

(v) ***Regulation Enforcement:*** Management must ensure that people do not smoke in 'No smoking' areas, that people not operating machines stay behind demarcated safety zone, helmets are always worn in the plant if that is the rule of the land.

(vi) ***Inspection of Work Surroundings:*** The only way management can be assured that rules and regulations are being enforced is to develop some type of feedback system. This can be provided by inspection of the work surroundings.

Self Assessment

State whether the following statements are true or false:

1. It is in impossible to eliminate accidents just by reducing unsafe conditions.
2. Certain jobs are inherently more dangerous.
3. The effects of alcoholism on the worker and the work are severe.
4. Job stress has pleasant consequences for both employer and employee.
5. If you primarily work indoors, you may be exposed to airborne health hazards.
6. The heart of safety management is an organisational commitment to a comprehensive safety effort.
7. Today employers are not obliged to give their employees safe, healthy and secure environment.
8. Designing safety policies and rules and disciplining violators are important components of safety efforts.
9. Convincing employees to keep safety standards continuously in mind while performing their jobs is easy.
10. Wellness programmes are designed to maintain or improve employee health before problems arise
11. Safety involves protecting the mental well being of people only.
12. The building officer has the responsibility of formulating a safety policy to be followed by all working in his building.
13. No portable electric light or any other electric appliance of voltage exceeding 25 volts shall be permitted for use inside any chamber.
14. The main purpose of effective health programmes in an organisation is to prevent work-related injuries and accidents.

Fill in the blanks:

15. The main purpose of effective safety programmers in an organization is to prevent …… injuries and accidents.

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16. One method that companies are using as a broad-based response to health issues is the ……

17. The cause of an accident can be generally classified as either …… or …….

Case Study

Bhopal Gas Tragedy

The Bhopal plant was operated by Union Carbide India Ltd. (UCIL) with the parent company, Union Carbide, owning 51% of it. After installing the plant and training its first staff, Union Carbide withdrew from the daily operation of the plant.

On December 3, 1984, a runaway reaction had occurred in the storage tank of methyliscocyanate (MIC), which was used to manufacture a pesticide. The valves of the tank had burst and a cloud of poisonous gas had escaped. Climatic conditions kept the gas from dissipating and the winds carried it to nearby shanty towns and the populous city of Bhopal, where many people either died in their sleep or woke and died while fleeing. Those who survived were not equipped for the disaster, and over the next few weeks thousands more died. Before the accident, the plant had been under a great deal of pressure to cut costs. Because of production problems, it was unable to run at more than 50% capacity, and meeting its original profit predictions had become impossible. Thus a number of shortcuts had been taken in such matters as crew training, staffing patterns and maintenance schedules. Although the plant had been virtually shut down for weeks for extensive maintenance and cleaning, a number of important safety features remained inoperable.

Perhaps most importantly, the staff did not realise the danger of the situation — they even took a tea break after the leak had been noticed, thinking they even would have plenty of time to fix it. The operator in the control room did not notify his superior when the temperature began to rise inside the tank, and the entire situation went untended for at least an hour.

As CEO of Union Carbide, Warren Anderson needed to know exactly what had happened in Bhopal, India, that night for a number of reasons. He knew that he would have to explain the tragic accident to employees, to government officials in both the US and India, to the courts, and to the people. Yet he could not get answers to his own preliminary and personal questions. When telephone contact failed to yield answers, Anderson got on a plane and flew to India, where he was immediately placed under house arrest — unable to attend to the very business that had brought him there. His plant managers had also been arrested and were not allowed to talk to anyone. Indian government officials had closed the plant to Union Carbide management in order to prevent tampering with evidence.

Freed on bail, Anderson was informed that the government of India expected Carbide to pay astronomical compensation damages, far beyond Carbide's $ 200 million insurance coverage. Ultimately, this demand became the first offer in a long, agonising negotiation process that, in late 1989, saw Union Carbide reaching a $ 470 million settlement with the government of India. In return, India's Supreme Court ordered the dismissal of all civil and criminal charges against Carbide and its officers and granted them further immunity from prosecution. Carbide's case was heard by a five judge bench.

A number of voluntary organisations, claiming to represent the victims, petitioned India's supreme Court, demanding that the settlement be voided on the grounds that it grossly underestimated the actual number of people who were severely injured.

Contd…

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Meanwhile, the money set aside for the settlement sits in a bank and cannot be used to help the real victims, the citizens of Bhopal.

Questions

1. Was there a human error in causing the accident?
2. How far was management prudent in cost-cutting at a plant which is manufacturing a deadly product?
3. Is the government right in sticking to a settlement with Union Carbide, on behalf of all victims?
4. Who is responsible for not distributing the settled amount to the victims?

12.6 Summary

- Health is a general state of physical mental and emotional well-being. Safety involves protecting the physical well being of people.
- The legal provisions governing health cover areas such as cleanliness, waste disposal, proper ventilation and temperature control, preventing accumulation of dust, avoiding overcrowding, providing wholesome drinking water, proper lighting, having a requisite number of latrines and urinals, etc.
- Health promotion covers areas such as healthy living, physical fitness, smoking cessation, stress management etc.
- Employee assistance programmes offer counselling, medical help and rehabilitation opportunities to all troubled employees.
- The main purpose of effective safety programmes in an organisation is to prevent work-related injuries and accidents.
- Safety members in factories cover slipping and falling hazards, collision and obstruction hazards, equipments hazards, fire hazards, hazards from falling objects etc.
- Supervisors play a great role in reducing unsafe conditions and unsafe acts.
- Effective safety management includes establishing a safety policy, ensuring top management support, creating safety committees, promoting safety discipline, and instituting safety engineering procedures, offering safety training, investigating reasons for accidents thoroughly, and evaluating safety efforts from time to time.

12.7 Keywords

Alcoholism : Alcoholism is one of the nation's largest health problems. Alcoholics, when employed cause reduction in employee productivity, increased absenteeism, more on-the-job accidents, and higher health care costs.

Effective Safety Management : Effective safety management considers the type of safety problems, accidents, employees and technology in the organizational setting.

Employee Assistance Programmes: Programmes that provide professional counselling, medical help and rehabilitation opportunities to all troubled employees.

Health Promotion: Health promotion at the work place may be broadly defined as any effort to prevent disease or premature death through behavioural and organisational change. Health promotion focuses on prevention rather than treatment or cure.

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Health: A general state of physical, mental and emotional well-being.

Safety: Protection of a person's physical health.

Security: Protection of employer facilities and equipment from unauthorised access and protection of employees while on work premises or work assignments.

Troubled Employee: An individual who is confronted by unresolved personal or work related problems.

Wellness Programmes: Programmes that focus on prevention to help employees build lifestyles that will help them to achieve their full physical and mental potential.

12.8 Review Questions

1. Comment on the pragmatism of the legal provisions regarding employee health, under the Factories Act, 1948.
2. How do working conditions affect the health of employees? What steps should be taken to protect employee health?
3. Identify the causes for accidents in the factory. What steps should be taken to ensure industrial safety?
4. What do you think causes unsafe acts? What will be the role of a supervisor in safety?
5. Suggest at least five techniques for reducing accidents.
6. "Accidents do not just happen, they are caused". Comment.
7. What steps do you suggest to be taken by management to increase motivation for safety?
8 Discuss the appropriateness in today's world, of the main acts related to the safety issues of the industrial workers in India.
10. What steps would you suggest to be followed while formulating a safety policy?
11. Examine the highlights of the Factories Act, 1948.
12. What do you think are the core areas for the health hazard when it comes to the workplace environment?

