LOVELY PROFESSIONAL UNIVERSITY

MANAGING HUMAN ELEMENT AT WORK

Edited By

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SYLLABUS

Managing Human Element at Work

Objectives: To make the students aware about the importance of managing human resources effectively and the need for their development along with the development of the organization.

S. No.	Description
1.	**Introduction to Human Resource Management:** HRM Policies and their relationship with other fields. E – Human Resource Management.
2.	Job designing, Recruitment, Selection, Induction and Placement.
3.	**Training and Development:** Training process, methods and evaluating the training effort.
4.	Appraising and evaluating people in the organisation.
5.	Compensation and Rewards.
6.	Industrial Relations.
7.	Improving Communication and Managing Conflict, The Dynamics of Change.
8.	Importance of Small Groups and Informal Organizations.
9.	Individuals and Self Management, Handling Stress at workplace.
10.	Motivating and Morale Boosting, Leading, Job Satisfaction and Quality of Work Life.

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Unit 1: Introduction to Human Resource Management

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Objectives

After studying this unit, you will be able to:

- Define human resource management
- Explain the importance of HRM
- Understand changes of HRM
- Describe the HRM model
- Explain the environmental influence on HRM
- Describe the challenges faced by HRM today
- Explain the human resource policies

Introduction

Human Resource Management (HRM) is concerned with the people's dimension in management. HRM is a term increasingly used to refer to the philosophy, policies, procedures and practices relating to the management of people within organizations. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance, and ensuring that they continue to maintain their commitment to the organization are essential to achieving organizational objectives. Those organizations that are able to acquire, develop, stimulate and keep outstanding workers will be both effective and efficient. Those organizations that are ineffective or inefficient risk stagnation or going out of business. Human resource management thus, creates organizations and makes them survive and prosper. If human resources are neglected or mismanaged, the organization is unlikely to do well.

1.1 Definitions of Human Resource Management (HRM)

According to Ivancevich and Glucck, "Human Resource Management is the function performed in organizations that facilitates the most effective use of people (employees) to achieve organizational and individual goals".

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Byars and Rue say that "Human resource management encompasses those activities designed to provide for and coordinate the human resources of an organization".

According to Dale Yoder "the management of human resources is viewed as a system in which participants seek to attain both individual and group goals".

According to Flippo, HRM is "the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual, organizational and societal objectives are accomplished".

In the words of Michael J Jucious, Human Resource Management may be defined as "that field of management which has to do with planning, organizing and controlling the functions of procuring, developing, maintaining and utilizing a labour force, such that the (a) objectives for which the company is established are attained economically and effectively, (b) objectives of all levels of personnel are served to the highest possible degree; (c) objectives of society are duly considered and served".

1.1.1 Objectives of HRM

Objectives of HRM are as follows:

- Predetermined goals to which individual or group activity in an organization is directed.
- Influenced by organizational objectives and individual and social goals.
- Every organization has some objectives and every part of it should contribute directly or indirectly to the attainment of desired objectives.
- Determine the character of an organization and serve as the basis for voluntary cooperation and coordination among employees.
- Benchmarks or standards of evaluating performance.
- To promote the effectiveness of employees at their work place. It is also to promote the synergy between the employer and the employee as also to minimize the suspicion and hostility that has characterized their relationship for so long.

According to Indian Institute of Personnel Management, "Personnel Management (Human Resource Management) aims to achieve both efficiency and justice, neither of which can be pursued successfully without the other. It seeks to bring together and develop an effective organization, enabling the men and women who make up an enterprise to make their own best contribution to its success both as an individual and as a member of a working group. It seeks to provide fair terms and conditions of employment and satisfying work for all those employed". They are derived from the basic objectives of an organization. In order to achieve organizational objectives integration of employer's interest and employee interests is necessary, the objectives of human resource management may be summarised as follows:

- To improve the service rendered by the enterprise through building better employee morale, which leads to more efficient individual and group performance. Thus, HRM seeks to manage change to the mutual advantage of individuals, groups, the organization and society.
- To establish in the minds of those associated with the enterprise—employees, shareholders, creditors, customers and the public at large, the fact that the enterprise is rendering the best service of which it is capable and distributing the benefits derived from there fairly and contributing to the success of the enterprise.

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- To create and utilise an able and motivated workforce, to accomplish the basic organizational goals.
- To recognise and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits, social security, challenging work, prestige, recognition, security, status etc. Thus, an organization can identify and satisfy individual and group goals by offering appropriate monetary and non-monetary incentives.
- To employ the skills and knowledge of employees efficiently and effectively i.e., to utilise human resources effectively in the achievement of organizational goals.
- To strengthen and appreciate the human assets continuously by providing training and developmental programmes. Training and development helps the organization attain its goals by providing well-trained and well-motivated employees.
- To maintain high employee morale and sound human relations by sustaining and improving the various conditions and facilities.
- To enhance job satisfaction and self-actualisation of employees by encouraging and assisting every employee to realise his full potential.
- To provide facilities and conditions of work and creation of favourable atmosphere for maintaining stability of employment.
- To recognise and satisfy individual needs and group goals by offering appropriate monetary and non-monetary incentives.
- To develop and maintain a Quality of Work Life (QWL) which makes employment in organization a desirable personal and social situation.

Maximum individual development, desirable working relationship and effective utilisation of human resources are the primary goals of HRM. Management has to create a conducive environment and provide necessary prerequisites for the attainment of the objectives of HRM.

1.1.2 Scope of HRM

The scope of HRM is indeed vast. Figure 1.1 explains the vast scope of personnel management. Human Resource Management embraces a very wide field of activities. The scope of HRM is so wide and varied that the HR department and the personnel executives typically perform a variety of roles in accordance with the needs of a situation. The HR manager plays multiple roles like that of a researcher, of a counsellor, of a bargainer, of a mediator, of a peacemaker, of a problem solver, etc.

The seven functional areas of Human Resource Management as outlined by Northcott are:

(a) Employment

(b) Selection and Training

(c) Employee Services

(d) Wages

(e) Industrial Relations

(f) Health and Safety

(g) Education.

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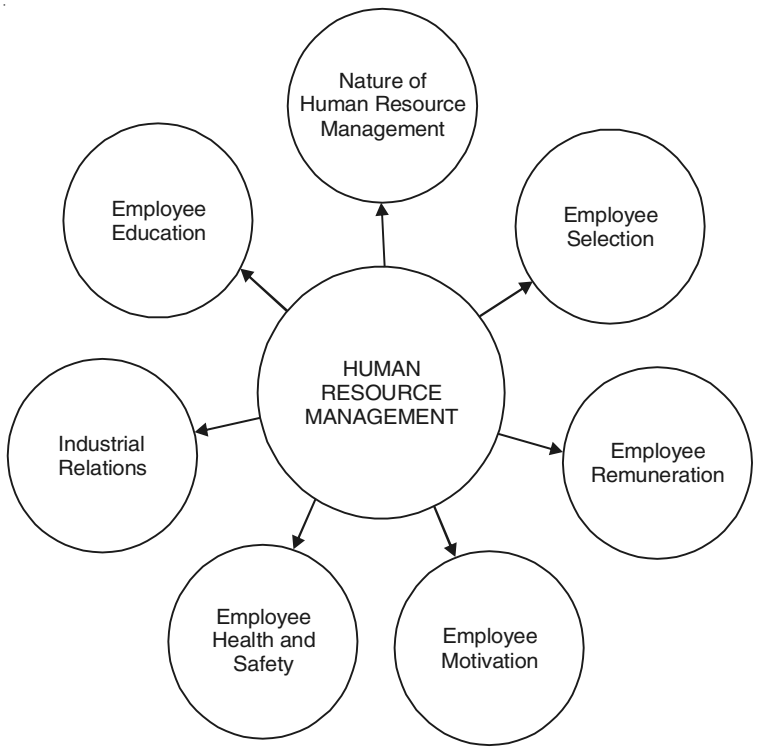
Figure 1.1: Scope of HR Management



It has therefore, been rightly observed by Peter Drucker that "Management is a multipurpose organ which has three jobs, two of which are directly related to personnel: managing a business; managing managers; and managing workers and the work". The personnel executives play an important role in a business organization. They not only help in determining the rules of the organization, but also play a powerful role in interpreting and applying the rules of the system itself. They are expected to enjoy the confidence of both the management and the workers which is crucial to the efficient and effective operation of the business organization. The focus of human resource management is on people at work. It is indeed a wide area and covers a broad spectrum of activities. A manager, whether he is incharge of a production or a marketing function, deals with human beings and gets his job done through and with people.

1.2 Importance of HRM

Human resources, along with financial and material resources contribute to the production of goods and services in an organization. Physical and monetary resources, by themselves, cannot improve efficiency or contribute to an increased rate of return on investment. It is through the combined and concerted efforts of people that monetary and material resources are harnessed to achieve organizational goals. But these efforts, attitudes and skills have to be sharpened from time to time to optimise the effectiveness of human resources and to enable them to meet greater challenges. This is where HRM plays a crucial role. The significance of HRM can be discussed at four levels:

(*a*) Corporate (*b*) Professional

(*c*) Social (*d*) National

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1.2.1 Corporate

Good human resource practices help in attracting and retaining the best people in the organization. Planning alerts the company to the types of people it will need in short, medium and long run. The HRM can help an enterprise in achieving its goals more efficiently and effectively in the following ways:

- Attracting and retaining talent through effective human resource planning, recruitment, selection, compensation and promotion policies;
- Developing the necessary skills and right attitudes among the employees through training;
- Securing cooperation of employees through motivation; and effectively utilising the available human resources.

1.2.2 Professional

Effective management of human resource helps to improve the quality of work life. It contributes to professional growth in the following ways:

- Providing maximum opportunities of personal development of each employee;
- Allocating work properly and scientifically; and
- Maintaining healthy relationships between individuals and groups in the organization.

1.2.3 Social

Sound human resource management has a great significance for society. Society, as a whole is the major beneficiary of good human resource practices.

- Employment opportunities multiply.
- Scarce talents are put to best use.
- Organizations that pay and treat people well are always ahead of others and deliver excellent results.
- Maintain a balance between the jobs available and job seekers in terms of numbers, qualifications, needs and aptitudes.
- Provides suitable employment that gives social and psychological satisfaction to people.

1.2.4 National

Human resources and their management play a vital role in the development of a nation. There are wide differences in development between countries with similar resources due to differences in the quality of their people. Development of a country depends primarily on the skills, attitudes and values of its human resources. Effective management of human resources helps to speed up the process of economic growth which in turn leads to higher standards of living and fuller employment.

1.3 The Changing Role of HRM

The challenge of HR managers today is to recognise talent and nurture the same carefully and achieve significant productivity gains over a period of time. The enterprise is nothing but people. Some will be intelligent, others not so intelligent; some are committed to jobs, others are not; some will be outgoing others reserved and so on. “The point is that these differences demand attention so that each person can maximise his effectiveness therefore the society as a whole can make the wisest use of its human resources”.

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The role of an HR manager is shifting from one of a protector and screener to that of a planner and change agent. In the present-day competitive world, highly trained and committed employees are often a firm's best bet. HR professionals can help an organization to select and train employees for emerging roles. Only people who are involved and intelligent can make a difference. Charles Creer has pointed out that "in a growing number of organizations, human resources are now viewed as a source of competitive advantage. Increasingly it is being recognised that competitive advantage can be obtained with a high quality workforce that enables organizations to compete on the lines of market responsiveness, product and service quality, differentiated products and technological innovations".

In the future, the principal issues will be how the HRM function can transform its outlook from a traditional to a modern one, from being functionally-oriented, internally focused, reactive, activity-driven, centralised and control-oriented to being business-oriented, customer-focussed, proactive, effectiveness-driven, decentralised and empowerment-oriented.

Moreover, organizations will need to be concerned with extending their recruiting efforts, developing careful screening procedures, training employees to adapt to change, providing appropriate and sufficient educational programmes and accounting for their recruiting, selecting and training employees. The new generation of employees will weigh salary and benefits packages against their personal needs and values. Therefore, compensation and benefits packages will offer greater flexibility in order to meet individual needs.

Self Assessment

Multiple choice questions:

1. …… say that "Human resource management encompasses those activities designed to provide for and coordinate the human resources of an organization".
   (*a*) Ivancevich and Glucck (*b*) Byars and Rue
   (*c*) Dale Yoder (*d*) Flippo
2. **……** say that "Human resource management is the function performed in organizations that facilitates the most effective use of people (employees) to achieve organizational and individual goals".
   (*a*) Ivancevich and Glucck (*b*) Byars and Rue
   (*c*) Dale Yoder (*d*) Flippo
3. …….. focuses on providing personal problem solving, counselling to individual employees.
   (*a*) Union (*b*) Labour relations
   (*c*) Employee assistance (*d*) Organization

True or False:

4. Personnel managers do not perform their job in a vacuum.
   (*a*) True (*b*) False
5. Brian is involved in the hiring for the hotel at all, and does not get involved with training and development.
   (*a*) True (*b*) False

1.4 HRM Model

In recent years there has been relative agreement among HRM specialists as to what constitutes the field of HRM. The model developed by the American Society for Training and Development (ASTD) identifies nine human resource areas such as:

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(a) Training and Development

(b) Organization Development

(c) Organization/Job Design

(d) Planning

(e) Selection and Staffing

(f) Personnel Research and Information Systems

(g) Compensation/Benefits

(h) Employee Assistance

(i) Union/Labour Relations

1.4.1 Training and Development

Organizations and individuals should proceed together for their survival and attainment of mutual goals. Employee training is a specialized function and is one of the fundamental operative function of HR management. It improves, changes, and moulds the employee's knowledge, skill, behaviour, aptitude and attitude towards the requirements of the job and the organization. Training bridges the gap between job requirements and employee's present performance.

Management development is a systematic process of growth and development by which managers develop their abilities to manage. It is a planned effort to improve current or future managerial performance.

1.4.2 Organization Development

Management can effectively meet challenges of change through a systematic and planned change effort. Organization development is the modern approach to management of change and human resource development. According to Dale S. Beach, "organization development is a complex educational strategy designed to increase organizational effectiveness and wealth through planned intervention by a consultant using theory and techniques of applied behavioural science". Organization Development (OD) concentrates on people dimensions like norms, values, attitudes, relationships, and organizational climate. The OD efforts broadly aim at improving the organizational effectiveness and job satisfaction of employees. Humanizing the organizations and encouraging personal growth of individual employees can attain these aims.

1.4.3 Organization/Job Design

Organization design deals with structural aspects of organizations. It aims at analyzing roles and relationships so that collective effort can be explicitly organized to achieve specific ends. The design process leads to development of an organization structure consisting of units and positions. There are relationships involving exercise of authority and exchange of information between these units and positions.

Michael Armstrong has defined job design as "the process of deciding on the content of a job in terms of its duties and responsibilities; on the methods to be used in carrying out the job, in terms of techniques, systems and procedures and on the relationships that should exist between the job holder and his superiors, subordinates and colleagues". Thus, job design is the process of determining the specific tasks and responsibilities to be carried out by each member of the organization. It has many implications for HR management. An employee's motivation and job satisfaction are contingent on varied factors like job content, his abilities, his level of performance etc.

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1.4.4 Planning

Human resource planning may be defined as the process of assessing the organization's HR needs in the light of organizational goals and making plans to ensure that a competent, stable work force is employed.

The efficient utilization of organizational resources—human, capital and technological does not just happen without the continual estimation of future requirements and the development of systematic strategies designed towards goal accomplishment. Organizational goals have meaning only when people with appropriate talent, skill and knowledge are available to execute the tasks needed to realise those goals.

1.4.5 Selection and Staffing

After identifying the sources of human resources, searching for prospective employees and stimulating them to apply for jobs in the organization, the management has to perform the function of selecting the right employees at the right time. The selection process involves judging candidates on a variety of dimensions, ranging from the concrete and measurable, like years of experience, to the abstract and personal, like leadership potential. To do this, organizations rely on many selection devices, including application forms, initial interview, reference checks, tests, physical examinations and final interview. All selection activities, from the initial screening to the physical examination if required, exist for the purpose of making effective selection decisions. Each activity is a step in the process that forms predictive exercise managerial decision makers seeking to predict which job applicant will be successful if hired. "Successful", in this case, means performing well on the criteria the organization uses to evaluate personnel.

It is important to have a good organization structure, but it is even more important to fill the job with right people. Staffing includes several sub-functions:

(i) Recruitment or getting applications for the job as they open up.

(ii) Selection of the best qualified from those who seek the jobs.

(iii) Transfers and promotions.

(iv) Training those who need further instruction to perform their work effectively or to qualify for promotions.

Importance and Need for Proper Staffing

There are a number of advantages of proper and efficient staffing. These are as under:

(i) It helps in discovering talented and competent workers and developing them to move up the corporate ladder.

(ii) It ensures greater production by putting the right man in the right job.

(iii) It helps to avoid a sudden disruption of an enterprise's production run by indicating shortages of personnel, if any, in advance.

(iv) It helps to prevent under-utilization of personnel and the resultant high labour cost and low profit margins.

(v) It provides information to management for internal succession of managerial personnel in the event of an unanticipated turnover.

1.4.6 Personnel Research and Information Systems

The term research means a systematic and goal-oriented investigation of facts that seeks to establish a relationship between two or more phenomena. Research can lead to an increased understanding of an improvement in HRM practices. Managers make decisions and solve

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problems. To make decisions about personnel and to solve HR problems, managers gather data and draw conclusions from them. Research can lead to an increased understanding of an improvement in HRM practices. In fact, engaging in some type of research into what is happening in the HRM discipline can be viewed as necessary for one's survival as a manager over the long term. Research can additionally help managers answer to the questions about the success of programmes such as those for training and development-for which they may bear responsibility.

1.4.7 Compensation/Benefits

Wages and salaries (the payment received for performing work) are the major components of compensation and reward process which is aimed at reimbursing employees for their work and motivating them to perform to the best of their abilities. In addition to pay, most employees receive benefits such as ESI; leave travel concession, and non-financial rewards such as security, recognition and privileges. Although individual employees value pay differently in relation to other work rewards, for most people the pay received for work is a necessity.

Determining wage and salary payments is one of the most critical aspects of HRM because:

- the organization's reward system has such a profound effect on the recruitment, satisfaction and motivation of employees, and
- wage and salaries represent a considerable cost to the employer.

A carefully-designed wage and salary programme that is administered according to sound policies and consistently applied rule is essential if human resources are to be used effectively to achieve organizational objectives.

1.4.8 Employee Assistance

Employee assistance focuses on providing personal problem solving, counselling to individual employees.

1.4.9 Union/Labour Relations

Unions are born because employees are frustrated in achieving important goals on an individual basis and unionising is the only countervailing technique available to achieve these goals. The establishment of good labour relations depends on constructive attitude on the part of both—the management and the union. The constructive attitude in its turn depends on all the basic policies and procedures laid down in any organization for the promotion of healthy industrial relations.

1.5 Environmental Influence on HRM

Personnel managers do not perform their job in a vacuum. As a number of environmental factors affect HRM, environment furnishes the macro context and the organization is the micro unit. Of primary importance here are the external influences of economic condition, labour markets, laws and regulations and labour unions. Each of these external factors separately or in combination can influence the HRM function of any organization. Changes in the external environment have a profound impact on the personnel. These changes include technological obsolescence, cultural and social changes, and policies of the Government.

The external environment consists of factors that affect an organization's human resources from outside it. Let us examine these factors in detail:

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1.5.1 Technological Innovation

Rapid technological changes and innovations are taking place all over the world. As a result of these, technical personnel are increasingly required. Hence, procurement of technically skilled employees is necessary to match the changing job requirements.

1.5.2 Economic Factors

Economic conditions influence financial "health" of an organization. Under favourable economic conditions, expansion of existing programs and creation of new programs are very likely. With less favourable or deteriorating conditions, contraction or cancellation of some programs may be necessary. Thus, a number of economic factors affect human resources management of an organization by influencing its operations.

1.5.3 Employees Organizations

Employees' organizations have mustered strength to match the growth of industrialisation. Labour unions seek to bargain with management over the terms and conditions of employment for their members. As a consequence, most HR activities are subject to joint decision-making when employees are represented by unions.

1.5.4 Labour Markets

In labour markets, organizations seek employees (demand for labour), and individuals offer their services to organizations (supply of labour). Labour supply and demand have implications on all activities, but particularly for compensation and external staffing. Moreover, they are generally not subject to organizational control, thereby creating potential turbulence and uncertainty for HR management.

1.5.5 Changing Demand of Employers

Organizations also undergo changes and consequently their demands on employees also change. The technological revolution and stiff business competition demands that the existing employees adapt to every changing work situation and learn new skills, knowledge etc., to cope up with the new changes.

1.5.6 Legal Factors

One of the most important external factors that affect HRM is the legal environment. The management cannot handle the human resources at will. It has to manage its employees according to the legislation enacted by the government at the centre and the states.

The Important Legislations Enacted in India Affecting HRM are: Factories Act, Trade Unions Act, Workmen's Compensation Act, The Payment of Wages Act, The Minimum Wages Act, Payment of Gratuity Act, and The Maternity Benefit Act. The government is the Custodian of industrial and economic activities.

1.5.7 Human Resource in the Country

The structure, values and the level of education of human resources in the country influence the HRM function of any organization. The influence of manpower in the country can be studied through:

- Change in the structure of employment with the entry of workforce with different backgrounds.
- Changes that have taken place in the structure of the workforce over the years and led to the emergence of new values in organizations.

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- Increased level of formal education which has led to changes in the well-educated employees always challenge and question the management's decisions and want a voice in the company's affairs affecting their interest.

Thus, many environmental factors affect the performance of specific tasks of HRM. Changes in the internal and external environmental factors complicate the job both of line and personnel managers in overseeing the contributions of human resources. Considering the complexities and challenges in the HRM now and in near future managements have to develop sophisticated techniques and competent people to manage personnel on sound lines.

1.6 Challenges Faced by HRM Today

Change has become ephemeral everywhere be it economy, politics, and business, and so on. These changes require HRM to play an ever more crucial role in organizations.

1.6.1 The Changing Environment

Work Force Diversity: The Indian work force is characterized by diversity such as more women entering the work force, minority-group members, older workers, etc. The increasing number of women in the work force has necessitated the implementation of more flexible work scheduling, child-care facilities, maternity leave and transfer to location of husband's place of posting.

The diverse work force has become a challenge for the HR manager. Diversity is marked by two fundamental and inconsistent realities operating within it. One is that organizations claim they seek to maximize diversity in the workplace. The second is that the traditional human resource system will not allow diversity, only similarity. Experts in the field emphasize that employers traditionally hire, appraise and promote people who fit a particular employer's image of what employees should believe in and do.

Economic and Technological Change: Technology has become the hallmark of modern organizations. The explosive growth of information technology linked to the internet has ushered in many changes throughout the organization. One of the major changes is the "fall of hierarchy". This fall of hierarchy is because earlier, if one wanted information one had to stick to the chain of command. Now, that has changed; one has to just tap in. That is why hierarchy has broken down. Now, employees do not need to be present at a definite place of work. Instead, they can work from their own places through the Net. This has given birth to the 'virtual organization'. These economic and technological changes have created an altogether different environment for HRM.

Globalization: New Economic Policy, 1991, has globalized the Indian economy. Firms that formerly competed only with local firms now have to compete with foreign firms/ competitors. Globalization has given rise to MNCs. The MNCs are characterized by their cultural diversity, intensified competition, variations in business practices, etc. Given these conditions-from tapping the global labour force to formulating selection, training and compensation policies for expatriate employees, major challenges have arisen for HRM.

Organizational Restructuring: Organizational restructuring is used to make the organization competitive. As a part of organizational changes, many organizations have right sized' themselves in various ways such as eliminating layers of managers, closing facilities, merging with other organizations, or out placing workers. Whatever the form of restructuring, jobs are being redesigned and people are affected. One of the challenges that HRM faces with organizational restructuring is dealing with the human consequences of change. As such, HRM needs to focus on the changed scenario, uniquely resulting in HR activities becoming crucial for HR managers.

Changing Nature of Work: With change in technology, the nature of jobs and work has also changed. One of the most significant changes in the nature of work is from manual to

knowledge work. As such, the HR environment has changed. The challenge posed by the changed environment is fostering HRM practices to respond to the need and requirement of knowledge workers. Every organization depends increasingly on knowledge—patents, processes, management skills, technologies and intellectual capital. As a result of these changes, organizations are giving and will continue to give growing emphasis to their human capital, i.e., knowledge, education, training skills and expertise of their employees.

1.6.2 Changing Role of the HR Manager

The HR environment is changing and so is the role of the HR manager. The HR manager today has to adapt to suit the changed environment. Some of the important HR practices are explained below:

Flatter Organizations: The pyramidal organization structure is getting converted into flat organization. The reducing levels of hierarchy mean that more people report to one manager. Therefore, employees will have to work on their own will with less interference from the manager.

Employee Empowerment: The days are gone when managers exercised formal power over employees to get work done. Under the changed conditions, employees have now become 'knowledge workers.' Knowledge workers need to be provided with greater autonomy through information sharing and provision of control over factors that affect performance. Granting sanction to the employers to make decisions in their work matters is called 'employee empowerment'.

Team Work: Modern organizations rely more on multi-function of workers so that workers do not remain confined to a single function but can do more than one function. Employees contribute to organization more as members of the team. The managerial implications are that these workers should be managed as a team and not as an individual in isolation. Therefore, managers need to follow a holistic approach of management.

Ethical Management: Ethical issues pose fundamental questions about fairness, justice, truthfulness and social responsibility. Ethics therefore means what 'ought' to be done. For the HR manager, there are ethical ways in which the manager ought to act relative to a given human resource issue. Research conducted by Robert D Gatewood and Archie B Carnell provides some guidelines that can help the HR manager:

- Does the behaviour or result achieve comply with all applicable laws, regulations and government codes?
- Does the behaviour or result achieved comply with all organizational standards of ethical behaviour?
- Does the behaviour or result achieved comply with professional standards of ethical behaviour?

The points mentioned above pertain only to complying with laws and regulations. Organizational members need to go beyond laws and regulations. They need to be guided by values and codes of behaviour. Here it becomes the responsibility of the HR manager to conduct training programmes to induce ethical behaviour in organizations.

1.7 Human Resource Policies

Human resource policies are systems of codified decisions, established by an organization, to support administrative personnel functions, performance management, employee relations and resource planning. Each company has a different set of circumstances, and so develops an individual set of human resource policies. HR policies provide an organization with a mechanism to manage risk by staying up to date with current trends in employment standards and legislation. The policies must be framed in a manner that the companies vision

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and the human resource helping the company to achieve it or work towards it are at all levels benefited and at the same time not deviated from their main objective.

1.7.1 Personnel Management Policies

A policy is a statement or general guidelines for employees to make decisions in respect to any course of action. Personnel policies provide guidelines for a variety of employment relationships and identify the organization's intentions in recruitment, selection, development, promotion, compensation, motivation etc. According to Armstrong, "personnel policies are continuing guidelines on the approach the organization intends to adopt in managing its people. They define the philosophies and values of the organization on how people should be treated and from these are derived principles upon which managers are expected to act when dealing with personnel matters".

The objectives of HR or personnel policies are described by Peter Drucker in the following words, "The management must gear its policies and objectives in such a fashion that the employees perform their work and do their assigned tasks it implies also a consideration of human resources as having, unlike any other resources, personality, citizenship, control."

Over where they work, how much and how well and it is the management, and management alone, that can satisfy these requirements.

HR or personnel policies are required in the following areas:

- Acquisition of personnel
- Training and development
- Appraisal and compensation of human resources
- Human resource mobility
- Working conditions and work schedules, and
- Industrial relations.

The HR policies allow an organization to be clear with employees on:

- The nature of the organization
- What they should expect from the organization
- What the organization expects of them
- How policies and procedures work
- What is acceptable and unacceptable behaviour
- The consequences of unacceptable behaviour.

1.7.2 Purpose

The establishment of policies can help an organization demonstrate, both internally and externally, that it meets requirements for diversity, ethics and training as well as its commitments in relation to regulation and corporate governance. For example, in order to dismiss an employee in accordance with employment law requirements, amongst other considerations, it will normally be necessary to meet provisions within employment contracts and collective bargaining agreements. The establishment of an HR Policy which sets out obligations, standards of behaviour and document disciplinary procedures, is now the standard approach to meeting these obligations.

The HR policies can also be very effective at supporting and building the desired organizational culture. For example, recruitment and retention policies might outline the way the organization values a flexible workforce, compensation policies might support this

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by offering a 48/52 pay option where employees can take an extra four weeks holidays per year and receive less pay across the year.

1.7.3 Relationship with Other Fields

Nature of the Work

Every organization wants to attract, motivate, and retain the most qualified employees and match them to jobs for which they are best suited. Human resources, training, and labour relations managers and specialists provide this connection. In the past, these workers performed the administrative function of an organization, such as handling employee benefits questions or recruiting, interviewing, and hiring new staff in accordance with policies established by top management. Today's human resources workers manage these tasks, but, increasingly, they consult with top executives regarding strategic planning. They have moved from behind-the-scenes staff work to leading the company in suggesting and changing policies.

In an effort to enhance morale and productivity, limit job turnover, and help organizations increase performance and improve results, these workers also help their companies effectively use employee skills, provide training and development opportunities to improve those skills, and increase employees' satisfaction with their jobs and working conditions. Although some jobs in the human resources field require only limited contact with people outside the human resources office, dealing with people is an important part of the job.

There are many types of human resources, training and labour relations managers and specialists. In a small organization, a *human resources generalist* may handle all aspects of human resources work, and thus require an extensive range of knowledge. The responsibilities of human resources generalists can vary widely, depending on their employer's needs.

In a large corporation, the *director of human resources* may supervise several departments, each headed by an experienced manager who most likely specializes in one human resources activity, such as employment and placement, compensation and benefits, training and development, or labour relations. The director may report to a top human resources executive.

Employment and Placement

Employment and *placement managers* supervise the recruitment, hiring, and separation of employees. They also supervise employment, recruitment, and placement specialists, including employment interviewers. *Employment, recruitment* and *placement specialists* recruit and place workers.

Recruitment specialists maintain contacts within the community and may travel considerably, often to job fairs and college campuses, to search for promising job applicants. Recruiters screen, interview, and occasionally test applicants. They also may check references and extend job offers. These workers must be thoroughly familiar with their organization, the work that is done, and the human resources policies of their company in order to discuss wages, working conditions and advancement opportunities with prospective employees. They also must stay informed about Equal Employment Opportunity (EEO) and affirmative action guidelines and laws, such as the Americans with Disabilities Act.

Employment interviewers whose many job titles include *human resources consultants, human resources development specialists*, and *human resources coordinators* help to match employers with qualified jobseekers. Similarly, *employer relations representatives*, who usually work in government agencies or college career centers, maintain working relationships with prospective employers and promote the use of public employment programs and services.

Compensation, Benefits, and Job Analysis

Compensation, benefits, and *job analysis specialists* administer compensation programs for employers and may specialize in specific areas such as pensions or position classifications.

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For example, *job analysts*, occasionally called *position classifiers*, collect and examine detailed information about job duties in order to prepare job descriptions. These descriptions explain the duties, training, and skills that each job requires. Whenever a large organization introduces a new job or reviews existing jobs, it calls upon the expert knowledge of job analysts.

Occupational analysts research occupational classification systems and study the effects of industry and occupational trends on worker relationships. They may serve as technical liaisons between companies or departments, government, and labour unions.

Establishing and maintaining a firm's pay structure is the principal job of *compensation managers*, assisted by compensation analysts or specialists, compensation managers devise ways to ensure fair and equitable pay rates. They may participate in or purchase salary surveys to see how their firm's pay compares with others, and they ensure that the firm's pay scale complies with changing laws and regulations. In addition, compensation managers often oversee the compensation side of their company's performance management system. They may design reward systems such as pay-for-performance plans, which might include setting merit pay guidelines and bonus or incentive pay criteria. Compensation managers also might administer executive compensation programs or determine commission rates and other incentives for corporate sales staffs.

Employee benefits managers and specialists administer a company's employee benefits program, notably its health insurance and retirement plans. Expertise in designing, negotiating, and administering benefits programs continues to take on importance as employer-provided benefits account for a growing proportion of overall compensation costs, and as benefit plans increase in number and complexity. For example, retirement benefits might include defined benefit pension plans, defined contribution plans, such as 401(k) or thrift savings plans and profit-sharing or stock ownership plans. Health benefits might include medical, dental, and vision insurance and protection against catastrophic illness. Familiarity with health benefits is a top priority for employee benefits managers and specialists, because of the rising cost of providing healthcare benefits to employees and retirees. In addition to health insurance and retirement coverage, many firms offer employees life and accidental death and dismemberment insurance, disability insurance, and benefits designed to meet the needs of a changing workforce, such as parental leave, long-term nursing or home care insurance, wellness programs, and flexible benefits plans. Benefits managers must keep abreast of changing Federal and State regulations and legislation that may affect employee benefits. Working with employee assistance plan managers or work-life coordinators, many benefits managers work to integrate the growing number of programs that deal with mental and physical health, such as employee assistance, obesity, and smoking cessation, into their health benefits programs.

Employee assistance plan managers, also called *employee welfare managers* or *work-life managers*, are responsible for a wide array of programs to enhance employee safety and wellness and improve work-life balance. These may include occupational safety and health standards and practices, health promotion and physical fitness, medical examinations and minor health treatment, such as first aid, flexible work schedules, food service and recreation activities, carpooling and transportation programs such as transit subsidies, employee suggestion systems, child care and elder care, and counselling services. Child care and elder care are increasingly significant because of growth in the number of dual-income households and the older population. Counselling may help employees deal with emotional disorders, alcoholism, or marital, family, consumer, legal, and financial problems. Some employers offer career counselling and outplacement services. In some companies, certain programs, such as those dealing with physical security or information technology, may be coordinated in separate departments by other managers.

Training and development managers and specialists create, procure, and conduct training and development programs for employees. Managers typically supervise specialists and make budget-impacting decisions in exchange for a reduced training portfolio. Increasingly,

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executives recognize that training offers a way of developing skills, enhancing productivity and quality of work, and building worker loyalty. Enhancing employee skills can increase individual and organizational performance and help to achieve business results. Increasingly, executives realize that developing the skills and knowledge of its workforce is a business imperative that can give them a competitive edge in recruiting and retaining high quality employees and can lead to business growth.

Other factors involved in determining whether training is needed include the complexity of the work environment, the rapid pace of organizational and technological change, and the growing number of jobs in fields that constantly generate new knowledge and, thus, require new skills. In addition, advances in learning theory have provided insights into how people learn and how training can be organized most effectively.

Training managers oversee development of training programs, contracts, and budgets. They may perform needs assessments of the types of training needed, determine the best means of delivering training, and create the content. They may provide employee training in a classroom, computer laboratory, or onsite production facility, or through a training film, Web video-on-demand, or self-paced or self-guided instructional guides. For live or in-person training, training managers ensure that teaching materials are prepared and the space appropriately set, training and instruction stimulate the class, and completion certificates are issued at the end of training. For computer-assisted or recorded training, trainers ensure that cameras, microphones, and other necessary technology platforms are functioning properly and that individual computers or other learning devices are configured for training purposes. They also have the responsibility for the entire learning process, and its environment, to ensure that the course meets its objectives and is measured and evaluated to understand how learning impacts performance.

Training specialists plan, organize, and direct a wide range of training activities. Trainers consult with training managers and employee supervisors to develop performance improvement measures, conduct orientation sessions, and arrange on-the-job training for new employees. They help employees to maintain and improve their job skills and prepare for jobs requiring greater skill. They work with supervisors to improve their interpersonal skills and to deal effectively with employees. They may set up individualized training plans to strengthen employees' existing skills or teach new ones. Training specialists also may set up leadership or executive development programs for employees who aspire to move up in the organization. These programs are designed to develop or "groom" leaders to replace those leaving the organization and as part of a corporate succession plan. Trainers also lead programs to assist employees with job transitions as a result of mergers or consolidation, as well as retraining programs to develop new skills that may result from technological changes in the work place. In government-supported job-training programs, training specialists serve as case managers and provide basic job skills to prepare participants to function in the labour force. They assess the training needs of clients and guide them through the most appropriate training. After training, clients may either be referred to employer relations representatives or receive job placement assistance. Planning and program development is an essential part of the training specialist's job. In order to identify and assess training needs, trainers may confer with managers and supervisors or conduct surveys. They also evaluate training effectiveness to ensure that employees actually learn and that the training they receive helps the organization meet its strategic goals and achieve results.

An Employee Relation: An organization's *director of industrial relations* forms labour policy, oversees industrial labour relations, negotiates collective bargaining agreements, and coordinates grievance procedures to handle complaints resulting from management disputes with employees. The director of industrial relations also advises and collaborates with the director of human resources, other managers, and members of their staffs, because all aspects of human resources policy such as wages, benefits, pensions, and work practices may be involved in drawing up a new or revised work rules that comply with a union contract.

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Labour relations managers and their staffs implement industrial labour relations programs. Labour relations specialists prepare information for management to use during collective bargaining agreement negotiations, a process that requires the specialist to be familiar with economic and wage data and to have extensive knowledge of labour law and collective bargaining procedures. The labour relations staffs interprets and administers the contract with respect to grievances, wages and salaries, employee welfare, healthcare, pensions, union and management practices, and other contractual stipulations. In the absence of a union, industrial relations personnel may work with employees individually or with employee association representatives. Dispute resolution attaining tacit or contractual agreements has become increasingly significant as parties to a dispute attempt to avoid costly litigation, strikes, or other disruptions.

Dispute resolution also has become more complex, involving employees, management, unions, other firms, and government agencies. Specialists involved in dispute resolution must be highly knowledgeable and experienced, and often report to the director of industrial relations. *Mediator's* advice and counsel labour and management to prevent and, when necessary, resolve disputes over labour agreements or other labour relations issues. *Arbitrators*, occasionally called umpires or referees, decide disputes that bind both labour and management to specific terms and conditions of labour contracts. Labour relations specialists who work for unions perform many of the same functions on behalf of the union and its members.

The *EEO officers, representatives,* or *affirmative action coordinators* handle equal employment opportunity matters. They investigate and resolve EEO grievances, examine corporate practices for possible violations, and compile and submit EEO statistical reports.

Other emerging specialties in human resources include *international human resources managers*, who handle human resources issues related to a company's overseas operations and *human resources information system specialists*, who develop and apply computer programs to process human resources information, match jobseekers with job openings, and handle other human resources matters; and *total compensation* or *total rewards specialists*, who determine an appropriate mix of compensation, benefits, and incentives.

Work Environment: Human resources personnel usually work in clean, pleasant, and comfortable office settings. Arbitrators and mediators many of whom work independently may work out of home offices. Although most human resources, training, and labour relations managers and specialists work in the office, some travel extensively. For example, recruiters regularly attend professional meetings, participate in job fairs, and visit college campuses to interview prospective employees. Arbitrators and mediators often must travel to the site chosen for negotiations. Trainers and other specialists may travel to regional, satellite, or international offices of a company to meet with employees who work outside of the main corporate office.

Many human resources, training, and labour relations managers and specialists work a standard 40-hour week. However, longer hours might be necessary for some workers, for example, labour relations managers and specialists, arbitrators, and mediators when contract agreements or dispute resolutions are being negotiated.

1.7.4 Training, Other Qualifications and Advancement

The educational backgrounds of human resources, training, and labour relations managers and specialists vary considerably, reflecting the diversity of duties and levels of responsibility. In filling entry-level jobs, many employers seek college graduates who have majored in human resources, human resources administration, or industrial and labour relations. Other employers look for college graduates with a technical or business background or a well-rounded liberal arts education.

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Education and Training: Although a bachelor's degree is a typical path of entry into these occupations, many colleges and universities do not offer degree programs in personnel administration, human resources, or labour relations until the graduate degree level. However, many offer individual courses in these subjects at the undergraduate level in addition to concentrate in human resources administration or human resources management, training and development, organizational development, and compensation and benefits.

Other Qualifications: Experience is an asset for many specialties in the human resources area, and is essential for advancement to senior-level positions, including managers, arbitrators, and mediators. Many employers prefer entry-level workers who have gained some experience through an internship or work-study program while in school. Employees in human resources administration and human resources development need the ability to work well with individuals and a commitment to organizational goals. This field demands skills that people may have developed elsewhere teaching, supervising, and volunteering, among others. Human resources work also offers clerical workers opportunities to advance to more responsible or professional positions. Some positions occasionally are filled by experienced individuals from other backgrounds, including business, government, education, social services administration, and the military. The human resources field demands a range of personal qualities and skills. Human resources, training and labour relations managers and specialists must speak and write effectively. Ever-changing technologies and the growing complexities inherent to the many services human resources personnel provide require that they be knowledgeable about computer systems, storage and retrieval software, and how to use a wide array of digital communications devices.