Answers: Self Assessment

1.	True	2.	True
3.	True	4.	False
5.	True	6.	True
7.	False	8.	True
9.	False	10.	True
11.	False	12.	False
13.	True	14.	False
15.	work-related	16.	employee assistance programme
17.	human, environmental		

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Notes

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Unit 13: Workplace Health Hazards

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Objectives

After studying this unit, you will be able to:

- Define the term health hazards
- State the problems created by health hazards
- Understand the remedies to problems created by various workplace health hazards.

Introduction

The large majority of workers work in inhuman working conditions. Sad to report, the workforce is abundant, low skilled and easily available at short notices. The high rate of unemployment compels the vast majority of unorganized labour force to be prepared for big sacrifices on every front. The vulnerable situation is being thoroughly exploited by greedy employers at every stage.

It doesn't matter what the workplace environment, the product, or the service, proper maintenance and good housekeeping routines are critical to proper safety, and controlling health issues. These two important components to avoiding excess health issues are extremely complimentary to one another, and often overlap in several cases. However, some distinction can be made when it comes to forming a proper health issues policy.

When it comes to health issues, maintenance is the term that refers to the work that is necessary for keeping the building, equipment, and machinery in working order and safe to use. It also refers to the upkeep of all of the sanitary and welfare facilities, the cleaning, sanding, and painting of all walls, ceilings, and fixtures. Flooring is also kept in good repair.

On the other hand, good housekeeping to avoid health issues is regular daily cleanliness efforts. This includes tidiness, and good order of all of the different items in the workspace environment.

Maintenance and housekeeping are wholly dependent upon one another to effectively prevent health issues. For example, a tattered carpet is hard to keep clean, and the work environment is hard to keep dry if there is a leaky roof. Similarly, by making a habit of good housekeeping, maintenance will be much easier and faster.

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Caution Getting work is more important than look at the hazards at the work spot—making a mockery of the administrative mechanisms put in place by the government.

13.1 Workplace Environment

Management's new challenge is to create a work environment that attracts, keeps, and motivates its workforce. The responsibility lies with managers and supervisors at all levels of the organization. Businesses must step outside their traditional roles and comfort zones to look at new ways of working. They have to create a work environment where people enjoy what they do, feel like they have a purpose, have pride in what they do, and can reach their potential.

Today's workplace is different, diverse, and constantly changing. The typical employer/employee relationship of old has been turned upside down. Workers are living in a growing economy and have almost limitless job opportunities. This combination of factors has created an environment where the business needs its employees more than the employees need the business. Five Factors That Affect Employee's Productivity Managers and supervisors will need to be comfortable with working with the whole gamut of workplace factors that influence employee motivation. Attitude, Boss, Health, Tech Tools and Downsizing and Outsourcing.

The underlying thread is management has started to realize if its employees are dissatisfied, they can easily find employment elsewhere. So the smart managers and businesses have started to create a positive work environment to be the winners of tomorrow's workplace.

Business leaders are urged to take more account of the links between good workplace design and improved business performance when planning and designing new buildings, and overhauling old ones.

13.2 Workplace Health Hazards: Problems and Remedies

The main purpose of effective safety programmes in an organisation is to prevent work – related injuries and accidents.

Did u know? Many deaths, injuries and illnesses occur because of safety violations, poor equipment design or gross negligence.

A well managed factory will see to it that there are no physical hazards such as (i) slipping and falling hazards, (ii) collision and obstruction hazards (iii) equipment hazards, (iv) fire hazards (v) hazards from falling objects, etc. (Bernklau; Philson)

(i) ***Slipping, tripping, or falling on the floor hazards:*** People fall when they slip. Highly polished surfaces, accumulation of water, soap, or oil, etc., on the floor, torn or loose coverings cause the floor to be slippery.

(ii) ***Obstruction and collision hazards:*** When the factory layout and space management are poor, it results in improper placement of furniture and equipment causing collision of employees with equipment and machinery, tables, chairs, etc. Further, overcrowding and a narrow space for movement also results in accidental collision between employees.

(iii) ***Equipment hazards:*** Quite often, unguarded moving parts, wiring, switches and cards, edges of metal equipment, etc., can cause injuries to employees working in these surroundings. Further, waste paper baskets, lobbies, plumbing fixtures and small snail carts also cause problems for employees. All these should be guarded against.

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(iv) ***Hazards from falling objects:*** When file cabinets, lockers and shelves are not properly placed, they could fall on employees and injure them. Also, the stocked materials, paper stands, when placed on the working tables might fall on employees.

(v) ***Fire hazards:*** The places where paperwork is heavy and precautionary measures taken are nil, the possibilities of accidents are high. Improper disposal facilities for smokers, lack of provision of safety cans for inflammable materials, non-existence of fire escapes and exits are the factors that contribute to fire accidents. It is necessary for the manager to see that fire protection equipment and fire extinguishers are available at all times in the factory

Notes Some of the other workplace hazards include:

Lead

Lead is used in many industries, including construction, mining, and manufacturing. In each of these industries, workers are at risk of being exposed to lead, by breathing it in, ingesting it, or coming in contact with it. Lead is a toxic metal that is also used in burning fossil fuels. It can be combined with other metals to produce alloys. Lead and lead alloys are often used to make batteries, ammunition, and other metal products. Earlier lead was also used regularly in paint, ceramics, caulk, and pipe solder among other things. Because of its potential health problems, the amount of lead used in these products today has reduced to a great extent.

Noise

Occupational hearing loss is the most common work-related injury. Noise is both a health and safety threat to miners. The main health effect of overexposure to loud noise is permanent hearing loss cause by damage to the sensory cells in the inner ear. Noise is also an indirect safety hazard because it can "mask" important sounds like backup alarms and spoken warnings. These hazards are well known and beyond scientific dispute. Still, noise remains a significant problem in mining.

Over the past few decades, much has been learned about the implementation of hearing loss prevention programs. The eight components of a successful hearing loss prevention program include: (1) noise exposure monitoring, (2) engineering and administrative controls, (3) audiometric evaluation, (4) use of hearing protection devices, (5) education and motivation (6) record keeping, (7) program evaluation, and 8) program audit.

Indoor Environment Quality

"Indoor Environmental Quality," simply mean: the quality of the air in an office or other building environments. Workers are often concerned that they have symptoms or health conditions from exposures to contaminants in the buildings where they work. One reason for this concern is that their symptoms often get better when they are not in the building. While research has shown that some respiratory symptoms and illnesses can be associated with damp buildings, it is still unclear what measurements of indoor contaminants show that workers are at risk for disease. In most instances where a worker and his or her physician suspect that the building environment is causing a specific health condition, the information available from medical tests and tests of the environment is not sufficient to establish which contaminants are responsible. Despite uncertainty about what to measure and how to interpret what is measured, research shows that building-related symptoms are associated with building characteristics, including dampness, cleanliness, and ventilation etc.