Certification and Advancement: Most professional associations that specialize in human resources offer classes intended to enhance the skills of their members. Some organizations offer certification programs, which are signs of competence and credibility and can enhance advancement opportunities. For example, the International Foundation of Employee Benefit Plans confers a designation in three distinct areas of specialization—group benefit, retirement, and compensation to persons who complete a series of college-level courses and pass exams. Candidates can earn a designation in each of the specialty tracks and, simultaneously, receive credit toward becoming a Certified Employee Benefits Specialist (CEBS). The American Society for Training and Development (ASTD) Certification Institute offers professional certification in the learning and performance field. Addressing nine areas of expertise, certification requires passing a knowledge-based exam and successful work experience. In addition, ASTD offers 16 short-term certificate and workshop programs covering a broad range of professional training and development topics. The Society for Human Resource Management offers two levels of certification, including the Professional in Human Resources (PHR) and the Senior Professional in Human Resources (SPHR). Additionally, the organization offers the Global Professional in Human Resources certification for those with international and cross-border responsibilities and the California Certification in Human Resources for those who plan to work in that State and become familiar with California's labour and human resources laws. All designations require experience and a passing score on a comprehensive exam. The World at Work Society of Certified Professionals offers four distinct designations in the areas of compensation, benefits, work-life, and global remuneration that comprise the total rewards management practice. Candidates obtain the designation of Certified Compensation Professional (CCP), Certified Benefits Professional (CBP), Global Remuneration Professional (GRP), and Work-Life Certified Professional (WLCP). Certification is achieved after passing a series of knowledge-based exams within each designation. Additionally, World-at-Work offers online and classroom education covering a broad range of total rewards topics.

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Case Study

HRM Case Study and Suggested Solutions

Beachside Hotel Human Capital Dilemma

This is a case of two competing hotels, Sunrise Hotel and Beachside Hotel that are both located in a medium sized, tourism based town in the Northeast U.S. The hotels are both competing for the same set of guests, as well as the same set of potential employees. They are budget hotels, right next door to each other, with 60 guest rooms each and a view of the beach. The occupancy during peak season for the Sunrise Hotel is 98%, but during the winter months goes down to 65%. The Beachside Hotel has peak season occupancy of 90% and off peak occupancy of 50%. Joe is the General Manager of Sunrise Hotel and has been in his current position for 5 years. He has been with Sunrise Hotel for a total of 10 years. He worked his way up at Sunrise Hotel from front desk agent to front desk supervisor, and finally to Assistant General Manager before he became the General Manager. He does a good job of screening potential employees for his front desk area of the hotel because he realizes the importance of that area of the hotel, especially in tourist areas. He also has incentives set up for excellent performance of the front desk agents and training and development programs designed to give everyone information that will help them do their job better. There is a sense of teamwork at Sunrise Hotel and that helps everyone want to do a good job. His guest satisfaction ratings for his hotel are overall excellent. On a rating scale of 1–10, his hotel averages a 9. The average length of tenure of his employees is 4 years, and his current front desk supervisor was promoted from within, along with his Assistant General Manager. Because of the small size of the hotel, Joe is actually involved with all of the hiring decisions and helps to give training programs himself, along with his leadership team. The employee turnover at the Sunrise Hotel is 25% overall and that is primarily when hourly employees graduate high school or college and leave the Sunrise Hotel for a career somewhere else. Brian is the General Manager of the Beachside Hotel and deals with a very different situation. Brian was brought in from another hotel in the same hotel group about 6 months ago. He was told by his boss that he needed to "fix" this hotel so that it would start having better customer satisfaction ratings and more return guests. Despite the fairly high occupancy noted during peak seasons, the off peak season occupancy is only 50%. Also noted by his boss, the occupancy should be as good as the Sunrise Hotel. Brian has been with his hotel group now for 2 years and he came out of the accounting and finance department in his old hotel. He has a great understanding of the numbers in the lodging industry, but has not been involved with the human resource aspects of the job. The turnover of hourly employees at Beachside Hotel is 120% and that means that Brian is constantly running the hotel shorthanded and with new employees. The Beachside Hotel has been doing the hiring through a human resource practitioner in the hotel that was put in the position because she really could not handle serving guests at the front desk very well. Mary was promoted to human resources a year ago after she had one too many altercations with the guests at the front desk. The owner of the hotel wanted to make sure that she would not make any of the other guests angry, so he promoted her to a human resources practitioner. Since that time, she has been busy trying to keep up with hiring and she has had no time for training employees. Because she is so busy, paychecks often come out to employees late, there are no policies written down for employees to use as a guide for performance, customers are treated badly by new and poorly trained employees, and the departments of the hotel do not communicate very effectively and therefore everyone blames everyone else when things go wrong.

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The average length of tenure of the front desk agents at the Beachside Hotel is 3 months and the customer satisfaction rating at the Beachside is a 6 out of a 10 possible rating. Most of the front desk agents that are hired come from other hotels in the area after they quit or are fired. Brian is not involved in the hiring for the hotel at all, and does not get involved with training and development. He spends most of his days looking at the financial reports for the hotel and analyzing average daily rate, occupancy rates, and REVPAR. Brian knows that he has many problems to deal with and so he goes to the Sunrise Hotel to observe things over there for a while. He sees a happy crew and talks to Joe about how he is making that happen. Joe is happy to help, but wants Brian to go back and observe his employees first and come up with ways that he specifically can help guide Brian.

Questions:

1. What systems should Brian implement in order to start changing the human capital practices in the Beachside Hotel?
2. What could Brian learn from Joe in terms of the human capital aspects of running a hotel?

Self Assessment

Multiple choice questions:

6. .....managers supervise the recruitment, hiring, and separation of employees.

   (*a*) Recruitment specialists (*b*) Nature of the work

   (*c*) Employment interviewers (*d*) Employment and placement

7. The …….. Certification Institute offers professional certification in the learning and performance field.

   (*a*) ASTD (*b*) CEBS

   (*c*) SPHR (*d*) PHR

8. Candidates can earn a designation in each of the specialty tracks and, simultaneously, receive credit toward becoming ……..

   (*a*) ASTD (*b*) CEBS

   (c) SPHR (*d*) PHR

True or False:

9. The challenge of HR managers today is to recognise talent and nurture the same carefully and achieve significant productivity gains over a period of time.

   (*a*) True (*b*) False

10. Employee training is not a specialized function and is one of the fundamental operative functions of HR management.

    (*a*) True (*b*) False

Fill in the blanks:

11. ..... as a whole is the major beneficiary of good human practices.
12. Development of a country depends primarily on the skills attitudes and values of its ..... .
13. ..... bridges the gap between job requirements and employee's present performance.

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14. The ..... has become a challenge for the HR manager.
15. ..... plan, organize, and direct a wide range of training activities.

1.8 Summary

- Human resource management encompasses those activities designed to provide for and coordinate the human resources of an organization.
- The HRM is "the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual, organizational and societal objectives are accomplished".
- Human resource management is the function performed in organizations that facilitates the most effective use of people (employees) to achieve organizational and individual goals.
- The primary objective of HRM is to promote the effectiveness of employees at this work place.
- Organizational restructuring is used to make the organization competitive. As a part of organizational changes, many organizations have right sized themselves in various ways such as eliminating layers of managers, closing facilities, merging with other organizations, or out placing workers.
- HRM function can transform its outlook from a traditional to a modern one: from being functionally-oriented internally focused, reactive, activity-driven, centralised and control-oriented to being business-oriented, customer-focussed, proactive, effectiveness-driven, decentralised and empowerment-oriented.

1.9 Keywords

Human resource management: It is defined as that field of management which has to do with planning, organizing and controlling the functions of procuring, developing, maintaining and utilizing a labour force.

Human resource planning: It is defined as the process of assessing the organization's HR needs in the light of organizational goals and making plans to ensure that a competent, stable work force is employed.

Human resource policies: It is systems of codified decisions, established by an organization, to support administrative personnel functions, performance management, employee relations and resource planning.

Organization development: It is the modern approach to management of change and human resource development.

Personnel policies: It is continuing guidelines on the approach the organization intends to adopt in managing its people.

Lab Exercise

1. Draw flowchart for the HRM policies in education institute.
2. Survey in your neighbourhood institutes and prepares a report on HRM policies they are using.

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1.10 Review Questions

1. Define human resource management.
2. Describes the objectives of HRM.
3. What are the scopes of HRM?
4. Differentiate between corporate, professional and social organizations.
5. Describe the HRM models.
6. Differentiate: planning, selection and staffing.
7. Explain the environmental influence on HRM.
8. Describe the challenges for HRM.
9. Explain the human resource policies.
10. Compare HRM policies with other fields.

Answers to Self Assessment

1. (*b*)	2. (*a*)	3. (*c*)	4. (*a*)	5. (*b*)
6. (*d*)	7. (*a*)	8. (*b*)	9. (*a*)	10. (*b*)

11. Society 12. human resources 13. Training
14. diverse work force 15. Training specialists

1.11 Further Reading

Books

Introduction to Human Resource Management, by Paul Banfield, Rebecca Kay.

Online link

www.icmrindia.org/.../Intro%20to%20Hrm/...

books.google.com/books?id=aNyzyPI0BNsC&dq= sane

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Unit 2: e-Human Resource Management

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Objectives

After study this unit, you will be able to:

- Explain the types of e-HRM
- Understand the e-HRM outcomes
- Discuss about consequences for the HRM department
- Explain in detail about e-HRM goals
- Discuss about the use of the e-HRM technology
- Understand the impact of e-HRM on the effectiveness of the HR system
- Understand finalizing the theoretical framework

Introduction

Human Resource (HR) function was an early adopter of computing technology, playing catch-up to other business functions in terms of integrating Information Technology (IT) into their processes. During the nineties, organizations became experienced in using IT for Human Resource Management (HRM). Although, a little later as within other business functions, IT retailers offered more and more new solutions for HRM problems. As within other business functions, IT has become an important tool for supporting the processes of the HR function and the HR function is now closing the gap in terms of applying new IT capabilities to traditional functions.

The HR function of an organization is responsible for complying with the HR needs of the organization. As with other business functions, strategies, policies and practices have to be implemented to ensure smooth operation of the organization and prepare the organization in such a way that smooth operation can be guaranteed in the (nearby) future. Using e-HRM technology is a way of implementing these HR strategies, policies and practices. The e-HRM technology supports the HR function to comply with the HR needs of the organization through web-technology-based channels. The e-HRM technology provides a portal which enables managers, employees and HR professionals to view, extract, or alter information which is necessary for managing the HR of the organization. Lawler III suggests that e-HRM and it self-service characteristics can be the cheapest and fasted way to provide specific HR activities. Modern technology can be helpful in creating a strategic HRM-policy, reducing costs, higher productivity, increasing quality of your labour force and more responsibility of managers and employees in the execution of HRM-tasks.

With e-HRM, managers can access relevant information and data, conduct analyses, make decisions, and communicate with others and they can do this without consulting an HR professional unless they choose to do so. For example, a manager who wants to make a merit pay decision may access files containing text, audio, and video describing how best to make the decision. Then, the manager can access the data file containing information on his/her employees. With a click of the mouse, the decision is recorded and other departments (such as finance) are notified. Hours of processing are reduced to minutes, and much paperwork is avoided by the use of this technology.

With e-HRM employees control their own personal information. They can update records when their situations change and make many decisions on their own, consulting HR professionals only when they deem it necessary. For example, an employee who wishes to increase investments in a retirement plan can do so from work or home using the Internet.

Employees may also, participate in a training program at home after working hours. Self-service for managers (MSS) and employees (ESS) are the key concepts of these technologies.

Notes

2.1 Types of e-HRM

The e-HRM is not a specific stage in the development of HRM, but a choice for an approach to HRM. There are three areas of HRM where organizations can choose to 'offer' HR services face-to-face or through an electronic means: transactional HRM, traditional HRM, and transformational HRM.

There are three types of e-HRM. These are:

2.1.1 Operational e-HRM

Operational e-HRM is concerned with administrative functions for example, payroll and employee personal data.

2.1.2 Relational e-HRM

Relational e-HRM is concerned with supporting business processes by means of training, recruitment, performance management.

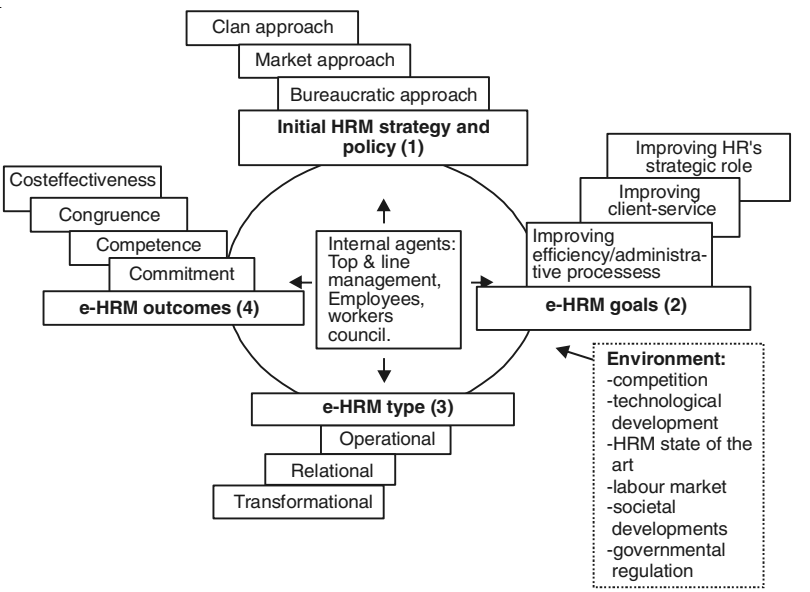
2.1.3 Transformational e-HRM

Transformational e-HRM is concerned with strategic HR activities such as knowledge management, strategic re-orientation. An organization may choose to pursue e-HRM policies from any number of these tiers to achieve their HR goals.

2.2 e-HRM Outcomes

We assume, about the expected results or an outcome of HRM, that e-HRM also aims to achieve a certain set of outcomes. All HRM activities, and therefore also all e-HRM activities, will implicitly or explicitly be directed towards these 'overall' outcomes. There are four possibilities: high commitment, high competence, cost effectiveness, and higher congruence. These outcomes, in turn, may change the state of HRM in an organization, or through individuals and/or groups within an organization actually result in a new HRM state. This closes the circle. With the addition of the e-HRM outcomes, the building blocks have been identified that are needed to finalize our e-HRM model (see Figure 2.1):

Figure 2.1: The Research Model



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After having modelled e-HRM, there is another question for us to answer: what are the consequences of e-HRM for the HR department itself?

Did u know?

e-HRM is seen as offering the potential to improve services to HR department clients (both employees and management), improve efficiency and cost effectiveness within the HR department, and allow HR to become a strategic partner in achieving organizational goals.

2.3 Consequences for the e-HRM Department

The literature seems to clear: e-HRM will not leave HR departments 'untouched'. Less administrative tasks for the HR department and therefore less administrative positions, more focus on the strategic goals of the organization and therefore an HRM staff consisting mainly of 'thinkers'; this is, in essence, what HR departments can expect or are already facing and experiencing. From our definition of, and approach to, e-HRM the following can be concluded about the consequences of e-HRM for the HR department. e-HRM will assume an active role for line management and employees in implementing HRM strategies, policies, and practices. In terms of the more operational and information processing work, such as administration, registration and information distribution, there will be less demand for HR people. This seems most logical for organizations with an operational e-HRM approach. However, also with a relational e-HRM approach dominating, a smaller HR staff will be necessary if line management and employees pick up and use the HRM instruments provided by the HR intranet. There will still be HR experience necessary for the renewal of instruments and to prepare them for easy intranet-based use. Finally, with a more transformational e-HRM approach, strategic HRM expertise will be necessary in order to formulate adequate strategic HRM plans. The scarce empirical studies on this topic suggest that an investment in e-HRM seems to result in companies reducing the number of HRM employees. Based on the earlier arguments, it is likely that this concerns primarily the operational/administrative HRM workers. At the tactical and strategic levels, HRM staff will remain necessary, but will see a shift in their expertise from face-to-face skills towards intranet and internet activities. In other words, the web-dimension will be added to the toolkit of HRM professionals.

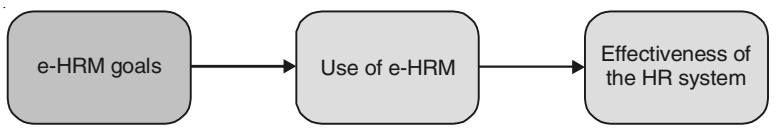
Caution

Organizations should use websites to promote values that will be attractive to most employees rather than just select those that fit with traditional culture.

2.4 e-HRM Goals

In this section the "e-HRM goals" block of the preliminary theoretical framework will be describe

Figure 2.2: Uncovering the "e-HRM Goals" Block of the Preliminary Theoretical Framework



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As mentioned in the introduction, the investments to implement e-HRM technologies are high. Organizations thus have reasons to implement these technologies otherwise the investments would not be justifiable. What are organizations trying to achieve with these technologies? What are the goals of the implementation of e-HRM technologies?

Organizations strive for different goals to be achieved with the implementation of e-HRM technologies. For recruitment, organizations are utilising their own web sites ever better because of the rising costs of web advertising and decreasing ease of finding qualified applicants. Some organizations strive to free HR professionals for more strategic tasks.

The HR professionals are enabled to spent more time on strategic aspects of HRM when are freed from administrative day-to-day activities. Other organizations strive for a better overall financial performance. A typical argument for the adoption of e-HRM technologies is:

Use e-HRM and your organization can reduce process and administration costs. Fewer HR professionals are needed because e-HRM eliminates the "HR middleman". Furthermore, e-HRM speeds up transaction processing, reduces information errors, and improves the tracking and control of HR actions. Thus e-HRM improves service delivery.

There exists however a scientific framework of goals for justifying the implementation of e-HRM technologies. This framework of e-HRM goals developed, it is based on the four pressures placed on the contemporary HR department identified by Lepak and Snell and is also focussed on the improvement of the HR system. The HR departments are forced to look for alternative paths for the delivery of HR activities to meet the increasing demands placed on the HR departments. These demands, or pressures, are:

- The increasingly strategic role of the HR departments.
- The greater demand of flexibility.
- The pressure to be as efficient as possible.
- Maintain the role as service provider to managers and employees.

These four pressures are reduced to three types of goals for the adoption of e-HRM technologies to improve the HR system. However, in the case study conducted within five international companies by the same authors, a fourth type of goal was found. The companies involved in the case study had chosen standardisation and harmonisation of HR policies and practices as a condition for globalisation. Globalisation was a driver for centralising HR policies responsibilities at company headquarters, while responsibilities for applying HR responsibilities were actually decentralised. e-HRM can be of support in integrating the dispersed HR function. The four types of goals for organizations making steps towards e-HRM are therefore:

- Cost reduction/efficiency gains.
- Client service improvement/facilitating management and employees.
- Improving the strategic orientation of HRM.
- Allowing integration of a dispersed HR function (of different organizational units or entire organizations).

2.4.1 Unfolding the e-HRM Goals

Although public organizations have other characteristics than private organizations, it is expected that the e-HRM goals of public organizations are the same as those of private organizations. Therefore, the e-HRM goals are used as a starting point for identifying the e-HRM goals of the organizations involved in this research.

The e-HRM goals identified above could be related to the suggestion.

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This will be below:

- Cost Reduction/Efficiency Gains.
- Client Service Improvement/Facilitating Managers and Employees.
- Improving the Strategic Orientation of HRM.
- Allowing Integration of HR Functions.

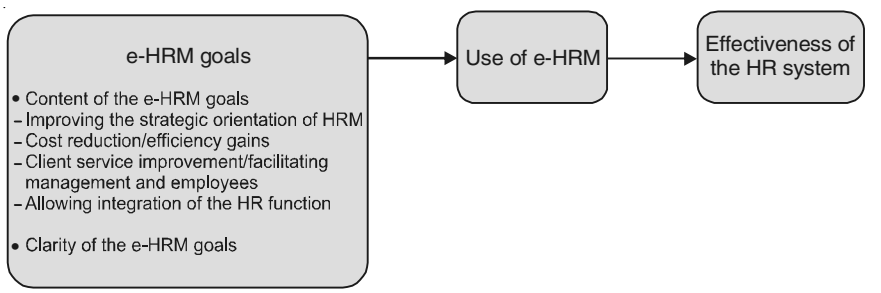
2.4.2 Clarity of e-HRM Goals

The goals that drive parties, stakeholders, and individuals in organizations will set a framework for the real e-HRM applications and approaches to be implemented. In other words, the goals for implementing e-HRM technologies of a specific organization have an influence on the use of the technology. It is therefore important that the goals are interpreted right by the end-users or else it might lead to unintended use of the technology. The spirit of the technology should lead to the right user behaviour of end-users of the technology. It is beyond the scope of this research to elaborate on the clarity of spirit of e-HRM technology and its effects on the appropriation of the e-HRM technology. However, the e-HRM goals could be considered as the framework that should lead to the intended use of the technology by end-users. It is therefore important that these e-HRM goals are known and understood by the end-users of the technology. It is expected that when end-user understand the e-HRM goals and the intended effects of the e-HRM technology, it will positively affect the use of the e-HRM technology which is expected to lead to the intended use of the technology.

2.4.3 Summarizing e-HRM Goals

Four potential e-HRM goals are expected to have lead to the adoption e-HRM technologies. Besides this, it is expected that the clarity of the e-HRM goals will affect the use of the technology.

Figure 2.3: e-HRM Goals Uncovered in the Preliminary Theoretical Framework



Task Draw a diagram to show the e-HRM models.

Self Assessment

Multiple choice questions:

1. The e-HRM technology provides a portal which enables ..... .

   (*a*) managers (*b*) employee

   (*c*) directors (*d*) head of the department

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2. ..... e-HRM is concerned with administrative functions.

   (*a*) Relational (*b*) Transformational

   (*c*) Operational (*d*) None of these.

3. ..... e-HRM is concerned with strategic HR activities such as knowledge management, strategic re-orientation.

   (*a*) Relational (*b*) Transformational

   (*c*) Operational (*d*) None of these.

4. ..... e-HRM is concerned with supporting business processes by means of training, recruitment, performance management.

   (*a*) Relational (*b*) Transformational

   (*c*) Operational (*d*) None of these.

5. The HR activities are divided over the ..... quadrants according their value and uniqueness for specific organization.

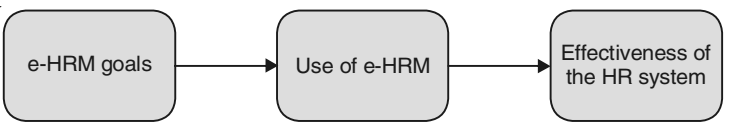
   (*a*) three (*b*) eight

   (*c*) one (*d*) four

2.5 Use of e-HRM Technology

In this paragraph the actual "use of the e-HRM" technology block of the preliminary theoretical framework will be will be uncovered.

Figure 2.4: Uncovering the Block of the "use of the e-HRM" of the Preliminary Theoretical Framework



To understand how the information technology is used to perform the HR activities, it is important to consider the following three aspects:

- The e-HRM activities.
- The type of technological support for e-HRM.
- The user acceptance of the e-HRM technology.

The implementation of the e-HRM technology has the consequence that specific HR activities are devolved to managers and employees and thus the implementation of e-HRM technology influences the division of HR responsibilities. It is however unclear how this division of responsibilities between managers, employees and HR professionals should be made. It is expected that the organizations overall strategy has an influence on the division of the responsibilities.

Besides what activities are provided through e-HRM technology, it also important to study how technology is used to support the activities. The provision of HR activities with the support of e-HRM technologies can occur in different ways. At the one extreme the web based channels can be used for e.g. the collection and recording of data, at the other extreme the web-based channels can be used to change the way the organization operates. The way

the e-HRM technology is used determines the impact of the e-HRM technology and is therefore very important to consider.

2.5.1 e-HRM Activities

Self-service for managers and employees are the key concepts of e-HRM. Managers and employees, when using the e-HRM web-based technologies, are made responsible for fulfilling some of the activities of the HR function. In this way a new HR architecture is created. In this study HR architecture refers to a 'map' of responsibilities of different parties for the fulfilment of HR activities. However, not all the HR activities are suitable for self-service of managers and employees HR strategy in most cases is aligned with the organization's overall strategy, the IT strategy should be aligned with the organization's overall strategy too. As the overall strategy of the organization has an influence on the choice for specific of e-HRM tools, the strategy of the organization arguably has an influence on the design of the HR architecture.

The impact of the organization's overall strategy on the HR architecture therefore will be discussed. The use of e-HRM technology also is expected to lead to changes in time spent by HR professional spent on specific HR activities. This is expected to be caused by the new HR architecture, which divides the HR responsibilities over employees, managers and HR professionals. In the new, driven by the implementation of e-HRM technologies, HR architecture there is an increased role for managers and employees in the fulfilment of the activities of the HR function.

2.5.2 Time Spent on HR Activities by HR Professionals

The e-HRM technology enables managers and employees to take care of some of the activities under the HRM umbrella themselves without the intervention of an HR professional. This has consequences for the job content of the HR professionals. Less administrative tasks for the HR department and therefore less administrative positions, more focus on strategic goals of the organization and therefore an HRM staff consisting mainly of thinkers. Getting run-of-the-mill things done electronically frees up HR people to do more important stuff face-to-face.the HR professional in maintaining and developing e-HRM applications. The use of e-HRM technology is expected to lead to changes in the time spent by HR professionals on:

- Strategic activities
- IT activities
- Administration activities
- Supporting managers
- Supporting employees.

2.5.3 A New Approach to e-HRM

IT can support HR activities in different manners. There is however no typology on how technology can support e-HRM activities. This however could increase the insights in how the e-HRM technology is used within the organization. The typology should enable the organization to look for opportunities for technology support of e-HRM activities or even benchmark their technology with alternative technologies. Although, there is no typology on e-HRM support, there are some typologies on what organizations can achieve with IT supporting HR activities.

Informational e-HRM Support

Informational e-HRM support can be characterised as support that is primarily focussed on improving the operational efficiency of the HR system. This is realised by the automation of HRM. This description however, is very broad as all the three types of support contain

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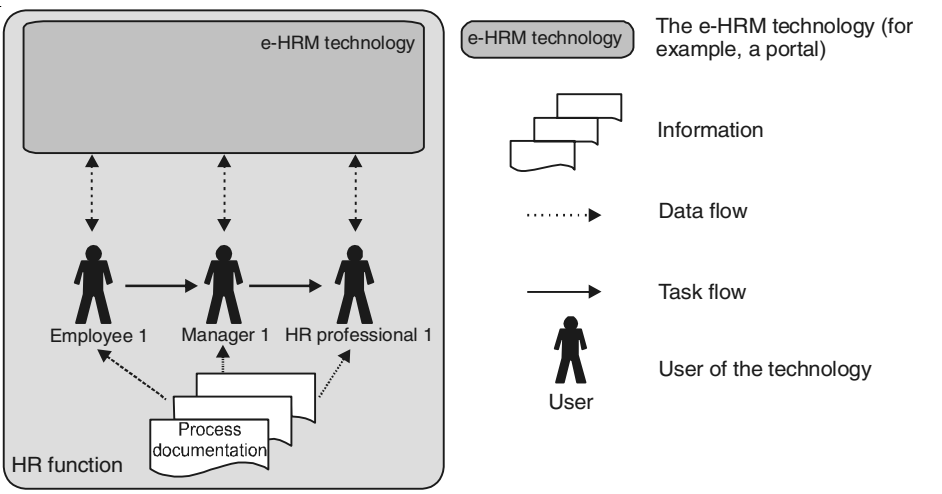
an automation part that increases the efficiency of the HR system. e-HRM in its most simple form can be used to inform the employees, managers, and HR professionals. Relevant changes in policies can be communicated by means of IT in a cheap efficient manner. Digitalising HR data enables online provision of data. In this way the employees, managers and HR professionals can quickly obtain the required data. The technology supports the provision of data to the different stakeholders and records mutations on the data. Informational e-HRM support is for this research understood as:

The digitalisation of HR information and data and the provision and recording of this information and data through web-based channels.

Figure 2.5: Informational e-HRM Support



Relational e-HRM Support

Whereas informational e-HRM support is primarily focussed on providing information to the employees, managers, and HR professionals in an efficient manner to reduce the pressure on the HR department, relational e-HRM support is focussed on how the technology supports the flow of an HR activity between the HR department and functions. The technology supports the execution of the specific HR activities and supports the flow of data between end-users of a specific HR activity through web-based channels. In this way the technology plays a big role in the execution and support of the HR activity. Relational e-HRM support is for this research understood as providing HR processes through web-bases channels to the people of the HR function.

Transformational e-HRM Support

The IT can also support to change the organization. In these situations, there is transformational support of IT. The IT in these situations concerns the management of people. IT bypasses organizational hierarchy and can steer the primary and secondary processes of the organization. In other words, the technology replaces some of the bureaucratic processes of the organization. In this way, the IT supports the HR function in creating a flexible organization, which can be of value for the organization. Transformational e-HRM is for this research understood as:

Technology that bypasses organizational hierarchies and frees up HR decision-making from the effects of bureaucracy.

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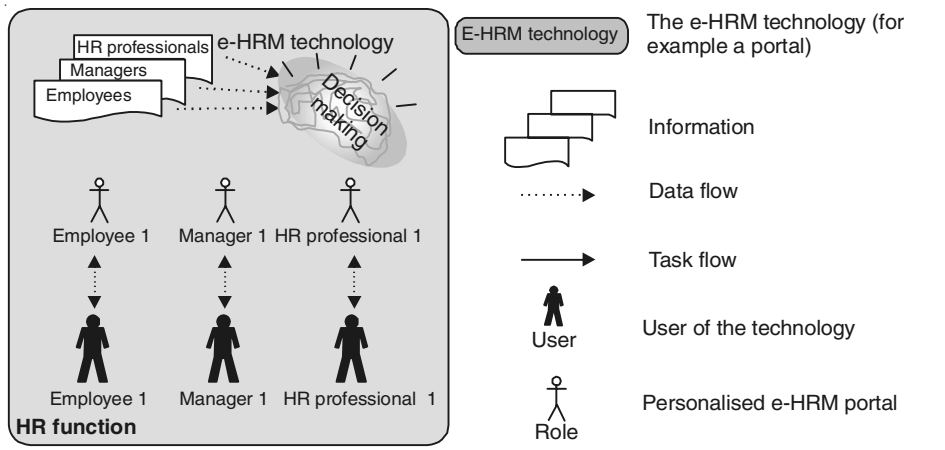
Figure 2.6: Transformational e-HRM Support

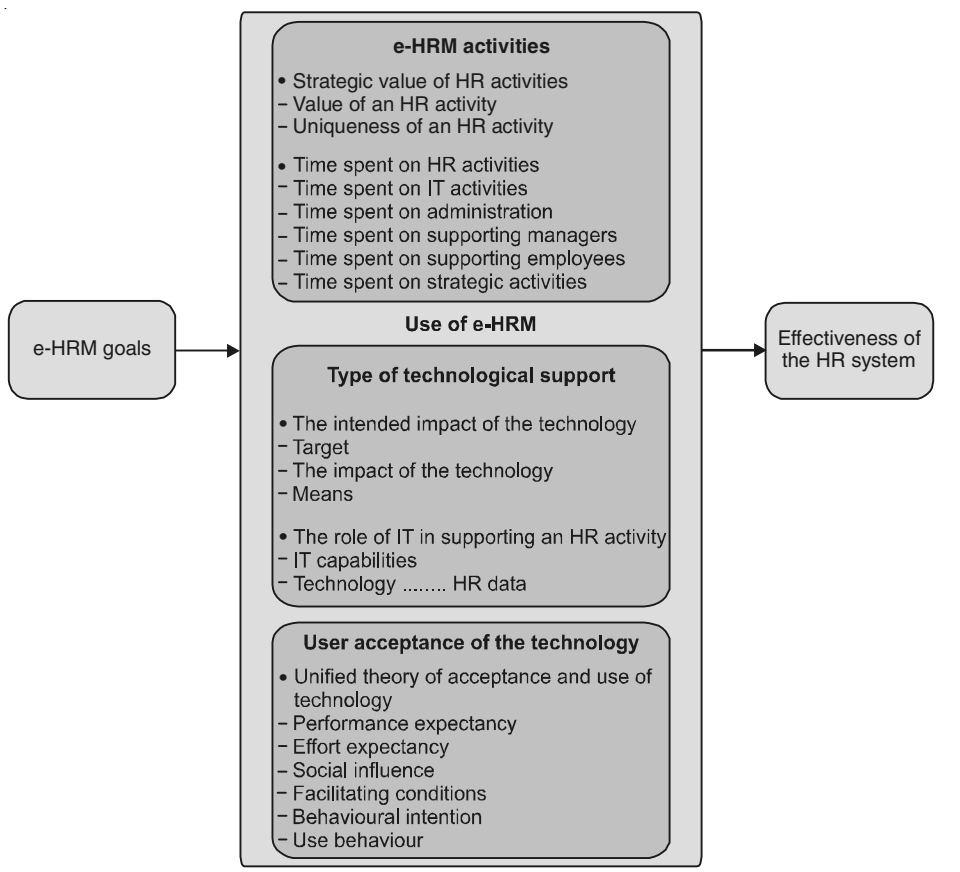


Task Draw a chart to show the working of technology acceptance model.

2.5.4 Summarising the Use of e-HRM

The actual use of the e-HRM technology is schematically represented in Figure 2.7.

Figure 2.7: The Actual use of e-HRM Uncovered in the Preliminary Theoretical Framework



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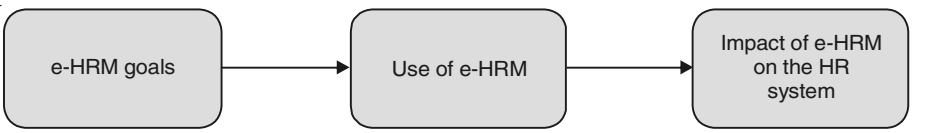
Did u know?

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. The empowerment of managers and employees to perform certain chosen HR functions relieves the HR department of these tasks, allowing HR staff to focus less on the operational and more on the strategic elements of HR, and allowing organizations to lower HR department staffing levels as the administrative burden is lightened.

2.6 The Impact of e-HRM on the Effectiveness of the HR System

The actual "impact of e-HRM on the HR system" block of the preliminary theoretical framework will be uncovered.

Figure 2.8: Uncovering the "Impact of e-HRM on the HR System" Block of the Preliminary Theoretical Framework

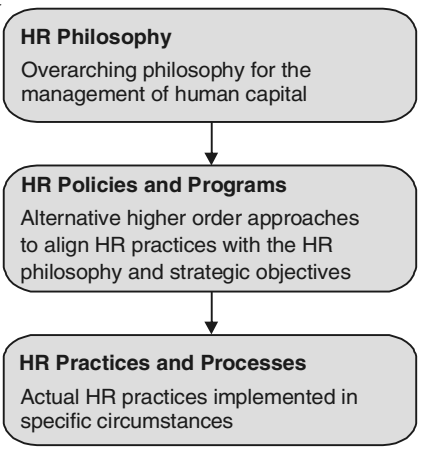


The use of e-HRM technologic might have an impact on the HR system. This impact can be analysed from two different perspectives, namely:

- The impact of e-HRM technology on the HRM performance.
- The impact of e-HRM on the job of the HR professional.

Besides the differences in perspective, studies on the effectiveness of the HR system often differ in the level of analysis of the HR system. Some studies focus on a single HR activity while others analyse the HR system as a whole. There are three levels of analysing the HR system and that consideration of all the three levels is important to understand HRM in practice. The arrows indicated the direction of influence. This means that when the HR system is not effective on the highest level this will negatively affect the effectiveness of the HR system at the lower levels. The three levels and the way they influence each other are presented in Figure 2.9.

Figure 2.9: Level of Analysis



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2.6.1 The HR Philosophy

The HR philosophy is a statement of how the organization regards its HR, what role the resources play in the overall success of the business, and how they are to be treated and managed. It is a very general statement, which can be interpreted and implemented in different ways and can be found in the organization's "statement of business value". It does however not describe how and which activities should be performed for managing the HR.

2.6.2 The HR Policies and Programmes

An HR policy, used in this context, does not mean an HR policy manual. The HR policies do not contain rules prescribing the HR activities to be performed. They however, provide guidelines flowing from the strategic business needs to align the different HR activities to create an HR system that contributes to the same business needs. HR programmes are the efforts, which should be undertaken to align these HR activities. Thus, the HR policies provide guidelines for HRM issues related to the strategic needs of the organizations and HR programmes represent coordinated efforts to implement these policies related to the strategic needs.

2.6.3 The HR Practices and Processes

The HR practices describe how behaviour of employees can be directed to contribute to organizational performance. They describe what the HR system should try to achieve with the employees. Three roles are necesary to achieve the right behavour of employees. Such as:

1. Leadership role
2. Managerial role
3. Operational role.

These roles contain statements about what the HR system should achieve. A statement from the managerial role could be for example: Give people the freedom they need to do their jobs. This level describes actual HR practices implemented in specific circumstances and enhances accuracy in measurement. The HR processes area deals with "how" all other HR activities are identified, formulated, and implemented. Where HR practices are used to elicit and reinforce needed behaviours by workers, HR processes define how activities are to be carried out considering these levels of analysis is critical to understand the use and effectiveness of human capital management systems. If for instance the focus lies on the HR philosophy then it enhances generalisations but it reduces the accuracy by neglecting variations in HR system implementations. Focusing solely on HR practices enhances the accuracy in measurement but neglects the importance of other HR practices that are also used.

2.6.4 Performance of the HR System

It is important to know how the performance or effectiveness of the HR system can be measured. The effectiveness of the HR system is since the mid 1990s heavily debated. The reason for this is that it is not clear to what extent HRM contributes to the firm performance. Different studies have focussed on different aspects of the effectiveness of the HR system. Some studies focus solely on financial numbers like return on investment, assets or equity while others focus on the balanced score card to gather other data as well as customer and employee indications. In addition, surveys of workforce satisfaction are used as indicators of performance. It is expected that the use of the e-HRM technology has an impact on the performance as it is expected that the implementation of e-HRM speeds up transaction processing, reduces information errors, and improves the tracking and control of HR actions.

For this research, it was studied how the outcomes and the effectiveness of the HR system could be measured.

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2.6.5 HR Efficiency

As stated earlier, many consultants claim that e-HRM contributes to the effectiveness of the organization. One way of researching these claims is to look at the performance outcomes of the organizations. Four outcomes of firm performance can be related to HR. The four outcomes are HR outcomes as turnover and absenteeism, organizational outcomes as productivity and financial outcomes such as return on investment and capital market. This research suggests some objective performance measures that together can be used to determine the HR efficiency.

Return on Investment

When companies are investing in technologies, they expect certain benefits due to this technology. Automation should bring immediate value to the organization. In addition, it is expected that the implementation of an e-HRM technology should create value for the HR department. Return on investment (ROI) is probably the most often used metric for measuring efficiency. When viewed from an economic perspective, for instance automated employee selection technologies can provide a substantial ROI for organizations and reducing operating and hiring costs. The expectation is that the adoption of e-HRM technologies can provide a substantial ROI for an organization as well. Although ROI is a financial outcome, it will be used as an HR outcome in this research as the ROI of the e-HRM technologies for the research framework is going to be measured on the HR level. The ROI is a viable measurement tool for identifying if the investment is worth investing. Although there are many, different ways to calculate return on investment it often has two key elements:

1. The costs of the technology.
2. The savings or revenues these technologies generate.

Different types of costs were identified such as:

- Requirement analysis costs.
- Development costs.
- Implementation costs.
- Operating costs.
- Evaluation costs.
- Overhead.

The first costs are the requirement analysis costs as most organizations before they start with a project conduct a need analysis. Then, there are the development costs of the e-HRM technology, which belong often to the most significant costs categories and it includes the designing and developing and/or investing of a specific e-HRM program (application), and investing in the needed materials like hardware. Another substantial cost that has to be made is the cost of implementation of the e-HRM technology. During the implementation phase of the project to program has to customised and configured in such a way that it fits the organization. Processes of the e-HRM technologies and processes of the organization are integrated in order to create a workable e-HRM technology. These implementation costs are often costs for hiring people who have the knowledge of implementing these e-HRM programs. Other costs that can be categorised under the costs of implementation are the costs for: Training of the project team and the end-users of the technology (job aid), guidelines and documentation, and facilities for/and members of the organization needed for the implementation.

When e-HRM technologies are adopted, they need to be operated and they need maintenance. Operating and maintenance costs are should also be adopted for calculating ROI. These costs are major as they capture the full life span of an e-HRM technology. Operating costs include: Salaries for employees who are kept/hired after for maintenance or development, costs for office supplies and technology support.

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As most projects will have an evaluation stage, these costs should also be included. Evaluation costs are the costs for: Conducting surveys, analysing data, and the distributing documents.

The last costs that could be included are overhead costs. Typical overhead costs are: Costs for support, space and utilities. Besides the costs, you also need the savings or the revenues the investment realises. The savings and revenues used for calculating the ROI were divided into four aspects:

1. Output increases.
2. Savings on costs concerning quality.
3. Cost savings on operation and overhead.
4. Time savings.

Every organization has some sort of "basic" measurement of work output, appearing in various forms as: Productivity, forms processed, and tasks completed.

Further, every organization is concerned about quality and e-HRM technologies might affect quality. Type of quality costs savings are for instance: Costs saved on data error corrections, and costs saved on dealing with "customer" complaints.

Another significant effect of the adoption of e-HRM technologies is the decrease of costs in general. Different kind of costs savings can be distinguished like: Savings in overhead costs, and savings in operating costs. The last cost saving is time saved. Time savings may mean that activities are completed faster and thus new activities could be initiated earlier. Types of timesaving are for instance: Cycle time reduction of HR activities, the decrease of downtime of the availability, and processing time improvements.

2.6.6 HR Effectiveness

The multiple constituency approach of HR system wants to be effective; it should meet its stakeholder's expectations and demands. The multiple constituency approach, were the HR system should meet stakeholders needs and demands, is an indicator of the effectiveness of the HR system.

- At the highest level there should be an integration of the HR strategy with the organization's business strategy.
- At the policy level there should be consistency of focus, although more research is perceived necessary.
- At the process level it is important how different activities are performed.

Effectiveness of the three levels is related to effectiveness of the HR system. Therefore, an elaboration is made on how to measure effectiveness at the three different levels. Another distinction is the distinction between different types of personnel. Three types are categorised namely: The HR professional, the manager and the employee. This distinction is created because the three types have different position within the HR system and therefore can perceive the effectiveness of the HR system differently. For instance a HR professional can perceive that an activity is well organised while the manager who uses that activity is less positive.

Effectiveness at the Philosophy Level of the HR System

The HR system at the HR philosophy level is effective when there is an alignment of the HR strategy with the organization's overall strategy. The use of e-HRM technologies is dependent on the strategy of the organization. The value and uniqueness of an HR activity were identified as determinants for mapping the HR activities in the HR architecture of responsibilities. When the HR activities are mapped, a choice for the delivery of an HR practice should be made and providing an HR activity through web-based-channels is such a choice. The value and uniqueness in this way have an influence on what activities are provided through web-based-technologies and an alignment of the e-HRM technology with

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the organization's strategy is realised. The use of e-HRM technologies therefore is expected to contribute to the alignment of the HR strategy with the organization's overall strategy.

2.6.7 The Job of the HR Professional

The e-HRM not only has an impact on the performance indicators of the HR system. As the use of the e-HRM technology also drives a change in the HR architecture, and therefore changes the time spent of HR professionals on specific HR activities, it is also expected that it has further consequences for the HR professional. One of the goals of e-HRM technologies was increasing the strategic orientation of the HR system. Extensive use of IT will likely influence the HR professionals' focus as they may be expected to spend more time toward the efforts to improve the organization. Besides the increased strategic role, the HR professionals also receive the responsibility of the e-HRM technology. The IT influences the focus of work that HR professionals perform by focussing more time on activities related to IT support, such as maintaining and developing IT-based HR applications. The adoption of e-HRM technologies requires HR experience for the renewal of instruments and prepares these instruments for easy web-based use. The HR professionals also have a role in the accompaniment of end users of the technology. The end-users must be trained and motivated to use the technology. The HR professionals are responsible for the guidance of the end-users of the technology and the attainment of the right technological skills and competences for end users to use the technology. There is also the expectation that the adoption of e-HRM technologies leads to HR professionals being functional specialists supporting employees and managers instead of being administrative experts.

2.6.8 The Roles of the HR Professional

The typology of Ulrich can be used to describe the different roles to be performed by HR professionals as business partners within an organization. Four roles for HR professionals are defined based on the variations of two dimensions: strategy versus operational and people versus processes (see figure 2.10). An important point to consider is that Ulrich states that the HR professionals as business partner does fulfil all four the roles. There exists some criticism about the typology of Ulrich. According to these authors the theory is prescriptive, not empirically proven, based on the USA solely and they do not address the issue of role conflict within the function of the HR professional. Still, this theory is useful to describe the differences in roles of the HR professional. The four roles of HR professionals described by Ulrich will be further elaborated in Figure 2.10.

Figure 2.10: Four Roles of HR Professionals

2.6.9 Additional Skills for HR Professionals

It is expected that the HR professionals require additional skills to cope with the change of focus and technology maintenance responsibilities. The increased strategic responsibilities require additional skills of the HR professional. HR professionals therefore, should receive proper training and education to be able to carry the responsibilities of such a role has studied the importance of specific skills of HR professionals after the adoption of e-HRM

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technologies. The authors interviewed HR professionals of several organizations, which had adopted e-HRM technologies. The HR professionals indicated the increased importance after e-HRM adoption of:

- Strategic skills
- Functional skills
- IT skills

Strategic Skills

The increased strategic responsibilities require additional skills of the HR professional. HR professionals therefore, should receive proper training and education to be able to carry the responsibilities of such a role mention several skills that enable HR professionals to have a strategic focus. The authors mention:

- Understanding of the financial, strategic, and technological capabilities of an organization.
- The ability to align HR strategies with business vision and communicate them to the workforce.
- The ability to consult with line managers to analyze and solve problems.
- Understanding of how HR can create profit.
- The ability to view issues from a customer perspective.

The following aspects should be considered when the need for additional strategic HRM skills was measured:

- Additional strategic HRM skills.
- Received strategic HRM training and/or education.

Functional Skills

The reduction of administrative and transactional responsibilities allows the HR professionals to adopt more specialised roles, which require a higher level of expertise within specific functional areas of HR. This specialisation in specific functional areas should lead to service quality improvements. HR professionals therefore should receive proper training and education to be able to specialise themselves. There are several skills that enable the improvement of the functional delivery of HR activities:

- Knowing and being able to deliver state-of-the-art innovative practices.
- Being able to deliver practices to organizational members.

For the specialisation however, the HR professionals need additional skills. Therefore, the following aspects should be measured:

- Additional functional skills.
- Received functional training and/or education.

IT Skills

Besides the additional strategic and functional skills, HR professionals need additional IT skills. Several authors elaborate about the responsibilities of HR professionals for the e-HRM technologies. As information technology emerges as a key delivery vehicle for HR services, it becomes increasingly important for HR professionals to demonstrate technology expertise. HR professionals receive the responsibility for the use of the e-HRM technology and therefore they require additional skills to be able to cope with IT issues. The HR professionals are responsible for developing new HR instruments and prepare them for easy web-based use. The HR professionals therefore need additional IT skills to comply with these requirements. There are following skills concerning IT expertise:

- Proficient with HRIS usage.
- The ability to use web-based channels to deliver services.
- The ability to teach others how to use HR technology.
- Understanding of the technology aspects for identifying technology needs and managing technology vendors. Capabilities for using technology to collect data and transform it in strategically valuable information.

Notes

The following aspects should be considered when the need for additional IT skills and competences were measured:

Additional IT skills:

- Need for additional IT skills of HR professionals by HR professionals themselves.
- Need for additional IT skills of HR professionals by the organization.
- The need for additional IT skills may have lead to training and/or education on these IT skills for HR professionals.

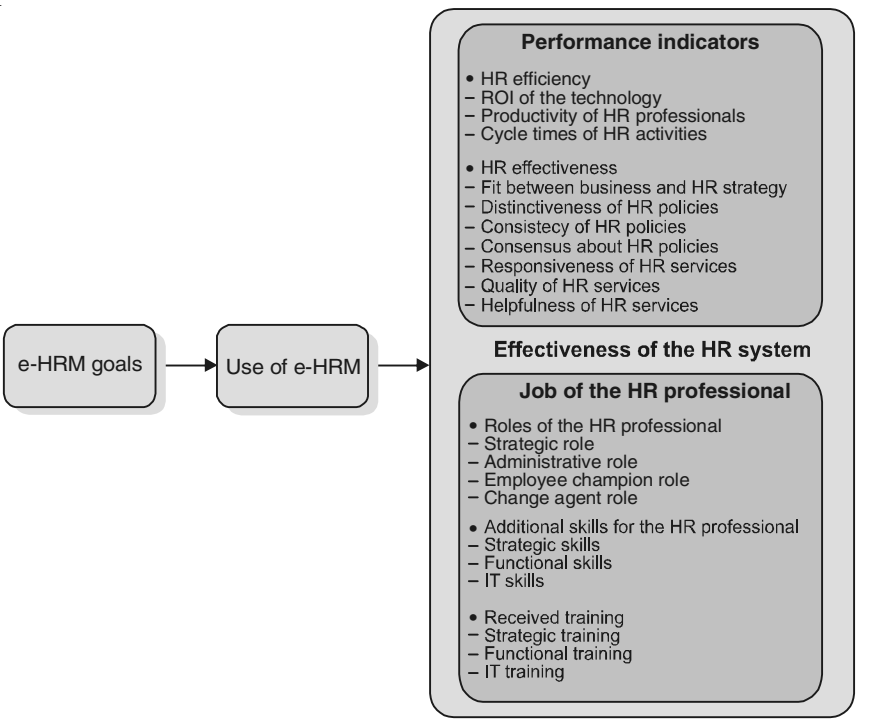
Therefore, the following aspects should be researched:

- Received IT training and/or education
- Received training and/or education of HR professionals for additional IT skills
- Attained additional IT skills on-the-job.

2.6.10 Summarising the Impact of e-HRM on the Effectiveness of the HR System

The exploration of the impact of e-HRM on the HR system is schematically presented in Figure 2.11.

Figure 2.11: The Impact of e-HRM on the HR System Uncovered in the Preliminary Theoretical Framework



Caution Organizations should develop online screening systems based on job analysis and ensure that inferences made from the systems are reliable and valid.

2.7 Finalizing the Theoretical Framework

Now the three blocks of the preliminary theoretical framework are explored and uncovered, the final theoretical framework will be presented. The preliminary theoretical framework is presented in Figure 2.15.

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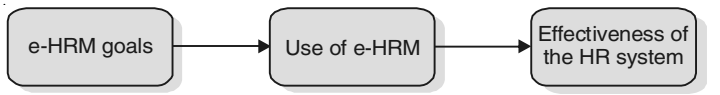
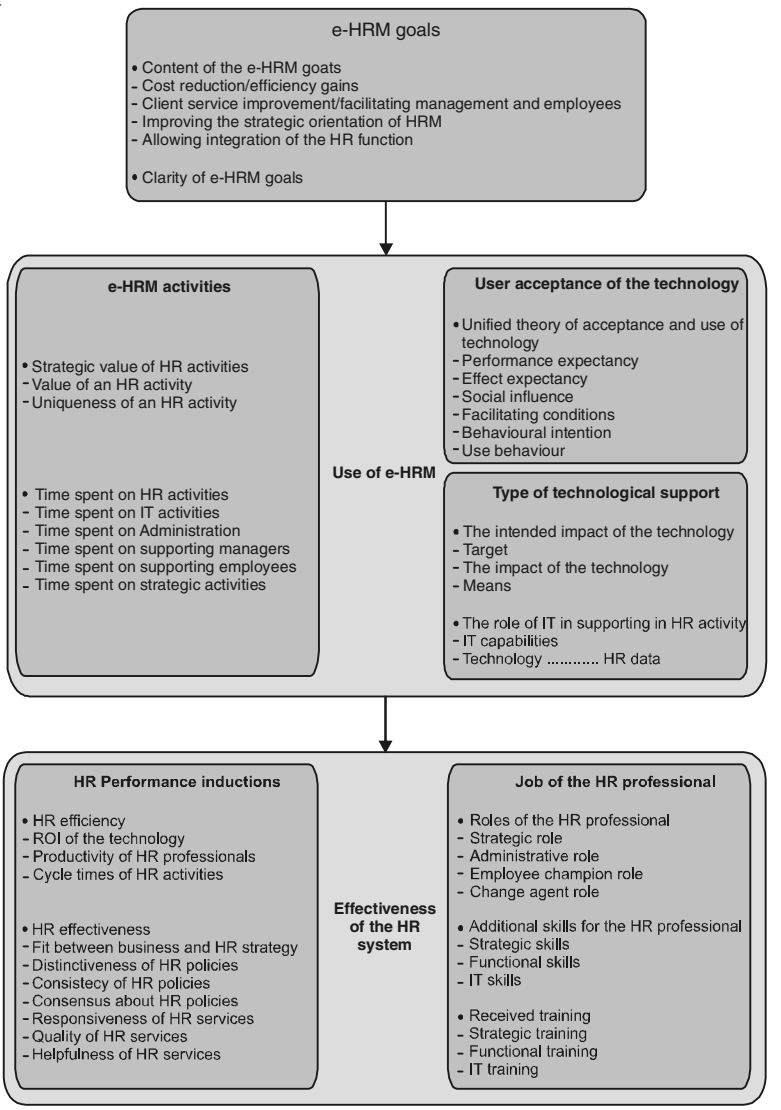
Figure 2.12: Preliminary Theoretical Framework



The exploration and uncovering of the blocks of the preliminary theoretical framework will be summarised first. The impact of e-HRM technologies is expected to be dependent on the actual use of the technology, which is on its turn expected to be dependent on the goals of the organization for adopting e-HRM technologies.

Performance indicators and the changes for the HR professionals were derived to act as indicators of the impact of e-HRM on the HR system. The IT characteristics and user acceptance and categorised e-HRM activities as measures for the actual use of the e-HRM technology. Figure 2.13 is a representation of the final theoretical framework.

Figure 2.13: Final Theoretical Framework



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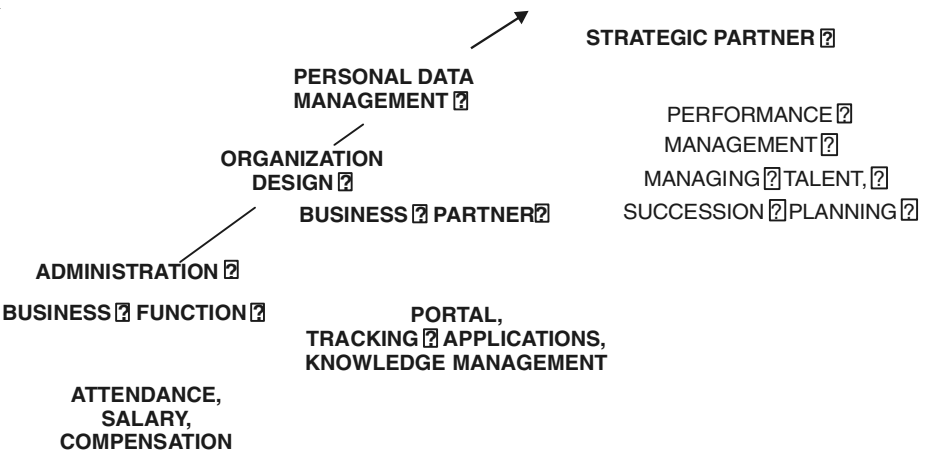
Case Study

State Bank of Pakistan

Human resource management (HRM) is the strategic and coherent approach to the management of an organization's most valued assets the people working there who individually and collectively contribute to the achievement of the objectives of the business. One widely used scheme to describe the role of HRM, developed by Dave Ulrich, defines 5 fields for the HRM function: (i) Strategic business partner (ii) Change Agent (iii) Employee champion (iv) Company champion (v) Administrative expert.

Bhatia also explain the same HR role Figure 1. However, many HR functions these days struggle to get beyond the roles of administration and employee champion, and are seen rather more reactive than strategically proactive partners for the top management. In addition, HR organizations also have the difficulty in proving how their activities and processes add value to the company. In the recent years HR scholars and HR professionals are focusing to develop HR models that can adds value.

Classic HRM models such as those from Harvard and Michigan assume that HRM can only be effective if it connected to an organization's strategy. Strategic HRM assumes a direct and interactive relationship between the management of employment relationships and the organizational strategy. Ulrich tries to show that the e-component adds a new dimension that 'rocks the HR boat'. In order words, e-HRM forces 'traditional' HR professionals to re-think and redefine policies and practices and, indeed, their own profession. The application of IT for HR purposes and found only one case in which an e-component was used for HR purposes and that could really be labeled as e-HRM. The case concerned Dow chemical's that launched a global HR intranet. This company remains a forerunner in terms of e-HR. Ruel as also presented results of a case-study in which research is carried out in Dutch companies. A quarter of the companies claim that e-HRM has a priority, and more than half at least a moderate priority. It means only attracting applicants, not using the support of the back office processes, or the selection itself.



HR-Tree

Beer speaks about another aspect of HRM i.e. policy choices. According to him the set of HRM policy choices within an organization can be categorized into one of the three types: 1) The bureaucratic policy- Bureaucratic policies are especially found in

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organizations that operate within a stable environment, both technologically as well as socio-economically. 2) The market policy- A market policy is often seen in organizations that have to react rapidly to changes in their environment, for example to strongly fluctuating markets. 3) The clan policy- Finally, the clan policy can be found in organizations that quite heavily rely on de levering quality and innovation. According to Snell HRM departments must be strategy-focused, flexible, efficient, and client oriented; and all at the same time.

Human resource information system is much more than a computerized record of employee information. It is an integral approach to acquiring, storing, analyzing and controlling the flow of human resources information throughout an organization. The primary purpose of human resource information system is to assist both human resource manager and line managers in decisions making using computers to systematically generated accurate, timely and related information to achieve organizational strategic business objectives. If Human Resource information system is related to the organizational strategic business and human resource objectives, it gives more strategic advantages.

e-HRM is the planning, implementation and an application of IT for both networking and supporting at least two individual or collective actors in their shared performing of HR activities.

Lepak and Snell make division of e-HRM as followings:

Operational e-HRM: The first area, operational e-HRM, concerns the basic HR activities in the administrative area.

Relational e-HRM: The second area, relational e-HRM, concerns more advanced HRM activities. The emphasis here is not on administering, but on HR tools that support basic business processes such as recruiting and the selection of new personnel, training, performance management and rewards.

Transformational e-HRM: Transformational e-HRM, the third area, concerns HRM activities with a strategic character. Here we are talking about activities regarding organizational change processes, strategic re-orientation, strategic competence management, and strategic knowledge management.

e-Usefulness is defined by Davis as a specific application system that will increase his or her job performance within an organizational context. In relation to HR planning, e-HR, particularly through the functions of employee and manager self-service applications, has brought substantial progress in terms of employee data updates, personnel changes and job requisitions. Some of the advantages of e-HRM as identified by many researchers are as follows:

(i) e-HRM is online recruitment. It refers to posting vacancies on the corporate web site or on an online recruitment vendor's' website, and allowing applicants to send their resumes electronically via e-mail. It also includes the active search of the internet and the location of resumes. However, there is always the danger of resume overload, as well as low reputation and effectiveness of various web sites and databases, not to mention its questionable effectiveness for senior executive position.

(ii) e-HRM can also provide managers with information on how to conduct a Performance Appraisal, the specific criteria and measurements of given positions and roles as well as examples and models of effective appraisals.

(iii) The penetration rate of computer-mediated communication, mainly e-mail, is higher than 75% in corporate environments and e-mail has emerged as the communication medium of choice. The e-mail and electronic forms on the intranet of the company

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or a restricted web site are used togather information on training needs assessment, inducing benefits in terms of less paperwork, lower administration cost, shorter distribution and response time, and higher response rate

(iv) E-learning can offer a solution to training in remote or disadvantaged location, as well as tailor-made learning that fits the particular needs of the learner, but it can also create barriers to learning, due to lack of hardware, fear of technology and learner isolation.

(v) Rampton think that by the use of IT for HRM purposes there will be more time left for strategic decision-making. Fewer administrative tasks and a decrease in HR related questions from employees and line management.

(vi) According to Trapp the HR function in the future will be the prime target for outsourcing. Consequently organizational resistance to the new changes implied by the use of the e-HRM application is minimized and customer satisfaction is increased.

The researchers and HR practitioners have developed many methods to make e-HRM successful in the company. These include;

(i) When a company implements a new e-HRM system, some of the HR processes must be re-engineered in order for the e-HRM system to be more effective i.e., the inevitable alignment of processes and activities with the new systems requirements. Such re-engineering mechanism is applied when transforming HR manual processes to paperless forms. Re-engineering should begin before choosing the software system to make sure changes are accepted by the stakeholders and the process can actually be aligned with the new system. Lee insist that good planning consumes a considerable amount of time prior to implementation.

(ii) Training and education is a critical step in managing change itself, as employees must be educated about the new system to understand how it changes business processes. Education is the catalyst that brings the knowledge of the users up to the point where they can familiarize themselves with the new e-HRM system quickly and sufficiently.

(iii) Managing change within the organization could be a full time job by itself as it requires the management of people and their expectations, resistance to change confusion redundancies and errors.

(iv) In order for e-HRM implementation to be successful, top managers have to approve and continuously support the responsible parties during the implementation stage to make sure no obstacles prevent or delay the progress.

(v) One of the most critical success factors for implanting an e-HR system is the support and involvement of top managers in the project during its life cycle, Also an executive sponsor should be appointed to coordinate, communicate, and integrate all aspects of the project between the development team and top management. The executive sponsor should communicate, integrate and approve the shared vision of the organization and the responsibilities and a structure of the new e-HRM system.

(vi) Alongside, interdepartmental communication as well as communication with customers and business partners is a key element in the success of implementing the system. Employees should also be informed in advance the scope, objectives in order to meet their expectations. Managing the implementing and development of e-HRM system is a crucial step towards successful results. The scope of the project must be clearly defined including aspects such as the amount of systems implemented, involvement of business process re-engineering needed. The project itself must have clearly defined business and technical objectives and goals corresponding to the project deliverables.

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Like world IT is being applied aggressively in all Pakistani organizations. The most recent systems like Siebel, Fidelity, SAP, Oracles etc. have become the common use now in Pakistani companies. Like other functions in HR too the use of IT is very common. Keeping in view the increasing importance of e-HRM, companies are adopting it all over the world, so is case in Pakistan. The SBP is established in 1948. Initially all work was done manually but in 1985 bank management to procure computers to convert its work on IT solutions. At present the bank has latest IT system and a full fledge IT directorate. The Human Resource Division at the State Bank manages issues related to the HR i.e personnel planning, transfer, compensation administration, recruitment and up to date incorporation of employee record in Oracle database. Following units/areas of work mainly are included in this division:

(i) ***Compensation & Benefit Planning Unit*** is responsible to carry out all activities related to developing best market strategies regarding compensation and benefits for our employees.

(ii) ***Employees Database Unit*** is responsible for maintaining & updating employee data and HR Broadcast of various messages/circulars/orders, etc. for prompt communication to Bank's employees.

(iii) ***Service Record & Compliance Unit*** maintains and updates employees' personal files, verify employees' particulars, and ensure timely confirmation of eligible employees in the Bank's service.

(iv) ***HR Automation Unit*** focuses on Oracle Human Resource Information System and to solve the issues in smooth implementation and management of HRIS. HR Automation unit works for customization of Oracle HRMS with emerging needs of HR processes.

Questions:

1. What were the employees' reactions to e-HR?
2. What factors enabling acceptance of e-HR?

Self Assessment

Multiple choice questions:

6. ..... is defined as the degree to which an individual believes that using the system will help him or her to attain gains in job performance.
   (*a*) Performance expectancy (*b*) Effort expectancy
   (*c*) Social influence (*d*) None of these
7. ..... is defined as the degree of ease associated with the use of the system.
   (*a*) Performance expectancy (*b*) Effort expectancy
   (*c*) Social influence (*d*) None of these
8. ..... is defined as the degree to which an individual perceives that important others believe he or she should use the new system.
   (*a*) Performance expectancy (*b*) Effort expectancy
   (*c*) Social influence (*d*) None of these
9. ..... are defined as the degree to which an Individual believes that an organizational and technical infrastructure exists to support use of the system.
   (*a*) Performance expectancy (*b*) Effort expectancy
   (*c*) Social influence (*d*) Facilitating conditions

Notes

Fill in the blanks:

10. ..... HR data enables online provision of data.
11. The ..... plays a big role in the execution and support of the HR activity.
12. The technology replaces some of the ..... processes of the organisation.
13. The ..... is a statement of how the organisation regards its HR.

2.8 Summary

- The HR function of an organization is responsible for complying with the HR needs of the organization.
- An investment in e-HRM seems to result in companies reducing the number of HRM employees.
- The use of e-HRM technology also is expected to lead to changes in time spent by HR professional spent on specific HR activities.
- The e-HRM goals could be considered as the framework that should lead to the intended use of the technology by end-users. It is therefore important that these e-HRM goals are known and understood by the end-users of the technology.
- The HR professionals are responsible for developing new HR instruments and prepare them for easy web-based use.

2.9 Keywords

E-HRM technology: It is expected to lead to changes in time spent by HR professional spent on specific HR activities.

Facilitating conditions: Facilitating conditions are defined as the degree to which an individual believes that an organizational and technical infrastructure exists to support use of the system.

Globalisation: It was a driver for centralising HR policies responsibilities at company headquarters, while responsibilities for applying HR responsibilities were actually decentralised.

Human Resource (HR) function: HR function was an early adopter of computing technology, playing catch-up to other business functions in terms of integrating Information Technology (IT) into their processes.

Social influence: Social influence is defined as the degree to which an individual perceives that important others believe he or she should use the new system.

Lab Exercise

1. Draw a theoretical framework for management institute.
2. List down the technologies used in e-HRM.

2.10 Review Questions

1. Briefly explain about the e-HRM?
2. What are the types of e-HRM goals?
3. What are the e-HRM outcomes? Explain in details.

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4. What is the user acceptance of the e-HRM technology?
5. Discuss the consequences for the HRM department.
6. What are the uses of e-HRM technology?
7. Briefly explain about the Technology Acceptance Model (TAM).
8. What are the skills for e-HRM professionals?
9. Explain about the e-HRM architecture.
10. What are the roles of e-HRM professional?

Answers to Self Assessment

1. (*a*)	2. (*c*)	3. (*b*)	4. (*a*)	5. (*d*)
6. (*a*)	7. (*b*)	8. (*c*)	9. (*d*)	
10. Digitalising	11. technology	12. bureaucratic	13. HR philosophy	

2.11 Further Reading

Books

e-Human Resources Management: Managing Knowledge People, by Teresa Torres-Coronas.

Online link

http://km.aifb.kit.edu/ws/LLWA/fgwm/Resources/FGWM03_08_Ernst_Biesalski.pdf

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Unit 3: HR Planning, Recruitment, Selection, Placement and Induction

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Objectives

After studying this unit, you will be able to:

- Define HR planning
- Explain the job analysis
- Explain the recruitment
- Understand selection
- Describes the term placement
- Describes the induction programmes

Introduction

Human resource planning is the predetermination of the future course of action chosen from a number of alternative courses of action for procuring, developing, managing, motivating, compensating, career planning, succession planning and separating the human element of enterprise. It determines a conscious choice of staffing decisions in an organization.

The purpose of recruitment is to prepare an inventory of people who meet the criteria in job specifications so that the organization may choose those who are found most suitable for the vacant positions. The process begins by specifying the human resource requirements, initiating activities and actions to identify the possible sources from where they can be met, communicating the information about the jobs, terms and conditions and the prospects hey offer and encourage people who meet the requirements to respond to the invitation by applying for the job(s). Then the selection process begins with the initial screening of applications and applicants.

Selection is a process of measurement, decision making and evaluation. The goal of a selection system is to bring in to the organization individuals who will perform well on the job. A good selection system must also be fair to the minorities and other protected categories.

Placement refers to assigning rank and responsibility to an individual, identifying him with a particular job. If the person adjusts to the job and continues to perform per expectations, it means that the candidate is properly placed. However, if the candidate is seen to have problems in adjusting himself to the job, the supervisor must find out whether the person is properly placed as per the latter's aptitude and potential. Usually, placement problems arise out of wrong selection or improper placement or both. Therefore, organizations need to constantly review cases of employees below expectations potential and employee related problems such as turnover, absenteeism, accidents etc., and assesses how far they are related to inappropriate placement decisions and remedy the situation without delay.

Induction refers to the introduction of a person to the job and the organization. The purpose is to make the employee feel at home and develop a sense of pride in the organization and commitment to the job. The induction process is also envisaged to indoctrinate, orient, and acclimatise the person to the job and the organization.

3.1 HR Planning

According to Geisler, "HR planning is the process (including forecasting, developing and controlling) by which a firm ensures that it has the right number of people and the right kind of people at the right places at the right time doing work for which they are economically most useful."

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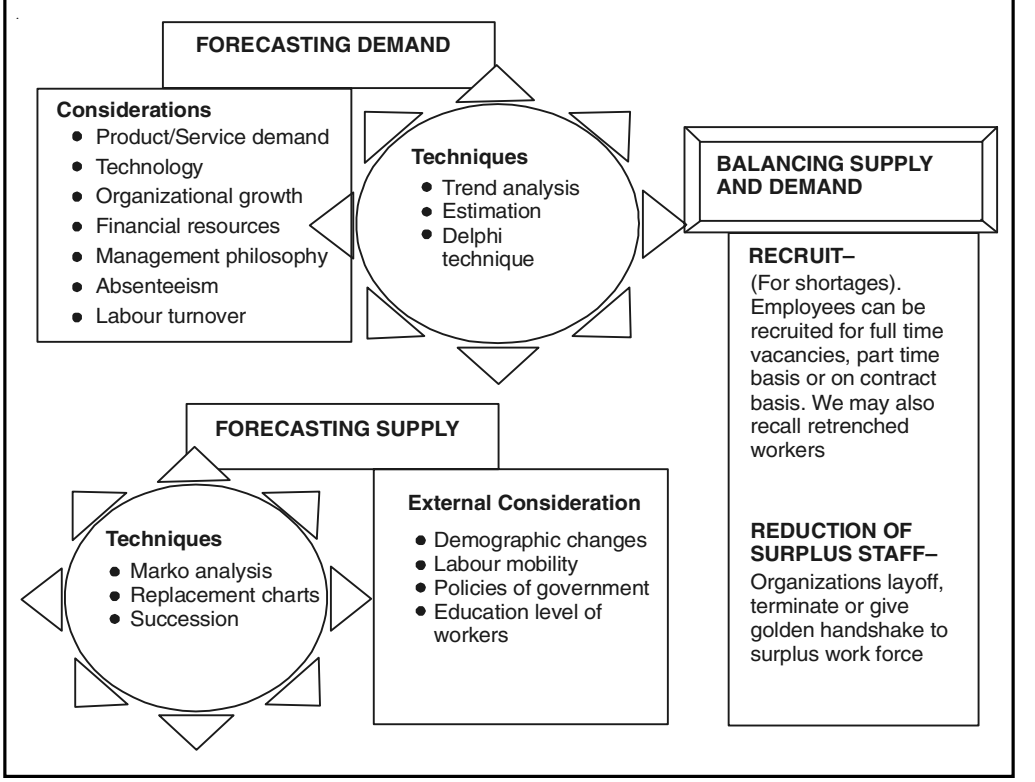
According to Wendell French human resource planning may be defined "as the process of assessing the organization's human resources needs in the light of organizational goals and making plans to ensure that a competent, stable work force is employed."

From the above definitions we can get some general characteristics of human resource planning. They are:

1. Human resource plan must incorporate the human resource needs in the light of organizational goals.
2. Human resource plan must be directed towards well-defined objectives.
3. Human resource plan must ensure that it has the right number of people and the right kind of people at the right time doing work for which they are economically most useful.
4. Human resource planning should pave the way for an effective motivational process.
5. A human resource plan should take into account the principle of periodical reconsideration of new developments and extending the plan to cover the changes during the given long period.
6. Adequate flexibility must be maintained in human resource planning to suit the changing needs of the organization.

The HR manager must follow a systematic process for HR planning as given below:

Figure 3.1: Flow Chart Depicting 'Human Resource Planning Model'



3.1.1 Objectives of HR Planning

From the Figure 3.1, it is clear that the failure in HR planning will be a limiting factor in achieving the objectives of the organization. If the number of persons in an organization is

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less than the number of persons required, then, there will be disruptions in the work production will be hampered, the pace of production will be slow and the employees burdened with more work. If on the other hand, there is surplus manpower in the organization, there will be unnecessary financial burden on the organization in the form of a large pay bill if employees are retained in the organization, or if they are terminated the compensation will have to be paid to the retrenched employees. Therefore, it is necessary to have only the adequate number of persons to attain the objectives of the organization.

In order to achieve the objectives of the organization, the HR planner should keep in mind the timing and scheduling of HR planning. Furthermore, the management has to be persuaded to use the results of manpower planning studies.

Did u know?

Manpower planning can also be used as an important aid in formulating and designing the training and development programmes for the employees because it takes into account the anticipated changes in the HR requirements of the organizations.

3.1.2 Importance of HR Planning

The HR planning is a highly important and useful activity. Without clear-cut planning, an estimation of the organization's human resource needs is reduced to mere guesswork. If used properly, it offers a number of benefits. These are:

1. Planning defines future manpower needs and this becomes the basis of recruiting and developing personnel.
2. Employees can be trained, motivated and developed in advance and this helps in meeting future needs for high-quality employees.
3. Change in technology has attached more importance to knowledge and skill resulting in surplus manpower in some areas and shortage in other areas. HR planning helps in creating a balance in such a situation.
4. Jobs are becoming more and more knowledge-oriented. This has resulted in a changed profile of HR. Because of increased emphasis on knowledge, recruitment costs have also increased. To avoid the high cost of recruitment, proper HR planning is necessary.
5. The organization can have a reservoir of talent at any point. People with requisite skills are readily available to carry out the assigned tasks.
6. Planning facilitates the preparation of an appropriate manpower budget for each department. This in turn, helps in controlling manpower costs by avoiding shortages/ excesses in manpower supply.
7. Systematic HR planning forces top management of an organization to participate actively in total HR management functions. When there is active involvement of top management, they will appreciate the real value of human resources in achieving organizational effectiveness.
8. Systematic HRP forces top management of an organization to participate actively in total HRM functions. When there is active involvement of top management, they will appreciate the real value of human resources in achieving organizational effectiveness.

3.1.3 Process of HR Planning

With the expansion of business, adoption of complex technology and professional management techniques, the process of HR planning has assumed greater significance. It consists of the following stages:

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Analysing Organizational Plans and Deciding on Objectives

Before undertaking the HR planning of an organization the short-term objectives should be analysed. The process of HR planning should start with analyzing the organizational plans and programmes. They help in forecasting the demand for human resources as it provides the quantum of future work activity.

Analyzing Factors for Manpower Requirements

The existing job design and analysis may be reviewed thoroughly keeping in view the future capabilities, knowledge and skills of present employees. The job design and analysis should reflect the future human resources and organizational plans. The factor for manpower requirements can be analyzed in two ways:

Demand Forecasting: Forecasting the overall HR requirements in accordance with the organizational plans.

Supply Forecasting: Obtaining the data and information about the present inventory of human resources and forecast the future changes in present human resource inventory.

Developing Employment Plans

After determining the number of personnel for each job in the organization, the HR department has to spell out the job description and job specification.

Job Description: A job description generally describes the work to be performed, the responsibilities involved, the skill or training required, conditions under which the job is done, relationships with other jobs and personal requirements on the job.

Job Specification: Job specification is an output of job description, and states the minimum acceptable qualifications that the newcomer must possess to perform the job satisfactorily and successfully.

Developing Human Resource Plans

Net HR requirements in terms of number and components are to be determined in relation to the overall HR requirement. After estimating the supply and demand of human resources, the management starts the adjustment. When the internal supply of employees is more than the demand, that is, there is a human resource surplus; then the external recruitment is stopped. If there is a human resource deficit, then the planners have to rely on external sources.

3.1.4 Strategies for HR Planning

The objective of manpower planning is to help the organization achieve its goal. For this purpose, the manpower planners have to develop some strategies. Stainer has suggested nine strategic points for the benefit of manpower planners:

(a) They should collect, maintain and interpret relevant information regarding HR.

(b) They should periodically report manpower objectives, requirements and existing employment and allied features of manpower.

(c) They should develop procedures and techniques to determine the requirements of different types of manpower over a period of time from the standpoint of organization's goals.

(d) They should develop measures of manpower utilization as components of forecasts of manpower requirement along with independent validation.

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(e) They should employ suitable techniques leading to effective allocation of work with a view to improving manpower utilization.

(f) They should conduct research to determine factors hampering the contribution of individuals and groups to the organization with a view to modifying or removing these handicaps.

(g) They should develop and employ methods of economic assessment of HR reflecting HR planning, recruitment, its features as income-generators and cost, and accordingly improving the quality of selection, placement and induction decisions affecting the manpower.

(h) They should evaluate the procurement, promotion and retention of the effective HR; and

(i) They should analyze the dynamic processes of recruitment, promotion and loss to the organization and control them with a view to maximising individual and group performance at minimum cost.

3.1.5 Advantages of HR Planning Programmes

As the manpower planning is concerned with optimum use of HR, it can be of great benefit to the organization in particular and to the nation in general. At the national level, it would be concerned with factors like population, economic development, educational facilities and labour mobility. At the level of the organization it is concerned with personnel requirements, sources of availability, the welfare of HR, etc. The advantages of HR planning are discussed below:

Improvement of Labour Productivity

Manpower or HR as a factor of production differs from other factors of production. As it is subject to its free will, the productivity of labour can be improved if the workers are kept satisfied. In other words, just as the satisfied workers can be productive, dissatisfied workers can even be destructive. Therefore, through proper HR planning we can improve the morale of the labour and thereby labour productivity.

Recruitment of Qualified HR

Talented and skilled labour has become a scarce resource, especially in developing countries. Therefore, for the survival of the firm it is essential to recruit the best labour force through proper manpower planning.

Adjusting with Rapid Technological Changes

With the advancement in technology, job and job requirements are changing. Therefore, it is necessary to forecast and meet the changing manpower, which can withstand the challenges of the technological revolution. This can be done through effective manpower planning.

Reducing Labour Turnover

Labour turnover refers to the mobility of labour out of the organization due to various factors, such as dissatisfaction, retirement, death, etc. Due to labour turnover a firm loses experienced and skilled labour force. This loss can be minimised through efficient manpower planning.

Control over Recruitment and Training Costs

Highly skilled personnel are in short supply and it is costly to hire, train, and maintain them. A company has to incur heavy costs in processing applications, conducting written tests, interviews etc., and in the process providing adequate training facilities. In consideration of these costs it is essential to plan carefully *vis-a-vis* manpower so as to minimize costs.

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Mobility of Labour

Today, it is difficult to retain qualified personnel in an organization as they move from one job to another in search of better prospects. In a free society, people enjoy unrestricted mobility from one part of the country to the other. Therefore, in order to reduce the loss of experienced and skilled labour, every organization must have a sound system of manpower planning.

Facilitating Expansion Programmes

In these days of rapid industrial development every company goes for expansion of its activities. With the increase in company size, the demand for HR also increases. This necessitates proper manpower planning so as to ensure the continued supply of the required manpower for the firms' activities.

To Treat Manpower Like Real Corporate Assets

Today it is being increasingly felt by the practicing managers and psychologists that employees in an organization must be treated as the most significant assets. The productivity of a company can be improved only through manpower planning, recognizing the significance of the human factor in business. A proper manpower planning is based on the realization that satisfied workers can contribute to the overall profitability of the firm through improved productivity.

Did u know?

The planning processes are of the best practice organizations not only define what will be accomplished within a given timeframe, but also the numbers and types of human resources that will be needed to achieve the defined business goals.

3.1.6 Limitations of HR Planning

The main hurdles in the process of HR planning are:

Inaccuracy

The HR planning involves forecasting the demand for and supply of HR. Projecting manpower needs over a period of time is a risky task. It is not possible to track the current and future trends correctly and convert the same into meaningful action guidelines. Longer the time taken, greater is the possibility of inaccuracy. Inaccuracy increases when departmental forecasts are merely aggregated without critical review. Factors such as absenteeism, labour turnover, seasonal trends in demand, competitive pressures, technological changes etc., may reduce the rest of manpower plans as fashionable, decorative pieces.

Uncertainties

Technological changes and market fluctuations are uncertainties, which serve as constraints to HR planning. It is risky to depend upon general estimates of manpower in the face of rapid changes in environment.

Lack of Support

Support from management is lacking. The latter is unwilling to commit funds for building an appropriate HR Information System. The time and effort involved with no tangible and immediate gains often force them to look the 'other way'.

- HR planning grows slowly and gradually. In some cases, sophisticated technologies are forcefully introduced just because competitors have adopted them. These may not yield fruit unless matched with the needs and environment of the particular enterprise.

- Planning is generally undertaken to improve overall efficiency. In the name of cost cutting it also helps management weed out unwanted labour at various levels. The few efficient ones that survive such frequent onslaughts complain about increased workload.

Support from management is lacking. The latter is unwilling to commit funds for building an appropriate HR information system. The time and effort involved – with no tangible, immediate gains – often force them to look the 'other way'. HR planning grows slowly and gradually. In some cases, sophisticated technologies are forcefully introduced just because competitors have adopted them. These may not yield fruit unless matched with the needs and environment of the particular enterprise.

Number' Game

In some companies, HR planning is used as a numbers' game. The focus is on the quantitative aspect to ensure the flow of people in and out of the organization. Such an exclusive focus overlooks the more important dimension, i.e. the quality of human resources. HR planning, in the long run, may suffer due to an excessive focus on the quantitative aspects. Aspects such as employee motivation, morale, career prospects, training avenues, etc may be totally discounted.

Employees Resistance

Employees and trade unions feel that due to widespread unemployment people will be available for jobs as and when required. Moreover they feel that HR planning increases their workload and regulates them through productivity bargaining.

Employers Resistance

Employers may also resist HR planning on the ground that it increases the cost of manpower.