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Indoor environments are highly complex and building occupants may be exposed to a variety of contaminants (in the form of gases and particles) from office machines, cleaning products, construction activities, carpets and furnishings, perfumes, cigarette smoke, water-damaged building materials, microbial growth (fungal / mold and bacterial), insects, and outdoor pollutants. Other factors such as indoor temperatures, relative humidity, and ventilation levels can also affect how individuals respond to the indoor environment.

Understanding the sources of indoor environmental contaminants and controlling them can often help prevent or resolve building-related worker symptoms. Practical guidance for improving and maintaining the indoor environment should be known.

Workers who have persistent or worsening symptoms should seek medical evaluation to establish a diagnosis and obtain recommendations for treatment of their condition.

Communicable Disease

Diseases such as colds and the flu, can knock out such large portions of your workforce depends partly on our society's working culture. "We don't discourage people from coming to work when they're ill," There is almost an encouragement to come in and work because we limit the number of sick days" employees have.

Apart from giving employees more flexible sick leave, small businesses can also prepare for epidemics by testing whether employees have the infrastructure to work remotely if they are ambulatory but contagious. This can include ensuring that employees have access to work from home, though this won't work in fields such as manufacturing where employees need to be on site to perform their jobs and responsibilities.

Self Assessment

Fill in the blanks:

1. A well managed factory will see to it that there are …… physical hazards.
2. The large majority of workers work in …… working conditions.
3. The workforce is abundant, low skilled and easily available at …… notices.
4. The …… rate of unemployment compels the vast majority of unorganized labour force to be prepared for big sacrifices on every front.
5. The …… situation is being thoroughly exploited by greedy employers at every stage.
6. Lead is a toxic metal that is also used in …… .
7. Occupational hearing …… is the most common work-related injury.
8. Noise is also an …… safety hazard because it can "mask" important sounds like backup alarms and spoken warnings.
9. …… environments are highly complex and building occupants may be exposed to a variety of contaminants.
10. Diseases such as colds and the flu comes under …… category.

13.3 Indian Scenario

Apart from mechanical failures, unsafe physical conditions, employee ignorance and negligence there could be several other reasons leading to industrial accidents in India. There are, of course,

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innumerable laws governing employee safety (such as the Factories Act, the Indian Electricity Act, the Pesticides Act, the Boiler Act, the Environment Protection Act etc.) but the elaborate provisions contained therein are not strictly enforced. Often the inspectors, appointed for this purpose are made to cover lot of ground, leaving very little time for a stringent inspection of various factories within their jurisdiction (each inspector covering more than 150 factories on an average in a year). To compound the problems further, the inspectors are more than willing to bend the rules for a price. They are ready to approve anything and everything if the employer is willing to please them. As a result we have large factories employing hundreds of workers without fire fighting equipment, and safety devices. The private sector is, not surprisingly, guilty of negligence on the safety front. They are mostly concerned about cutting costs on all fronts – to remain competitive – instead of protecting the lives of workers. The employment of women and child labour on dangerous machines is another complicating factor (especially in cracker manufacturing units in and around Sivakasi). According to Dr Subodh Medhekar, noted industrial accident investigator, "India has safety standards and regulations but they are not rigorously implemented. The companies are not very strict about implementing the standards". He added that implementing new safety standards costs a lot of money and Indian companies are not willing to shell out that kind of money. If the standards were made compulsory for all companies then they would be more willing to share the cost. "In the US, if one life is lost or five people are injured in an industrial accident- then it is a very big deal. Companies pay huge insurance claims and damages. In India life is cheap," he said. (Industrial Safety aspect not getting high priority

Task Do survey on Indian scenario at the present time regarding hazards at the workplace. Gather the informations and prepare report on it.

Self Assessment

State whether the following statements are true or false:

11. The private sector is, not surprisingly, guilty of negligence on the safety front.
12. They are mostly concerned about cutting costs on all fronts – to remain competitive – instead of protecting the lives of workers.
13. The employment of women and child labour on dangerous machines is another complicating factor.
14. According to Dr Subodh Medhekar, noted industrial accident investigator "India has safety standards and regulations and they are rigorously implemented".
15. All private sector companies are very strict about implementing the standards.

Case Study

A Question of Safety

Murali Vijay, safety engineer for SQL Manufacturing, was walking through the plant when he spotted a situation that immediately caught his attention. Some employees had backed out of a room where several chemicals were used in a critical manufacturing process. Murali inspected the room but could not determine that anything was wrong or even different from any other day. He was puzzled as to why the

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workers were reluctant to resume their tasks. As it turned out, the employees were not only hesitant to return to work, they were adamant in maintaining that conditions in the room were unhealthy. The room was full of hazardous substances, placed all over in an untidy manner. The stores in charge went on a long leave to complete the marriage of his only daughter. The person in charge currently is not able to cope up with the challenge and is not able to meet the frequent demands of various departments, especially during rush hours, and position the dangerous stuff in an appropriate manner. Apart from causing irritation and breathlessness in the nearby areas, the positioning of dangerous materials all around has become a topic of debate and discussion among working class during their informal gatherings. Sensing an opportunity to attack management, one of the representatives from a minority union has been raking up this issue again and again—during the last two or three days—putting an accusing finger on the problem causing trouble to workers in the chemicals department. Murali and the group's supervisor, Rajiv Gupta, discussed the situation and wondered whether they should order the people to resume work since the department was already behind schedule.

Question

How should Murali and the group supervisory respond to this situation?

13.4 Summary

- The large majority of workers work in inhuman working conditions.
- The high rate of unemployment compels the vast majority of unorganized labour force to be prepared for big sacrifices on every front.
- The vulnerable situation is being thoroughly exploited by greedy employers at every stage.
- The main purpose of effective safety programmes in an organisation is to prevent work-related injuries and accidents.
- A well managed factory will see to it that there are no physical hazards.
- Lead and lead alloys are often used to make batteries, ammunition, and other metal products.
- Because of its potential health problems, the amount of lead used in these products today has reduced to a great extent.
- The legal provisions regarding safety cover areas such as fencing of machinery, not employing young persons near dangerous machines, using safe devices to cut off power, using good hoists and lifts, giving enough room for workers to move around safely, quality flooring, providing ventilators for pumping out fumes, gases; and precautions to be taken to prevent fire accidents etc.

13.5 Keywords

Diversity in the Workplace: Diversity in the workplace refers to the varieties of people found in a work environment. People of different races, genders, religions, political persuasions.

Health: Health is a state of well being. It not only includes physical well being, but also emotional and mental well being.

Housekeeping: Housekeeping is the sort of management, care, and servicing of property and equipment of an industrial or commercial building or organization.

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Indoor Environmental Quality: Indoor Environmental Quality, simply mean: the quality of the air in an office or other building environments.

Maintenance: Maintenance is to keep in proper or good condition.

Noise: The word noise means any unwanted sound.

Welfare: It is financial or other assistance to an individual or family from a city, state, or national government.

Workplace Environment: It refers to the physical surroundings required for human activity or industrial processes.

13.6 Review Questions

1. An unhealthy work environment can lower productivity, contribute to low morale, and increase medical and workers' compensation costs. Working individually or in teams, list specific ways managers can:
   (a) Improve indoor air quality.
   (b) Accommodate the desires of smokers and non-smokers
   (c) Make the workplace free from violent attacks from aggressive employees (unionised) at the slightest provocation.
2. Define the term workplace environment.
3. What is meant by health hazards?
4. How does housekeeping is helpful in reducing health hazards?
5. What are the other methods of preventing/reducing health hazards?
6. What is Indoor environmental quality? How it can be improved?
7. What is employee welfare means?
8. What are the various workplace health hazardous problems?
9. How does noise and lead are harmful hazards? Discuss.
10. What do you think are the core areas for the health hazard when it comes to the workplace environment?
11. Discuss the present state of Indian scenario for workplace health hazards.
12. Discuss the following statement by a supervisor; "I feel it is my duty to get involved with my employees and their personal problems to show that I truly care about them."

Answers: Self Assessment

1.	no	2.	inhuman
3.	short	4.	high
5.	vulnerable	6.	burning fossil fuels
7.	loss	8.	indirect
9.	Indoor	10.	communicable disease
11.	True	12.	True

13. True
14. False
15. False

Notes

13.7 Further Readings

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Unit 14: Global HRM

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Objectives

After studying this unit, you will be able to:

- Define the term Global HRM
- Understand the basic resource process
- Discuss the meaning and objectives of International HRM
- State the sources of International labour market
- Explain the concept of staffing policies

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Introduction

Global HRM is critical to organisational competitiveness and productivity due to the growing diversity of the world's workforce and its increasing importance. The need to manage this diversity better has become a major challenge to the international manager. The emergence of women as a major source of human resources for the corporates is part of that diversity. If an international organization is to survive in today's competitive environment, it must successfully manage the increasing complexities of its human resources. Human resource management is also growing in importance as multinational corporations continue to relocate their operations to those geographical areas where they can get the most for their human resource currency.

If large corporations intend to retain their domestic operations and still be competitive with respect to cost and quality, they will have to improve their human resource management. Employees must be viewed as valuable assets—resources that are vital to the successful performance of the organisation. Talented people must be attracted to join the organization, developed to perform at high levels, and encouraged to remain with the organization with loyalty and commitment to the organization and its objectives.

14.1 Objectives

The major underlying objective of human resource planning is to lay the foundation from which the organization will always have the right people in the right places to do the work required by the organization. Human resource planning is part of the overall strategic planning of the employing organization and includes such factors as: (1) environmental scanning; (2) business and economic forecasting; (3) developing and maintaining a competitive advantage in the marketplace; (4) determining long-range technical needs.

Job analysis: is the systemic study of job requirements and those factors that influence the performance of those job requirements. Typically, a job analysis is the first step in the staffing process and is designed to identify who is to do what, where, when, and how. McCormick (1976) suggests that job analysis usually concentrates on:

1. ***Work Activities:*** to identify precisely what tasks are to be accomplished.
2. ***Performance Standards:*** to identify the expected output in terms of both quantity and quality.
3. ***Work Technologies:*** to identify appropriate machine, tools, and other job technologies.
4. ***Job-related Tangible and Intangibles:*** to identify the knowledge to be applied, materials to be processed, products to be made, or performances to be performed in the course of the work.
5. ***Job Context:*** to identify work conditions, social conditions, compensation, and work schedule.
6. ***Personal Requirements:*** to identify required skills, experience, education, training, and other attributes required for the job.

The above information may be obtained by observing incumbents on the job, by interviewing incumbents and/or their superiors, or through the administration of questionnaires. The information collected through the job analysis is used, in turn, to create a written job description and a written job specification. The job description usually is a listing of the job duties, the working conditions, and the tools, materials, and equipment used to perform the job. Probably the most important portion of the job description is the listing of the minimum qualifications needed to fill the job. This unit is sometimes called the job specification, which is a list of the qualifications that the potential applicant must have.

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14.2 Globalization

Globalization in its true sense is a way of corporate life necessitated, facilitated and nourished by the trans-nationalization of the world economy and developed by corporate strategies. Globalization is an attitude of mind which views the entire world as a single market. Organizations have realized that survival is only possible if the necessary changes are brought in at the right time. These change are however not only confined to the changes in production or marketing strategies but also include most importantly the change in human resource management practices. At Ford Motors Company, "Managers try to make decisions on the global basis. They plan activities, handle manufacturing and purchasing globally. Ford approaches HR the same way, moving employees from anywhere to anywhere if they are the best ones to do the job."

It has now been clearly understood by the organization that human resource management practices are most important because any change or development is for the people and by the people. Thus, today when the world is known as global village, there is requirement for new perspective of HR functions better known as global HR functions. This requires an appropriate mix of employees in terms of knowledge, skills and cultural adaptability to handle the global assignments. The rapid globalization has compelled to redefine and redesign the HR practice and policies to explore the HRM implications of globalization. Beginning with the last decade of the 20th century, globalization, liberalization and technological advances have changed the way the business is being done across the world and India has been no exception to this. Since HRM is the prime mover of human resources through which organizations have to encounter threats used by the environment, it is facing lot of challenges in managing people effectively.

14.3 Functional Transformation of HR – From Support Function to Strategic Function

The future of HR is challenging – very mobile, ever changing, more dynamic, action oriented and innovative. HR transformation changes both behaviour and outputs. Transformation requires integrating the various HR practices and focusing them jointly on value-added agenda such as intangibles, organization and individual capabilities.

Earlier, HR function in the organization was considered to be the staff functions. However, the global shift redefined the roles and functions of HR and now call it as a strategic function which ensures that:

1. HR management has to be fully integrated with the strategic need of the firm.
2. HR policies establish coherence between the policies and also across the hierarchies.
3. HR practices are well-adjusted, accepted and followed by line managers and employees as a part of their routine works.

14.4 Global Perspective of HRM

As it is well observed that the success of any organization lies upon the type of people, their willingness and their commitment towards the organization. In today's scenario, when our business is getting increasingly interlinked across nations, the HR person needs to give international orientation, whether he or she does employee recruitment, training and development, performance review, motivation or industrial relations.

Did u know? Global HRM is the blend of three dimensions:

1. HR Activities

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2. Types of Employees
3. Countries of Operations

14.5 International HR Challenges

With the changing business scenario, a great need is felt that HR practices of the organizations need to be reshaped and moulded to give the business a competitive edge.

The major challenge, however, is to be people-centric rather being work-centric. Few HR challenges, which have taken the front seat and are treated as most important for the organization survival, growth and development are as follows:

14.5.1 Selectivity in Recruitment

In the global perspective, the companies can tap four basic sources for positions.