Lack of Purpose

Managers and HR specialists do not fully understand the human planning process and lack a strong sense of purpose.

Time and Expense

Manpower planning is a time-consuming and expensive exercise. A good deal of time and costs are involved in data collection and forecasting.

Inefficient Information System

In most of the organizations, human resource information system has not been fully developed. In the absence of reliable data, it is not possible to develop effective HR plans.

3.1.7 Guidelines for Making HR Planning Effective

Some of the steps that may be taken to improve the effectiveness of HR planning are given below:

Objectives

The HR plan must fit in with the overall objectives of the organization. Important aspects such as working conditions and human relationships must be kept in mind while developing the plan. The HR plan should be balanced with the corporate plan of the enterprise. The methods and techniques used should corroborate the objectives, strategies and environment of the particular organization.

Top Management Support

The plan must meet the changing needs of the organization and should enjoy consistent support from top management. Before starting the HR planning process the support and

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commitment of top management should be ensured. Moreover, the exercise should be carried out within the limits of a budget. There is no use formulating plans, which cannot be implemented due to financial constraints.

Appropriate Time Horizon

The period of an HR plan should be appropriate to the needs and circumstances of the specific enterprise. The size and structure of the enterprise as well as the changing aspirations of the people should be taken into consideration.

Manpower Inventory

The quantity and quality of HR should be stressed in a balanced manner. The emphasis should be on filling future vacancies with right people rather than merely matching existing people with existing jobs. The organization must have an up-to-date employee skills inventory showing previous jobs held, tenure on current job, educational and training qualifications, specific knowledge and skills, prior work performance, past and current compensation, mobility factors. Markov Analysis (an approach to forecast the internal supply of manpower tracking past patterns of personnel movements) may be pressed into service while preparing the manpower inventory. Upward mobility of existing staff needs to be considered carefully.

HR Information System

An adequate database should be developed for HR to facilitate HR planning. To manage employee skills inventories, organizations should maintain computerised HR information systems containing data on individuals, demographics, career progression, appraisals, skills, interests, training, target positions, performance ratings, geographic preferences, promo ability ratings, etc.

Adequate Organization and Coordination

The HR planning function should be properly organized. A separate manpower planning division must be created, especially in large organizations to coordinate manpower planning exercise at various levels. The various plans for procurement, promotion and include filling future vacancies with the right people.

3.1.8 Responsibility for HR Planning

The HR planning is the responsibility of the personnel department. The department has to recommend relevant personnel policies in respect of HR planning, devise methods and procedures and determine the quantitative aspects of HR planning. Geisler has enumerated the responsibility of the personnel department with regard to HR planning in the following words:

1. To assist, counsel and pressurize the operating management to plan and establish objectives.
2. To collect and summarize data in total organizational terms and to ensure consistency with long-range objectives and other elements of the total business plan.
3. To monitor and measure performance against the plan and keep the top management informed about it.
4. To provide the research necessary for effective manpower and organizational planning.

3.1.9 Techniques of HR Demand Forecasting

In forecasting the demand for human resources, a variety of organizational factors, including competitive strategy, technology, and productivity can influence the demand for labour. A key component of HRP is forecasting the number and type of people needed to meet the

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organizational objectives. The ever-changing environments in which organizations operate contribute to the problem of forecasting. There are two approaches to HR forecasting: quantitative and qualitative.

Quantitative Approach: This approach involves the use of statistical or mathematical techniques. Though there are many methods, one of the methods is trend analysis, which forecasts employment requirements on the basis of some organizational index. Trend analysis is done by following several steps as given below:

- First, select an appropriate business factor. The best available factor could be sales which are used as a predictor in trend analysis.
- Second, we have to plot the historical trend of the business factor in relation to the number of employees. The ratio of the employees to the business factor will provide labour productivity. For example sales per employee.
- Third, compute the productivity ratio for at least the past five years. The more the number of years the better it is to compute the trend analysis.
- Fourth, calculate the HR demand by multiplying the business factor by the productivity ratio.
- Last, project the human resources demand out to the target year.
- Other, more sophisticated statistical planning methods include modelling or multiple predictive techniques. Advanced technology and computer software have made forecasting more accurate and affordable even to small businesses.

Qualitative Approach: In contrast to quantitative approaches, qualitative approaches to forecasting attempt to reconcile the interest, abilities, and aspirations of individual employees with current and future staffing needs of an organization. Qualitative approach relies on the opinions of supervisors, departmental managers and experts. The Delphi method, a qualitative forecasting method attempts to decrease the subjectivity of forecasts by soliciting and summarizing the judgements of a pre-selected group of individuals. The final forecast represents a composite group judgement.

Caution

The emphasis of HR should be on filling future vacancies with right people rather than merely matching existing people with existing jobs.

3.1.10 Techniques of HR Supply Forecasting

In forecasting the supply of employees, an organization has to forecast its future requirements of employees. It must determine if there are sufficient numbers and types of employees available to staff the anticipated openings. The process involves both tracking current levels and making future projections.

Internal Labour Supply:

(a) *Staffing Table:* An internal supply analysis begins with the preparation of staffing tables. A staffing table is a graphic representation of all jobs in the organization along with the number of employees currently occupying those jobs and future employment requirements.

(b) *Marko Analysis:* Marko analysis is a method for tracking the pattern of employee movements through various jobs. It shows the actual number and the percentage of employees who remain in each job from one period to the next as well as the proportions of those who are promoted, demoted, transferred or who exit the organization.

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Staffing tables and Marko analysis focus on the number of employees in particular jobs. Forecasting the supply of human resources requires that managers have a good understanding of employee turnover and absenteeism. The other methods explained below are more oriented towards the types of employees and their skills, knowledge and experiences.

(c) *Talent Inventories: Skill* inventories can be prepared to include the employee's education, past work experience, vocational interests, specific abilities and skills, job tenure, etc. This inventory requires that confidentiality is maintained in its preparation. The skill inventory allows managers to quickly match job openings with employee backgrounds. When data is gathered on managers, the term used is not skill inventories but management inventories. Both skill and management inventories are broadly referred to as talent inventories.

(d) *Replacement Chart:* Talent inventories are used to develop employee replacement charts which current jobholders are identified with possible replacements should openings occur. Thus replacement chart provides information on the current job performance and promo ability of possible replacements.

(e) *Succession Planning:* Succession planning is the process of identifying, developing, and tracking key individuals for executive positions. In today's fast-moving environment, succession planning may be more important and difficult to conduct. Here we must note that replacement chart provides information on the current job performances and this information can be used for succession planning where key individuals may be shortlisted to eventually assume top-level positions in the organization.

Balancing Supply and Demand for Human Resources: Organizations strive for a proper balance between demand and supply considerations in their human resource planning. Demand considerations are based on forecast trends in business activities while supply considerations involve the determination of where and how suitable candidates can be found. The difficulties in locating applicants for the increasing number of jobs and greater planning efforts are also needed in recruiting. In an effort to meet the demand for labour, organizations have several staffing possibilities, including hiring full-time employees, having the existing workers work overtime, recalling laid-off workers if any and using temporary employees to man the work.

Additionally, organizations today reduce their workforce by relying on attrition a gradual process of reducing employees through resignations, retirement or deaths-to reduce the excess work force. The methods used by companies to reduce their work force are discussed here:

Organizational Downsizing: Organizations have undertaken the extremely painful task of downsizing and restructuring to reduce their "head count". Because of either economic or competitive pressures, organizations have found themselves with too many employees or with employees who have the wrong kinds of skills. In order to reconcile labour supply and demand considerations organizations have eliminated thousands of jobs. Downsizing is part of a longer-term process of restructuring to take advantage of new technology, corporate partnerships and cost minimization.

Layoff: Employee layoff decisions are usually based on seniority and/or performance. The rights of employees during layoffs, their conditions concerning their eligibility for recall, and their obligations in accepting recall should be decided in advance. In cases where economic conditions have brought about layoffs, employees who were asked to go while in good standing may be recalled to their jobs when the economic outlook brightens and job openings occur.

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3.2 Job Analysis, Job Description and Specification

3.2.1 Job Analysis

Job analysis is the process by means of which a description is developed of the present methods and procedures of doing a job, physical conditions in which the job is done, relation of the job to other jobs and other conditions of employment. Thus, job analysis is the process by means of which a description is developed of the present method and procedure of doing a job, physical conditions in which the job is done, relation of the job to other jobs, and other conditions of employment.

Uses of Job Analysis

Job analysis is of fundamental importance to manpower management programme. The following are the possible uses of job analysis:

(i) *Provides Complete Knowledge of the Job:* Job analysis provides complete knowledge about the job. Therefore, it is helpful in organizational planning.

(ii) *Helps in Recruitment and Selection:* By indicating the specific requirements of each job, job analysis provides a realistic basis for recruitment and selection of employees. It is the best means of discovering the essential traits and personal characteristics leading to success or failure on the job.

(iii) *Establishes a Base for Compensation of Employees:* By indicating the qualification required for doing a specified job and the risks and hazards involved in doing a job analysis helps in establishing a basis for compensation. Job analysis precedes job evaluation which measures the worth of jobs within the organization for the purpose of establishing a base for wages. A satisfactory evaluation of jobs is not possible without a comprehensive job analysis.

(iv) *Job Re-engineering:* Job analysis provides information which enables us to change jobs in order to permit their being manned by personnel with specific characteristic and qualifications. Job analysis helps to rearrange the work flow and to revise existing procedure.

(v) *Employee Development:* Job analysis provides the necessary information for employee development. When considering an employee for promotion, job analysis may facilitate his easy consideration for the job.

(vi) *Performance Appraisal:* Job analysis helps in establishing clear-cut standards. This helps the employees as they can know what is expected of them. It also helps the managers to appraise the performance of their subordinates.

(vii) *Training:* Job analysis reveals the required skills and knowledge for doing a job. This helps in providing suitable training for the workers by determining the content and subject matter for the training course.

Did u know?

The purpose of job analysis is not to describe the ideal but to show the management how the constituent parts of its business are being carried out.

3.2.2 Job Description

The first and immediate result of a job analysis is a job description. It is a simple, concisely written statement explaining the contents and essential needs of a job and a summary of the duties to be performed. Job description gives a precise picture of features of each job in terms of task contents and occupational requirements. Job description describes 'jobs' not 'job

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holders'. It is defines the scope of job activities, major responsibilities and positioning of the job in the organization. A well thought-out job description has several advantages and serves various important functions:

1. It helps to indicate very clearly the nature and content of the job to the applicant and hence to remove uncertainties.
2. Rewards and punishments can be easily legitimized. Applicants will know the consequences if they do not comply with the requirements. Any reward or punishment meted out to an employee because he is not in line with the job requirements will not be perceived as a favour or injustice.
3. Job descriptions serve as an important basis for wage and salary administration. What the salary structure of two adjacent positions in an organization should be, what the differential should be and so on are determined, as also the skills required to perform the job successfully.
4. It is easy to identify the training needs of the employee. Once it is clear what is required to perform the job, training content can be identified and suitable training can be given to those who do not perform successfully.

Figure 3.2: Specimen Format of Job Description

Hotel Manjuran

Old Port Road, Bunder, Mangalore - 575 001

Title of the Job: Lobby Attendant

Place of Work: Hotel Lobby

Scope of Work: To attend to the immediate needs of the arriving and departuring guests and to contribute to their well being while receiving and sending them off.

Working Hours: Normal working days 8 hours of work/day for 6 days of the week.

Responsible to (reporting authority): The receptionist of the Hotel.

Responsible for the following duties:

1. Maintaining cleanliness of the lobby area including the exterior of the hotel.
2. Handle guests' luggage on arrival and departure and show guests the correct room.
3. Liaison with other departments to ensure the guests' needs are well looked after.
4. Assist lounge waiters in busy periods.
5. Arrange transport for guests whenever necessary.
6. Provide up-to-date information for guests on current events, local site seeing places, train/flight timings, etc.

Additional responsibilities:

1. Assist in arrangements for special functions.
2. Transfer guests' belongings during their room change.
3. Such duties that shall be deemed necessary from time to time and informed by the receptionist.

Limitations of Job Description:

(i) Job tends to be dynamic, not static and a job description can quickly go out of date.

(ii) The supervisors and subordinates should agree that a job description fairly reflect the job, otherwise job evaluation would seem to be unfair.

(iii) Job description must be as accurate as possible but this is a very difficult job.

Figure 3.3: Specimen of Job Description for the Job of Compensation Manager

Title of the Job: Compensation Manager

Job Code: HR/012

Place of Work: HR Department

Working Hours: Normal working days from Monday to Friday 8 hours of work and on Saturday normally 4 hours

Scope of Work: Responsible for designing and administration of employee compensation programme

Responsible to (reporting authority): The General Manager (Human Resource)

Responsible for the following duties:

1. Conduct job analysis
2. Prepare job description for current and projected positions
3. Relate salary to the performance of each employee
4. Develop and administer performance appraisal programme
5. Develop and oversee employee benefit plans including overtime allowance, bonus, etc.
6. Conduct periodic salary surveys and ascertain key jobs to benchmark other jobs to key jobs for the purpose of salary scale fixation.

3.2.3 Job Specification

Job specification is a statement of the minimum acceptable human qualities necessary to perform a job satisfactorily. Making job description as its base, it lays down the abilities and qualities that a worker should possess in order to hold the job in question. Job specifications translate the job description into terms of the human qualifications which are required for a successful performance of a job. A job specification or man specification is a statement of the minimum acceptable human qualities necessary to perform a job satisfactorily. It tells what kind of person to recruit and for what qualities that person should be tested. These specifications relate to:

(i) *Physical Characteristics:* height, weight, vision, voice, etc.

(ii) *Personal Characteristics:* emotional stability, good and pleasing manners, skill in dealing with others, etc.

(iii) *Psychological Characteristics:* analytical ability, mental concentration and alertness, mechanical aptitude, etc.

(iv) *Responsibilities:* responsibility for the safety of others, responsibility for generating confidence and trust, etc.

(v) *Demographic Characteristics:* age, sex, education, experience, etc.

Job specifications are based on the opinion of supervisors and personnel managers. It should be remembered that preparing a complete and correct job specifications is relatively difficult

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as compared with preparing a correct job description. There is always considerable disagreement concerning the human requirement for work. Further, there is also a difference of opinion on whether a requirement should be "mandatory" or "desirable".

Figure 3.4: Specimen of Job Specification of Lobby Attendant

Hotel Manjuran

Old Port Road, Bunder, Mangalore - 575 001

Education Qualification: School leaving certificate like SSC, SSLC Class X or equivalent

Experience: At least 2 years in similar position in stared hotels

Skill, Knowledge and Abilities

Skill: Glass Work cleaning, use of mechanical cleaner/polisher. Procedure for cleaning plastic signs, use of menu, How to change menus.

Social Skills: Diplomacy (problems of interruption by guests), Liaison with maintenance department, Liaison with staff.

Abilities: Ability to have light conversation with guest in English and Local language.

Knowledge: Stores indent procedures, Recognition of electrical faults on signs, current guest list, and staff currently employed.

Work Orientation Factors: Position may require standing up to 30% of work timings **Age:** Preferably below 28 years.

Figure 3.5: Job Specification of a Compensation Manager

Educational Qualification: MBA with specialization in HRM or MA in Industrial psychology or MSW with specialization in labour welfare.

Desirable: A degree or diploma in Labour Law.

Experience: At least 3 years experience in a large manufacturing company.

Skill: Skill in conducting job analysis interview, making group presentations, writing job description, conducting exit interviews to find out more about the deficiency in the present system.

Ability: Ability in conducting meetings with departmental heads, prioritise work and to put forth views in a convincing manner.

Knowledge: Knowledge of compensation practices in competing industries, procedure of compensation survey techniques, analyzing performance appraisal systems, Conducting job analysis procedures.

Work Orientation Factors: The position may require travelling extensively from the place of work to an extent of at least 15% of the work time.

Age: Preferably between the age of 35 and 45 years.

Task Prepare a specimen of job description for the post of receptionist.

Self Assessment

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Multiple choice questions:

1. …… human resource planning may be defined "as the process of assessing the organization's human resources needs in the light of organizational goals and making plans to ensure that a competent, stable work force is employed."

   (*a*) Ivancevich and Glucck (*b*) Byars and Rue say

   (*c*) Dale Yoder (*d*) Wendell French

2. …… is a method for tracking the pattern of employee movements through various jobs.

   (*a*) Job analysis (*b*) Marko analysis

   (*c*) Job specification (*d*) Flippo

3. …….. is the process of identifying, developing, and tracking key individuals for executive positions.

   (*a*) Succession planning (*b*) HR planning

   (*c*) Employee assistance (*d*) Organization

4. The ..... is forecasting the number and type of people needed to meet the organizational objectives.

   (*a*) HRP (*b*) HRM

   (*c*) E-HRM (*d*) None of these.

3.3 Recruitment

If the HR department fails to identify the quality and the number of persons to be recruited and also fails to procure the services of persons with required qualifications, skill and calibre continuously, a time may come when all the qualified persons would have retired and no qualified person would remain in the organization. Therefore, the importance of recruitment and selection of the right type of persons at the right time is indispensable to the organization.

According to Flippo, recruitment "is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization".

In the words of Mamoria, "recruiting is the discovering of potential applicants for actual or anticipated organizational vacancies".

3.3.1 Sources of Recruitment

Basically, the sources of recruitment are of two types:

(a) Internal; and

(b) External.

Internal Sources

Internal sources include personnel already on the pay roll of an organization. Filling a vacancy from internal sources by promoting people has the advantages of increasing the general level of morale of existing employees and of providing to the company more reliable information about the candidate. Among the internal sources, may be included promotions, transfers, and response of employees to notified vacancy.

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Table 3.1: Comparative Advantages and Disadvantages of Internal Sources of Recruitment

Advantages	Disadvantages
1. The cost of recruiting internal candidates is the minimum because no expenses are incurred on advertising paying TA/DA to the candidates to attend the written test and advertisement.	1. The internal sources are limited as there may be very limited source from which the organization has to choose from. Therefore the organization may have to settle from what is available to them.
2. The organization can pick the right candidates having the requisite skills as they (the candidates are very well known to the organization and we do not have to make a decision in an interview.	2. As the source is very limited we may not be able to get the right type of candidates. The entries of talented people available from outside are discouraged. It results in inbreeding and the organization may lose out on dynamism.
3. The organization has sufficient knowledge about the candidate and hence can make good choice. There is a saying 'known devils are better than unknown angles!'	3. Promotions based on length of service rather than merit may prove fatal for the organizations. Candidates' know that they need not work hard and prove their worth.
4. A policy of preferring people from within motivates them to work hard and earn promotions. It provides career progression for the employees.	4. Recruitment form within may lead to infighting among employees aspiring for limited higher-level positions in an organization.
5. Internal recruiting offers regular promotional avenues for the employees. They will be more loyal and committed to the organization and will work with enthusiasm.	5. There is a possibility of favouritism practiced by higher level officers who may select candidates for higher level positions not based on merit but because of personal consideration.

Techniques of Job Posting and Bidding: Organizations may communicate information about job openings through a process referred to as job posting and bidding. In the past, this process has consisted largely of posting vacancy notices on bulletin boards. In addition, it may also include use of designated posting centres, employee publications, special handouts, direct mail and pub-address messages. Job posting is another way of hiring people from within. In this method, the organization publicises job openings on bulletin boards, electronic media and similar outlets. One of the important advantages of this method is that it offers a chance to highly qualified applicants working within the company to look for growth opportunities within the company without liking for greener pastures outside. Job posting systems imply that the organization is more interested in selecting employees from within the company than outside the organization. Here it is important that all employees have access to the job postings.

Guideline for effective job posting and bidding system include:

- Posting all permanent promotion and transfer opportunities for at least one week before recruiting outside the organization.
- Outlining minimum requirements for the position (including specific training courses).

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- Describing decision rules that will be used.
- Making application forms available.
- Informing all applicants how and when the job was filled.

External Sources

These sources lie outside the organization. They may include:

(i) *Advertisements:* Advertising in newspapers, trade journals and magazines is the most frequently used method. In order to be successful, an advertisement should be carefully written. *If* it is not properly written, it may not draw the right type *of* applicants or it may attract too many applicants who are not qualified for the job.

(ii) *Employment Exchanges:* An employment exchange is an office set-up for bringing together as quickly as possible candidates searching for employment and employers looking for prospective employees. The main functions *of* employment exchanges are registration of job seekers and their placement in notified vacancies.

(iii) *Campus Recruitment:* Sometimes, recruiters are sent to educational institutions where they meet the placement officer or the faculty members who recommend suitable candidates. This system is prevalent in the US where campus recruitment is a major source. However, today the idea of campus recruitment has slowly caught the fancy of Indian employers too.

(iv) *Unsolicited Applicants:* Unsolicited applicants are another source. Some candidates send in their applications without any invitation from the organization.

(v) *Labour Contractors:* Many organizations employ labour contractors to hire workers. This method is usually resorted to when the work is of a temporary nature.

(vi) *Employee Referrals:* Friends and relatives of present employees are also a good source from which employees may be drawn.

(vii) *Field Trips:* An interviewing team makes trips to towns and cities, which are known to contain the kinds of employees required. In this method of recruitment, carefully prepared brochures describing the organization and the job it offers are distributed to the candidates before the interviewer arrives. The arrival dates and the time and venue of interview are given to the candidates in advance.

Table 3.2: Comparative Advantages and Disadvantages of External Sources of Recruitment

Advantages	Disadvantages
1. The organization has the freedom to select candidates from a large pool. Thus the choice is larger and persons with requisite qualifications could be picked up. There will be no compromise on quality.	1. The cost of hiring could go up substantially as advertisements have to be put in the media and candidates paid TA/DA to attend the interview.
2. External sources of recruitment could help in injection of fresh blood. Thus, external sources of recruitment discourage inbreeding and help organizations to select people with special skills and knowledge.	2. External sources of recruitment is very time consuming process. It takes time to advertise, screen, test and select suitable employees. If suitable ones are not available the process has to be repeated after some time which again results in delay in filling up vacancies.

Contd...

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3. It encourages in motivating internal employees to work hard and compete with external candidates while seeking career growth. Such a competitive atmosphere would help an employee to work to the best of his abilities.	3. Existing employees who have put in considerable service in the organization may feel they are not suitably rewarded. They may feel unmotivated and will work with less enthusiasm.
4. There are long term benefits in external sources of recruitment. Talented people could join the organization with new ideas and this would compel internal people to give their best to the organization in a competitive atmosphere.	4. Though external sources have a wide choice there is no guarantee that the organization will hire suitable candidates. It might end up hiring someone who does not fit into the organization culture.

Internet Recruitment: Companies and applicants find internet recruiting cheaper, faster and potentially more effective. A variety of websites are available where applicants can submit their resumes and potential employers can check for qualified applicants. Applicant tracking systems can match the job requirements with the experiences and skills of applicants. Online recruiting is not just matching candidates with companies. The next generation of web-based tools includes online job fairs in which companies can "meet" candidates in a virtual environment and chat with them online. The method is cost-effective as well.

In recent years, most companies have found it useful to develop their own website and list job openings on it. The website offers a fast, convenient and cost effective means for job applicants to submit their resume through the internet. The internet recruiting is effective as it generates fast, cost-effective and timely responses from job applicants. But the problem is that the website might be flooded with resumes from unqualified jobs seekers. Applications may also come from geographic areas spread in different parts of the world which are unrealistically far.

From all this we can conclude that there is no hard and fast rule whether the recruitment must be done exclusively through internal or external sources or conjointly to make it most effective. The best management policy regarding recruitment is to first look within the organization and if no able talent is available, external sources may be looked at. To use the words of Koontz and O'Donnell "the (recruitment) policy should be to 'raise' talent rather than 'raid' for it".

3.3.2 Recruitment Policy

A policy is a standing plan. Policies are directives providing continuous framework for executive actions on recurrent managerial problems. A policy assists in decision-making but deviations may be needed, as exceptions and under some extraordinary circumstances. Each a policy asserts the objectives of the recruitment and provides a framework of implementation of the recruitment programme in the form of procedures.

The essentials of policy formation may be listed as follows:

1. It should be definite, positive and clear. Everyone in the organization should understand it.
2. It should be translatable into practice.
3. It should be flexible and at the same time have a high degree of permanency.
4. It should be formulated to take care of all reasonably anticipated conditions.
5. It should be founded upon facts and sound judgement.

6. It should conform to economic principles, statutes and regulations.
7. It should be a general statement of the established rules.

Therefore, a well-considered and pre-planned recruitment policy, based on corporate goals and needs may avoid hasty decisions and help the organization to appoint the right type of personnel.

According to Yoder, 'a recruitment policy may involve a commitment to broad principles such as filling vacancies with the best-qualified individuals ... It may also involve the organization system to be developed for implementing recruitment programme and procedures to the employed'. Therefore, recruitment policy involves a commitment by the organization to principles such as:

(i) To find and employ the best qualified persons for each job.

(ii) To retain the best talent by offering life-time carriers, and

(iii) To facilitate personal growth on the job.

Conditions Necessary for a Good Recruitment Policy: A good recruitment policy must satisfy the following conditions:

Organization's Objectives

A good recruitment policy should be in conformity with the organization's objectives. It must take into consideration the basic parameters for recruitment decisions.

Identification of Recruitment Needs

A good recruitment policy should be flexible enough to meet the changing needs of an organization. The recruiters should prepare profiles for each category of workers and accordingly work out the employees' specifications.

Realistic Job Previews

Realistic job preview (RJP) provides complete job-related information, both positive and negative, to the applicants. The information provided will help job seekers to evaluate the compatibility among the jobs and their personal ends before hiring decisions are made. A realistic job previews can be prepared through the job compatibility questionnaire (JCQ). The JCQ gathers information on all aspects of the work experience that are thought to be related to employee performance, absences, turnover and job satisfaction. The underlying assumption of the JCQ is that the greater the compatibility between a job applicant's preferences for work characteristics and the characteristics of a job as perceived by job incumbents, the more likely that the applicant will stay in the job longer and be effective. The primary goal of the JCQ methodology is to derive perceptions of job characteristics from incumbents' perspectives and to develop selection instruments capable of assessing the extent to which job applicants' preferences are compatible with these perspectives.

Research on realistic recruiting shows a lower rate of employee turnover in case of employee recruited through RJPs particularly for more complex jobs and higher levels of job satisfaction and performance, at the initial stages of employment. RJPs can result in self selection process-job applicants can decide whether to attend the interviews and tests for final selection or with draw themselves in the initial stage. RJPs are more beneficial for organizations hiring at the entry level, when there are innumerable applicants per position and under conditions of relatively low unemployment. Otherwise the approach may increase the cost of recruiting by increasing the average times it takes to fill each job. The positive results on RJPs are:

- Improved employee job satisfaction.
- Reduced voluntary turnover.

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- Enhanced communication through honesty and openness.
- Realistic job expectations.

The RJPs must be tailored to the needs of the organization and should include a balanced presentation of positive and negative job information.

Ensure Long Term Employment Opportunities for Its Employees

A good recruitment policy should be so designed as to ensure career growth for its employees on a long-term basis. It should help in developing the potentialities of employees.

Preferred Sources of Recruitment

A good recruitment policy should match the qualities of employees with the requirements of the work for which they are employed. The preferred sources of recruitment, which would be tapped by the organization for, such staff as skilled or semi-skilled workers, could be internal sources or employment exchanges whereas for highly specialized managerial personnel, external sources could be preferred.

3.4 Selection

Selection, either internal or external, is a deliberate effort of organizations to select a fixed number of personnel from a large number of applicants. The primary aim of employee selection is to choose those persons who are most likely to perform their jobs with maximum effectiveness and to remain with the company. Thus, an attempt is made to find a suitable candidate for the job. In doing so naturally many applicants are rejected. This makes selection a negative function.

3.4.1 Definition of Selection

According to Yoder, "the hiring process is of one or many 'go-no-go' gauges. Candidates are screened by the employer and the short-listed applicants go on to the next hurdle, while the unqualified ones are eliminated".

3.4.2 Steps in Selection Procedure

There is no shortcut to an accurate evaluation of a candidate. A variety of methods are used to select personnel. The selection pattern, however, is not common for all organizations. It varies from one to another, depending on the situation and needs of the organization. Therefore, there is no standard selection procedure followed by all.

However, the steps commonly followed are as under:

Application Blank

In a sense the application blank is a highly structured interview in which the questions are standardized and determined in advance. An application blank is a traditional, widely accepted device for getting information from a prospective applicant. The application blank provides preliminary information as well as aid in the interview by indicating areas of interest that may be useful for discussion.

Initial Interview of the Candidate

Those who are selected for interviews on the basis of particulars furnished in the application blank are called for initial interview by the organizations. This is meant to evaluate the appearance of the candidate and to establish a friendly relationship between the candidate and the company and for obtaining additional information or clarification on the information already on the application bank. Preliminary interview becomes a necessity, when a large number of candidates apply for a job.

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Employment Tests

For further assessment of a candidate's nature and abilities, some tests are used in the selection procedure. If tests are properly conducted, they can reduce the selection cost by reducing the large number of applicants to manageable levels. The different types of tests are:

(i) ***Aptitude Test:*** Aptitude or potential ability tests are widely used to measure the talent and ability of a candidate to learn a new job or skill. Aptitude tests measure ability and skills. They enable us to find out whether a candidate would be suitable for the job.

(ii) ***Interest Test:*** Interest test finds out the type of work in which the candidate has an interest. An interest test only indicates the interest of a candidate for a particular job. It does not reveal his ability to do it.

(iii) ***Intelligence Test:*** *This* test is used to find out the candidate's intelligence. It reveals the candidate's mental alertness, reasoning ability, power of understanding etc. The scores on intelligence tests are usually expressed as Intelligence Quotient (IQ), which is calculated as follows:

$$\boxed{IQ = \frac{\text{Mental Age}}{\text{Actual Age}} \times 100}$$

(iv) ***Performance or Achievement Test:*** This test is used to measure the candidate's level of knowledge and skill in a particular trade or occupation. Achievement test measures the skill or knowledge which is acquired as a result of previous experience or training obtained by a candidate.

(v) ***Personality Test:*** Personality test is used to measure the characteristics that constitute personality.

Interviews

Candidates are called for an interview after they have cleared all other tests. The interview consists of interaction between the interviewer and the applicant. If handled properly, it can be a powerful technique in achieving accurate information and getting access to material otherwise unavailable. If the interview is not handled carefully, it can be a source of bias, restricting or distorting the flow of communication. An interview is thus an attempt to secure maximum amount of information from the candidate concerning his suitability for the job under consideration.

Checking References

The reference provided by the applicant has to be checked. This is to find out from the past records of the candidate. Reference checking requires the same use of skills as required by the interviewer and some amount of diplomacy. The main difficulty is ascertaining the accuracy of information given. Besides inaccurate facts, the referees' inability to assess and describe the applicant and his limited knowledge about the candidate also pose problem. In spite of its difficulties, it is necessary to carry out reference checks. In many organizations, reference checking is taken as a matter of routine and treated casually or omitted entirely.

Physical or Medical Examination

The next step is getting the candidates medically examined if there is a need. Quite often the candidates are told to get medically examined before reporting for duty. In Government and other quasi-government organizations getting medically examined is a must before reporting for duty or at the time of reporting for duty. Medical examination is a part of the selection process for all suitable candidates in many organizations.

Notes

Final Interview and Induction

After the candidate is finally selected the management will have to explain the job to him. He should be told as to what his duties are, what is required of him and what his future prospects in the organization are. Normally this information is given to the candidate at the time of final selection interview. This is the way how the candidate is inducted into the job. He is formally appointed by issuing him an appointment letter or by concluding with him a service agreement. The appointment letter contains the terms and conditions of the employment, pay scale and other benefits associated with the job.

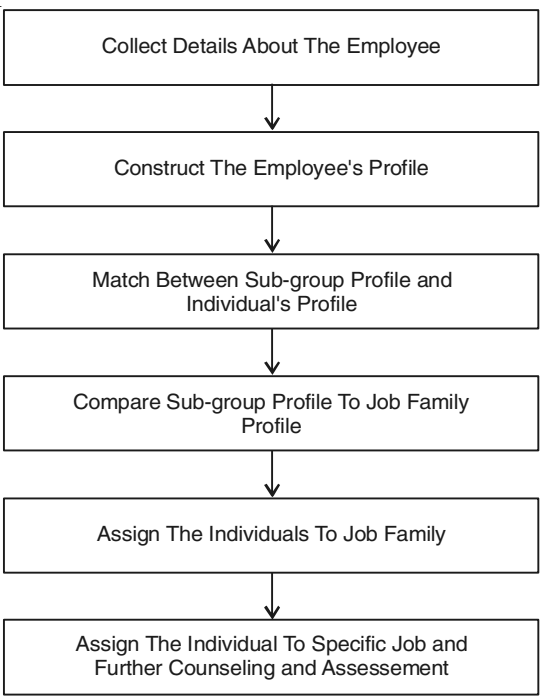
The interviewer can describe the company and its policies, the duties and responsibilities of the applicant as well as the opportunities available to him for future promotion. The interviewer should, in fact highlight the favourable aspects of the job.

3.5 Placement

After selecting a candidate, he should be placed on a suitable job. It involves assigning specific rank and responsibility to an employee. Most organizations put new recruits on probation for a given period of time (say 6 months or 1 year) after which their services are confirmed after successful completion of the probationary period. If the performance is not satisfactory, the organization may extend the probation or ask the candidate to quit the job. However, if the employee's performance during the probation period is satisfactory, his services will be regularized and he will be placed permanently on the job.

The employee placement process is shown in Figure 3.6.

Figure 3.6: Employee Placement Process



Placement is an important HR activity. If neglected, it may create employee adjustment problems leading to absenteeism, turnover, accidents, poor performance, etc. Proper

placement is important to both employee and the organization. Pigors and Myers have defined placement as "the determination of the job to which an accepted candidate is to be assigned and his assignment to that job. It is a matching of what the supervisor has reason to think he can do with the job demands; it is a matching of what he imposes in terms of strain, working conditions, etc." and what he offers in the form of pay roll, companionship with others, promotional possibilities, etc. Proper placement helps to improve employee a candidate adjusts him to the job and continues to perform as per expectations, it might mean that the candidate is properly placed. However, if the new employee has problems in adjusting to the job and if he continues to perform below expectations, he might become a misfit. Such recruits should be assigned some other more suitable jobs or they must be given further training to make them fit for the job.

3.5.1 Problems of Placement

Some problems might crop up while placing an employee on a job. These problems could include:

- Employee expectations from the job.
- Employer's expectations are more than the employee's ability or skills.
- Technological changes might result in mismatch between the job and the employee.
- Change in the organizational structure may result in changes in the job.

These changes result in a misfit between the employee and the job.

Task Prepare a flowchart for employee placement process.

3.6 Induction Programme

According to R.P. Billimoria, induction or orientation is "a technique by which a new employee is rehabilitated into the changed surroundings and introduced to the practices, policies and purposes of the organization". A formal orientation tries to bridge the information gap of the new employee. When a person joins an organization he is a stranger to it. He may experience a lot of difficulties which could lead to tension and stress in him. This in turn can reduce his effectiveness.

Need or Orientation: In an organization, orientation is required for overcoming employee anxiety, reality shocks and for accommodating employees.

- New employees experience a lot of anxiety in an organization. This is a natural phenomenon which can be overcome through orientation.
- An employee joins an organization with certain assumptions and expectations. When these expectations do not match with reality, the new employee experiences a reality shock. Effective orientation programmes help to reduce this reality shock by providing a more realistic expectation on the part of the new employee.
- Proper employee orientation helps to accommodate the new employee with existing employees by developing new acquaintances and understanding of the various aspects of the job.

Notes

Steps in the Induction Programme: The HR department may initiate the following steps while organizing the induction programme:

1. Welcoming the new recruit to the organization.
2. Providing knowledge about the company: what it is, what it does, how it functions, the importance of its producers; knowledge of conditions of employment, and company's welfare services.
3. Giving the company's manual to the new recruit.
4. Showing the location/department where the new recruit will work. This step should include specific job location and duties.
5. Providing details about various groups and the extent of unionism within the company. In this step the new employee is given a brief idea about the set up of the department, production processes, different categories of employees, work rules, safety precautions and rules.
6. Giving details about pay, benefits, holidays, leave, etc.
7. Defining the employee's career prospects with reference to the training and development activities that the company organizes with special reference to the new recruits' position.

Content of the Induction Programme: Keith Davis has listed the following topics that need to be covered in an employee's induction programme:

Table 3.3: Topics of an Induction Programme

1. Organizational Issues

- History of the company
- Names and titles of key executives
- Employees' title and department
- Layout of physical facilities
- Probationary period
- Products/Services offered
- Overview of production processes
- Company policies and rules
- Disciplinary procedures
- Employees' handbook
- Safety steps

2. Employee Benefits

- Pay scales, pay days
- Vacations, holidays
- Rest pauses

Contd...

Notes

- Training avenues
- Counselling
- Insurance, medical, recreation, retirement benefits

3. Introductions

- To supervisors
- To co-workers
- To trainers
- To employee counsellors

4. Job Duties

- Job location
- Job tasks
- Job safety needs
- Overview of jobs
- Job objectives
- Relationship with other jobs

3.6.1 Types of Induction Programmes

General Induction Programme

Once an offer of employment has been extended and accepted, the final stage in procurement function is concluded. The individual has then to be oriented towards the job and the organization. This is formally done through a process known as induction or orientation. Induction is a welcoming process-the idea is to welcome the candidate, make him feel at home in the changed surroundings and to introduce him to the practices, policies and purposes of the organization. The necessity of an induction programme is that when a person joins an organization, he may feel strange, shy, insecure and or nervous. Induction leads to reduction of such anxieties.

Specific Orientation Programme

Specific orientation is conducted by the foreman. Induction is specific and requires skill on the part of the foreman. A new employee must be provided operational knowledge that is specific to the position and location. The immediate boss (foreman) is responsible for such induction and training.

Every new employee should know:

(i) the people he/she works with

(ii) the work he is responsible for

(iii) the result to be accomplished

(iv) the current status of the work

(v) his relationships in the organization

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(vi) reports and records he must understand and maintain

(vii) operating policies, procedures and rules

(viii) service group available to help him

The purpose of specific induction is to enable an employee to adjust himself to his work environment.

Follow-up Induction Programme

The purpose of the follow-up induction programme is to find out whether the employee is reasonably satisfied with the job. It is usually conducted by the foreman or by a specialist from the personnel department. Through guidance and counselling, efforts are made to remove the difficulties experienced by the newcomer. Usually, follow up induction takes place after about one or two months from the time of appointment.

Case Study

Infotech Ltd.

InfoTech Ltd. is a Mangalore-based company with a countrywide network. It is considered as a leading software company with a turnover of 7500 crore rupees. The company is growing rapidly and during the last year, the number of employees increased from 50 to 125. Most of the employees are graduate engineers with BE degrees in Computers, Information Systems and Electronics and Communications. The employees in the sales field are MBAs with basic degrees in science or engineering. The work is high pressured and result-focussed, in return for which large reward packages are given.

The sales force in particular needs strong presentation and negotiation skills since the market is very competitive. Recently, however, the company has been facing difficulty in selecting the staff of right calibre for sales positions (MBA degree holders) though they are able to attract candidates in sufficient numbers.

The HR manager analyzed the selection procedure to provide a more successful model for the selection of the sales force. The model allowed the selection process to :

- Identify differences between recruits that were important to the role.
- Carry out the identification of differences in a reliable and consistent manner.
- Make valid predictions about the future performance of recruits with confidence.

The findings revealed some interesting features relating to the basic skills and attitudes needed for such a role. These were:

1. What is seen as "professionalism "suggested as" an ability to deal sensitively with prospective customers, being "human" rather than "clinical".
2. Style of behaviour which was "non-threatening" and "non-arrogant" but also "challenging" when required.
3. Skills like tolerance for ambiguity and a capacity to empathize with prospective customers.
4. Show "pride" in working with InfoTech and their product.

Using the above information, you are required to find and formulate an appropriate selection strategy.

Contd...

Notes

Questions:

1. Which selection techniques could measure the attributes identified?
2. How would the HR manager operate for the selection of a sales force? Justify your answer.

Self Assessment

Multiple choice questions:

5. The …… may be included promotions, transfers, and response of employees to notified vacancy.

   (*a*) ASTD (*b*) external sources

   (*c*) internal sources (*d*) None of these.

6. …….. provides complete job-related information, both positive and negative, to the applicants.

   (*a*) ASTD (*b*) CEBS

   (*c*) SPHR (*d*) RJP

7. …….. the hiring process is of one or many 'go-no-go' gauges. Candidates are screened by the employer and the short-listed applicants go on to the next hurdle, while the unqualified ones are eliminated.

   (*a*) Ivancevich and Glucck (*b*) Byars and Rue say

   (*c*) Dale Yoder (*d*) Wendell French

8. ……, induction or orientation is "a technique by which a new employee is rehabilitated into the changed surroundings and introduced to the practices, policies and purposes of the organization."