Sources of Recruitment

1. ***Home Country Nationals:*** These managers are called expatriates, or expats, which refers to those, who live and work outside their home countries. However, according to a research conducted by Beamish and Ink pen over 3,200 Japanese subsidiaries and it was found that the percentage of expats has been exceedingly declining. The reasons were clear as it involved huge cost to keep expats and also the effectiveness of the local managers increased, as they were more reliable and effective in giving performance.
2. ***Host Country Nationals:*** To avoid the problem of expatriates, multinational companies often hire employees from the same nation where they begin their operations. They are called host country nationals. These individuals are familiar with the culture, they know the language and they are less expensive than the home country.
3. ***Third Country Nationals:*** The TCN individuals are focused because the organizations believe that irrespective of any factor, they are hired on the principle of "the individual who were the best ones for the job", should be given the job whether he is an expatriate, third country nationals or Inpatriates.
4. ***Inpatriates:*** Inpatriate is an individual from a host country or a third country who is assigned to work in the home country.

14.5.2 Staffing Strategy

The staffing strategies can be broadly divided into ethnocentric, polycentric and geocentric strategies:

1. ***Ethnocentric approach:*** Under this approach, all the key positions are filled in by the parent nation employees, later to introduce the single corporate culture throughout the globe. The company after some time, might conduct the local people for better understanding for managing market dynamics and managing people. Cieri, Dowling & Taylor (1991). Finding says that 50% of responding firm estimated that the average cost of expatriates was three to four times that of a normal salary.
2. ***Polycentric Approach:*** Under this approach, generally host countries nationals are employed in the subsiding of the MNCs. Because of the reasons of cultural familiarity, beginning cost effective and also language familiarity.
3. ***Third Country Nationals:*** TCNs are those who are citizens of the countries other than the country in which the MNC is headquartered or the one in which they are as required to work by the MNC. The TCN individuals are focused because the organizations believe

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that irrespective of any factor, "The individuals who were the best ones for the job" should be given the job. Either he is an expatriate, third country National or Inpatients. TCNs in general demonstrated a global or transnational image and bring unique cross-cultural skills to the relationship.

4. ***Geocentric Approach:*** This approach subscribes the view of employing the best people in key positions throughout the organization without the consideration of any nationality.

5. ***Regiocentric Approach:*** This approach advocates the division of operations of the multinational company on the basis of some geographical regions and allows the transfer of employees within a particular region. For example, many companies have the regional division like Europe, Africa, Asia Pacific and encourage the transfer of their senior managers.

Caution Company adopts a particular strategy at a particular time or a combination of strategies depending on the need of the organization.

Comparative analyses is now being presented:

Table 14.1: Comparative Analyses

	Staffing Approach	Strategic Appropriateness	Advantages	Disadvantages
Comparison of Staffing Approaches	Ethnocentric	International	Overcomes lack of qualified managers in host nation Unified culture Helps transfer core competencies	Produces resentment in host country Can lead to cultural myopia
	Polycentric	Multidomestic	Alleviates cultural myopia Inexpensive to implement	Limits career mobility Isolates headquarters from foreign subsidiaries
	Geocentric	Global and transnational	Uses human resources efficiently Helps build strong culture and informal management network	National immigration policies may limit implementation Expensive

Source: McGraw Hill/Irvin International Business.

Self Assessment

Fill in the blanks:

1. The ..... attitude assumes that local managers in host countries know best how to run their own operations.

2. ..... is an entry strategy in which a firm maintains its production facilities within its home country and transfers its products for sale in foreign markets.

3. The process of bringing expatriates home is called ..... .

4. ..... is the systematic analysis of job requirements.

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5. A multinational corporation is a more complex form that usually has fully autonomous units operating in .....countries.
6. An ..... is the employee working in a unit or plant who is not a citizen of the country in which the unit or plant is located but is a citizen of the country in which the organisation is headquartered.
7. Firms operating in international markets face ..... conditions and competitions.
8. Business is becoming a ..... global arena as trade barriers fall.
9. Routine internal advertising allows a competitive ..... job market to function across nationalities, genders and other categories.
10. ..... may be defined as the process by which the organisation choose from among the applicants, those people who are perceived the best meet the job requirements.

14.5.3 Selection Criteria for International Assignments

With a global business view, the overseas assignments need to be handed tactfully and this requires the effective selection decision of the manpower. The international selection criteria is influenced by various factors which are as follows:

1. ***Ability to adapt:*** This is the individual ability to get with the people, culture and the type of business organization. An individual must be able to solve the problems within different frameworks and from different perspectives.
2. ***Combination of right age, experience and education:*** An individual apart from the ability to adapt need to have an appropriate combination of age, relevant experience and should fulfill the basic eligibility criteria if planning to handle the global assignment. A right mix of age, experience and education would facilitate the individuals for better handling of job and take progressive and developmental efforts.
3. ***Language training:*** English is the international language and primarily important for the international business. Most people can converse in English now. However, during business in non-English speaking countries might pose problems, so the individual needs to be familiar or comfortable with the language of the country where the business operation would be executed.
4. ***Spouse and family liability:*** Spouse of the dependants are another important consideration when a person is to be chosen for an overseas assignment. By using the process called adaptability screening, with which it is evaluated how well the family is fit to withstand the regions and stress of overseas life, the new limit, culture etc.
5. ***Leadership ability:*** Another major challenge is in terms of the leadership ability of the individual. The global leader is the one effective leader both in the home country and equally good on overseas assignment. A right mix of emotional stability, drives to take initiatives, maturity etc. are few important characteristics which a global manager should possess.

Thus, we conclude that a selection criterion is important, based on the individual's ability to adjust.

14.5.4 Cultural Integration

The term cultural integration means the process of one culture gaining ideas, technologies and products of another and so this means that this culture will seem to be integrating into the other.

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Cultural integration is difficult to define because it is made up of many concepts. The idea of a multicultural society reflects cultural integration at work; so too does the idea of the 'global village', where, through technology and trade, a seemingly borderless world is created.

Cultural integration also concerns the adoption of a mass consumer culture where everything from fashion to sport, music to television, becomes integrated into the national culture, often without challenge. While this may be seen by some as a positive step towards unifying the world, to others, cultural integration is seen as a threat to national sovereignty and cultural diversity. Geographically, where a person lives in the world often determines what part, if any, he or she can play in this globalization process.

Cultural integration is one of the major problems, which has contributed to the practice of mergers such as, those of Nissan and Renault and Daimler Chrysler. Cultures at the workplaces steadily are assuming some amount of uniformity for crystallizing of a 'global work culture'.

Different organizations have different ways of dealing with this and the most common is the cross-cultural training. Indian organizations are relying on this.

For example, 'with TCS' – the biggest challenge is to integrate a global workforce into a single corporate culture. The company has started recruiting foreign nationals especially from the U.S, Australia, as the need for a unified training is increasing.

14.5.5 Managing Workforce Diversity

With the coming up of multinationals, the organizations are a complex web of individuals having difference in culture, age, gender, race, education, ethics and moral values. These differences are not only present in the work culture but also in their adaptability in meeting global changes. The diversified composition encourages creativity and better solutions to complex business decisions but poses problems in understanding human behaviour effectively.

14.5.6 Employee Information Sharing

In today's perspective, the employee should be well-informed about the organizational policies, plans and strategies as it generates a feeling of trust and confidence among employees and helps the organization to achieve the competitive advantage. A well-informed workforce is more participative and possesses high degree of commitment and involvement.

However, this trust is built when management has the credibility, which is a factor of integrity. Better communication and information sharing help building a strong relationship between employer and employee and make a company better place to work.

1. Many organizations have some forms of employer newsletters. For example, JW Marriott has a newsletter published by human resource daily, which is read out to all the associates at the commencement of the shifts.
2. At Intel, a programme called "The Right to Know" programme provides a facility to the employer to anonymously ask any business related questions about Intel and receive a prompt answer.
3. Fred Smith, FedEx CEO holds online broadcast and open phone lines to employees' unscreened questions.

14.5.7 Talent Management Strategies

Another important SHRM function is building of strong talent management team, which will adopt the design and development programmes that resonate with the current state of company's technological needs. Learning is a key component in effective talent management as it develops

the sense of career development, which will have the most success in retaining a skilled and qualified workforce.

14.5.8 International Compensation Management

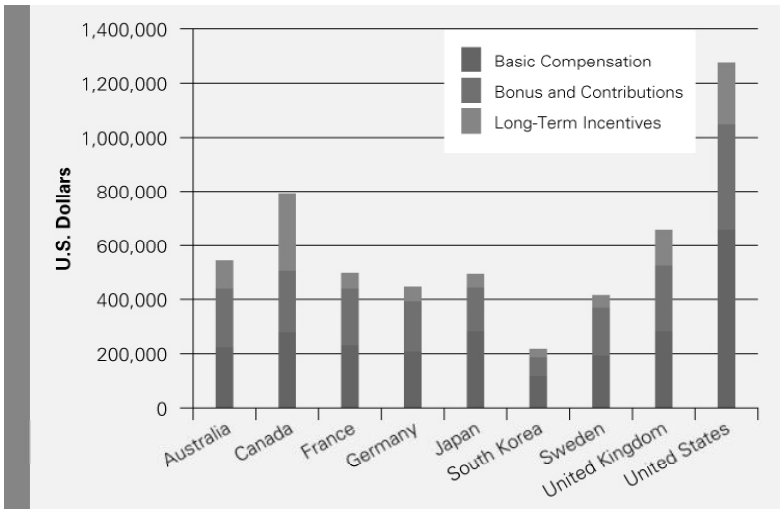
When a firm develops international compensation policy, it tries to fulfill some broad objective:

1. Equalize pay on a global basis.
2. Should be in line with the structure, business needs and overall strategy of the organization.
3. Attracting and retaining the best talent.

Major components of international compensation package:

1. Basic salary
2. Foreign services inducement premium
3. Allowances
4. Benefits
5. Long-term incentives
6. Taxes includes equalization and tax protection.

Figure 14.1: National Difference in CEO Pay for Midsize Companies



Source: McGraw Hill/Irvin International Business.

14.5.9 Approaches to International Compensation

1. ***Balance sheet approach:*** Reynolds (1986), explained this approach as a system designed to equalize the purchasing power of employees to meet the international standards and to maintain same standard of living across countries.
2. ***Market Rate approach:*** The base salary is linked to the structure in the host country and to meet the host countries' compensation standards.

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Table 14.2: Compensation for Four Positions in 26 Countries

	CEO	HR Director	Accountant	Mfg. Employee
Argentina	$860,704	$326,874	$63,948	$17,884
Australia	646,316	235,316	57,129	29,703
Belgium	655,390	280,222	63,863	34,336
Brazil	597,454	287,583	44,605	10,480
Canada	742,228	188,070	44,866	36,289
China (Shanghai)	93,393	58,278	14,552	3,021
France	540,260	224,112	69,654	34,741
Germany	421,622	189,786	61,375	36,834
Hong Kong SAR	695,188	211,321	56,711	16,691
Italy	667,696	254,138	69,388	29,469
Japan	545,233	235,536	59,107	61,997
Malaysia	350,558	130,771	24,522	7,453
Mexico	648,695	239,028	41,582	14,302
Netherlands	621,153	217,142	48,838	27,392
New Zealand	258,114	111,603	38,382	15,931
Singapore	621,671	239,376	51,733	16,912
South Africa	406,263	179,268	43,234	7,974
South Korea	194,421	109,637	41,365	17,904
Spain	399,423	196,305	58,332	22,746
Sweden	440,265	168,312	43,438	32,564
Switzerland	448,422	175,008	66,121	41,104
Taiwan	179,495	102,491	30,652	11,924
Thailand	145,173	98,120	19,175	5,293
United Kingdom	719,665	268,302	107,639	28,874
United States	1,403,699	306,181	65,377	44,580
Venezuela	609,097	272,212	41,192	11,221

Source: McGraw Hill/Irvin International Business.

Self Assessment

State whether the following statements are true or false:

11. The home country is the place where the expatriate is working.
12. A global corporation operates in various countries but each foreign business unit is operated separately.
13. Business principles and values can be successfully applied anywhere in the world.
14. Even in global operations, the HR function tends to be highly centralised.
15. Expatriates often lose touch with their organisations.
16. Global activities add a whole new set of often-unforeseen challenges to the HR function.

14.6 Work Life Balance

Work life balance and joy at work are important value propositions in the current work scenario. The concept of zipped career is rapidly gaining place, as people want to become rich very fast. People are becoming very conscious about the personal space they need for themselves and they are looking for jobs that give them space and time for their hobbies, community work or sports etc. To turn the workforce from monotony to creativity, global HR managers need to create innovative work patterns and practices that can accommodate the aspirations of the employees. Surveys have shown that work life balance is a major issue in a global economy. Rapid technology changes, working couples etc. surmounts societal pressures. Many organizations have started looking it as an option. This can be done in two ways. One way is to allow the flexible timings. The second way is where an employee does not work for fixed number of years but takes up interesting assignments in his or her area of specialization, as and when they are available.

Notes

In practice, most employers give employees only limited freedom regarding the hours they work. Flexi time, is usually more successful with clerical, professional and managerial jobs. This provides more time to the employees for family. Many employees, like airline pilots, go for compressed workweeks. Some firms have four-day workweeks, with four 10-hours days. About half of 500 employers in one recent survey said they now use 12-hour shifts for many of their employees.

Task Identify the key issues and challenges facing multinationals in developing a cadre of global managers.

14.7 Employee Participation, Empowerment and Commitment

A new work ethic has emerged where the focus is on doing the work that is enjoyable and meaningful to do. There is now greater demand for privacy, autonomy and flexibility. The need is greater transparency and openness around the business policies, including those related to employees an environment fostering.

Effective teamwork, a culture of innovation and creativity is yet another challenge faced by Indian organizations today.

Neither the Indian education system nor culture fosters and encourages creativity, and so, evidently, India has had very few pioneering concepts or products and services.

However, organizations are now taking it on themselves to provide an environment that can sow the seed of innovation and creativity in the work life of its employees. And, in the context of globalization and mobility of its workforce, where Indian employees have to work together in cultures where innovation and creativity are a given, this aspect does assume a great deal of significance.

Dr. Edward de Bono's Six Thinking Hats,' a tool whereby individuals and teams learn to separate thinking into six categories for analyzing issues, generating new ideas, and revolutionized how creativity can be fostered in companies and Indian organizations are relying on this and other such creativity tools that are available.

Although Indian organizations have a long way to go in this area, this marks a beginning of taking creativity seriously.