   (*a*) Dale Yoder (*b*) R.P Billimoria

   (*c*) Ivancevich and Glucck (*d*) Byars and Rue Say

True or False:

9. Intelligence test is used to find out the candidate's intelligence.

   (*a*) True (*b*) False

10. Aptitude or potential ability tests are widely used to measure the talent and ability of a candidate to learn a new job or skill.

    (*a*) True (*b*) False

Fill in the blanks:

11. The main functions of ..... are registration of job seckers and their placement in notified vacancies.
12. The ..... is effective as it generates fast, cost-effective and timely responses from job applicants.
13. ..... are widely used to measure the talent and ability of a candidate to learn a new job or skill.
14. Candidates are called for an ..... after they have cleared all other tests.
15. ..... involves assigning specific rank and responsibility to an employee.

Notes

3.7 Summary

- HR planning is the process (including forecasting, developing and controlling) by which a firm ensures that it has the right number of people and the right kind of people at the right places at the right time doing work for which they are economically most useful.
- Selection is a process of measurement, decision making and evaluation. The goal of a selection system is to bring in to the organization individuals who will perform well on the job.
- Placement refers to assigning rank and responsibility to an individual, identifying him with a particular job.
- Induction refers to the introduction of a person to the job and the organization. The purpose is to make the employee feel at home and develop a sense of pride in the organization and commitment to the job.
- Recruiting is the discovering of potential applicants for actual or anticipated organizational vacancies.
- Policies are directives providing continuous framework for executive actions on recurrent managerial problems.

3.8 Keywords

Demand forecasting: Forecasting the overall HR requirements in accordance with the organizational plans.

HR planning: It is the predetermination of the future course of action chosen from a number of alternative courses of action for procuring, developing, managing, motivating, compensating, career planning, succession planning and separating the human element of enterprise.

Job Specification: Job specification is an output of job description, and states the minimum acceptable qualifications that the newcomer must possess to perform the job satisfactorily and successfully.

Manpower planning: It can also be used as an important aid in formulating and designing the training and development programmes for the employees because it takes into account the anticipated changes in the HR requirements of the organizations.

Placement: It is determination of the job to which an accepted candidate is to be assigned and his assignment to that job.

Recruitment: It is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization.

Supply forecasting: Obtaining the data and information about the present inventory of human resources and forecast the future changes in present human resource inventory.

Lab Exercise

1. Discuss the characteristic of HR planning.
2. Draw the flow chart process of HR planning.

Notes

3.9 Review Questions

1. Define HR planning.
2. Describe the objectives and strategies HR planning.
3. What are the techniques of HR demand forecasting?
4. What is HR supply forecasting?
5. What are the techniques of HR supply forecasting?
6. Explain the job analysis.
7. Understand job specification.
8. What are the types of internal source of recruitment?
9. Explain the main steps in selection process.
10. Explain the type of induction programmes.

Answer to Self Assessment

1. (*d*)	2. (*b*)	3. (*a*)	4. (*a*)	5. (*c*)
6. (*d*)	7. (*c*)	8. (*b*)	9. (*a*)	10. (*a*)

11. employment-exchanges
12. internet recruiting
13. Aptitude tests
14. interview
15. Placement

3.10 Further Reading

Books

Health Care Service Management, by Marie Muller, Karien Jooste, Marthie Bezuidenhout.

Online link

http://kalyan-city.blogspot.com/2011/04/human-resource-management-hrm-meaning.html

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Unit 4: Training and Development

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Objectives

After studying this unit, you will be able to:

- Explain the training process
- Describe the methods of training and development
- Discuss the training evaluating
- Explain the training effort

Introduction

Ensure that training and development programs optimize employee productivity, enhance professional and personal development, and assist the entity in accomplishing its goals and objectives. All entities strive for higher levels of organizational performance. The ongoing training and development of all employees plays a vital role in this quest for maximum efficiency and effectiveness. In fact, the process of training and developing human resources

begins with new employee orientation and continues throughout the employee's tenure with the entity. Rapidly changing legal, technological, economic, and sociological environments further dictate that employees possess the knowledge and skills required by new and more demanding assignments.

The need for improved productivity has become universally accepted and that it depends on efficient and effective training is not less apparent. It has further become necessary in view of advancement in modern world to invest in training. Thus the role played by staff training and development can no longer be over-emphasized. Training and development are based on the premise that staff skills need to be improved for organizations to grow. Training is a systematic development of knowledge, skills and attitudes required by employees to perform adequately on a given task or job. New entrants into organizations have various skills, though not all are relevant to organizational needs. Training and development are required for staff to enable them work towards taking the organization to its expected destination. It is against the backdrop of the relative importance of staff training and development in relation to organization effectiveness that this paper addressed.

Training can be put in a contact relevant to school administrators. However, knowledge is the ability, the skill, the understanding, the information, which every individual requires acquiring in order to be able to function effectively and perform efficiently.

The effectiveness and success of an organization therefore lies on the people who form and work within the organization. It follows therefore that the employees in an organization to be able to perform their duties and make meaningful contributions to the success of the organizational goals need to acquire the relevant skills and knowledge. In appreciation of this fact, organization like educational institution, conduct final training and development programs for the different levels of their manpower.

Usually, before training or development programmes are organized efforts are being made through individuals and organizational appraisals to identify the training needs. After the training and development programmes, an evaluation is carried out to ascertain the effectiveness of the programme in line with the need, which had been identified. It is worthy of mention that organization development follows the development of individual who form the organization. It follows that no organization becomes effective and efficient until the individual have and apply the required skills and knowledge. Training has been observed as part of human development. Human development is a process of enlarging people's choices. In principle, these choices can be infinite and change over time. But at all levels of development, the three essential ones are for people to live a long and healthy life, to acquire knowledge through training, and to have access to resources needed for a decent standard of living. If these essential choices are not available many other opportunities remain inaccessible.

4.1 Training Process

According to the concept of human development income is clearly only one option that people would like to have, albeit an important one. Development must therefore be more than just the expansion of income and wealth. Since administering involves the creation and maintenance of an environment for performance, working closely or in isolation towards the accomplishment of common goals, it is obvious that administrators cannot be successful without well skilled and well trained people. The importance of incorporating training into organizational or institutional roles the staffing of these roles and the entire process of direction and leading people must be premises on knowledge and skills.

Man is dynamic in nature, the need to be current and relevant in all spheres of human endeavour's make staff development a necessity, to keep track with current event and methods. The attention of the entire sundry of the inestimable value of training and

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development. It is an avenue to acquire more and new knowledge and develop further the skills and techniques to function effectively. Scholars, experts, social scientist and school administrators now recognize the fact that training is obviously indispensable not only in the development of the individuals but also facilitate the productive capacity of the workers. Training is not coaxing or persuading people to do what is wanted but rather a process of creating organizational conditions that will cause personnel to strive for better performance.

Among other schools that highlighted the usefulness of training. They identified the functions of training as follow: increase productivity, improves the quality of work; improves skills, knowledge, understanding and attitude; enhance the use of tools and machine; reduces waste, accidents, turnover, lateness, absenteeism and other overhead costs, eliminates obsolesce in skills, technologies, methods, products, capital management etc. It brings incumbents to that level of performance which needs the performance for the job; enhance the implementation of new policies and regulations; prepares people for achievement, improves manpower development and ensures the survival and growth of the enterprise.

The opinion that the objectives of training are to: provide the skills, knowledge and aptitudes necessary to undertake required job efficiently develop the workers so that if he has the potentials, he may progress, increase efficiency by reducing spoilt work, misuse of machines and lessening physical risks.

The training and development aim at developing competences such as technical, human, conceptual and managerial for the furtherance of individual and organization. The process of training and development is a continuous one. The need to perform one's job efficiently and the need to know how to lead others are sufficient reasons for training and development and the desire to meet organizations objectives of higher productivity, makes it absolutely compulsory.

Did u know?

Training both physically, socially, intellectually and mentally are very essential in facilitating not only the level of productivity but also the development of personnel in any organization.

4.1.1 Importance of Training

As well as giving people new skills and knowledge, and maintaining existing skills, training can:

- Increase people's confidence.
- Confirm to people the value of what they are already doing.
- Enable people to pass on new skills to colleagues in the workplace.
- Raise general awareness.
- Change people's attitudes.
- Improve morale.

Training can play an important role in improving health workers' effectiveness. Whether training is part of an ongoing process of professional development or simply about learning a specific skill, it can improve people's skills and knowledge and help them carry out their job more effectively.

Training

One definition of training is 'the process of bringing a person to an agreed standard of skill by practice and instruction'. Another definition is 'a trainer and participant working together to transfer information from the trainer to the participant, to develop the participant's

knowledge, attitudes or skills so they can perform work tasks better'. Taken together these definitions say two things:

1. Training is directed towards agreed standards or objectives. These are sometimes called learning outcomes — what you want people to learn from training.
2. The person being trained participates with the trainer in the training activity, rather than simply receiving instruction.

Training usually involves participation. This means that a person being trained has an active role in the training process, rather than a passive role. Also it often takes place in the workplace or community where the skills and knowledge being communicated will be used.

Learning

Teaching and training are about communicating information and facilitating learning. Learning is what people do when they receive that information. But learning is more than collecting information — it must also involve a permanent change in behaviour, attitude or understanding. For example, health workers have only truly learned about a new drug if they fully understand when and how the drug should be used, not just if they have learned the name of the drug.

We have already identified the training needs. For training to be useful in the workplace the planned objectives must meet the needs of the participants. This stage is the basis of setting up successful training.

We then look at different aspects of running a training session, including thinking about the environment, using visual aids, adapting existing training materials, deciding who should attend training and involving participants.

This can help trainers assess whether training was successful in achieving its objective and what impact training has had on the work effectiveness of trainees. It can also help to identify what further training and support people may need.

4.1.2 Assessing Training Needs

Training is a means of communicating new knowledge and skills and changing attitudes. It can raise awareness and provide people with the opportunity to explore their existing knowledge and skills. But, to be effective, training should be based on the needs of the people who are being trained (the participants). Training needs should be identified by both participants and their managers. Training should not only meet the needs of people being trained, but should meet the needs of the organisation or project they are working for, and contribute to better services or standards for service users.

A training need is the gap between what somebody already knows, and what they need to know to do their job or fulfil their role effectively. By identifying training needs trainers can decide what the objectives of the planned training should be. The first step in identifying training needs is to assess the current level of knowledge and skills of the participants. The second step is to clarify what skills, knowledge and attitudes people need to do their jobs or tasks.

An assessment of training needs can be done in a number of ways:

Questionnaires: Questions need to be clear, specific and simple. Avoid closed questions (i.e. those having a yes or no answer) as these identify what people think they know rather than what they actually know. Questions should be geared towards finding out whether people have the skills and knowledge you think they need to do their jobs effectively.

Group discussions with participants: These enable health workers to share comments and observations about what is happening in their workplaces and what skills they feel they may need.

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Individual discussions with participants: These give people the chance to talk in confidence about difficulties they are having and things they need to learn.

Self-assessment: This involves asking health workers to list the things they think they are good at and what subjects them think they need training on.

Discussions with managers, service users and others: Trainers can gather views on training needs from those who come into contact with the person to be trained.

Observing participants while they are working: These methods help trainers to assess what people already know and what knowledge and skills they may need to acquire to work effectively. It is best to gather as much information as possible, using as many different methods as possible. However, you must decide how much information it is realistically possible together within the limits of available time and financial resources. This may mean only being able to carry out one or two of the above.

The trainer needs to decide what can realistically be covered during a training session. Trainers should aim to ensure that training objectives (what they want people to learn from the training session or programme) are very clear. Trainers can then plan training so that it addresses only those objectives.

Training is an ongoing process. Participants need support and encouragement to use their new knowledge and skills in their work. Ideally, training programmes should give participants the opportunity to give feedback on the training they have received and problems encountered in applying it in their everyday work.

The basic phases of a training and development system are:

- Develop a training and development plan that is linked to the entity's strategy.
- Develop a training and development budget.
- Establish a means of identifying and prioritizing training and development needs.
- Train the trainers and coordinate training and development efforts.
- Establish a method for evaluating the effectiveness of training and development programs.
- Document the training and development program.
- Review the training and development program to determine overall effectiveness and alignment with entity goals and objectives.

4.1.3 Procedures

Suggested procedures, organized according to the elements of a finding, are listed below. They should be expanded or tailored to fit the specific entity being reviewed.

Review Criteria or General Criteria

General criteria applicable to the training and development process are as follows:

The State Employee Training Act of 1969 provides that available public funds may be used for the education and training of state employees in programs related to either current or prospective duty assignments.

State law requires all state agencies, including public institutions of higher education, that have three or more complaints of employment discrimination during each year of the biennium to expend appropriated funds to receive training on compliance with state and federal laws prohibiting employment discrimination. Each agency shall pay all training costs or reimburse the Texas Commission on Human Rights for its costs associated with this training through interagency contracts. Other training and development provisions, generally

applicable to specific entities, are usually included in each entity's appropriations in the General Appropriations Act.

Specific Criteria

The criteria related to the basic phases of the training and development process are as follows:

Develop a training and development plan that is linked to the entity's strategy

An entity should have both short-term and long-range training and development plans with both clearly stated objectives and a direct relationship to the entity's mission and goals. Training and development should begin with new employee orientation and continue throughout an employee's tenure.

Develop a training and development budget

The training and development budget should designate the amount of time and funds to be spent on the training and development program. Time and money used for training and development must be documented to ensure accountability of resources. The entity's timekeeping system should include time codes to track different kinds of training and development.

Establish a means of identifying and prioritizing training and development needs

Training and development needs may be identified through performance evaluations, quality assurance processes, or entity goals and objectives. Training and development plans should be aligned with entity goals and strategic direction. Management should identify weaknesses within the entity and address them through staff training and development. An entity's training and development needs should be prioritized based on a risk assessment of entity strengths and weaknesses.

Jobs must be analyzed to identify the knowledge, skills, and abilities needed to perform the job tasks required. Training and development should address the knowledge, skills, and abilities identified through such job analysis.

Train the trainers and coordinate training and development efforts

Course instructors should be trained in their respective areas of instruction, appropriate training and development techniques, and course design. When a training and development program has components in a number of locations, coordination and communication between the various trainers are essential for maximum consistency and effectiveness of training and development efforts.

Establish a method for evaluating the effectiveness of training and development programs

The impact of training and development can be determined by evaluating:

- *Trainee reaction:* How do the participants feel about the training and development?
- *Trainee learning:* What knowledge and skills were learned? Was the information easily transferable to the job situation?
- *Trainee behaviour:* To what extent did on-the-job behaviour change as a result of training and development? Is the trained behaviour rewarded in the job situation?

A system should exist to measure the knowledge and skills an employee gains from training and development. Procedures to measure training and development results include in-class evaluation forms, knowledge tests, performance appraisals, surveys, and interviews. Staff should receive the results of any tests in a timely manner.

Notes

Document the Training and Development Program

Documentation should include:

- *Training and development plans:* An entity should have a long-range training and development plan and annual short-term plans which tie into the long range plan.
- *Training and development schedule:* A training and development schedule is necessary to prevent duplication of effort, especially if the entity has more than one site. The scheduling of courses should be appropriate, based on the entity's technical and strategic needs.
- *Training and development records:* The entity needs a method of tracking internal and external training and development given to its employees. These records must also track the Continuing Professional Education (CPE) credits needed by staff professionals. Record keeping is especially important if the entity must comply with federal or state requirements for specific job training and development within a certain time frame.
- *Training and development policies:* Policies should define how many hours of training and development per employee are required or allowed, eligibility guidelines for training and development, and policy for external training and development.

Review the training and development program to determine overall effectiveness and alignment with entity goals and objectives

Post-training studies should measure increased employee knowledge and skill. Some indications of effective training and development include higher performance appraisal ratings, fewer complaints, less time needed to perform tasks, and fewer errors in processing materials. A change in products and services delivered by the entity and customer reaction to these products and services can also measure the training and development program's overall effectiveness. Crucial to any evaluation or review of the training and development function is the clear understanding and documentation of the organization's reason for providing training and development to its employees.

The entity should review turnover records of employees by job position at least annually. An unacceptably high turnover rate could indicate a need for more effective training and development or other problem(s).

Caution

Management must ensure that the training and development program meets the intended objectives and produces the desired results. The review process should include evaluation and review of course content, instructors, and training and development results and should compare the actual results achieved with anticipated goals and behaviour changes.

Assess Condition Determine the Actual Processes Used

Conduct interviews, observe operations, and identify and collect available documentation in order to gain an understanding of the entity's actual training and development process and controls. Included in the actual process are both official/unofficial and formal/informal processes and controls. An official process may exist even if it is not documented. Possible procedures include, but are not limited to:

- Determine how the entity plans its training and development and the relationship of the training and development plan to the strategic plan.
- Determine how the entity uses training and development to promote entity objectives and develop employees' careers.
- Obtain and review any manuals, policies, and forms used for the training and development process.
- Determine what type of training and development records are maintained.
- Obtain and review turnover reports by job position.

Notes

- Determine what type of training and development information is contained in the employee's personnel file.
- Determine how the entity evaluates its training and development program and individual classes and uses such evaluation information.
- Interview employees to determine their impressions and assessment of the effectiveness of the training and development program.
- Obtain information on the process the entity uses to review and evaluate its training and development processes and programs.
- In addition to gaining an understanding of the actual process, also try to find out:
  - How the participants view their own process?
  - What they think is important about the process, and why this information may help identify causes and barriers?

Determine the Strengths and Weaknesses of the Actual Process

Using the tailored criteria, the understanding of the entity's process gained above, and the procedures in this section, analyze the actual process to determine if it:

- Is designed to accomplish the management objective?
- Has controls that provide reasonable assurance that the process will work as intended?
- Is implemented and functioning as designed?
- Is actually achieving the desired management objective(s)?

In executing these procedures, remember to identify and analyze both strengths and weaknesses.

Identify and review the steps in the actual process. Possible procedures include, but are not limited to:

- Determine if all major steps in the criteria are included in the actual process.
- Determine if all the steps in the process appear to add value. If there are steps that do not appear to add value, try to get additional information on why they are included in the process.
- Review the order of the steps in the process to determine if it promotes productivity.
- Review the level of technology used in the process to determine if it is upto-date and appropriate to the task.

Identify the controls over the process and determine if the controls are appropriate, laced at the right point(s) in the process, timely, and cost effective. Possible procedures include, but are not limited to:

- Draw a picture of the process, the controls, and the control objectives. Determine if the control objectives are in alignment with the management objective(s).
- Identify and analyze the controls over the effectiveness of entity training and development. (If the control is only at the end of the process, it would not be as effective in ensuring effectiveness.)
- Identify and analyze the controls used to make sure training and development are provided where needed.
- Determine how the course evaluation and system review processes feed back into training and development planning.

Notes

Review observations, interviews, documentation, and other evidence and design specific audit procedures as needed to determine if the process and/or the controls are functioning as designed. Depending upon the objectives of the project, these procedures may include both tests of controls and substantive tests. Possible procedures include, but are not limited to:

- Review training and development plans. Determine if training and development needs are actually communicated to management and training and development planners and used in such plans.
- Obtain copies of training and development course appraisals. Review documentation of subsequent training and development to determine if the appraisals were actually used to adjust training and development to improve course effectiveness.
- Analyze process reports over time for trends. Determine whether the information gained from the monitoring process is fed back AND is used to modify the system. Possible procedures include, but are not limited to:
  - — Review results of course evaluations. Determine if results improve or decline significantly over time.
  - — Review statistics on entity turnover rates by job type. Determine if results improve or decline significantly over time.

Did u know?

Training and development are one of the most critical areas to the success of an organization and their workforce. Providing training for employees not only helps them develop their skills and knowledge, but it is also motivational and a building block to organizational success.

4.2 Methods of Training and Development

On the Job Training / Coaching: This relates to formal training on the job. A worker becomes experienced on the job over time due to modification of job behaviours at the point of training or acquisition of skills.

Induction/Orientation: This is carried out for new entrants on the job to make them familiar with the total corporate requirements like norms, ethics, values, rules and regulations.

Apprenticeship: A method of training where an unskilled person understudies a skilled person.

Demonstration: Teaching by example, whereby the skilled worker performs the job and the unskilled closely observes so as to understand the job.

Vestibule: This is done through industrial attachment for the purpose of skills and technology transfer. It is therefore achieved through placement of an individual within another area of relevant work or organization. The effect is the acquisition of practical and specialized skills.

Formal Training: A practical and theoretical teaching process which could be done within or outside an organization. When training is carried out inside an organization, it is called an in-house training. Off-house training is carried out in professionalized training areas like: Universities, Polytechnics and Professional Institutes.

4.2.1 Method of Development

Understudy: This is good for succession planning. This allows for smooth transition of work when one officer leaves a schedule or organization.

Job Rotation: It is necessary for all workers to move from one schedule to the other within the same organization, to allow for competence on all spheres of work.

Notes

Self-development/Self-assessment: Self development means a personal desire to improve through an individual's attempt to embark on study and practical explosive that are independent of an organization's role and contribution. Self-assessment personal identification of strengths, opportunities, weaknesses and challenges and an attempt to improve and build on current efforts for a more fulfilling corporate movement.

4.2.2 Approaches to Training

The considerations for training vary in organizations. Some of these considerations are not necessarily based on need. The various influences of training are summed up as follows:

Administrative Approach: This is based on establishment of Budget and policies. Officers are therefore sent for training based on the availability of funds.

Welfare Approach: This is based on extraneous considerations. Some organizations send staff on training abroad with a view to improving their financial well being or their skills to enable them secure employment elsewhere.

Political Approach: Within the ranks of organization are pressure groups, loyalist and favourites of managers, who use their privileged positions to secure training opportunities over and above their colleagues who in most cases merit the training programmes available.

Organizational Development Approach: This approach uses departmental training needs as consideration for selection.

Systematic or Need-based Training: This selection process here is based on identification of training needs. It is used by organizations for growth and development.

Self Assessment

Multiple choice questions:

1. Training needs should be identified by .....

   (*a*) participants (*b*) managers

   (*c*) both (*a*) and (*b*) (*d*) none of these

2. The learner's skills and knowledge are ..... before the training program.

   (*a*) assessed (*b*) decreased

   (*c*) average (*d*) null

3. The process of examining a training program is called .....

   (*a*) training experties (*b*) training method

   (*c*) training evaluation (*d*) training timing

4. One of the simplest and most common approaches to training evaluation ……..

   (*a*) reactions (*b*) timing

   (*c*) actions (*d*) none of these

4.3 Training Evaluation

The process of examining a training program is called training evaluation. Training evaluation checks whether training has had the desired effect. Training evaluation ensures that whether candidates are able to implement their learning in their respective workplaces, or to the regular work routines.

Notes

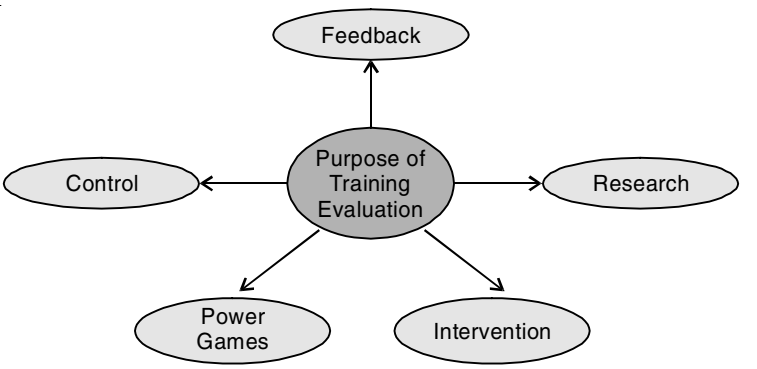
4.3.1 Purposes of Training Evaluation

The five main purposes of training evaluation are:

Feedback: It helps in giving feedback to the candidates by defining the objectives and linking it to learning outcomes.

Research: It helps in ascertaining the relationship between acquired knowledge, transfer of knowledge at the work place, and training.

Figure 4.1: Purposes of Training Evaluation



Control: It helps in controlling the training program because if the training is not effective, then it can be dealt with accordingly.

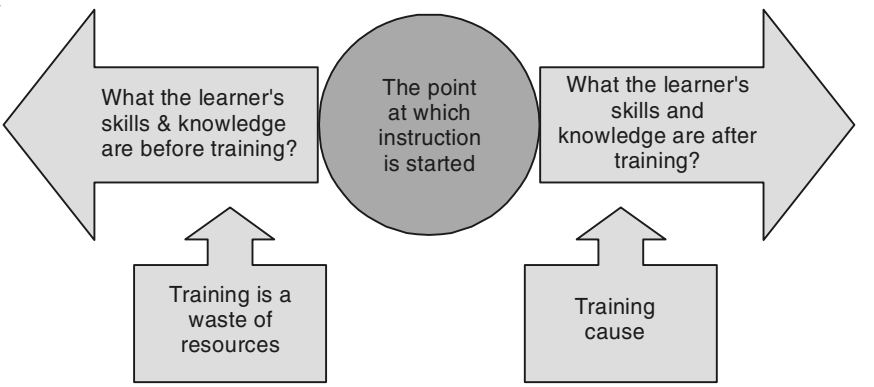
Power Games: At times, the top management (higher authoritative employee) uses the evaluative data to manipulate it for their own benefits.

Intervention: It helps in determining that whether the actual outcomes are aligned with the expected outcomes.

4.3.2 Process of Training Evaluation

Before Training: The learner's skills and knowledge are assessed before the training program. During the start of training, candidates generally perceive it as a waste of resources because at most of the times candidates are unaware of the objectives and learning outcomes of the program. Once aware, they are asked to give their opinions on the methods used and whether those methods confirm to the candidates preferences and learning style.

Figure 4.2: Process of Training Evaluation



Notes

During Training: It is the phase at which instruction is started. This phase usually consist of short tests at regular intervals.

After Training: It is the phase when learner's skills and knowledge are assessed again to measure the effectiveness of the training. This phase is designed to determine whether training has had the desired effect at individual department and organizational levels. There are various evaluation techniques for this phase.

Task Draw a chart to show the flow of instructions in training.

4.4 Training Efforts

Training should be evaluated to determine its effectiveness. The basic criteria available to evaluate training programmes are:

1. *Reactions of participants:* One of the simplest and most common approaches to training evaluation is assessing participants' reactions. Participants can give us insights into the content and techniques that they find most useful. Potential questions to trainees may include questions like:
   - What were your learning goals from this programme?
   - Did you achieve them?
   - Would you recommend the same training programme to others?
   - What suggestions do you have for making the training programme effective?
2. *Performance of trainees:* Beyond what participants think about the training, it might be a good idea to see whether the trainees actually learned anything. Testing knowledge and skills before beginning a training programme gives a baseline standard on trainees that can be measured again after training to determine improvement. The training programme, trainer's ability and trainee's ability are evaluated on the basis of quantity of content learned and time in which it is learned and learner's ability to use or apply the content learned.
3. *Performance of the training itself:* It is necessary to evaluate the training programme itself. The methodology of evaluation consists of setting up a control group and an experimental group and follows a four-tier system (i) by the subordinate (ii) by the superior (iii) by the peers, and (iv) by the trainee in terms of observed behaviour before and after training.
4. *Behavioural change in the trainees:* Even after an effective training program the trainees may not demonstrate behaviour change back on the job. Transfer of training refers to the effective application of principles learned to what is required on the job. There are several methods for assessing transfer of learned skills back to the job. These include observations of trainees, interviews with trainees' managers and examination of trainees' post-training performance appraisals.
5. *Organizational effectiveness:* Some of the results-based criteria used in evaluating training include increased productivity, fewer employee complaints, decreased costs and waste and profitability. The ultimate result of the training program should contribute to the organizational goals. If the training is to be effective, the organization should be the prime object. For this, we should diagnose organization needs as a prerequisite. We have to find out the ills that challenge the organization's effectiveness (both now and in the future) and that should form the base for action.

Notes

4.4.1 Kirkpatrick Model of Training Effort Evaluation

Parties spend substantial amount of money, energy and time on training and development their employees. A four-level training evaluation proposed and developed by Donald Kirkpatrick remains a classic and most comprehensive model that has enormous practical. These four levels are given below:

Level 1: *Reactions:* One of the simplest and most common approaches to training evaluation assessing participants' reactions. Participants can give us insights into the content and techniques that they find most useful. Most of the trainers and training institutes perform level 1 evaluation.

Level 2*: Learning:* Beyond what participants think about the training, it might be a good idea to see whether the trainees actually learned anything. Testing knowledge and skills beginning a training program gives a baseline standard on trainees that can be measured again after training to determine improvement. The training program, trainer's and trainee's ability are evaluated on the basis of quantity of content learned and time in which it is learned and learner's ability to use or apply the content learned. Level 2 evaluations help to understand the effectiveness of training delivery in terms of participants learning.

Level 3: *Transfer:* This involves assessing the benefit of training to the work in the real world. Transfer of training refers to the effective application of principles learned to what is required on the job. There are several methods for assessing transfer of learned skills back to the job. These include observations of trainees, managers and examination of trainees' post-training performance appraisals. Level 3 evaluations is conducted anytime after six weeks to six months of training delivery.

Level 4: *Business results:* The ultimate result of the training program should contribute beside the organizational goals like increased productivity, fewer employee complaints, decreased costs and waste, profitability, etc., and the individual goals like personality development, and social benefit to the participant. This is the most difficult part of the evolution. This is usually carried out once in a year using survey techniques and business and training data.

Task With the help of diagram, show the purpose of training evaluation.

Case Study

Bush Back Principal Training Effort in Denver Visit

Former President George W. Bush praised a local non-profit dedicated to training non-traditional school principals during a brief visit to Denver on Thursday and said he has been inspired by Mayor Michael Hancock's life story.

"I'm here to honour a program called Get Smart. It is a program that says every child can learn. In other words, (Get Smart Schools director) Amy (Slothower) believes every child can learn and is willing to train leaders who believe that as well," Bush said following an hour-long, closed-door discussion with 20 business, education and civic leaders at Get Smart's headquarters on the outskirts of downtown.

Bush was in town to cement an agreement signed earlier this year that adds the Get Smart organization to an alliance of some 16 groups nationwide dedicated to cultivating a new breed of principals. An arm of the Texas-based George W. Bush Institute, the Alliance to Reform Education Leadership aims to bring the like-minded organizations together three times a year to compare approaches.

Contd...

Notes

Get Smart runs a year-long training and mentoring program for potential charter-school principals — four of its current and past fellows were among those meeting with Bush — and was recently authorized by the state to license principals.

Speaking about AREL's mission, Bush said the focus was on preparing innovative principals to take charge. "We believe that an excellent school must first of all have an excellent leader," he said. "And this program here in Denver recognizes that, and it is got a really good track record."

Bush also took a moment to laud Hancock, whose rise from poverty and dedication to reform efforts under way in the Denver Public Schools was central themes of his campaign for mayor earlier this year.

"I appreciate the example you set," Bush said to Hancock. "One of the things I tell people you're often going to get dealt a hand you're not going to want to play in life — it is going to happen to us all, some way or another. Mayor, you got dealt a tough hand, but you played it with class and now you have a chance to lead.

Bush spoke for only a few minutes with reporters after the discussion. He did not take any questions and declined to answer when a reporter asked what he thought about the death of Libyan Dictator Moammar Gadhafi, which was confirmed by news organizations just as they Get Smart roundtable started. "I think we're going to have great schools in Denver," Bush said with a grin.

He stressed that he has left the world of politics behind so he can devote his energy to some of his passions, including education.

"Post-presidency is an interesting period for (former First Lady) Laura (Bush) and me," he said. "I'm out of politics, but I love being in the arena. I'm now an observer, but I still have great passion, as does Laura, about educational excellence. So one of the things we're doing at the Bush Center (at Southern Methodist University) is to work with groups such as Get Smart and set up a collaborative effort with educational entrepreneurs to develop best practices for training leaders in the classroom."

Bush's visit to Denver comes as federal lawmakers are debating whether to overhaul the No Child Left Behind law — his administration's decade-old, signature education initiative — and as Denver voters are casting ballots in a school board race portrayed as a referendum on the so-called reform approach to education. But against that backdrop, participants said, the discussion avoided anything overtly political.

"He did not talk about Washington, he did not talk about Congress, he did not talk about the president, he did not talk about Moammar Gadhafi,'" Hancock said after the discussion. "He talked about education and caring enough to send the very best to our schools." Hancock said Bush discussed the goals behind the No Child Left Behind legislation and the importance of accountability but did not discuss any particular legislation, including Senate Bill 191, the controversial Colorado law passed last year.

"One of the guiding values of any approach to quality schools is to make sure there's accountability in the school — you have got to be able to measure what you're accomplishing," Hancock said after the meeting with Bush.

What it comes down to, Hancock said, is simply establishing common-sense goals and then determining whether they're being met.

"It is about measuring whether our third - and fourth graders can read," Hancock said. "There's no sexiness about that, other than, 'Can they read?'"

A few hours later, Hanock convened the first meeting of the executive committee behind the Denver Education Compact, an initiative involving civic, business and education leaders — including several who attended the session with Bush — to improve education in the city.

Contd...

Notes

Although Bush and the other participants steadfastly maintained that his visit was not about politics, at least one DPS board candidate was having none of it.

Emily Sirota, a candidate for an open seat in Southeast Denver, issued a stern statement taking Hancock to task for "standing with George W. Bush during an election-timed visit" and for "promoting the failed No Child Left Behind policy that has so harmed our schools."

Sirota — whose opponent, Anne Rowe, won an endorsement from Hancock earlier this month — did not hold back in her criticism of the mayor: "No Child Left Behind is one of the most destructive education policies enacted in the last 10 years. Our mayor's behaviour today only draws unnecessary lines in the sand, while needlessly undermining the important work of Senator (Michael) Bennet, who is working to finally reform No Child Left Behind."

She added that skeptical comments uttered by DPS Superintendent Tom Boasberg — who took over after his predecessor, Bennet, was appointed to a Senate vacancy — regarding the current federal law amounted to the only "good news" resulting from Bush's visits. Only Boasberg, Sirota said, "had the guts to speak out against No Child Left Behind."

Questions:

1. How Bush had inspired by Mayor Michael Hancock's life story?
2. What was the motto of the programme "Get Smart"?

Self Assessment

Multiple choice questions:

5. …… involves assessing the benefit of training to the work in the real world.

   (*a*) Reactions (*b*) Business results

   (*c*) Learning (*d*) Transfer

6. ……. is the phase at which instruction is started.

   (*a*) After Training (*b*) During Training

   (*c*) Before Training (*d*) None of these

7. Training and development needs may be identified through …….

   (*a*) evaluation effort (*b*) training evaluations

   (*c*) performance evaluations (*d*) performance

True or False:

8. Jobs must be analyzed to identify the knowledge.

   (*a*) True (*b*) False

9. Training can play an important role in improving health workers' effectiveness.

   (*a*) True (*b*) False

Fill in the blanks:

10. The simplest and most common approaches to training evaluation is ……. participants reactions.
11. The process of examining a training program is called……..

Notes

12. ……. helps in ascertaining the relationship between acquired knowledge at the workplace.
13. ……. carried out once in a year using survey techniques and business and training data.

4.5 Summary

- The need for improved productivity has become universally accepted and that it depends on efficient and effective training is not less apparent.
- The training and development aim at developing competences such as technical, human, conceptual and managerial for the furtherance of individual and organization.
- A training need is the gap between what somebody already knows, and what they need to know to do their job or fulfill their role effectively.
- Transfer of training refers to the effective application of principles learned to what is required on the job.
- The State Employee Training Act of 1969 provides that available public funds may be used for the education and training of state employees in programs related to either current or prospective duty assignments.
- Management must ensure that the training and development program meets the intended objectives and produces the desired results.

4.6 Keywords

Business results: The ultimate result of the training program should contribute beside the organizational goals like increased productivity, fewer employee complaints, decreased costs and waste, profitability, etc

Learning: It is what people do when they receive that information but learning is more than collecting information — it must also involve a permanent change in behaviour, attitude or understanding.

Performance of trainees: Beyond what participants think about the training, it might be a good idea to see whether the trainees actually learned anything.

Reactions: One of the simplest and most common approaches to training evaluation assessing participants' reactions.

Reactions of participants: One of the simplest and most common approaches to training evaluation is assessing participants' reactions.

Training: It is the process of bringing a person to an agreed standard of skill by practice and instruction'.

4.7 Review Questions

1. Define the learning and training and describe differences between them.
2. What is the need of training? Explain in brief.
3. Explain the training process.
4. Describe the methods of training and development.
5. Explain the approaches to training.

Notes

6. Explain the purposes of training evaluation.
7. Define the process of training evaluation.
8. Explain the training effort.
9. Describe the Kirkpatrick model of training effort evaluation.
10. Define the method of development.

Answers to Self Assessment

1. (*c*)	2. (*a*)	3. (*c*)	4. (*a*)	5. (*d*)
6. (*b*)	7. (*c*)	8. (*a*)	9. (*a*)	
10. assessing	11. training evaluation			
12. Research	13. Business results			

4.8 Further Readings

Books

Human Resource Management, Pearson Education, by Dessler, Gary.

Organizational Behaviour, Pearson Education, by P Robbins, A. Timothy, Judge & Sanghi Seema.

Online link

http://www.expertsmind.com/HRM/training-and-development-homework-assignment-help.aspx

Notes

Unit 5: Appraising and Evaluating People in the Organization

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Objectives

After studying this unit, you will be able to:

- Explain the performance appraisal
- Discuss the process of performance appraisal
- Describe the methods or techniques of performance appraisal
- Explain the post-appraisal analysis
- Describe the ways for improving performance appraisals

Introduction

'Performance appraisal is a formal, structured system of measuring and evaluating an employee's job, related behaviours and outcomes to discover how and 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'.

Performance appraisal is a process of summarizing, assessing and developing the work performance of an employee. In order to be effective and constructive, the performance manager should make every effort to obtain as much objective information about the employee's performance as possible.

Performance appraisal is a review and discussion of an employee's performance of assigned duties and responsibilities based on results obtained by the employee in their job, not on the employee's personality characteristics. Personality should be considered only when it relates to performance of assigned duties and responsibilities.

It is a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.

In many organizations – but not all – appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions.

5.1 Performance Appraisal

Definitions

According to Wendell French, performance appraisal is, "the formal, systematic assessment of how well employees are performing their jobs in relation to established standards, and the communication of that assessment to employees".

According to Flippo, "Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job".

According to Dale Yoder, "Performance appraisal includes all formal procedures used to evaluate personalities and contributions and potentials of group members in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees".

Notes

According to C.D. Fisher, L.F. Schoenfeldt and J.B. Shaw, "Performance appraisal is the process by which an employee's contribution to the organization during a specified period of time is assessed".

From the above definitions we can conclude that performance appraisal is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. It is a systematic and objective way of evaluating both work-related behaviour and potential of employees. It is a process that involves determining and communicating to an employee how he is performing the job and ideally establishing a plan of improvement. Performance appraisal emphasises individual development. Now it is used for evaluating the performance of all the human resources working at all levels of the organization and of all types. It evaluates the performance of technical, professional, and managerial staff.

5.1.1 Objectives of Performance Appraisal

Performance appraisal plans are designed to meet the needs of the organization and the individual. It is increasingly viewed as central to good human resource management. Performance appraisal could be taken either for evaluating the performance of employees or for developing them. The evaluative purpose have a historical dimension and is concerned primarily with looking back at how employees have actually performed over given time period, compared with required standards of performance. The developmental purpose is concerned with the identification of employee's training and development needs.

Appraisal of employees' serves several useful purposes:

Feedback

It tells him what he can do to improve his present performance and go up the "organizational ladder". The appraisal thus facilitates self-development.

Compensation Decisions

It provides inputs to system of rewards. The approach to compensation is at the heart of the idea that raises should be given for merit rather than for seniority.

Performance Development

Performance appraisal can help reveal the causes of good and poor employee performance.

Training and Development Programme

By identifying the strengths and weaknesses of an employee it serves as a guide for formulating a suitable training and development programme to improve his quality of performance in his present work. It can also inform employees about their progress and tell them what skills they need to develop to become eligible for pay rises and/or promotions.

Promotion Decisions

It can serve as a useful basis for job change or promotion.

Personal Development

Performance appraisal can help reveal the causes of good and poor employee performances.

Improves Supervision

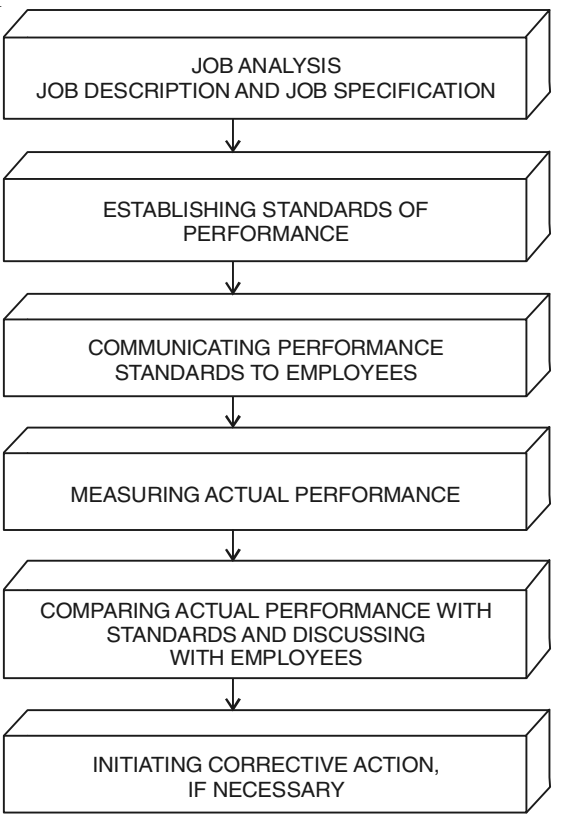
The existence of a regular appraisal system tends to make the supervisors more observant of their subordinates. This improves supervision.