14.8 Cross-cultural Training

The global reconfiguration of businesses has resulted in changes in training needs. Multinationals require the delivery of HRD training that is cost-effective, flexible and culturally relevant. Training needs to be delivered in different time zones and in dramatically different cultural contexts. Online learning, or e-learning, seems an obvious choice to deliver this type of learning. However, while online learning is efficient and convenient, it does not satisfy all training needs. It may fail to adequately develop the social learning communities that work teams need to initiate and sustain effective learning.

Many programmes equip employees with the basics of the host country's history, politics, business norms, education system, and demographics; the cultural values, communication, and how to function in a foreign country. But, do these cross-cultural training programmes adequately prepare the employees to operate in the foreign environment? The need to develop cross-cultural skills in expatriates is even greater where the gap between cultures is very important (Forster, 2000).

Notes

Expatriate employees that are unprepared to meet the challenges in a foreign country often fail their mission and this is costly to any organization. Therefore, it is imperative to adequately train expatriates to perform well in oversees assignments; not only does this draw benefits to the company, it also helps the morale of the employees.

Some expatriates succeed in their overseas assignments, others encounter failure. Expatriate failure results in costly consequence (Bennet et al, 2000). Research has identified that having accurate expectations, positively affects cross-cultural adjustment (Caligiuri, et al, 2001). Adequate training also reduces assignment failure (Marquards & Engel, 1993). According to research; only 30% of the U.S. multinational companies provided their employees with cross-cultural training (Bhagat & Prien, 1996; Black, 1988; Deshpande & Viswesvaran, 1992). One reason is that the body of knowledge in cross-cultural training has not been able to impact the field mainly because researchers have not agreed yet on the implementation of their findings (Brewster, 1995; Selmer, Torbiörn, & de Leon, 1998; Selmer, 2001). Litterell et al, (2006) unveiled a rich review of literature over the past 25 years on expatriate preparation.

14.9 Leveraging Cultural Diversity

Cultural Integration

No discussion on globalization and global mobility is complete without mentioning the challenges faced by organizations as a result of different social and work cultures. While cultures at the workplace steadily are assuming some amount of uniformity, as seen in the crystallizing of a 'global work culture', the behaviour patterns largely governed by the socio-economic culture play a role that cannot be ignored.

We see that an average Indian is focused primarily on work alone and may not have an active interest in any support or form.

Discussions with his or her fellow colleagues from other cultures are primarily work-related, and his or her disposition with the customer and client is more of benevolence than an equal standing.

Different organizations have different ways of dealing with this, the most common being cross-cultural training. Indian organizations are relying on this, and also investing heavily on this by calling on several cross-cultural training experts and orienting its employees from the very basics to the extremely sublime aspects of culture.

Notes Knowledge Management

Changing business complexities, have compelled the organizations to be proactive, targeted and focused. The HRM process adopts an innovation policy aimed at driving the organization. Establishing a culture of innovations requires the support of the range of initiatives:

1. Knowledge research centre
2. Knowledge and technology diffusion
3. Awareness and promotion knowledge

Successful knowledge-based management organization and knowledge management projects must be multidisciplinary in terms of bringing together technology, culture, economics and politics in a combination that enables flexibility in dealing with whatever

Contd…

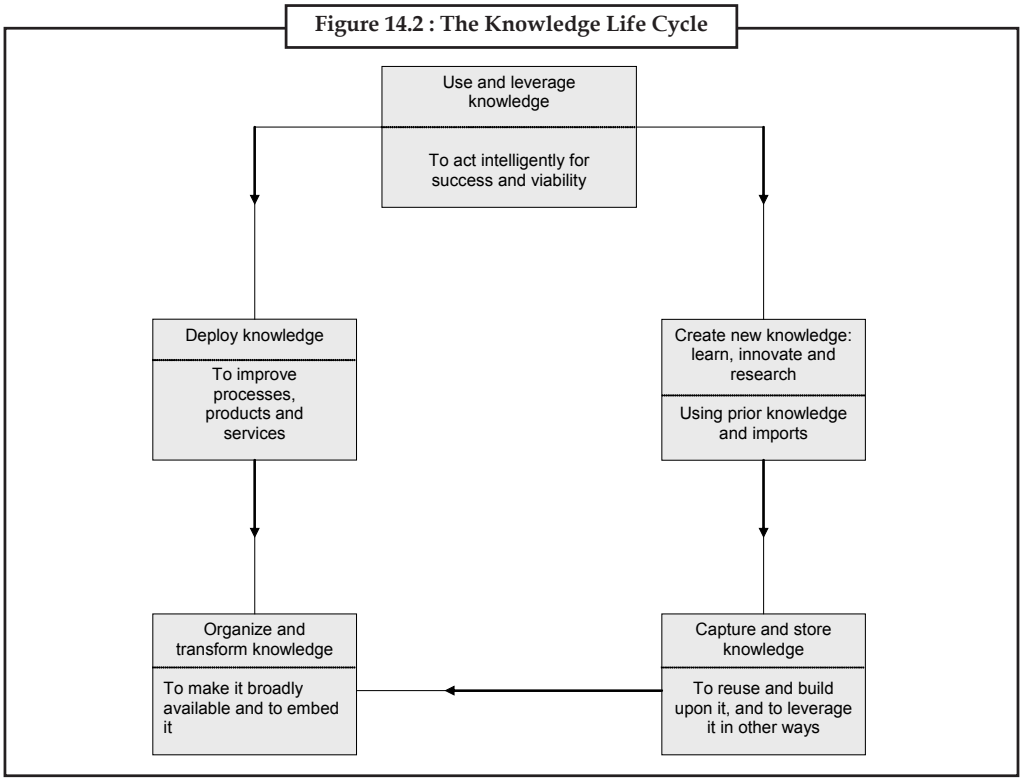
Notes

project and objective. The knowledge management cycle in organizations consists of Knowledge Assessment, Knowledge Acquisition, Knowledge development, Knowledge Sharing, Knowledge utilization and Knowledge retention.

14.10 Knowledge Life Cycle

Knowledge capital may not have precisely the same definition in every organization, every division, every department, every function or every work unit. The key to understanding knowledge capital understands what makes an organization competitive that is its core competence and the collective knowledge, talent and marketability of the people working in the organization. So the definition of knowledge capital varies by the nature of the business and the collective knowledge, experience and creativity of the individuals who make the business operate.

Figure 14.2 : The Knowledge Life Cycle



Source: Knowledge Research Institute, quoted in Business Today, May, 7-21,1999, p.86.