Notes

5.1.2 Uses of Performance Appraisal

- It serves as a means of telling a subordinate how he is doing and suggesting necessary changes in his behaviour and attitudes.
- It thus provides information, which helps to counsel the subordinate. It also serves to stimulate and guide employee's development.
- It is useful in analysing training and development needs. These needs can be assessed because performance appraisal reveals people who require further training to remove their weaknesses.
- Performance appraisal serves as means for evaluating the effectiveness of devices used for the selection and classification of employees.
- It therefore helps to judge the effectiveness of recruitment, selection, placement and orientation systems of the organization.
- Performance appraisal facilitates human resource planning and career planning. Permanent performance appraisal records of employees help management to do human resource planning without relying upon personal knowledge of supervisors.
- Performance appraisal promotes a positive work environment, which contributes to productivity. When achievements are recognized and rewarded on the basis of objective performance measures, there is improvement in the work environment.

Figure 5.1: Performance Appraisal Process



Task Draw a flowchart of performance appraisal process.

Notes

5.1.3 Purpose of Performance Appraisal

Organizations use performance appraisals for three purposes:

(a) Administrative: It commonly serves as an administrative tool by providing employers with a rationale for making many personnel decisions, such as decisions relating to pay increases, promotions, demotions, terminations and transfers.

(b) Employee Development: It provides feedback on an employee's performance. Appraisal data can also be used for employee development purposes in helping to identify specific training needs of individuals.

(c) Programme Assessment: Programme assessment requires the collection and storage of performance appraisal data for a number of uses. The records can show how effective recruitment, selection and placement have been in supplying a qualified workforce.

Did u know?

A performance appraisal, employee appraisal, performance review, or (career) development discussion is a method by which the job performance of an employee is evaluated typically by the corresponding manager or supervisor.

5.2 Process of Performance Appraisal

Performance appraisal is planned, developed and implemented through a series of steps.

(a) Job Analysis, Job Description and Job Specification

Performance appraisal is a process not to be undertaken in isolation of various human resources functions. It begins with job analysis, job description and job specification. These help in establishing the standard of performance.

(b) Establishing Standards of Performance

Appraisal systems require performance standards, which serve as benchmarks against which performance is measured.

(c) Communicating Performance Standards to Employees

Performance appraisal involves at least two parties; the appraiser who does the appraisal and the appraise whose performance is being evaluated.

(d) Measuring Actual Performance

After the performance standards are set and accepted the next step is to measure actual performance. This requires choosing the right technique of measurement, identifying the internal and external factors influencing performance and collecting information on results achieved.

(e) Comparing Actual Performance with Standards and Discuss the Appraisal with Employees

Actual performance is compared with the predetermined performance standards. Actual performance may be better than expected and sometimes it may go off track. Deviations if any from the set standards are noted. Along with the deviations, the reasons behind them are also: analysed and discussed.

(f) Initiating Corrective Action, if Any

The last step in the process is to initiate corrective action essential to improve the performance of the employee. Corrective action is of two types:

Notes

(i) The employee can be warned so that he himself can make necessary attempts to improve his performance.

(ii) The employee should be taken into confidence and asked to identify his reasons for low performance. He should then be motivated to improve performance. Train" coaching, counselling, etc. are examples of corrective actions that help to improve performance.

5.2.1 Essentials of a Good Appraisal System

A sound appraisal system should have the following:

Reliability and Validity

The system should be both valid and reliable. Appraisal system should provide cons' reliable and valid information and data, which can be used to defend the organization in legal challenges.

Job Relatedness

The evaluators should focus on job-related behaviour and performance of employees and also necessary to prepare a checklist so as to obtain and review job-performance – information. Ratings should be tied up with actual performance of units under the control.

Standardization

Well-defined performance factors and criteria should be developed. Appraisal procedures, administration of techniques, ratings, etc. should be standardized as decisions affect all employees of the group.

Practical Viability

The techniques should be practically viable to administer, possible to implement and economical to undertake continuously. It must have the support of all line people who administrates.

Training to Appraisers

The evaluators or appraiser should be provided adequate training in evaluating the performance of the employees without any bias. Evaluators should also be given training in philosophy and techniques of appraisal.

Open Communication

The system should be open and participative. Not only should it provide feedback to the employees on their performance, it should also involve them in the goal setting process.

Employee Access to Results

Employees should receive adequate feedback on their performance. If performance appraisals were meant for improving employee performance, then withholding appraisal result would not serve any purpose.

Clear Objectives

The appraisal system should be objective oriented. It should fulfil the desired objectives like determining the potential for higher jobs or for sanction on annual increment in the salary or for granting promotion or for transfer or to know the requirements for training. The objectives should be relevant, timely and open.

Notes

Post Appraisal Interview

After appraisal, an interview with the employee should be arranged. It is necessary to supply feedback, to know the difficulties under which the employees work and to identify their training needs. The appraiser should adopt a problem solving approach in the interview and should provide counselling for improving performance.

Periodic Review

The system should be periodically evaluated to be sure that it is meeting its goals. Not only is there the danger that subjective criteria may become more salient than the objective standards originally established, there is the further danger that the system may become rigid in a tangle of rules and procedures, many of which are no longer useful.

Not Vindictive in Nature

It should be noted by the executives at the helm of affairs of the organizations that the aim of performance appraisal or any system for that matter is to improve performance, organizational effectiveness and to accomplish organizational objectives and not to harass the employees and workers of the organizations who are the vital human resources without whose help nothing can be achieved.

Did u know?

From November 2004 to February 2005, the performance appraisal and employee management training was provided by Dick Grote to 1,000 managers and supervisors.

5.3 Methods or Techniques of Performance Appraisal

A number of different performance appraisal methods or techniques are available for evaluating the performance of the employees. These methods try to explain how management can establish standards of performance and devise ways and means to measure and evaluate the performance. There is no foolproof method of evaluating the performance of employees. Every method suffers from certain drawbacks in spite of some merits. These methods can broadly be divided into traditional and modem methods. Performance Appraisal methods have been illustrated in Figure 5.2.

5.3.1 Traditional Methods

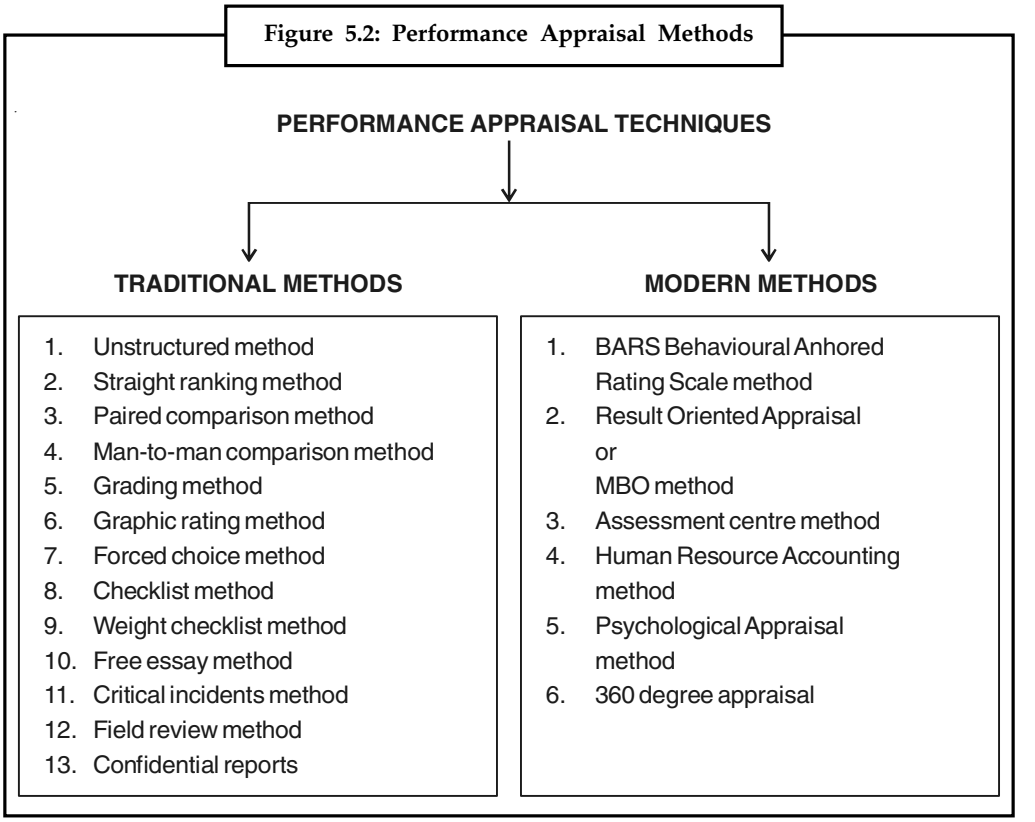
These methods are the old methods of performance appraisal based on personal qualities like knowledge, capacity, judgment, initiative, attitude, loyalty, leadership, etc. The following are the traditional methods of performance appraisal:

Unstructured Method of Appraisal

Under this method, the appraiser has to describe his impression about the employee under appraisal in an unstructured manner. This is a simple method of performance appraisal. The rather has to list his comments specifically on qualities, abilities, attitude, aptitude and other personal traits of the employees. This makes the method highly subjective in nature.

Notes

Figure 5.2: Performance Appraisal Methods



Straight Ranking Method

In this technique, the evaluator assigns relative ranks to all the employees in the same work unit doing the same job. Employees are ranked from the best to the poorest on the basis of overall performance. This method is also highly subjective and lacks fairness in assessing the real worth of an employee.

Paired Comparison Method

Ranking becomes more reliable and easier under the paired comparison method. This method is an attempt to improve upon the simple ranking method. Under this method employees of a group are compared with one another at one time. If there is a group of five employees A, B, C, D-and E then A's performance is compared with that of B's and a decision is taken as to whose performance is better. Similarly, A's performance is compared with C, D, and E and decisions regarding comparatively better performance are taken. Comparison is made on the basis of overall performance. The number of comparisons to be made can be decided on the basis of the following formula:

N(N–1)/N, where N is the number of persons to be compared.

This method is illustrated in figure 5.3.

Notes

Figure 5.3: Ranking Employees Through Paired Comparison Method

Employees Rated Performance Compared with	*A*	*B*	*C*	*D*	*E*	*Final Rank*
A	*	–	–	+	+	3
B	+	*	–	+	+	2
C	+	+	*	+	+	1
D	–	–	–	*	+	4
E	–	–	–	–	*	5

Note 1: Here, plus (+) sign means the employee is considered better and minus (–) sign means worse than the other employee in the pair.

Note 2: C gets the highest number of plus signs (4 plus signs) and therefore his rank is the highest (rank no. 1).

Note 3: E gets the lowest number of plus signs (nil) and therefore his rank is the lowest (rank no. 5).

The paired comparison method is more reliable but the method is pot suitable when large number of employees is to be evaluated.

Man-to-Man Comparison Method

In man-to-man comparison method, the performance of an employee is evaluated by obtaining ratings about his performance from the evaluators. A team of evaluators is involved in giving ratings to the employee performance. Each member of the team gives the appropriate ratings, lowest, low, middle, high and highest performers, to the employees. These ratings are then used to determine the appraisal procedure for a particular employee. The main benefit of this method is that the ratings are based on the real performance of the employees. However, the drawback of this technique is that the ratings given by each evaluator may not be consistent because each evaluator has his or her own scaling criteria making it difficult to evaluate an employee's performance correctly.

Grading Method

Under this technique of performance evaluation certain categories of worth are determined in advance and they are carefully defined. These selected and well-defined categories include

Grade 'A' for outstanding

Grade 'B' for very good

Grade 'C' for average

Grade 'D' for poor, etc.

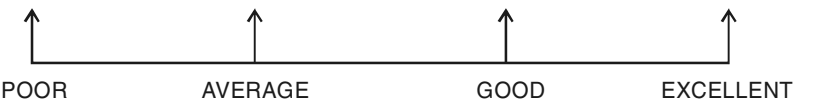
These grades are based on certain selected features such as knowledge, judgment, analytical ability, leadership qualities, self-expression, etc. The actual performance of employees is

Notes

compared with the above grades and employees are allotted grades that speak for their performance.

Graphic Rating Scale

Perhaps the most commonly used method of performance evaluation is the graphic rating scale. The evaluator is asked to rate employees on the basis of job related characteristics and knowledge of job. Evaluator is given printed forms. The performance is evaluated on the basis of these traits on a continuous scale. It is a standardized, quantitative method of performance appraisal. The scores are tabulated indicating the relative worth of each employee.



Just above the category notions an uninterrupted line is provided. The rater can tick at any point along its length.

Forced Choice Method

This method was developed during World War II for evaluating the performance of American army personnel. The evaluators rate the performance as high, moderate or low and escape the important responsibility assigned to them. The primary purpose of the forced choice method is to correct the tendency of a rater to give consistently high or low ratings to all the employees. This method makes use of several sets of pair phrases, two of which may be positive and two negative and the rater is asked to indicate which of the four phrases is the most and least descriptive of a particular worker. Actually, the statement items are grounded in such a way that the rater cannot easily judge which statement applies to the most effective employee. The evaluator is forced to select from each group of statements (normally two). The statements may be the following:

(i) Good work organizer

(ii) Shows patience with slow learners

(iii) Dishonest or disloyal

(iv) Careful and regular

(v) Avoid work

(vi) Hard working

(vii) Cooperates with fellow workers

(viii) Does not take interest in work

From the above list of statements, favourable statements are marked plus and unfavourable statements are marked zero. Under this method subjectivity of evaluator is minimised.

Checklist

A checklist represents, in its simplest form, a set of objectives or descriptive statements about the employee and his behaviour. The rater checks to indicate if the behaviour of an employee is positive or negative to each statement. The performance of an employee is rated on the basis of number of positive checks. The following are some of the sample questions in the checklist.

- Is the employee regular on the job? Yes/No
- Is the employee respected by his subordinates? Yes/No
- Is the employee always willing to help his peers? Yes/No

Notes

- Does the employee follow instructions properly? Yes/No
- Does the employee keep the equipment in order? Yes/No

The objections to this method are:

(i) It is difficult to construct a good checklist.

(ii) A separate checklist is needed for each job because statements used in one checklist to evaluate one category of workers cannot be used in another checklist to evaluate other category of workers.

Weighted Checklist

The weighted checklist is a list of statements pertaining to the work-related behaviour of the employees. However, items having significant importance for organizational effectiveness 1 are given extra weightage.

Free Essay Method

Under this method no quantitative approach is undertaken. It is open-ended appraisal of employees. The evaluator describes in his own words what he perceives about the employee's performance. While preparing the essay on the employee, the rater considers the following factors:

(a) Job knowledge and potential of the employee.

(b) Employee's undertaking of the company's programmes, policies, objectives, etc.

(c) The employee's relations with co-workers and superiors.

(d) The employee's general planning, organizing and controlling ability.

(e) The attitudes and perceptions of the employee in general.

The description is expected to be as factual and concrete as possible. An essay can provide good deal of information about the employee especially if the evaluator is asked to give examples of each one of his judgments.

Critical Incidents Method

Under this method, the performance of the worker is rated on the basis of certain events that occur during the performance of the job (i.e., the evaluation is based on key insides) critical incidents or events represent the outstanding or poor behaviour of employees job. The rater maintains logs on each employee, whereby he periodically records incidents of workers behaviour. At the end of the rating period, these recorded incidents are used in the evaluation of the workers' performance. Critical incidents help to avoid vague impressions and general remarks as the rating is based on records of behaviour/performance. The feedback from actual events can be discussed the employee to allow improvements. The rater can fully defend his ratings of his record.

Field Review Method

In this method, a HR specialist interviews line supervisors to evaluate their respective subordinates. The interviewer prepares in advance the questions to be asked. By answering questions a supervisor gives his opinions about the level of performance of his subordinate, the subordinate's work progress, his strengths and weaknesses, promotion potential, etc. The evaluator takes detailed notes of the answers, which are then approved the concerned supervisor. These are then placed in the employee's personnel service file.

Since an expert is handling the appraisal process, in consultation with the supervisor, the ratings are more reliable. However, the use of HR experts makes this approach costly and impractical for many organizations.

Notes

Confidential Report

A confidential report by the immediate supervisor is still a major determinant of the subordinate's promotion or transfer. This is a traditional form of appraisal used in most government organizations. It is a descriptive report prepared, generally at the end of every year, by the employee's immediate superior. The report highlights the strengths and weaknesses of the subordinate. The disadvantages of this method are:

(i) It involves subjectivity because appraisal is based on impressions rather than on data.

(ii) No feedback is provided to the employee being appraised and, therefore, its credibility is very low.

(iii) The method focuses on evaluating rather than developing the employee. The employee who is apprised never knows his weaknesses and the opportunities available for overcoming them.

In recent years, due to pressure from trade unions and proactive role of courts, the details of a negative confidential report are given to the appraise.

Forced Distribution Method

The primary purpose of the forced choice method is to correct the tendency of a rater to give consistently high or low ratings to all the employees. The forced distribution method operates under the assumption that the employee performance level conforms to a normal statistical distribution. Generally, it is assumed that employee performance levels conform to a bell-shaped curve.

The major weaknesses of the forced distribution method are:

1. The assumption that employee, performance levels always conform to a normal distribution.
2. Forced distribution method is not acceptable to raters and ratees, especially when members are all of high ability.
3. The results of the forced choice method may not be useful for training employees because the rater himself does not know how he is evaluating the worker.

Caution

The system should be both valid and reliable. Appraisal system should provide cons' reliable and valid information and data, which can be used to defend the organization in legal challenges.

5.3.2 Modern Methods

Modern methods are an improvement over the traditional methods. Modern methods are an attempt to remove defects from old methods. These are discussing below:

Behaviourally Anchored Rating Scales (BARS)

It is designed to identify critical areas of performance of a job. Under this method the behaviourally anchored ratings scales are outlined to recognise the critical areas of effective and ineffective performance behaviour for getting results. The evaluator is required to observe the behaviour of the employee while performing the job. He then compares these behavioural observations with the behaviourally anchored rating scales. This method is more valid and expected to give more reliable results as it minimises the errors in performance appraisal. It identifies measurable behaviour and is therefore more scientific.

Notes

Following are some of the important features of BARS method:

- Performance areas of the employees that need to be assessed are determined and described by the individuals who will use the scales.
- The scales are attached with the explanations of the actual job behaviour to represent particular levels of performance.
- All the areas of performance that need to be examined are based on the observable behaviours and are significant to the job, which is being evaluated because BARS are customised for the job.
- As the raters who will use the scales actively participate in the development process, as they are more dedicated to the final product.

The BARS were introduced to present results to improve the performance of the employees of a company. The BARS also help in overcoming rating errors.

Result-Oriented Appraisal or MBO Technique

The result-oriented appraisals are based on the concrete performance targets, which are usually established by superiors and subordinates jointly. This procedure is known as Management By Objectives (MBO).

Drucker first described MBO in 1954 in the Practice of Management. Drucker pointed to the importance of managers having clear objectives that support the purposes of those in higher positions in the organization. McGregor argues that establishing performance goals for employees after reaching agreement with superiors, the problems of appraisal of performance are minimised. MBO in essence involves nothing but clearly defined goals of an employee in agreement with his superior. Refinements brought out by George Odione, Valentine, Humble and others have enriched the concept and made it more acceptable as an appraisal technique.

The MBO process has the following four steps:

- The first step is to establish the objectives by the superiors that should be attained, each employee. These objectives are used to evaluate the performance of each employee in the organization.
- The second step is to set the standards for evaluating the performance of the employees. As employees perform, they know fairly well the standards against which their performance is to be judged.
- The third step is to compare the actual level of attained objectives with the objectives set by the organization. The evaluator depicts the reasons for the objectives that were not met. This step helps in determining the needs to provide training to the employees of the organization.
- The final step is to establish new strategies for the objectives that were not met. This step involves active participation of superiors and subordinates in setting objectives.
- This process is most useful at the managerial and subordinate level. MBO does not apply to the assembly line workers whose jobs have less flexibility and their performance standards are already defined.

Assessment Centre Method

This method of appraising was first applied in the German Army in 1930. Later, business organization also started using this method. This is not a technique of performance appraisal by itself. In fact, it is a system, where assessment of several individuals is done by various experts by using various techniques.

Notes

In this approach, individuals from various departments 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. Evaluators observe and rank the performance of all the participants. Experienced managers with proven ability serve as evaluators. This group evaluates all employees both individually and collectively by using simulation techniques like role playing, business games and in basket exercises. Assessments are done generally to determine employee potential for promotion.

Following are the drawbacks of this method:

1. *Costly:* Organizations have to pay for the travel and lodging cost of the employees to be assessed. Moreover the work of an organization also suffers for the time period they are away from the job. The companies have to pay heavy expenditure in establishment of assessment centres.
2. *Impression of the employees:* Centre staff is influenced by the subjective elements, such as social skills and personality of the employee rather than the quality of their work.
3. *Demoralize an employee:* A negative report for an employee may demoralize an employee. It may have an adverse effect on the behaviour and work of an employee who is not promoted.
4. *Promotes unhealthy competition:* It promotes strong and unhealthy competition among the employees that are assessed.
5. *Overemphasis on centre results:* This method overemphasises the result of the centre, which is based on judgement of employees over a short span of time.

Human Resource Accounting Method

Human resources are a valuable asset of any organization. This asset can be valued in terms of money. When competent and well-trained employees leave an organization the human asset is decreased and vice versa.

Human Resource Accounting deals with cost of and contribution of human resources to the organization. Cost of the employee includes cost of manpower planning, recruitment, selection, induction, placement, training, development, wages and benefits, etc. Employee contribution is the money value of employee service which can be measured by labour productivity or value added by human resources. Difference between cost and contribution will reflect the performance of employees.

Human resource accounting method is still in the transition stage. The contribution made by employee can be measured in terms of output.

If the cost incurred on employee is greater than the contribution made then this is an indicator of finding out the causes of low performance, analysing it and then making a proper check to control such causes. In case the contribution is more or equivalent to the cost incurred then this also requires review for future reference.

The various techniques under human resource accounting methods are:

- Probationary reviews
- Informal one-to-one review discussions
- Counselling meetings
- Observation on the job
- Skill–or job–related tests
- Assignment or task followed by review, including secondments (temporary job over or transfer)
- Survey of opinion of others who have dealings with the individual
- Graphology (handwriting analysis)

All these techniques are related to each other. The manager must keep a written record of all these for future reference.

Psychological Appraisals

Psychological appraisals are conducted to assess the employee potential. Large organizations recruit full-time psychologists to assess the future performance of the employees. Psychological appraisals include in-depth interviews, psychological test, and discussions with supervisors. Psychological appraisals are conducted to assess the following features of the employees:

- Intellectual abilities
- Emotional stability
- Reasoning and analytical abilities
- Sociability
- Interpretation and judgment skills
- Motivational responses
- Ability to foresee the future

Psychological evaluation can be done either to evaluate the performance of employees for a particular job opening or to assess the future potential of all employees globally. Psychological appraisal results are useful for decision-making about employee placement, career planning and development, and training.

360 Degree Appraisal

It is a method of appraisal in which employees receive their performance feedback from their boss, colleagues, customers, peers and their own subordinates in the organization. This form of performance evaluation can be very beneficial to managers because it typically gives them a much wider range of performance-related feedback than a traditional evaluation. This method helps individuals to know their strengths and weaknesses and thus, helps them to develop their inter-personal skills. It also improves communication between employees and their customers, as they will be able to know what the customers think about them. Thus, it is an efficient method to improve inter-personal skills of employees and to attain higher customer satisfaction level.

Following are some of the drawbacks of this method:

- It is possible that the team member can have personal problems with the employee and thus, he may not take an honest decision.
- A lot of time is required in selecting the team that will rate the performance, preparing questionnaires, and analysing the collected information.

Did u know? The performance appraisal, its roots in the early 20th century can be traced to Taylor's pioneering Time and Motion studies.

Self Assessment

Multiple choice questions:

1. ..... is a method of appraisal in which employees receive their performance feedback from their boss.

   (*a*) Psychological Appraisals (*b*) Human Resource Accounting

   (*c*) Assessment Centre (*d*) 360 Degree Appraisal

Notes

2. Performance appraisal plans are designed to meet the needs of the .....
   (*a*) organization (*b*) individual
   (*c*) Both (*a*) and (*b*) (*d*) none of these
3. As the number of raters' increases the probability of getting accurate information.....
   (*a*) increases (*b*) confusions
   (*c*) errors (*d*) profit
4. Appraisal system to be effective should possess the .....characteristics.
   (*a*) Reliability and Validity
   (*b*) Confidence and Trust
   (*c*) Immediate Superior as Appraiser
   (*d*) None of these

5.4 Post-Appraisal Analysis

Performance appraisal system should be effective as a number of crucial decisions are made on the basis of score or ratings given by the appraiser. All organizations use performance appraisal for purposes such as salary increase, determining training needs. Motivating employees or establishing a basis for future personnel decisions. The ideal approach to performance evaluation is that in which the evaluator is free from personal biases and prejudices. This is because when an evaluator is objective, it minimises the potential dysfunctional behaviour of the evaluator, which will be detrimental to the achievement of the organizational goals. Given that all appraisals entail judgements and given that judgements, may not always be fair, a variety of techniques to make appraisal more objective have been introduced. An appraisal system to be effective should possess the following essential characteristics:

5.4.1 Reliability and Validity

Appraisal system should provide consistent reliable and valid information and data, which can be used to defend the organization -even in legal challenges. However, a single foolproof evaluation method is not available. Inequities in evaluation often destroy the usefulness of the performance system - resulting in inaccurate, invalid appraisals, which are unfair too. If two appraisers are equally qualified and competent to appraise an employee with the help of same appraisal techniques, their ratings should agree with each other. Then the technique satisfies the conditions of inter-rater reliability.

5.4.2 Confidence and Trust

The existence of an atmosphere of confidence and trust is necessary to discuss matters frankly and offer suggestions for the improvement of the employee so that the organization as well as the employees stands to benefit.

5.4.3 Immediate Superior as Appraiser

The immediate superior of the ratees must make the ratings, but the personnel department can assume the responsibility of monitoring the system. The superior should analyse the strengths and weaknesses of an employee and advise him on correcting the weaknesses.

Swift and Economical

The appraisal programme should be less time-consuming and economical. Appraisal forms, procedures, administration of techniques, ratings, etc. should be standardised. An appraisal programme should bring maximum benefit to the organization.

Notes

Open Communication

The results of the appraisal, particularly when they are negative, should be immediately communicated to the employees, so that they may try to improve their performance. A good appraisal system provides the needed feedback on a continuing basis. The appraisal interviews should permit both parties to learn about the gaps and prepare themselves for future.

5.4.4 Post-appraisal Interview

A post-appraisal interview should be arranged so that employees are given feedback and the organization understands the difficulties under which employees work, so that their training needs may be discovered. Permitting employees to review the results of their appraisal allows them to detect any errors that may have been made. If they disagree with the evaluation, they can even challenge the same through normal channels.

Job Relatedness

Suggestions for improvement should be directed towards the objective facts of the job. Plans for the future must be developed alongside in consultation with subordinates. The individual as a person should never be criticised.

5.4.5 Problems of Performance Appraisal

None of the methods for appraising performance is absolutely valid or reliable. Each has its own strengths and weaknesses. In spite of knowing that a completely error-free performance appraisal can only be an idealised model, we can isolate a number of factors that significantly impede objective evaluation. The major problems in performance appraisal are:

(a) ***Rating Biases:*** Most appraisal methods involve judgements. The performance appraisal process and techniques rely on the evaluator who has his own personal biases, prejudices and idiosyncrasies. It would be naive to assume that all evaluators will impartially appraise their subordinates. The evaluator or raters biases include:

(i) *Leniency and Strictness Error:* Errors of leniency are caused by the tendency of the lenient rater to put most of the ratees on the higher side of the scale, while the tough rater places them on the lower side of the scale. This is so because every evaluator has his own value system, which acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some evaluators mark high and others low. The former is referred to as positive leniency error and the latter as negative leniency error (strictness error). When evaluators are positively lenient in their appraisal, an individual's performance becomes overstated. Similarly, a negative leniency error understates performance, giving the individual a lower appraisal. If the same person appraised all individuals in an organization, there would be no problem. Although there would be an error factor, it would be applied equally to everyone. The difficulty arises when there are different raters with different leniency errors making judgements.

(ii) *Halo Effect:* The Halo effect is a tendency to allow the assessment on one trait to influence assessment on others. According to Bernardin and Beatty Halo effect is a tendency to rate high or low on all factors due to the impression of a high or low rating on some specific factors. Generally, the tendency to rate higher is called the Halo effect and the tendency to rate lower is called the Horn effect. This arises when traits are unfamiliar, ill-defined and involve personal reactions. One way of minimising the halo effect is by appraising all the employees on one trait before going on to rate them on the basis of another trait.

(iii) *Central Tendency Error:* The central tendency error refers to the tendency of not using extreme scale scores on the judgement scale; most of the rates are clustered in the middle. According to Bernardin and Beatty, central tendency is the reluctance

Notes

to make extreme ratings (in either direction); the inability to distinguish between and among ratees; a form of range restriction. Raters who are prone to the central tendency error are those who continually rate all employees as average. They follow a play safe policy because of answerability to management or lack of knowledge about the job and person he is rating or least interest in his job. This type of rating will create problems, especially if the information is used for pay increases.

(iv) *Personal Prejudice:* The rater's personal prejudice can influence the objectivity of performance appraisals. If the rater dislikes an employee he may rate him poorly.

(v) *Consequence of Appraisal:* If the evaluator knows that a poor appraisal could significantly hurt the employee's future (particularly opportunities for promotion or a salary increase) the evaluator may be reluctant to give a realistic appraisal.

(vi) *The Recency Effect:* Raters generally remember the recent actions of the employee at the time of rating. If a favourable action has taken place recently, the employee will be given a high rating. Conversely, he will be given a poor rating if an unfavourable action has taken place recently.

(b) ***Opportunity Bias:*** This results when the amount of output is influenced by factors beyond the control of employees. Some employees have better working conditions, supportive supervisors, more experienced co-workers and hence their output may be greater than others working on identical tasks.

(c) ***Group Cohesiveness:*** Cohesive groups with high morale can produce more than less cohesive groups with low morale.

(d) ***Knowledge of Predictor Bias:*** A rater's knowledge of the performance of an employee on predictors can influence his appraisal ratings. An employee who topped in the selection list might leave the impression that he is the best among the employees and hence, the rater may rate him as 'good' when his performance is moderate.

(e) ***Similarity Error:*** When evaluators rate other people in the same way that the evaluators perceive themselves, they are making a similarity error. Based on the perception that evaluators have of themselves, they project those perceptions on others. For example, the evaluator who perceives himself as aggressive may evaluate others by looking for aggressiveness.

Task

Do a survey and collect the information about the different types of appraisal methods used by the company or organizations.

5.5 Ways for Improving Performance Appraisals

5.5.1 Choosing the Appraisal Method

With a wide range of appraisal methods currently available, an organization is faced with the difficult task of selecting the best approach to meet its needs. Before selecting the method of appraisal to be followed we should examine two areas with special care:

(i) Various factors that can help or hinder the implementation of a particular appraisal programme, and

(ii) The appropriateness of the appraisal method for the special jobs to which the appraisal system will apply.

Notes

5.5.2 Multiple Raters

As the number of raters increases the probability of getting accurate information increases. If a person has had ten supervisors, nine have rated him excellent and one poor, we can discount the value of the one poor evaluation. Therefore, by moving employees about within the organization so as to gain a number of evaluations, we increase the probability of achieving more valid and reliable evaluation.

5.5.3 Training Appraisers

If you cannot find good raters, the alternative is to make good raters. Evidence indicates that the training of appraisers can make them more accurate raters. Common errors such as halo and leniency have been minimised or eliminated in workshops where managers can practice observing and rating behaviours.

5.5.4 Ongoing Feedback

Employees like to know how they are doing. If managers share with the subordinate both expectations and disappointments on a day-to-day basis by providing the employee with frequent opportunities to discuss performance before any reward or punishment consequences occur, there will be no surprises at the time of the annual formal review.

5.5.5 Selective Rating

It has been suggested that appraisers should rate in those areas in which they have significant job knowledge. If raters make evaluation on only those dimensions on which they are in a good position we increase the inter-rater agreement and make the evaluation a more valid process.

5.5.6 Peer Evaluation

The main advantages of peer evaluation are that:

(i) There is a tendency for co-workers to offer more constructive insight to each other so that, as a unit, each will improve, and

(ii) The recommendations of peers tend to be more specific regarding job behaviours.

However, for peer assessments to function properly, the environment in the organization must be such that politics and competition for promotions are minimised.

5.5.7 Post-appraisal Interviews

It is necessary to communicate to employees how they have performed. To meet these need managers must take the time to schedule a meeting with their subordinates to discuss the results of the performance evaluation. Employees need to know how they are doing, be recognised for outstanding achievements and be notified about where there is room for improvement.

5.5.8 Rewards to Accurate Appraisers

The managers who are evaluating must perceive that it is in their personal and career interests to conduct accurate appraisals. If they are not properly rewarded for doing effective appraisals, they will take the easy way out by trying to avoid the process entirely. If pushed, they will complete the appraisals, but these can be expected to suffer from positive leniency and low differentiation. Encouraging and rewarding accurate appraisers will remove this flaw.

To conclude, we can say that performance evaluations are an integral part of every organization. Properly developed and implemented, the performance evaluation can help an organization achieve its goals by developing productive employees.

Notes

Case Study

Hotel Mangalore Private Ltd.

Hotel Mangalore Private Ltd., is located in Hampankatta, Mangalore. It is at a distance of one km from Mangalore railway station. Started about two years ago, it is now attracting business customers from all over the country. Mr R.K. Shetty who has served in five star hotels in Mumbai and Chennai wants to make it the number one hotel in Mangalore.

The staff and employees of this hotel are recruited locally. Since most of them do not have any experience of working in five star hotels, they do not have the attitudes and skills to deal with the hotel's customers. In contrast, the supervisory staffs are qualified, with degrees in hotel management and have undergone intensive training in five star hotels in Mumbai before joining Hotel Mangalore. However their assistants in the front office, lobby, restaurant. Kitchen and housekeeping do not have any formal training in their respective jobs. The supervisory staffs therefore finds it difficult to give them suitable instructions. The employees and staff are not of the standard expected of them from the business customers, who compare the service at Hotel Mangalore with other five star hotels. Of late, there has been increasing number of complaints about cleanliness, housekeeping, room service and service at restaurants.

Mr Shetty had called a number of meetings with departmental heads and supervisory staff. They strongly recommended a formal training programme for staff and employees of the hotel. It was therefore agreed that suitable training be given to the staff and employees. However, the supervisory staffs do not wish to relieve the staff during working hours and the staffs are not willing to attend the training programme after working hours.

You have been appointed as management consultant for Hotel Mangalore and have been asked to give a comprehensive training plan for the employees giving the needs, duration of training, contents, methodology, resource persons, and a formal appraisal method to evaluate the effectiveness of the training programme.

I.G. Ferns and Advertisers

Ivan Gandoo has been working in LG. Ferns and Advertisers for about five years as a copy man. As copy man he is required to design advertisements for newspapers and magazine for the company's clients. He must work closely with the girls in the photography section with members of the sales and promotion department and with the vice-president who is in-charge of the sales and promotion department.

Ivan is an extremely enthusiastic worker with many good ideas. But he has considerable trouble in dealing with people. He is too impatient with the girls in the photography section and is constantly chasing them to finish his own work in time. On one occasion he went into the ladies dressing room where the girls were putting make up and asked them to speed up. Though the girls expressed their displeasure they did not complain.

He makes it clear to everyone that his ideas are always the best and this is not taken kindly by others in the sales and promotion department. On another occasion, during a conference, when the Vice-president was making a speech, Ivan cut the speech short by an aggressive answer. It was a good answer and the Vice-president took it sportingly. He even congratulated Ivan on his innovative ideas.

Though the girls did not complain and the Vice-president did not mind, some others in the department thought that Ivan did not behave properly. Ivan always created unpleasantness wherever he went.

Contd...

Notes

As a manager you are concerned about the animosity he is creating in your department. As the performance appraisal policy of the company, each employee has to undergo an performance evaluation interview every year. The rating of the employee is based in terms of achievement and evaluation of behavioural attributes. Based on the rating the employee will be given an increment.

Pharma Company

S K Pharma Company has its headquarters in Mangalore. It is manufacturing and marketing drugs and medicines. The company has met severe competition from large pharma companies with foreign collaboration. Mr. K V Nayak, Vice-president marketing, has been with the company for the last two years. He has ambitious plans for capturing a sizeable share of the South Kanara market and in Kerala.

As the company is medium-sized, Mr. Nayak has kept his marketing department and team lean and trim. The medical representatives were given aggressive targets and were pushed to reach their respective targets. The representatives worked hard to complete their respective targets. Mr. Nayak himself worked almost 12 to 14 hours a day. However, there was no formal appraisal and reward system in S K Pharma.

During the last year, more than 25 medical representatives had left the company due to unsatisfactory increments and promotions. Those who left the company were excellent, workers. Mr. Nayak did not care for this high turnover. He was overconfident that he would be able to hire freshers since S K Pharma paid the highest salary in the industry. Mr. Nayak also felt that he could select candidates who were not happy with their remunerations in other companies.

Mr. Nayak had never communicated to the Medical Representatives about their performance or reasons for not recognising their outstanding performance.

Questions:

1. What do you perceive is the basic problem in S K Pharma? Suggest the steps you will take to correct the situation.
2. What type of post-appraisal interview would you recommend? Should the system include post appraisal rewards like increments and promotions? Give reasons.

Self Assessment

Multiple choice questions:

5. Central tendency is the reluctance to make extreme .....

   (*a*) ratings (*b*) raters

   (*c*) ratees (*d*) none of these

6. The system should be ..... evaluated to be sure that it is meeting its goals.

   (*a*) serially (*b*) timely

   (*c*) periodically (*d*) none of these

7. Actual performance is compared with the predetermined ..... standards.

   (*a*) ratings (*b*) job

   (*c*) raters (*d*) performance

8. Performance appraisal is a method of evaluating the ..... of employees in the work spot.

   (*a*) marks (*b*) behaviour

   (*c*) talent (*d*) background

Notes

Fill in the blanks:

9. All organisations use ..... for purposes like salary increase, training needs and motivating employees.
10. A good appraisal system provides the needed ..... on a continuing basis.
11. The tendency to rate higher is called the ..... .
12. The tendency to rate lower is called the ..... .
13. Appraisers should rate in those areas in which they have significant ..... .

5.6 Summary

- Extension organizations in developing countries face the major problems of professional incompetence and lack of motivation among their employees.
- Human resource forecasting refers to predicting an organization's future demand for number, type, and quality of various categories of employees.
- An important aspect of human resource management which needs special attention in extension organizations is the development of a reward system which will attract, retain, and motivate extension personnel, as well as provide training and promotional opportunities.
- Performance appraisal plans are designed to meet the needs of the organization and the individual.
- The system should be both valid and reliable. Appraisal system should provide cons' reliable and valid information and data, which can be used to defend the organization in legal challenges.
- A number of different performance appraisal methods or techniques are available for evaluating the performance of the employees
- The ideal approach to performance evaluation is that in which the evaluator is free from personal biases and prejudices this is because when an evaluator is objective, it minimises the potential dysfunctional behaviour of the evaluator, which will be detrimental to the achievement of the organizational goals.

5.7 Keywords

Central tendency error: It refers to the tendency of not using extreme scale scores on the judgement scale; most of the rates are clustered in the middle.

360 degree appraisal: It is a method of appraisal in which employees receive their performance feedback from their boss, colleagues, customers, peers and their own subordinates in the organization.

Halo effect: The Halo effect is a tendency to allow the assessment on one trait to influence assessment on others.

Ratees: The ratees must make the ratings, but the personnel department can assume the responsibility of monitoring the system.

Raters: It makes evaluation on only those dimensions on which they are in a good position. We increase the inter-rater agreement and make the evaluation a more valid process.

Lab Exercise

1. List down the problems of performance appraisal.
2. Mention the ways to overcome the performance appraisals.

Notes

5.8 Review Questions

1. Define the performance appraisal.
2. Describe the objectives of performance appraisal.
3. What are the uses of performance appraisal? Explain in brief.
4. Explain the purpose of performance appraisal.
5. Differentiate between the traditional and modern methods.
6. Define the post-appraisal analysis.
7. What are the techniques of performance appraisal?
8. Write a brief discussion on problems of performance appraisal.
9. Define the ways for improving performance appraisals.
10. What do you understand by 360 degree appraisal?