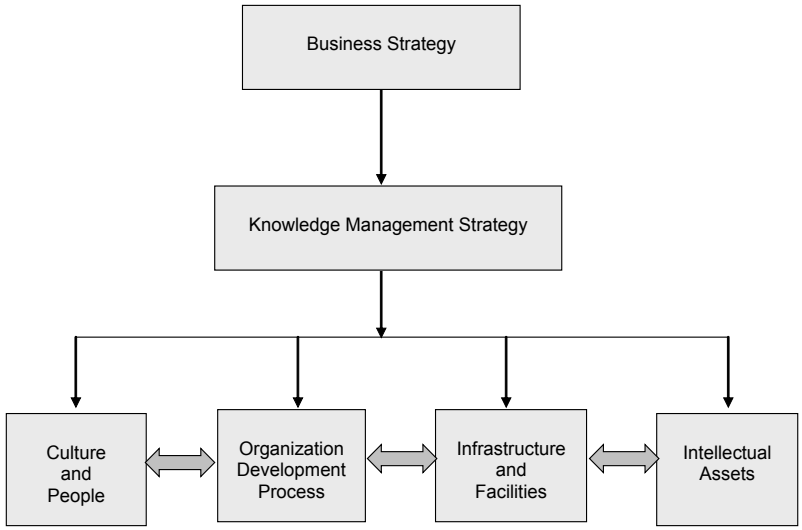
Understanding of the knowledge life cycle and formulation of the HR strategies based on the knowledge management gives the right solutions for managing the global HR challenges. It is depicted with the help of a model below:

Developing Strategies for Building Knowledge Capital Experiences and Assignments in Succession Planning: Development experiences are competencies required for success of the organization with a strategy. Peter Drucker (1992) emphasized that way of educating people is this view the whole, of course, is through work in cross-functional task forces. The real challenge lies in the building on experience and leverage knowledge quickly and widely throughout the organization.

The role of HR function goes well beyond value recognition. For knowledge capital to add value to organizations, key people should be identified, and made to transfer the information to others, use it in HR strategic planning processes and to spark innovation and creativity among the workforce.

Notes

Figure 14.3: Developing Strategies for Building Knowledge Capital



Thus, knowledge management offers a new outlook to the HR functions to streamline and face the challenges in the global scenario. Proactive, knowledge based management organizations are a key to success.

Case Study

Happy to be Going Home

US family, from the mid-west, was posted to Melbourne, Australia. The expatriate's role was to assist the Australian subsidiary improve its quality control and supplier relationships. Chuck was placed in charge of the purchasing department. After 12 months, he had successfully established good links with the company's key component suppliers and was in the process of arranging joint company quality training programmes with these suppliers to ensure the newly-instigated just-in-time inventory procedure was on a sound footing. Chuck was enjoying his new role. Meanwhile, his 10-year-old daughter was finding it difficult to make friends in the expensive private school the company had arranged for her to attend. His wife was also finding life in Australia somewhat hard to cope with. "On the surface, it seems so much like home, but Australians are not at all the same as us Americans, and some people make disparaging remarks about us. They use terms such as 'Yanks'. I miss not being able to find familiar things, such as brownie mix, in the supermarket." Both wife and daughter were very happy when circumstances provide an acceptable reason for an early end to Chuck's assignment. His elderly mother suffered a bad fall, and there were no other family members to take care of her. The family was repatriated after 14 months into a 3-years assignment. The expatriate was replaced by another PCN.

Questions

1. When Chuck was enjoying his assignment?
2. Why was his family unhappy to stay in Australia?

Notes

14.11 Summary

- When staffing overseas positions, the multinational corporation (MNC) has three major options: (1) an ethnocentric staffing approach, employing host country nationals; (2) a polycentric staffing approach, employing home country nationals; and (3) a geocentric staffing approach, employing third country nationals.
- Host country nationals comprise the local workforce that can be hired by the international firm.
- Home country nationals are those from the corporation's home country.
- Third country nationals are citizens from nations other than the host country nationals in developed countries.
- The major underlying objective of human resource planning is to lay the foundation from which the organization will always have the right people in the right places to do the work required by the organization.
- Human resource forecasting is the process by which an organization estimates its future human resource needs.
- Once an organization has estimated its future demand and supply of human resource, the next step in the staffing process is to match the two forecast to identify areas of future overstaffing and areas of future manpower shortages.
- In order to be certain the recruitment process follows prescribed guidelines; organizations may establish recruitment; policies.
- Recruitment can be categorized into two types: (1) external recruitment; and (2) internal recruitment.
- One technique of the recruitment process is known as the realistic job preview (RJP), by which every candidate is given all the pertinent and realistic information about both the job and organization.
- Ideal selection identifies the best fit between the person and the job. There are seven basic factors in the selection process: (1) application forms; (2) interviewing; (3) assessment centers; (4) employment testing; (5) reference checks; (6) physical examinations; and (7) selection validation.
- There are three basic sources the MNCs can tap for overseas positions: (1) home or parent country nationals (PCNs); (2) host country nationals (HCNs); and (3) third country nationals (TCNs).
- The four approaches to multinational staffing decisions—ethnocentric, polycentric, geocentric, and regiocentric—tend to reflect the managerial philosophy towards international operations held by top management at headquarters.

14.12 Keywords

Ethnocentric Approach: Under this approach, all the key positions are filled in by the parent nation employees, later to introduce the single corporate culture throughout the globe.

Expatriates, or Expats: Expatriates, or expats, which refers to those, who live and work outside their home countries.

Geocentric Approach: This approach subscribes the view of employing the best people in key positions throughout the organization without the consideration of any nationality.

Notes

Globalization: Globalization is an attitude of mind which views the entire world as a single market.

Host Country Nationals: To avoid the problem of expatriates, multinational companies often hire employees from the same nation where they begin their operations. They are called host country nationals.

Human Resource Forecasting: The process by which an organisation estimates its future human resource needs.

Human Resource Planning: The process of getting the right number of qualified people into the right job at the right time, so that an organisation can meet its objectives.

Inpatriates: Inpatriate is an individual from a host country or a third country who is assigned to work in the home country.

Job Analysis: It is the systematic study of job requirements and those factors that influence the performance of those job requirements.

Polycentric Approach: Under this approach, generally host countries nationals are employed in the subsiding of the MNCs.

Realistic Job Preview: A recruitment technique by which every candidate is given all the pertinent and realistic information about both the job and organisation.

Recruitment: The process by which an organisation attracts people to apply for their job openings.

Regiocentric Approach: This approach advocates the division of operations of the multinational company on the basis of some geographical regions and allows the transfer of employees within a particular region.

Selection: The process by which the organisation choose from among the applicants, those people who are perceived the best meet the job requirements.

Third Country Nationals: TCNs are those who are citizens of the countries other than the country in which the MNC is headquartered or the one in which they are as required to work by the MNC.

14.13 Review Questions

1. Define the term Global HRM.
2. Explain the meaning and impact of globalization.
3. Discuss the concept of HRP.
4. What is the significance of HR forecasting?
5. Discuss Selection Criteria for International Assignments.
6. What steps are needed to attract an effective workforce for an MNC? How should an organisation develop an effective workforce?
7. What are the sources of an MNC can tap for its overseas position?
8. What are the approaches to Multinationals' staffing decisions?
9. What are the factors involved in expatriate selection, both in terms of individual and specifics of situation?
10. What is cultural integration?
11. State and explain the concept of knowledge management.
12. Discuss the various approaches to international compensation.

Notes

Answers: Self Assessment

1.	Polycentric	2.	Export
3.	Repatriation	4.	Job analysis
5.	multiple	6.	expatriate
7.	different	8.	unified
9.	internal	10.	Selection
11.	False	12.	True
13.	False	14.	False
15.	True	16.	True

14.14 Further Readings

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