Answers to Self Assessment

1. (*d*)	2. (*c*)	3. (*a*)	4. (*d*)	5. (*a*)
6. (*c*)	7. (*d*)	8. (*b*)	9. performance appraisal	
10. feedback	11. halo effect	12. horn effect	13. job knowledge	

5.9 Further Readings

Books

The Performance Appraisal Handbook: Legal & Practical Rules for Managers, by Amy DelPo.

The Complete Guide to Performance Appraisal, by Richard C. Grote.

Online link

www.dattnerconsulting.com/presentations/performanceappraisal.pdf

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Unit 6: Compensation and Rewards

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Objectives

After studying this unit, you will be able to:

- Discuss the job evaluation
- Explain the wage and salary administration
- Describe the national wage policy

Introduction

Job evaluation is concerned with assessing the value of one job in relation to another, for it is only when each job has been properly evaluated that a sound wage structure can be built. Job evaluation is the output provided by job analysis. It uses the information in job analysis to evaluate each job for a suitable compensation. It is a formal and systematic comparison of jobs in order to determine the worth of one job relative to another.

Increasing complexity and rapid changes in the business environment mean organizations today must rethink their compensation and reward strategies for a number of reasons — and do so more frequently than in the past. Moreover, they can no longer look at compensation strategy in a vacuum, but must also consider the role of other rewards in supporting their business and workforce objectives:

Talent Management Issues: Updates in an organization's compensation and overall reward strategy may be called for to meet a need to attract, retain or engage talent in roles or functions that have new or increased significance for the business (e.g. sales or R and D) at a specific organizational level (e.g., executive) or, even more broadly, in a cross-functional category (such as the high-performer/high-potential group).

Changing Business Strategy: With changes in leadership or strategy, organizations may need to realign compensation and other rewards for some or all roles to support the company's ability to retain/engage the right talent and focus on critical new business objectives.

The M and A Rationalization: Most significant corporate transactions prompt a need to integrate or revise compensation and reward strategies to ensure that the business objectives of the transaction can be met quickly and efficiently.

Cost: In situations where organizations need to manage compensation costs more effectively to ensure, for example, that variable pay programs are truly aligned with performance and business strategy. The solution must also consider the implications for other reward programs and how the total reward package can more efficiently deliver value to the organization.

6.1 Job Evaluation

6.1.1 Definition of Job Evaluation

Kimball and Kimball define job evaluation as "an effort to determine the relative value of every job in a plant to determine what is the fair basic wage for such a job should be". Wendell French defines job evaluation as "a process of determining the relative worth of the various jobs within the organization, so the differential wages may be paid to jobs of different worth".

The British Institute of Management has defined job evaluation as "the process of analysis aid assessment of jobs to ascertain reliably their relative worth, using the assessment as a basis for a balanced wage structure".

The ILO defines job evaluation as "an attempt to determine and compare demands which the normal performance of a particular job makes on normal workers without taking into account the individual abilities or performance of the workers concerned".

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6.1.2 Objectives of Job Evaluation

According to Knowles and Thomson job evaluation is useful in eliminating many evils to which nearly all systems of wage and salary payments are subjected. They are:

(a) Payment of higher wages and salaries to persons who hold jobs and positions not requiring great skills, effort and responsibility;

(b) Paying beginners less than they are entitled to receive in terms of what is expected of them;

(c) Giving raise to persons whose performance does not justify it;

(d) Deciding salary rates on the basis of seniority rather than ability;

(e) Payment of widely varied wages and salary for the same or closely related jobs and positions; and

(f) Payment of unequal wages and salaries on the basis of race, sex, religion or political differences.

Did u know?

In the United States, the first state such worker's compensation law was passed in Maryland in 1902, and the first law covering federal employees was passed in 1906.

6.1.3 Principles of Job Evaluation Programmes

According to Kress, certain broad principles should be kept in mind before implementing a job evaluation programme. These principles are listed below:

(a) Rate the job and not the man. Each element should be rated on the basis of what the job itself requires;

(b) The elements selected for rating purposes should be easily explainable and few in number which will cover the necessary requisites for every job without any overlapping;

(c) The elements should be clearly defined and properly selected;

(d) Any job rating plan must be sold to foremen and employees. The success in selling it will depend on a clear-cut explanation and illustration of the plan;

(e) Foremen should participate in the rating of jobs in their own departments;

(f) Maximum cooperation can be obtained from employees when they themselves have an opportunity to discuss job ratings;

(g) While talking to foremen and employees, any discussion of money value should be avoided. Only point values and degrees of each element should be discussed; and

(h) Too many occupational wages should not be established. It would be unwise to adopt an occupational wage for each total of point values.

6.1.4 Advantages of Job Evaluation

Job evaluation enjoys the following advantages:

(a) Job evaluation is a logical and, to some extent, an objective method of ranking jobs relative to one another. It may help in removing inequalities in existing wage structures and in maintaining sound and consistent wage differentials in a plant or industry;

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(b) In the case of new jobs, the method often facilitates fitting them into the existing wage structure;

(c) The method helps in removing grievances arising out of relative wages; and it improves labour-management relations and workers morale. In providing a yardstick, by which workers' complaints or claims can be judged, the method simplifies discussion of wage demands and enables differences in wages to be explained and justified;

(d) The method replaces the many accidental factors, occurring in less systematic procedures, of wage bargaining by more impersonal and objective standards, thus establishing a clear basis for negotiations;

(e) The method may lead to greater uniformity in wage rates, thus simplifying wage administration;

(f) The information collected in the process of job description and analysis may also be used for the improvement of selection, transfer and promotion procedures on the basis of comparative job requirements; and

(g) Such information also reveals that workers are engaged in jobs requiring less skill and other qualities than they possess, thereby pointing to the possibility of making more efficient use of the plants labour.

6.1.5 Limitations of Job Evaluation

There are a number of limitations of job evaluation. They are:

(a) Though it is claimed that job evaluation is an objective and logical method of ranking jobs and removing unjustified differentials in the existing wage structure, in practice, it is not so. Rapid changes in technology have given rise to problems of adjustment;

(b) Justifying different rates of pay for different jobs often becomes a difficult task for the management. When job evaluation is applied for the first time in any organization, it creates doubts and fears in the minds of employees;

(c) Job evaluation takes a long time to install. It may be costly and therefore, the possibility of implementing the changes may be restricted by the financial limits within which the firm has to operate;

(d) Job factors fluctuate because of changes in production. Therefore frequent evaluation of a job is essential. This requires specialized technical personnel and may be costly;

(e) Higher rates of pay for some jobs and lower rate of pay for some other jobs based on job evaluation often give rise to human relations problems and lead to grievances among those holding jobs which are allocated lower wages;

(f) Job evaluation fails to consider a number of variables like supply and demand of a particular skill, career prospects, social status, etc. which influence the value of a given job;

(g) Job evaluation is a highly subjective process because it is based on human judgement;

(h) Traditional job evaluation is not well suited to determine the relative worth of managerial jobs; and

(i) Job evaluation tends to destroy traditional wage differentials which have had long-standing acceptance.

6.1.6 Methods of Job Evaluation

Determining the relative worth of all jobs in the enterprise is difficult. This is so because jobs differ with respect to the demands made on the employees as well as the value of the job to the enterprise. The comparison and evaluation may be made on two bases:

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(a) Non-analytical or non-quantitative system, and

(b) Analytical or quantitative system.

Non-analytical or Non-quantitative System

This system utilises non-quantitative methods of listing jobs in order of difficulty. The comparison and evaluation made on non-quantitative basis is made by ranking or classifying the jobs from the lowest to the highest. Non-analytical system is usually of two types. They are:

Job Compensation

(i) Ranking System

(ii) Job Classification or Grading System

(i) Ranking System: This is a very simple method of job evaluation. Under this system the job raters simply rank one job against another without assigning point values. The ranking method consists of ranking the jobs in the organization from the lowest to the highest.

Merits of Ranking System

The ranking method is simple, quick and inexpensive.

It is particularly suitable for small organizations which cannot afford to employ outside consultants.

As the system is simple and easy to understand, it becomes easy for the organization to explain to the employees or trade union.

Demerits of Ranking System

- The ranking method is somewhat crude as specific job requirements are not normally analyzed separately. Therefore, in the absence of any yardstick, each rater has his own set of criteria. The ranking process is initially based on judgement and therefore tends to be influenced by the personal bias of the rater.
- The system merely produces a job order but it does not indicate how much one job differs from another.

As the size and complexity of an organization increases, it becomes difficult to find raters acquainted with all jobs to be ranked.

(ii) Job Classification or Grading System: Under this system, a number of predetermined grades or classifications are first established and then the various jobs are assigned within each grade or class. Job classification system begins with an overall comparison of all jobs, on the basis of common sense and experience. For each class, a general specification is prepared indicating the nature of work and responsibility that are included. Each class is assigned a salary range with maximum and minimum limits. After that, actual jobs are fitted into these predetermined classes.

Merits of Job Classification or Grading System

- This method is best suited for small organizations as it is easy to understand and inexpensive to administer.
- Since employees think of jobs in clusters or groups, this method makes it easier for them to understand ranking.
- Job grading is considered to be an improvement over ranking because a predetermined yardstick consisting of job classes is provided.
- Job grading makes pay determination problems administratively easier to handle.

Notes

Demerits of Job Classification or Grading System

- It is difficult to write comprehensive and unambiguous class descriptions.
- The rater can be easily influenced by title, personality and existing pay rate of a job. Thus, the judgement in respect of a whole range of jobs may produce an incorrect classification.
- Lack of substantiating data makes it difficult for the management to defend ratings to their employees.
- This method leaves much to be desired because personal evaluations by raters establish the major classes and determine into which classes each job should be placed.
- This system is unsuitable for large organizations as it is a very rigid system.

Analytical or Quantitative System

In the method discussed above, i.e. ranking system and grading system, the relative jobs were determined without reference to any numerical values (points). However, the quantitative system, various factors of a job are considered and points are assigned to them according to their relative worth. The analytical or quantitative systems of job evaluation are:

(i) The Point Rating System

(ii) The Factor Comparison Method

(i) ***The Point Rating System:*** The point rating system is based on the assumption that it is possible to assign points to the different factors as well as to each degree of each factor involved in jobs and that the sum-total of the points will give an index of the relative value of jobs. The method was originally designed and developed by the Western Electric Corn. The point rating system is based on the assumption that it is possible to assign points and respective factors which are essential for evaluating an individual's job.

Merits of Point Rating System

- The use of fixed and predetermined factors forces the evaluator to consider the job elements when rating jobs.
- The method forces job raters to consider individual factors rather than the job as whole.
- It gives us a numerical basis for wage differentials.
- Prejudice and human judgement are minimised. A clear record of the judgements of the evaluator is later available for explaining the results of the evaluation.
- The assignment of point values indicates not only which job is worth more than another but how much more it is worth.
- As the system is more systematic and objective than any other job evaluation method, the worker's acceptance can be assured.

Demerits of Point Rating System

It is very difficult to give a fair evaluation of the relative worth of each job in the organization.

- The listing of factors may omit some elements that are important in certain jobs.
- Workers find it difficult to fully comprehend the point rating system.
- The task of defining job factors and assigning value to each degree is a time consuming and difficult task.
- The point rating system entails considerable clerical work like recording and summarizing the rating scale.

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- The system is inflexible as the same point systems cannot generally be used for production and office jobs.

(ii) ***The Factor Comparison System:*** This system is similar to the point rating system. The factor comparison system was developed by Eugine J Benge at the Philadelphia Rapid Transit Company in 1926. He developed this system in order to solve the two problems faced by the point rating system, i.e. determining the relative importance of factors and describing their degrees. This method begins by finding out the major factors which are present in more or less degree in all the jobs in a particular organization. Each job is ranked several times-once for each compensable factor selected. For example, jobs may be ranked first in terms of the factor skill. Then, they are ranked according to their mental requirements. Next, they are ranked according to their responsibility and so forth. Then these ratings are combined for each job in an overall numerical rating for the job. There after, it is easy to assign money value to these jobs in some direct proportion to the points assigned under evaluation.

Merits of Factor Comparison Method

- It is a systematic, quantifiable method for which detailed step-by-step instructions are available.
- This method can be used to evaluate a combination of unlike jobs such as clerical, manual and supervisory jobs.
- It uses the job-by-job comparison technique which is a far more accurate method of measurement.
- It is a fairly easy system to explain to employees because the weights selected are not entirely arbitrary but reflect existing wage and salary practice.
- The reliability and validity of the system are greater than the other methods of job evaluation.

Demerits of Factor Comparison Method

- The difficulty of the system is that it is very expensive and complicated and cannot be readily explained to the workers.
- The method is somewhat difficult to operate.
- Money rates, when used as a basis of rating, tend to influence the rater.

6.1.7 Essentials for Success of Job Evaluation Programmes

According to the findings of the International Relations Section, the following conditions are necessary for the successful operation of a job evaluation programme:

(a) It must be carefully established by ensuring that:

  (i) The management's aims are clear to all concerned and that not only the manual workers but also all levels of supervisory and management employees fully understand its implications;

  (ii) All the relevant internal and external factors have been taken into account in arriving at the final form of the scheme.

(b) It must have the full approval and continued support and backing of the top management.

(c) It must have obtained the acceptance of trade unions.

(d) Adequate administrative control must be setup to ensure:

  (i) A centralized coordination of the scheme;

  (ii) The evaluation of new and changed jobs;

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(iii) A proper control of individual rate ranges; and

(iv) The conduct of wage surveys to provide the necessary information about the intraplant ranges.

(v) The importance of factors, other than job contents, in wage rate determination must be recognised and taken into consideration while launching a job evaluation programme.

(e) Before launching a job evaluation programme certain issues should be decided before hand. They are:

(i) Which category of employees is to be covered and upto what range?

(ii) Who will evaluate a job-outside consultants or trade analysts or the personnel of the personnel department?

(iii) How will the employees be consulted in regard to the method of putting the programme through?

(iv) Does a proper atmosphere exist for launching of the programme?

Uses of Job Evaluation

Some form of job evaluation is invariably a part of a formal wage and salary programme. Job evaluation is concerned with assessing the value of one job in relation to another for it is only when each job has been properly evaluated that a sound wage structure can be built.

According to Sibson, job evaluation process plays a key role in wage and salary administration in the following ways:

(a) Job evaluation is the most effective means of determining internal pay relationships for most types of jobs.

(b) It can be used as an instrument for implementing the company's basic pay policies.

(c) Equitable base-pay relationships set by job evaluation serve as a foundation for incentive or bonus plans. Through job evaluation, the company is able to establish the standard, job value upon which extra incentive earnings, bonus payments or merit increases can be established.

(d) Job evaluation provides a reasonable basis for personnel moves. Unless relative classes of jobs are established in the first place, managers will not know whether a personnel move represents a promotion or a demotion or a transfer.

(e) Useful controls over wage and salary costs can be greatly aided by job evaluation.

(f) Job evaluation provides a realistic foundation for gearing company pay scales to pay scales of competing companies. This, in turn, gives reasonable assurance that the company will get the numbers and types of persons needed to operate the business and at the same time, maintain wage costs at a competitive level.

(g) It assists managers in meeting day-to-day problems. This in turn contributes to reduction of employee grievances, to higher employee productivity through hi morale and to fewer turnovers.

6.2 Wage and Salary Administration

Services rendered by individuals to organizations have to be equally paid for this compensation generally comprises cash payments which include wages, bonus, and shared profits. Good compensation plans have a salutary effect on the employees. They are happier in their work,

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cooperative with management and productivity is up. Although, there is both monetary and non-monetary forms of compensation, it is the monetary form of compensation which is the most basic element by which individuals are attracted to an organization and are persuaded to remain there.

Wages in the broad sense mean any economic compensation paid by the employer through some contract to his workers for the services rendered by them. The Payment of Act 1936, sec 2(vi) defines wages as, "any award of settlement and production bonus, if paid, constitutes wages."

6.2.1 Wage Structure

Jobs offered by an organization vary in terms of their value. Value is assigned in job evaluation and the value of each job is compared in relation to other jobs in an organization. How an organization structures its base salary programme depends on the philosophy and marketplace practices. In structuring its wage and salary organization make use of several options that are available:

1. An organization can use a single rate structure in which all employees performing the same work receive the same pay rate.
2. An organization can use a tenure-based approach that focuses on the length of services.
3. An organization can use a combination of tenure-based plan and a merit-based plan.
4. An individual can be paid only on the basis of performance. For example, commission of sales.
5. An organization can form a base pay with an incentive opportunity based on individual, team unit or company performance. This method is quite popular in the modern day organizations.
6. Organizations may combine elements of all the above mentioned approaches and create their own formal programme.

6.2.2 Determining a Wage Structure

Once all jobs are assigned values, then these are placed in a grade. The grades are arranged in a hierarchical order starting with lower to higher jobs. A wage and salary structure consists of various salary grades as given in the example below:

Foreman:	10000-500-15000-600-18000
Senior Operator:	8000-400-12000
Operator:	7000-350-9100

While designing a salary structure, the following outline has to be borne in mind:

1. Ascertain and establish the market rate survey and the studies on the existing salary structure from the senior to the junior grade.
2. Draw up a salary grade structure ranging from the lowest limit to the highest limit along with the salary gaps between jobs.
3. Make a job evaluation and rank the jobs into a hierarchy.
4. Procure market data to establish external equity in the pay scales.
5. Based on the result of the job evaluation and market rate survey or studies arrange all jobs in the grades in a hierarchical order.
6. While constructing a salary structure two points have to be borne in mind:

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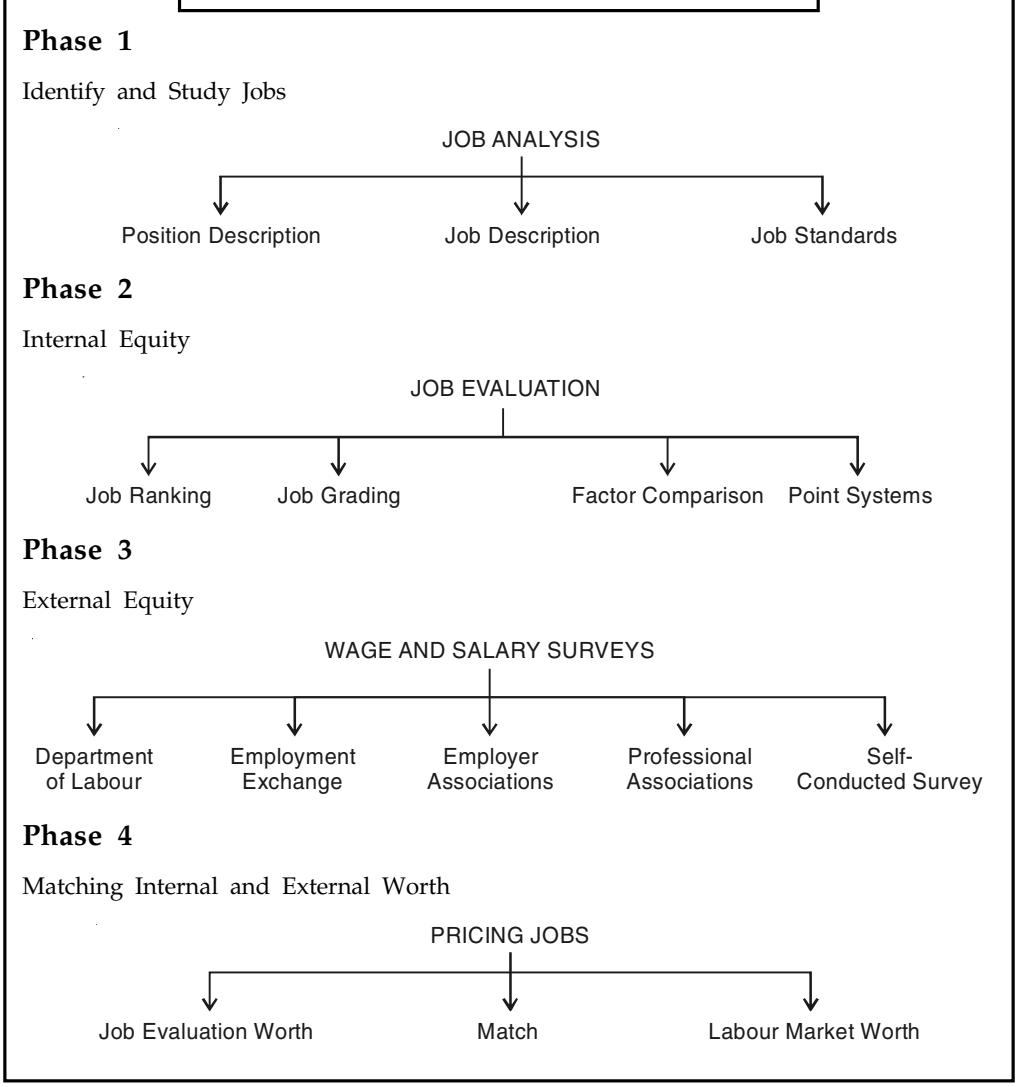
(i) ***Salary Progression:*** Salary progression refers to a sequence of increase in salary to merit. The procedure for salary progression is characterized by (a) Salary zones for example; a foreman starts with a salary of ₹ 10,000 basic pay and touches a maximum of ₹ 15,000 after 9 years and ₹ 18,000 after 12 years. (b) The incremental rate consists of ₹ 500 during the first 9 years and ₹ 600 for the subsequent 3 years of experience.

(ii) ***Broad Banding:*** Broad banding means collapsing salary grades and ranges into a few broad and wide levels or "bands" each consisting of a relatively wide range of jobs and salary levels. In the example given above, all production staffs are reduced into three categories: foreman, senior operator and operator.

Flow Chart Showing the Phases of Compensation Management:

Figure 6.1: Determination of wage structure



Task Prepare the flow chart to show the determination of wage structure.

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6.2.3 Equity in Compensation

Pay structure focuses on internal equity (through job evaluation), external equity (through market surveying) and some reconciliation of the two to arrive at a final pay structure that fits the organizational requirement and also enables the organization to attract and retain qualified employees.

There are three requisites of a sound primary compensation structure. They are:

1. Internal Equity,
2. External Competitiveness, and
3. Performance-based payment.

Internal Equity

Internal equity means that there should be a proper relationship between the wages for the various positions within the organization. Job evaluation is the cornerstone of a formal wage and salary programme.

Job Evaluation and Merit Rating

Job Evaluation: Job evaluation or job rating is a systematic procedure for measuring the basis of common factors such as skill, training, effort, responsibility and job conditions. The relative job values are thus converted into definite wage rates by assigning the money rate of pay to each job according to a definite system on scale.

According to Knowles and Thomson, job evaluation is useful in eliminating the following discrepancies of a wage payment system:

(i) Payment of high wages and salaries to persons who hold jobs and positions not requiring greater skill, effort and responsibility;

(ii) Paying beginners less than they are entitled to receive in terms of what is required of them;

(iii) Giving a raise to persons whose performance does not justify the raise;

(iv) Deciding rates of pay on the basis of seniority rather than ability;

(v) Payment of widely varied wages for the same or closely related jobs and positions; and

(vi) Payment of unequal wages and salaries on the basis of race, sex, religion or political differences.

External Competitiveness

Once the internal equity has been established through evaluation, the next step is to make a comparison with other firms in the industry. To achieve external alignment, the management must first know the average rates of wages for the jobs. Here, it should be noted that it is not always easy to compare the wage rates of two firms because of some significant difficulties. They are:

(i) The content of the jobs that have the same title may differ considerably.

(ii) The wage payment methods may differ.

(iii) Employees with the same jobs may have different degrees of regularity of employment, so that even if wage rates are identical, annual earnings are not.

(iv) The costs of living in different geographic locations may be different.

Notes

Though it is difficult to make a comparison, the organization should make a comparison. It is only then that they can fix their wage level at the average rate prevailing in the industry or they may decide on a higher or lower wage level for itself.

Performance-Based Payment

Finally, the organization has to decide whether all individuals in jobs at the same level should be paid the same pay or not. There are four approaches to determine the individual pay:

(i) *Single Rates:* When employee performance is almost similar, single rates are paid to employees on jobs, e. g. clerks in office jobs.

(ii) *The Informal Approach:* Under this method, individual pay decisions are made on an informal basis without any guides or controls.

(iii) *The Automatic Approach:* Under this method, both the rate of the pay increase and the period of review are usually predetermined. Individual merit has no consideration.

(iv) *Merit Approach:* Under this method, individual performance and output are important basis for compensating employees. Merit rating system assumes that performance can be observed with reasonable accuracy.

Caution

The organization must decide that all individuals in jobs at the same level should be paid the same pay, otherwise there will be conflict among the employee.

6.2.4 Methods of Wage Payment

Compensation paid to the labour for the services offered is called wages or salary. Giving satisfactory and fair amount of compensation can probably eliminate most of the labour disputes. The fundamental methods of compensating the workers are:

(a) Time Wage (b) Piece Wage

Time Wage

It is based on the amount of time spent. Wage is measured on the basis of unit of time, e.g. per day, per month, etc. Wages do not depend on the performance of the employee.

Features of Time Wage

(i) It is more widely used as it is very simple to compute the earnings.

(ii) It provides guaranteed and secured income, thereby removing the fear of irregularity of income.

(iii) It facilitates payroll function.

Advantages of Time Wage System:

(i) Sense of security of income. The worker knows the exact amount he would get.

(ii) Conducive climate is provided for better labour-management relations as disputes are minimized.

(iii) The worker will give greater care and attention on quality and therefore workmanship can be assured.

Disadvantages of Time Wage System:

(i) Time Wage System offers no incentive for employees to put forth their best efforts. Efforts and reward have no direct positive correlation.

Notes

(ii) There is no encouragement for better performance: Merit is discounted and inefficiency is at a premium as all receive the same salary. It is an unsound, unscientific and arbitrary basis of wage payment.

(iii) Ambitious workers receive no monetary rewards for their talents.

(iv) It demands intensive and strict supervision.

Piece Wage System

It is based on the amount of work performed or productivity. The earnings of the employee are directly proportional to his output or performance.

Features of Piece Wage System

(i) It can offer direct connection between effort and reward. Hence, it is the best method to ensure higher productivity.

(ii) Wage cost determination is easy.

Advantages of Piece Wage System

(i) Direct connection between effort and reward.

(ii) It is simple and easy to understand.

(iii) The worker is interested in higher efficiency.

(iv) Cost accounting and control by management is made easy.

Disadvantages of Piece Wage System

(i) Danger of overwork. This leads to risk of accident and excessive fatigue.

(ii) We require a lot of supervision to maintain the quality and standard of work.

(iii) It is an ineffective method, if quality is to be given top preference.

6.2.5 Incentive Wage Plans

A system of wage payment which would maintain both quality and quantity is called incentive wage plan and it is naturally a judicious combination of both basic systems of wage payments, i.e. Time and Piece wages. Under the incentive plans of wage payment, both Time Wage and Piece Wage systems are blended in such a manner that the workers are induced to increase their productivity.

Essentials of a Sound Wage Incentive Plan

(a) Measurement of the amount of work done.

(b) Establishment of standard output on the basis of which the incentive has to be worked out.

(c) Setting up a suitable rate of incentive.

Types of Incentive Plans

Halsey Plan

It is a plan originated by E.A. Halsey to encourage efficiency amongst workers as well as to guarantee them wages according to time basis. The standard time required for a job is determined beforehand on the basis of time and motion studies. Workers who perform the job in less than the standard time and thus save time are rewarded with a bonus but the worker who takes longer than the standard time is not punished, and is paid wages

Notes

according to time wage system. The total earnings of a worker under this plan consist of wages for the actual time plus a bonus which is equal to the money value of 33 percent of the time saved in case of standard time set on previous experience, and 50 percent of the time saved when the standards are set scientifically.

Rowan Plan

Wages, according to time basis, are guaranteed and the slow worker is not made to suffer. A standard time is determined before and a bonus is paid according to time saved. The only difference between Halsey Plan and Rowan Plan relates to the calculation of bonus. Under this plan bonus is based on that proportion of the time saved which the time taken bears to the standard time. It can be expressed as follows:

$$\text{Bonus} = \text{Time Saved} \times \frac{\text{Time Taken} \times \text{Hourly Rate}}{\text{Standard Time}}$$

Thus if a 20-hour job is done in 16 hours and if the hourly rate is 80 paisa, the total earnings of the worker will be:

[16 x .80] + [4 × (16 ÷ 20) x .80] = 12.80 + 2.56 = ₹ 15.36

Taylor's Differential Piece Wage Plan

Under this plan, there is no guarantee of wages. The standard of output is fixed per hour or per day and two piece wage rates are laid. Those exceeding the standard or even just attaining it, are entitled to the higher rate and those whose output is less than the standard output are paid at a lower rate. For example, the standard may be fixed at 40 units per day and the piece rates may be 30 paisa and 25 paisa per unit. If a worker produces 40 units he should get wages at the rate of 30 paisa, i.e. ₹ 12. If he produces only 39 units he would be paid at the rate of 25 paisa per unit so his wages will be ₹ 9.75.

The Emerson Efficiency System

In this system, the worker is allowed a certain time within which he is required to complete his job. If he completes the job within the required time, he is paid bonus. If he takes longer than the required time, he receives a lower bonus. Under this system, the daily wage is guaranteed.

The Gantt System

This system is similar to the Emerson efficiency system. The worker receives the bonus only if he attains the required standard of efficiency. No bonus is paid to a worker where his efficiency is less than 100 per cent. The foreman is also given a bonus if the worker under his care attains the required standard of efficiency.

Bedeaux Point Premium Plan

The chief novelty of this plan is that the value of time saved is divided between workers and foreman, 3/4th to workers and 1/4th to foreman. This is done on the premise that a worker cannot show good results if his foreman does not fully cooperate with him. Therefore, the foreman is also entitled to an incentive.

6.2.6 Broad Categories of Wage Incentive Schemes

A wide variety of incentive wage plans has been devised by industries under which the workers earnings are related directly to some measurement of work done either by himself or by his group. There are three broad categories of incentive schemes as classified by Dunn and Rachel. They are:

(a) Simple Incentive Plan

(b) Sharing Incentive Wage Plan

(c) Group Incentive Plan

Notes

Simple Incentive Plan

The simplest of all wage incentives may be described as the straight piece-rate system. The piece-work method is perhaps one of the oldest and simplest of the incentive plans. The basis of computation is the rate per piece multiplied by the number of pieces produced. For example, if the piece-rate is ₹ 2 for each unit of output, then a worker who produces 10 units in a given time, say 8 hours, will be paid ₹ 20. Another worker whose production is 12 units in the given time (i.e. 8 hours) will receive ₹ 24 and so on.

This method of payment is suitable if the process of production is standardized and large quantities are produced by repetition. The system is not suitable where workers working fastly to earn more wages are likely to lower the quality of the goods they produce.

Sharing Incentive Wage Plan

There are a large number of plans in this category. These plans are the modifications of the Taylor's differential piece rate incentive plan. Under this plan, the workers exceeding the standard or even just attaining it are entitled to the higher rate and those, whose output is less than the standard output, are paid at a lower rate. Taylor's philosophy was to attain a high level of output and therefore, there was a differential piece rate, low rates for output below the standard and high rates for output above the standard.

Group Incentive Plan

Individual incentive scheme is not suited to cases where several workers are required to perform jointly a single operation. In such cases, a team approach is called for, with all the members of that team doing their share to achieve and maintain the output. The advantage of group incentive plans is that they encourage team spirit and a sense of mutual cooperation among workers. Under the group incentive plan, each member of the group is determined first of all by measuring the amount of the production which passes inspection as it leaves the group. The total earnings for the group are then determined and if all the members are of equal skill, these earnings are usually divided among them equally.

6.2.7 Requisites for the Success of an Incentive Plan

An incentive scheme is based on three basic assumptions. They are:

1. Money is a strong motivator.
2. There is a direct relationship between effort and reward.
3. The worker is immediately rewarded for his efforts.

Though monetary incentive plans do motivate employees, these plans will not be effective unless certain requisites are met. Several authorities on the subject have suggested a list of requisites that monetary incentive plans should meet if they are to be attractive to the employees. These requisites are:

(a) The relations between management, supervisory staff and workers should be cordial and free from suspicion. Management must, therefore, ensure association of workers during the development and installation of the scheme.

(b) The incentive plan should reward employees in direct proportion to their performance. The standard set has to be attained; necessary tools, equipment, training, etc. should be provided and the employee should have adequate control over the work process.

Notes

(c) The plan should be easily understood by the employees so that they can easily calculate personal cost and personal benefit for various levels of effort put in by them. Complicated plans and formulae sow seeds of doubt and mistrust in the worker's mind.

(d) The plan should provide for rewards to follow quickly after the performance that justifies the reward. Employees do not like to be rewarded next month for extra effort expended today.

(e) The plan must be within the financial and budgetary capacity of the organization. In other words, the plan should not be very costly in operation. It should be ascertained in advance that these costs (incentives) are amply covered by the resultant benefits.

(f) The work standard once established should be guaranteed against change. The work standard should be viewed as a contract with the employees. This rule must be strictly adhered to by management. Once the plan is operational, great caution should be used before decreasing the size of the incentive in any way.

(g) The plan should be set on reasonable standards, i.e. it should not be too difficult or too easy. If the standard sets are too difficult they make the employees unenthusiastic about it. If the standard sets are too easy, the employees would hardly experience any competition. Thus, a fair and optimum standard is the key to any incentive plan.

(h) The reward must be valuable to the employees. The incentive payments under the plan should be large enough in relation to the existing income of employees.

(i) The incentive plans must encourage employees to support each other rather than be non-cooperative.

(j) The plan should not be detrimental to the health and welfare of the employees. It should therefore include a ceiling on the maximum earnings by way of incentives.

(k) Individuals or group's contributions and efforts must be clearly identifiable, if rewards are to be given for specific performance.

(l) A guaranteed base rate should be included in any plan. Employees want to be assured that they will receive minimum wages regardless of their output. This introduces an element of security for the employees.

Caution The work standard once established should be guaranteed against change and viewed as a contract with the employees, great caution must be taken before decreasing the size of the incentive in any way.

6.2.8 Fringe Benefits

Fringe benefits are the additional benefits and services that can be provided by a company to its employees in addition to their direct salary. Therefore, fringe benefits can be defined as the additional benefits and services that a company provides to its employees on the basis of their performance. Both the terms, benefits and services are considered similar by most of the people but some believe that they are entirely different. According to them, benefits are applicable only for those items that can be associated with some monetary value whereas a service is applicable for the items that cannot be associated with any direct money values. However, more or less, both the terms, benefits and services, mean the same in reference to fringe benefits.

The fringe benefits help:

1. Lessen fatigue
2. Oppose labour unrest

Notes

3. Satisfy employee objectives
4. Promote recruitment
5. Minimize turnover
6. Reduce overtime costs

Did u know?

Finance Act 2005 was introduced for the financial year commencing from April 1, 2005. The fringe benefit tax was abolished in the Finance Bill of 2009 by Finance Minister Pranab Mukherjee.

Principles of Fringe Benefits

There are few factors that must be considered while determining the fringe benefits, which must be provided to the employees of a company. They are:

1. Benefits and services must be provided to the employees of a company to provide them better protection and encourage their welfare. The top management should not feel as if it is doing some charity by giving incentives to their employees.
2. The benefits that are provided to the employees should fulfill the real life requirements of the employees.
3. The benefits and services should be cost effective.
4. Fringe benefits should be monitored with proper planning.
5. While determining the fringe benefits, the requirements of employees that are communicated by union representatives must be, considered.
6. The employees of a company should be well informed so that they can make better utilization of fringe benefits.

Table 6.1: Examples of Monetary Benefits

Benefits	Example
Legally requited payments	Old age; survivors and health insurance Worker's compensation Unemployment compensation.
Dependent and long term benefits	Pension plan Group life insurance Group Health insurance Prepaid legal plans Sick leave Dental benefits Maternity leave
Payments for time not worked	Vacations Holidays Voting pay allowance
Other benefits	Travel allowance Company car and subsidies Child care facilities Employee meal allowances Moving expense

Notes

Types of Fringe Benefits

As we have discussed in the concept, fringe benefits can be of two types. One that can be measured in terms of money value and the other that cannot be measured in terms of money value. Fringe benefits such as medical insurance and holiday pay that can be associated with money value are known as monetary benefits whereas benefits such as company newspaper and company service that cannot be associated with any money value are known as non-monetary benefits.

Table 6.2: Examples of Non-monetary Benefits

Benefits	Example
Treats	Free lunch Coffee breaks Picnics Birthday treats Dinner for the family
Knick-Knacks	Company watches Desk accessories Wallets T-shirts Diaries and planner

Important Fringe Benefits

Some important fringe benefits are:

- Payment for the time during which employees have not worked
- Insurance benefits
- Compensation benefits
- Pension plans

Payment for the Time Employees have not Worked

This fringe benefit forms an important benefit for the employees of company. Mostly every company provides the payment for time not worked benefit to its employees. Payment for time not worked benefit can be of two types, on-the-job free time payment and off-the-job free time payment. On-the-job free time includes lunch periods, coffee breaks, rest periods, get-ready times and wash-up times whereas off-the-job free time includes vacations, sick leave, public holidays and casual leave.

Insurance Benefits

Insurance benefits are also an important fringe benefit for the employees of a company. Nowadays, every company provides its employees with the facility of chasing insurance policies at a price, which is much less than the cost the employees would have to pay if they were to buy insurance themselves.

Compensation Benefits

Companies also provide compensation benefits to its workers against some disability or injuries to the employees or their family members. Other employees of the company contribute to the funds that are collected for the ill or injured employees. All these compensation benefits form a part of the Workmen's Compensation Act.

Notes

Pension Plans

Companies also provide supplementary income or pension to its employees after their retirement. These pension plans can be company paid or both company and employee paid. In addition to the pensions, companies also provide bonus to the employees reaching superannuation.

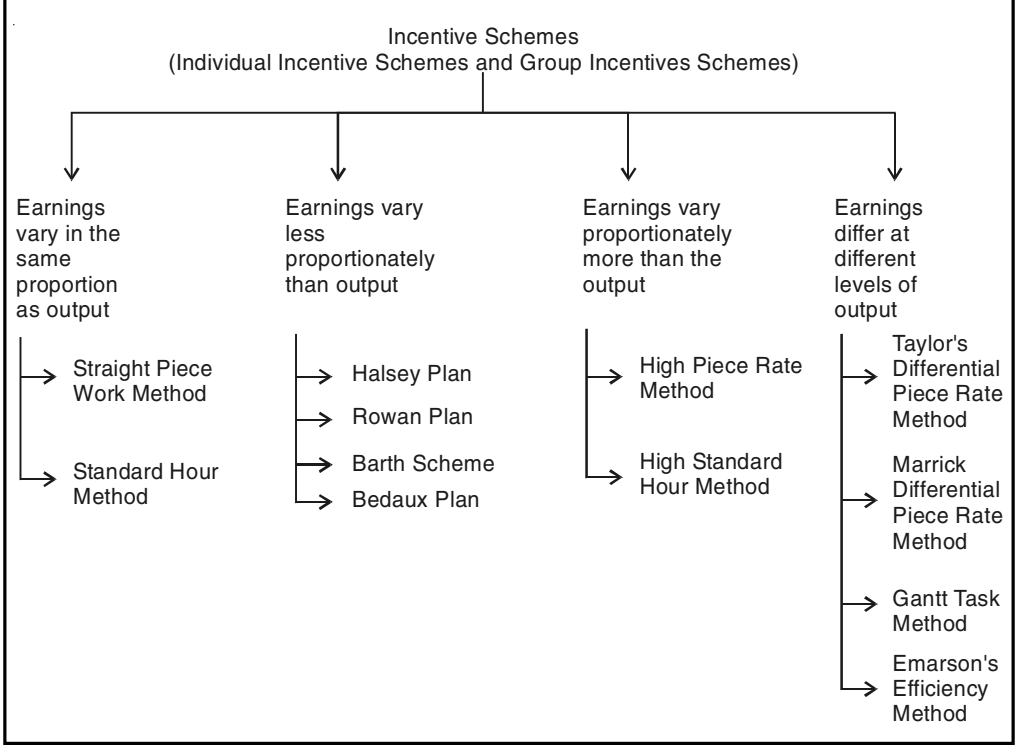
6.2.9 Concept of Variable Compensation

Variable compensation refers to the incentive schemes that are given to the workers on the basis of their productivity. These schemes may use bonuses or variety of rates as incentives to compensate for the superior performances of workers. These schemes are popular all over the world and are used extensively for raising productivity.

Incentives schemes are several and varied. They are broadly classified under two heads:

- Individual incentive schemes
- Group incentive schemes

Figure 6.2: Variable Compensation



Task

With the help of diagram show the incentive schemes for different organizations.

Self Assessment

Multiple choice questions:

1. Any job rating plan must be …..….. to foremen and employees.

   (*a*) collected (*b*) sold

   (*c*) delivered (*d*) none of these

Notes

2. Compensation paid to the labour for the service offered is called .....

   (*a*) wages (*b*) piece wage system

   (*c*) incentive wage plans (*d*) rowan plan

3. Job evaluation is a ……. and, to some extent, an objective method of ranking jobs relative to one another.

   (*a*) dynamic (*b*) static

   (*c*) arithmetical (*d*) logical

4. The ranking method is …….....

   (*a*) simple (*b*) quick

   (*c*) inexpensive (*d*) none of these

6.3 National Wage Policy

One of the objectives of economic planning is to raise the standard of living of the people. This means that the benefits of planned economic development should be distributed among the different sections of society. Therefore, in achieving a socialistic pattern of society, the needs for proper rewards to the working class of the country can never be overemphasized. A national wage policy thus aims at establishing wages at the highest possible level, which the economic conditions of the country permit and ensuring that the wage earner gets a fair share of the increased prosperity of the country as a whole resulting from the economic development.

The term 'wage policy' here refers to legislation or government action calculated to affect the level or structure of wages or both, for the purpose of attaining specific objectives of social and economic policy.

Did u know?

Minimum wage law is the body of law which prohibits employers from hiring employees or workers for less than a given hourly, daily or monthly minimum wage, more than 90% of all countries have some kind of minimum wage legislation.

6.3.1 Objectives of National Wage Policy

The main objectives are given below:

(a) To eliminate malpractices in the payment of wages.

(b) To set minimum wages for workers, whose bargaining position is weak due to the fact that they are either unorganized or inefficiently organized. In other words, to reduce wage difference between the organized and unorganized sectors.

(c) To rationalize inter-occupational, inter-industrial and inter-regional wage differentials in such a way that disparities are reduced in a phased manner.

(d) To ensure reduction of disparities of wages and salaries between the private and public sectors in a phased manner.

(e) To compensate workers for the raise in the cost of living in such a manner that in the process the ratio of disparity between the highest paid and the lowest paid worker is reduced.

(f) To provide for the promotion and growth of trade unions and collective bargaining.

Notes

(g) To obtain for the worker a just share in the fruits of economic development.

(h) To avoid following a policy of high wages to such an extent that it results in substitution of capital for labour there by reducing employment.

(i) To prevent high profitability units with better capacity to pay a level of wages in excess to the prevailing level of wages in other sectors.

(j) To permit bilateral collective bargaining within national framework so that high wage islands are not created.

(k) To encourage the development of incentive systems of payment with a view to raising productivity and the real wages of workers.

(l) To bring about a more efficient allocation, utilisation of manpower through wage differentials and appropriate systems of payments.

6.3.2 Regulations Adopted

In order to achieve the above objectives under the National Wage Policy, the following regulations have been adopted by the State:

(a) Prescribing minimum rates of wages

(b) Compulsory conciliation and arbitration

(c) Wage boards

Minimum Wages: In order to prescribe the minimum rate of wages, the Minimum Wages Act, 1948 was passed. The act empowers the government to fix minimum rates of wages in respect of certain sweated and unorganized employments. It also provides for the review of these wages at intervals not exceeding five years.

***Compulsory Conciliation and Arbitration*:** With the object of providing for conciliation and arbitration, the Industrial Disputes Act, 1947 was passed. It provides for the appointment of Industrial Tribunals and National Industrial Tribunals for settlement of industrial disputes including those relating to wages.

***Wage Boards*:** A wage board is a tripartite body with representatives of management and workers, presided over by a government-nominated chairman who can act as an umpire in the event of disagreement among the parties. Technically, a wage board can make only recommendations, since there is no legal sanction for it, but for all practical purposes, they are awards which if made unanimously are considered binding upon employers.

6.3.3 Wage Policy in a Developing Economy

A suitable wage policy for a developing economy must ensure economic growth with stability. If the wage level is too high it will hamper industrial growth. If the wage level is too low, it will adversely affect the workers. Therefore, a suitable wage level is necessary to sustain a steady growth of the economy. There are two main considerations in wage fixation. They are:

(a) To adjust wages to cost of living (need-based wages)

(b) To link wages with productivity.

Need-Based Wages

The meaning of the term 'need-based wage' is that the wage should enable the worker to provide for himself and for his family not merely the basic necessities of food, clothing and shelter but also include education for children, protection against ill-health, requirements of essential social needs and a measure of insurance against misfortunes and old age. The Indian Labour Conference held in 1957 accepted the following norms of determining the need-based wage:

Notes

(i) The standard working family should consist of three consumption units.

(ii) The minimum requirements of food should be calculated on the basis of net intake of calories as recommended by Dr Aykroyd.

(iii) The clothing requirements should be taken as 18 yards per head per annum.

(iv) As for housing, the rent corresponding to minimum provided under the Government Industrial Housing Scheme.

(v) Fuel, lighting, and other miscellaneous items should constitute 20 percent of the total minimum wage.

However, need-based wage has many practical difficulties. If wages are raised to the need-based wage level and there is no corresponding increase in productivity, there is bound to be inflationary rise in prices. Further, the capacity of the industry to pay is relevant. This capacity of industry to pay will depend on the productivity of labour.

Linking Wages with Productivity

Improvement in wages can result mainly from increased productivity. However, no attention is being paid to productivity, and wages are being either increased on an ad hoc basis or on the basis of cost of living. The Third Plan observed that 'for workers no real advance in their standard of living was possible without steady increase in productivity, because any increase in wages generally beyond certain narrow limits, would otherwise be nullified by a rise in prices'. However, linking wages with productivity gives rise to the following difficulties:

1. Productivity in India is low. Since productivity is low, wages will have to be low. This position is totally unacceptable to the workers.
2. Employers are opposed to the linking of wages with productivity because they are not interested in productivity but profitability.
3. Even employees are opposed to the linking of wages with productivity because they feel that low productivity is due to poor management.
4. Employers argue that the raise in output is not due to the worker's effort but because of improvement in technology, plant and machinery.
5. There is the difficulty of assessing productivity especially in industries where the output does not consist of standardized units.

Suitable Wage Policy

A suitable wage policy in a developing economy should aim at:

1. Containing the rise in prices which can be achieved through a suitable monetary and fiscal policy.
2. Linking wage increases to increase in productivity.

6.3.4 Principal Constituents of a National Wage Policy

Three reports on national wage policy were presented in the post-independence period. They are:

1. Report of the National Commission on Labour (1969)
2. Professor S. Chakrovarty Committee Report (1973)
3. S. Bhoothalingam Committee Report (1978)

The above mentioned reports have raised several issues concerning wage policy. They are:

Notes

Minimum Wage

The National Commission on Labour describes living wage as "a measure of frugal comfort including education of children, protection against ill health, requirements of essential social needs and some insurance against the more important misfortunes". Thus according to this definition living wage provides for a bare physical subsistence and for the maintenance of health. On the other hand, minimum wage includes not only living wage but also provides for some measure of education, medical requirements and amenities. In other words, "minimum wages" provide a worker with physical subsistence, maintenance of health, requirements of essential social needs and some measure of education for self and for children.

The National Commission on Labour states the first claim is of the worker for a basic minimum wage irrespective of any other consideration. Thus, the minimum wage prescribes the lower limit; the upper limit will be set by the capacity of the industry to pay.

Fair Wage

The Committee on Fair Wages felt that between the two limits, the actual wage would depend on:

(i) The productivity of labour;

(ii) The prevailing rate of wages;

(iii) The level of national income and its distribution;

(iv) The place of industry in the economy of the country; and

(v) The degree of unionization of labour in the industry.

Thus, fair wage is something more than the minimum wages. It is the wage fixed by considering several factors such as wage rate prevailing in other industries in the location, similar industries, ability of the firm to pay wages, etc.

Wages and Productivity

Wages should be linked to productivity because an industry's capacity to pay would be determined by productivity. Furthermore, a raise in productivity provides legitimacy to the claims of labour for a higher wage.

Productivity is measured by VAM (value added by manufacture). VAM is not the result of the effort of labour alone. Along with labour, capital, technology and management also contribute towards productivity. Therefore, it would be totally incorrect to link the entire productivity to labour alone. The National Commission on Labour disclosed that in the first decade of planning, labour did not benefit from the gains in productivity of the industry. However, in the next two decades, a part of the gains in productivity was shared with labour, though in a disproportionate manner.

6.3.5 Failure of the National Wage Policy

Although several commissions have deliberated on the need for evolving a National Wage Policy, so far there is not enough evidence towards its emergence. There is all round failure in implementing minimum wages in the private sector. There still exist inter-industry and inter-occupational differences in wages. Further, there is the failure to restrain the increase of wages and salaries in the public sector far in excess of the raise in consumer price index. Even though the National Wage Policy has failed on many counts there is still a sufficient degree of consensus on the objectives of National Wage Policy.

Notes

Case Study

Corp Bank

The 1990s were a watershed for the Indian Banking Industry, and particularly for Nationalized Banks which hitherto had a monopoly in the industry. Following the deregulation of the financial sector, the bank has faced increased competition from other financial institutions like Can Fin Homes Ltd, LIC Housing Corporation and foreign private sector banks. These specialized financial institutions were giving tough competition to Corporation Bank resulting in an intense squeeze on profit margins and the need to make considerable efforts to retain its clientele. Under such pressure, Corp Bank introduced new technology, new financial products and new reward system for bank managers and staff. Information and communication technologies (ICTs) enabled the bank to process much larger volumes of business and just as importantly, the new ICTs themselves facilitated the development of new, technically-based products and services (such as home banking, smart cards and debt cards) which Corp Bank started to market to its customers.

Running parallel with these technical changes was the dismantling of the paternalistic Human Resource Management system. In essence, Corp Bank's bureaucratic culture and its associated belief system for managers and staff of appropriate behaviour being rewarded by steady promotion through the ranks was swept aside.

The new culture in the fast-changing environment, emphasized customer service and the importance of measuring and rewarding staff according to their performance. The new performance-related reward system was introduced at the board meeting held in June 2002. Mr N. K. Singh, Chairman and Managing Director of the bank said that the proposed reward system would be a key strategy to maintain our reputation and market share. He outlined that in future the salary of bank managers would be tied to their leadership skills and the quality of customer service. Accordingly, the reward system would link the manager's pay to behaviour traits that relate to leadership and customer service. The variable pay for both managers and staff would be based on what is accomplished because customer service is central to Corp Banks' strategic plan. A three category rating system that involves not meeting customer expectations, meeting them or far exceeding them is the essence of the new reward system.

Questions:

1. Outline the merits and limitations of Corp Bank's proposed reward system for the managers and staff.
2. Develop an alternative reward system for Corp Bank's employees and explain why it is superior to the proposed reward system.

Self Assessment

Multiple choice questions:

5. An organization can use a …… approach that focuses on the length of services.

   (*a*) job evaluation (*b*) wage structure

   (*c*) tenure-based (*d*) none of these

6. The minimum requirements of food should be …… on the basis of net intake of calories as recommended.

   (*a*) calculated (*b*) generated

   (*c*) arranged (*d*) none of these

Notes

7. The system is …… as the same point systems cannot generally be used for production and office jobs.

   (*a*) flexible (*b*) inflexible

   (*c*) serial (*d*) parallel

8. A guaranteed base rate should be included in any ……..

   (*a*) plan (*b*) jobs

   (*c*) both (*a*) and (*b*) (*d*) none of these

Fill in the blanks:

9. To prescribe the minimum rate of wages …….. was passed.
10. With the object of providing for concilation and arbitration the …….. was passed.
11. The Indian Labour Conference held in ……..
12. A wage board can make only …….., since there is no legal sanction for it.

6.4 Summary

- Job evaluation is a formal and systematic comparison of jobs in order to determine the worth of one job relative to another.
- The comparison and evaluation may be made on two bases such as non-analytical or non-quantitative system and analytical or quantitative system.
- Services rendered to organizations by individuals have to be equitably paid for good compensation plans, have a salutary effect on employees.
- The fundamental methods of compensating the workers are time wage and piece wage.
- The elements selected for rating purposes should be easily explainable in terms and as few in number as will cover the necessary requisites for every job without any overlapping.

6.5 Keywords

Fringe benefits: These are the additional benefits and services that can be provided by a company to its employees in addition to their direct salary.

Job evaluation: It is useful in eliminating many evils to which nearly all systems of wage and salary payments are subjected.

Need-based wage: It is the wage that should enable the worker to provide for himself and for his family not merely the bare necessities of food, clothing and shelter but also include education for children, protection against ill-health.

Ranking method: It is somewhat crude as specific job requirements are not normally analyzed separately. Therefore, in the absence of any yardstick, each rater has his own set of criteria.

Value Added by Manufacture (VAM): It is not the result of the effort of labour alone. Along with labour, capital, technology and management also contribute towards productivity.

Wage policy: It refers to legislation or government action calculated to affect the level or structure of wages or both, for the purpose of attaining specific objectives of social and economic policy.

Notes

Lab Exercise

1. List down the principles of fringe benefits.
2. Write the wage policy in a developing economy for an organization.

6.6 Review Questions

1. What is job evaluation? State its objectives.
2. Explain the advantages and disadvantages of a job evaluation programme.
3. Explain the various methods of a job evaluation programme.
4. What is the factor comparison system of job evaluation? What are its advantages?
5. What do you understand by wage incentives? Which of the two incentive schemes would you recommend for industry?
6. What are the fundamental methods of compensating workers?
7. What are the features of time wage?
8. What are features of piece wage system?
9. What are the essentials of a sound wage incentive plan?
10. What are the broad categories of incentive schemes of wage payments?

Answers to Self Assessment

1. (*b*)	2. (*a*)	3. (*d*)	4. (*d*)
5. (*c*)	6. (*a*)	7. (*b*)	8. (*a*)
9. Minimum wages Act, 1948		10. Industrial Disputes Act, 1947	
11. 1957		12. recommendations	

6.7 Further Readings

Books

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Online link

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Unit 7: Industrial Relations

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Objectives

After studying this unit, you will be able to:

- Define the sound industrial relations system
- Explain the management practices
- Describe the importance and objectives of sound industrial relations
- Describe the SIRS at the national and industry level
- Describe the SIRS at the enterprise level
- Understand some current industrial relations issues

Introduction

The purpose of this unit is, first, to provide an overview of events (some of them external to the industrial relations system) which have influenced, or are influencing the development of industrial relations. Labour relations should be seen as an essential part of management systems and techniques, and not as a discipline or activity apart from management. It then seeks to explain what sound industrial relations and labour relations policy formulation are, and thereafter to underline the importance and objectives of sound industrial relations in the current – and to some extent in the future context. It next examines the role of various systems and mechanisms at different levels (national/industry/enterprise) as well as their contribution to promoting sound industrial relations. It also attempts to identify some of the elements which may generally be regarded as features of a good industrial relations system. It is not suggested that all these elements should co-exist in a system for it to qualify as a sound one, but rather it is intended to point out available options which can help to transform a conflictual system into a more cooperative one.

7.1 Management Practices

Changes in labour relations within an organization are often affected by management practices. Therefore attitudes towards industrial relations should be understood in the background of theories and practices relating to the management of enterprises and organizational behaviour. It is useful to note two important and diametrically opposite theories about management. The first and earlier theory is to be found in the scientific management school which viewed the worker as a mere cog in the organizational structure.

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Since, according to Taylor, the worker does not possess creative ability let alone intelligence and wisdom, the elements of a human-oriented management system which promotes sound industrial relations such as communication, consultation and participation, found no place in the theory. The hallmarks of organizations based on this model are centralized and clear lines of authority, a high degree of specialization, a distinct division of labour, and numerous rules pertaining to authority and responsibility, and close supervision. This concept of management can be seen as an ideal breeding ground for an industrial relations system based on conflict rather than on cooperation.

The opposite theory, appropriately styled the human relations school, had as one of its earliest and greatest exponents, Douglas McGregor. He gave an impetus to the development of a management theory which focused on the human being as a part of an enterprise that, in turn, was viewed as a biological system, rather than as a machine. Human relations, trust, delegation of authority, etc. were some of the features of this theory. In the preface to his classic *The Human Side of Enterprise*, Douglas McGregor, underlined the necessity to learn about the utilization of talent about the creation of an organizational climate conducive to human growth. This volume is an attempt to substantiate the thesis that the human side of enterprise is all of a piece that the theoretical assumptions management holds about controlling. Its human resources determine the whole character of the enterprise. They also determine the quality of its successive generations of management.

Two basic realities of an organization in McGregor's model is the dependence of every manager on people under him and the potential of people to be developed to match organizational goals. He, therefore postulated that people are not by nature resistant to change in an organization, and that people have the potential to be developed and to shoulder responsibility. As such, management's main task is to organize business in such a way as to match people's goals with organizational ones. McGregor believed that the dynamism for organizational growth is found in the employees of the organization. It could be said that in McGregor's Theory Y (as it is called) is to be found the essence of human-oriented management and workplace industrial relations systems. The events noted in the succeeding paragraphs which are compelling enterprises to pay greater attention to the human factor in management, serve to vindicate McGregor's basic theory propounded as far back as 1960, if not earlier.

However, subject to exceptions (such as Japan in Asia) most large enterprises continued to be dominated by hierarchies. This is reflected in the classic "*Strategy, Structure, Systems*" (the three Ss) of modern corporations, widely expressed by two writers:

"Structure follows strategy and systems support structure. Few aphorisms have penetrated western business thinking as deeply as these two. Not only do they influence the architecture of today's largest corporations but they also define the role that top corporate managers play."

As explained by Bartlett and Ghoshal, "in this concept of an enterprise top level managers see themselves as the designers of strategy, the architects of structure, and the managers of systems. The impact of the three S's was to create a management system which minimized the idiosyncrasies of human behaviour, emphasized discipline, focus and control, and led to the view that people were "replaceable parts".

The basic flaw - particularly in the context of today's globalized environment of this concept is that it stifled the scarcest resource available to an enterprise: The knowledge, creativity and skills of people. Successful enterprises have now moved away from this corporate design, and their philosophy, which has transformed corporations enabling them to compete in the new competitive environment, consists of the following:

First, they place less emphasis on following a clear strategic plan than on building a rich, engaging corporate purpose. Next, they focus less on formal structural design and more on effective management processes. Finally, they are less concerned with controlling employees'

behaviour than with developing their capabilities and broadening their perspectives. In sum, they have moved beyond the old doctrine of strategy, structure, and systems to a softer, more organic model built on the development of purpose, process, and people.

Those enterprises which have effected a successful transformation to a more 'people focused' organization recognize that the information necessary to formulate strategy is with their frontline people, who know what is actually going on, whether it be in the marketplace or on the shop floor. The chief executive officer, for instance, can no longer be the chief architect of strategy without the involvement of those much lower down in the hierarchy.

How do these developments relate to enterprise level labour relations? In essence, they heighten the importance of the basic concepts of information sharing, consultation and two-way communication. The effectiveness of the procedures and systems which are established for better information flow, understanding and, where possible, consensus building, is critical today to the successful management of enterprises and for achieving competitiveness. As such, the basic ingredients of sound enterprise level labour relations are inseparable from some of the essentials for managing an enterprise in today's globalized environment. These developments have had an impact on ways of motivating workers, and on the hierarchy of organizations. They are reducing layers of management thus facilitating improved communication. Management today is more an activity rather than a badge of status or class within an organization, and this change provides it with a wider professional base.

The present trend in labour relations and human resource management is to place greater emphasis on employee involvement, harmonious employer-employee relations and mechanisms, and on practices which promote them. One of the important consequences of globalization and intense competition has been the pressure on firms to be flexible. Enterprises have sought to achieve this in two ways. First, through technology and a much wider worker skills base than before in order to enhance capacity to adapt to market changes. Second, by introducing a range of employee involvement schemes with a view to increasing labour-management cooperation at the shop floor level, necessary to achieve product and process innovation. Achieving flexibility does not depend on the absence of unions. Organization flexibility depends upon trust between labour and management. It implies that workers are willing to forego efforts to establish and enforce individually or through collective action substantive work rules that fix the allocation of work, transfer among jobs, and workloads. Organizational flexibility also implies that workers are willing to disclose their proprietary knowledge in order to increase labour productivity and the firm's capacity for innovation.

Traditional assumptions that efficiency is achieved through managerial control, technology and allocation of resources have given way to the view that efficiency is the result of greater involvement of employees in their jobs, teams and the enterprise. Organizations which have made this shift tend to reflect the following characteristics: Few hierarchical levels; wide spans of control; continuous staff development; self managing work teams; job rotation; commitment to quality; information sharing; pay systems which cater to performance rewards and not only payment for the job; generation of high performance expectations; a common corporate vision; and participative leadership styles. It hardly requires emphasis that achieving most of these requires training. In Asia too there is a keen awareness in the business community that radical changes are necessary to sustain Asia's dynamic growth.

The earlier generation's recipe for success hinged on hard work, smart moves, the right business and political connections, monopolies, protectionist barriers, subsidies, access to cheap funds and, in many cases, autocratic leadership and a docile labour force. The global village is this system's nemesis. The new Global-Asian manager has to exercise greater levels of leadership than before, and balance this with being an entrepreneur, modern manager and deal-maker skilled at public relations. To this has to be added coaching, team-building and motivating the company, the ability to visualize, plan strategically, market and re-engineer

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products and services, and the belief in a customer driven culture. None of these shifts is feasible without a substantial change in traditional modes of dealing with people in an enterprise.

Caution

Labour relations should be seen as an essential part of management systems and techniques, and not as a discipline or activity apart from management.

7.1.1 Industrial Relations: Theories and Attitudes

At its inception, the labour market was dominated by the classical economics view which espoused free and unregulated labour markets. This laissez-faire capitalism led to social injustices and inequities since labour did not have the power to bargain with employers on terms which even approached a degree of equality in bargaining strength. Industrial relations, therefore, initially came to espouse a degree of labour market regulation to correct this unequal bargaining power. Consequently, industrial relations developed in the context of the theory that problems in labour relations emanate largely from market imperfections which operate against the interests of labour and cause imbalances in the power relationships of employers and employees. These imperfections were external to the enterprise. Additionally, the dominant position of the employer in what was formerly called the "master and servant" relationship prevented labour from enjoying rights. These causes for labour problems external and internal to the enterprise - needed to be addressed through a range of initiatives, both by the State through protective labour laws, conciliation and dispute settlement machinery, by voluntary action on the part of employees to protect themselves and further their interests through trade unionism (but backed by State interventions to guarantee this right in the form of freedom of association), and by redressing the balance of power (through collective bargaining).

The focus on relations external to the enterprise, especially through national and industry level collective bargaining was initially welcomed even by employers in several industrialized countries because it reduced competitive advantage based on labour costs. Besides, collective bargaining in particular transferred one of the most conflictual aspects of the employment relationship - wages - out of the workplace, and made it the responsibility of the respective representatives of employers and employees. Unions naturally welcomed it as it gave them an influential base outside the workplace. When 'transferred' to developing countries, this concept sometimes had disastrous consequences because it facilitated the politicization of unions. Moreover, the workability of a system of industrial relations in which the emphasis was on decisions outside the enterprise presupposes a high degree of literacy, education and awareness among employees able to monitor the actions of their representatives operating at a level a removed from the workplace.

However, regulation of the external labour market did not necessarily address all the causes of labour problems. A more pluralistic view recognized that labour problems or issues do not relate only to conflict between employers and employees. They include many other forms of problems such as low productivity, absenteeism, high labour turnover, lack of job security, unsatisfactory or unsafe working conditions, non-recognition of performance in standardized wage systems, and lack of motivation. Many of these problems cannot be addressed through measures directed purely at the external labour market, and require measures to be taken within the enterprise. Therefore another view, emanating from human resource management and increasingly important since the 1980s, is that labour problems arise not so much from factors external to the enterprise, as from unsatisfactory management of human resources within the enterprise. Corrective action should include the installation of human resource management policies and practices embodied in concepts such as recruitment and selection, leadership and motivation, employee development and retention, etc.

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The objective is to ensure a convergence of organizational and individual goals, and to balance individual and organizational needs. With the pressures on enterprises to adapt and change, it is not surprising that employers are pushing for greater concentration on issues at the enterprise level. In the final analysis, the quality of an industrial relations system has to be judged by how it works in practice - and that means at the workplace level. This relative neglect provided the space for the rise of human resource management. Neither view is entirely correct or entirely incorrect, because industrial relations problems do flow from circumstances both external and internal to the enterprise. The problem is that there has been overemphasis on the environment external to the enterprise, so that inadequate attention has been paid to the policies and practices needed within the enterprise. As a result, we may have lost sight of the fact that in the final analysis, sound labour relations have to be built up from within an organization. The environment external to the enterprise should be facilitative, and at times "protective" in the sense that it needs to prescribe certain basic standards relating to such areas as social security, safety and health, freedom of association, weekly and other holidays and rest periods, etc. In more recent times industrial relations has been influenced by other social sciences such as organizational psychology and behaviour. Traditionally, economics and law were two main influences on industrial relations, which led to a concentration on macro level industrial relations, and therefore on unions, government and collective bargaining. Organizational behaviour has been influenced by psychology which centres on the individual, and by social psychology which focuses on relationships between people and on group behaviour. It is easy to see, therefore, why human resource management has been influenced by organizational behaviour. Paradoxically industrial relations, though dealing with relation, has until recently largely ignored the social sciences relevant to behaviour and human relations. While labour problems are the result of imperfections in the employment relationship, industrial relations should be seen as the theories and methods which have been developed over time to address and correct these problems, in both the external and internal labour markets.

During the past decades labour relations was viewed by governments as a means of preventing or minimizing conflict. In South and South East Asia this objective was achieved through dispute prevention and settlement mechanisms external to the enterprise (e.g. conciliation, arbitration and labour courts). In South Asia the objective was also achieved through restrictions or prohibitions on the freedom of action of employers in matters such as termination of employment, closures and even transfers of employees. On the other hand, several South-East Asian countries resorted to measures to restrict trade union action and to control unions, as well as to avoid union multiplicity. While in South Asia the focus of industrial relations was on equity from the point of view of workers and unions, in South-East Asia, the emphasis was on economic efficiency and less on worker protection laws. Low unionization in many Asian countries, strong governments in South-East Asian countries and South Korea, and perceptions that unions could be potential obstacles to the direction of economic development led to a relative neglect of industrial relations. Moreover, hierarchical management systems and respect for authority, which have mirrored the external social system, have been inconsistent with consultation, two-way communication, and even with the concept of negotiating the employment relationship. Japan, however, was an exception where, since the 1960s, workplace relations and flexibility facilitated by enterprise unionism dominated industrial relations in the larger enterprises. Australia and New Zealand continued to focus on centralized industrial relations, though the emphasis has radically changed in New Zealand during this decade, and is changing in Australia. But major changes are taking place in Asia. Employers as well as some governments are viewing labour relations from a more strategic perspective i.e. how labour relations can contribute to and promote workplace cooperation, flexibility, productivity and competitiveness. It is increasingly appreciated that how people are managed impact on an enterprise's productivity and quality of goods and services, labour costs, quality of the workforce and its motivation, and on the prevention of disputes as well as on aligning employee aspirations with enterprise objectives.

Notes

7.1.2 International Factors

The establishment of a sound or harmonious industrial relations system is a central theme for governments, employers, workers and their representatives, in their endeavours to achieve economic and social development. Several changes on the international scene presently exert a major influence on how industrial relations need to be viewed.

The internationalization of business, intense competition and rapid changes in technology, products and markets has increased the need for economies and enterprises to remain or become competitive. These trends have in turn necessitated a greater reliance than before on workers' skills, productivity and cooperation in achieving competitiveness.

The new information technology, the limits of which are not known in terms of its potential to effect change, is exerting a tremendous impact on the structure of organizations, the nature of work and the way it is organized, and even on the location where work is performed. In societies of the future information and knowledge will be - as in fact they already are- crucial to competitiveness. Technology is already facilitating changes in organizational structures so as to create flatter organizations. This has resulted in less management by command and supervision, in more emphasis on cooperation, information-sharing and communication and in a more participative approach to managing people. Modern technology now makes it possible for aspects of work to be performed outside the enterprise, for example from home, and even outside national borders, and this trend is being given a further push by the influx of more females into employment and their preference in some cases, for part-time work. Developing countries are also feel the impact of these changes.

Many countries are undergoing a process of industrial restructuring which, in some cases, include privatization of public sector undertakings and technology upgrading. This process has resulted in several social consequences such as redundancy, all of which have sometimes strained the relationships between employers and workers (and unions) and between the latter and the government.

Another feature is the changes occurring in the workforces, to varying degrees, in both industrialized market economies and developing economies. Many countries have witnessed the emergence of workforces with higher levels of education and skills which need to be managed in a manner different from the way in which employees, especially blue collar employees, have hitherto been managed. This factor will assume more critical proportions in the future as a result of the increasing importance of the service sector and the growth of knowledge-intensive industries. The skills of an employee are, therefore, an issue on which the interests of employers and employees converge, and the "development" of the employee is now of mutual advantage to both employers and employees. Consequently, there is a greater need than before for a cooperative and participative system of industrial relations. Further, the many emerging work arrangements do not fit into the traditional employment relationships. Increasing numbers of enterprises are differentiating between the core and peripheral workforce, which consists of those whose work, can be performed by persons outside the enterprise who specialize in it. The tendency is to contract with outsiders to perform this work. Even manufacturing companies are becoming essentially assembly firms, and many service organizations now act as brokers, "connecting the customer with a supplier with some intervening advice". Another category of employees consists of the increasing number of temporary and part-time employees in the rapidly expanding service industries, some of which experience peak periods (hotels, airlines, shops) requiring a flexible labour force. Thus, instead of one workforce, we are moving towards these various groups, each with different contractual arrangements and requiring to be managed differently. The indications are that at the beginning of the next century less than half the workforce in industrialized countries will be in full-time employment as we know it. These trends will not be confined to the highly industrialized countries, but will appear in the fast growing economies of Asia as costs rise, competitiveness increases, and more women participation in economic activity.

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The role of unions is changing. During the cold war, political considerations sometimes dominated or influenced union activities, attitudes and their role, especially in some of the developing countries. Unions are now gradually concentrating more on their traditional role in industrial relations, which is to improve the working conditions of their members and to protect their interests through negotiation.

As a result of intense competition for goods and services and the recognition of the enterprise as an important engine of growth to an extent unknown in the past, the centre of gravity of industrial relations is now more than ever before the workplace and managing human resources is now receiving the attention it should have been given much earlier.

Did u know?

The origin of the adaptive management concept can be traced back to ideas of scientific management pioneered by Frederick Taylor in the early 1900s. While the term 'adaptive management' evolved in natural resource management workshops through decision makers, managers and scientists focusing on building simulation models to uncover key assumptions and uncertainties.

Task

Perform a survey on management practices and its factors and generate a report on it.

7.2 The Importance and Objectives of Sound Industrial Relations

7.2.1 Sound Industrial Relations System

A sound industrial relations system is not capable of precise definition. Every industrial relations system has to take into account, and reflect cultural factors. Systems cannot change culture, but only behaviour within a cultural environment. As such, one can only describe some of the elements which have generally come to be recognized as contributing to a sound industrial relations system. These elements would constitute a sort of check-list. A relatively sound industrial relations system will exhibit some of these elements.

A sound industrial relations system is one in which relationship between management and employees (and their representatives) on the one hand, and between them and the State on the other, are more harmonious and cooperative than conflictual and creates an environment conducive to economic efficiency and the motivation, productivity and development of the employee and generates employee loyalty and mutual trust. Industrial relations itself may again be described as being concerned with the rules, processes and mechanisms (and the results emanating therefore) through which the relationship between employers and employees and their respective representatives, as well as between them on the one hand and the State and its agencies on the other, is regulated. Industrial relations seek to balance the economic efficiency of organizations with equity, justice and the development of the individual, to find ways of avoiding, minimizing and resolving disputes and conflict and to promote harmonious relations between and among the actors directly involved, and society as a whole. The rules, processes and mechanisms of an industrial relations system are found in sources such as laws (legislative, judicial, quasi-judicial), practices, customs, agreements and arrangements arrived at through a bipartite or tripartite process or through prescription by the State.

Industrial relations operate at different levels—at the national level, at the level of the industry and at the enterprise level. The elements which reflect a sound industrial relations

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system at all these levels are not necessarily the same. At the national level, industrial relations operates so as to formulate labour relations policy. In market economies this is usually done through a tripartite process involving government, employers and workers and their representative organizations. At the industry level, industrial relations often takes the form of collective bargaining between employers' organizations and unions. This process may result in determining wages and other terms and conditions of employment for an industry or sector. It may also result in arrangements on issues which are of mutual concern such as training, ways of avoiding or settling disputes, etc. At the enterprise level, the relationship between employers and workers is more direct, but the interests of workers may be represented by unions. Employers' organizations, however, are not usually involved (though sometimes they are when negotiations take place between them and unions in respect of enterprise issues) at the enterprise level in representing the employers interests with workers or their union, but this does not mean that they do not have an important promotional role at this level. Sound industrial relations at the national level build trust and confidence between representatives of workers and employers. Sound relations at the enterprise level build trust and confidence between workers and management, which is the point at which the system must ultimately be effective. Effectiveness at one level would naturally have same impact on the other.

7.2.2 Requirements of Sound Industrial Relations System

A sound industrial relations system requires a Labour Management Relations Policy (LMRP). There are many specific objectives of such a policy, all of which go to make up the policy at the national level. The following are some of the objectives, the emphasis varying from country to country depending on the priorities and stage of development of each of them at any given point of time:

- Employment and job security and increased employment opportunities.
- Raising living standards through improved terms and conditions of employment.
- Productivity improvement which enables employers to be more competitive and to increase their financial capacity to raise the living standards of the employees.
- Minimizing conflict, achieving harmonious relations, resolving conflicts through peaceful means and establishing stable social relationships.

In Western industrialized societies, "harmony" and "harmonious relations" are not explicitly referred to either as an objective or as a means, though basically it represents an important objective in such societies. However, this concept is explicitly referred to in many Asian societies. Development has an economic and social dimension on the one hand and a cultural dimension on the other. The economic and social aspects involve guiding or influencing economic and social change in a desirable direction. This means not only economic development measured in terms of growth rates and per capita incomes, but also equity in terms of income distribution and employment opportunities, life expectancy, population growth rates, literacy, poverty alleviation, etc. It is one of the least advertised, and for the very affluent the least attractive, of economic truths that a reasonably equitable distribution of income throughout the society is highly functional.

A sound industrial relations climate in an enterprise is essential to a number of issues which are critical to employers, employees and the community. The efficient production of goods and services depends to an extent on the existence of a harmonious industrial relations climate. Efficiency and quality depend on a motivated workforce, for which a sound industrial relations climate is necessary. Productivity—a key consideration of profitability, the ability of enterprises to grant better terms and conditions of employment and for economic and social development - needs a sound labour relations base. Productivity does not depend on individual effort alone. Many mechanisms which contribute towards productivity gains are workable only where there is teamwork and cooperation e.g. small group activities, joint

consultation mechanisms etc. Therefore labour management relations should be geared to creating the climate appropriate to securing the cooperation necessary for productivity growth. Labour Management Relations (LMR) and Labour Management Cooperation (LMC) are also important to create a culture which is oriented towards innovation, adaptable to and encourages change, where authority is decentralized and two-way communication, risk-taking and maximizing opportunities are encouraged, and where the output rather than the process is what matters. Changing attitudes, awareness and behaviour to move from a counter productivity to a productivity culture requires the appropriate labour management relations climate based on labour management cooperation.

The experience of countries and regions which have good productivity records underlines the link between labour management relations and productivity. For example, the Japanese productivity movement which began in the 1950s emphasized employment security and this fact did much to secure acceptance by unions of the productivity movement at that time. The Japan Productivity Centre, which was supported by the government, reached agreement with the national labour organization and employers on the following matters:

- In the long-term, productivity increases employment security. Therefore redundant workers should be relocated by the employer.
- Concrete measures to enhance productivity should be decided through labour management consultation which will be promoted.
- Productivity gains should be distributed fairly among management, employees and customers.

Similar principles were recognized by the productivity movement in Europe. The underlying theme here relevant to the present discussion is that all three principles mentioned above form a part of labour management relations and cooperation.

Another important link between labour management relations and productivity has arisen in the context of recent events in many societies and major changes in industrial relations such as the move towards labour market flexibility. The latter involves the need for employers to adopt, in the interests of competitiveness, new working time and work arrangements, atypical contracts of employment, new methods of pay and remuneration, and control over the size of the labour force. These developments have partly resulted from intense competition, new technologies, shorter product life and so on, all of which require flexibility in the use of resources if an enterprise is to remain productive and competitive. These changes are more likely to achieve the objectives of increased productivity, if they are introduced through cooperation and consensus at the enterprise level. Therefore labour management relations and cooperation have a vital role to play in achieving, with the least possible conflict, the changes of the type referred to above which are critical to productivity and competitiveness in the modern enterprise.

7.2.3 Sound Labour Management Relations System

A sound labour management relations system is important to the removal of one of the main objection of workers and unions to productivity drives by employers. Productivity increases have sometimes been opposed by workers and unions on the grounds that they do not result in equitable sharing of benefits to workers and that increased productivity may lead to redundancy. Developing understanding of basic productivity concepts and of the methods of increasing productivity, as, well as of the formulation of equitable productivity gain-sharing schemes help to dispel such suspicions. This task is easier where there are mechanisms which provide for dialogue and two-way communication between management and workers. Labour management relations therefore play a crucial role in securing acceptance by workers and unions of the need for productivity improvement, and also in obtaining their commitment to achieving it.

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Cooperation between management and workers or unions facilitates not only a settlement of disputes or disagreements but also the avoidance of disputes which may otherwise arise. At the industry level the relationship between employers' organizations and representatives of workers is a precondition to collective bargaining. Where collective bargaining takes place at the enterprise level, management workers/union relations determine to a great extent the success or otherwise of collective bargaining. At the national level a good relationship between representatives of employers and workers enables them to effectively participate in labour-management relations policy formulation and to arrive at a consensus.

The importance of cooperation in industrial relations and the stability achieved through it to gain economic competitiveness are well illustrated by Germany and Japan. Writing at the end of the 1980's, Wolfang Streek stated: "Despite its relatively small population, West Germany is still the world's largest exporter of manufactured goods, ahead of both Japan and the United States. Among the larger economies, the West German is, more than any other, exposed to world market pressures. It is only against this background that the high degree of stability and mutual cooperation in West German industrial relations can be understood, and it is this stability and cooperation that has in the past accounted for part of the country's competitive success in world markets".

This cooperation is reflected in Germany's system of collective bargaining (which has often shown wage restraint), in the system of co-determination, and in the vocational training system to which employers and unions have made a substantial contribution, thus ensuring a highly skilled workforce producing goods of the highest quality attractive to the global marketplace. While this cooperation does not imply an absence of conflict, yet when conflict occurs it has usually been resolved through compromise solutions. The participative management system also explains the relatively easy acceptance by German workers of technological change.

In a broad sense, therefore, Labour Management Relations Policy Formulation (LMRP) should aim at achieving social justice through a process of consensus by negotiation so as to avert adverse political, social and economic consequences. Labour relations reflect the power structure in society, and it emphasizes negotiation and reconciliation by peaceful means of the interests of government, workers and employers who are the main participants in the system. Consensus enables the policy formulated to be implemented with the minimum of conflict as it has the support of all three parties. This is in fact reflected in the ILO's principle of tripartism. In the final analysis, labour management relations policy seeks to achieve development through establishing conditions which are fairer, more stable and more peaceful than they are at any given moment of time. Labour management relations policy also seeks to achieve an acceptable balance between labour and management, necessary for a negotiated development strategy and the establishment or preservation of a society which is essentially pluralist.

Did u know?

Industrial relations have its roots in the industrial revolution which created the modern employment relationship by spawning free labour markets and large-scale industrial organizations with thousands of wage workers.

7.3 Sound Industrial Relations System at the National and Industry Level

Labour management relations policy formulation is one of the significant tasks at the national level, and its successful formulation and implementation can influence the labour relations climate at the industry and enterprise levels. Such policy formulation, however, can

be formulated not only at the national level through a tripartite process, but also at the industry level on a bipartite basis as between employers' and workers' organizations. Whether bipartite policy formulation becomes a part of national policy depends largely on the respective strengths of employers' and workers' organizations. In some of the industrialized market economies there is a greater likelihood than in developing countries of bipartite policy formulations being reflected in national policies due to the strength of the employers' and workers' organizations. In Sweden, for instance, in the past, the agreements between the union and the employers' organization tend to be translated into national policy instruments. The policies and methods of training of workers reflected what the two social partners had identified as appropriate for the industry. Or again, in Belgium the State recognizes the two social partners as the main formulators of social policy through collective bargaining; even the social security system is managed by the two social partners. The pervasive influence of bipartite arrangements is felt only where there is a 'balance of power' between the social partners. There is less likelihood of bipartism impacting on national policy formulation in developing countries due to strong central governments in many cases, and their assumption of the role of identifying the direction of economic and social policies. The relative weakness of employers' and workers' organizations or of one of them, or the inability of such organizations to agree on the fundamentals of what the labour relations policy should be, often prevents bipartism from influencing national policy formulation.

7.3.1 Freedom of Association

The fundamental premise of a sound industrial relations system is the recognition and existence of the freedom of association accorded to both employers and workers. This freedom should include recognition of organizations of workers and employers as autonomous, independent bodies, subject neither to their domination by each other or by the government. Observance by states of the basic principles of the ILO Convention relating to Freedom of Association and Protection of the Right to Organize No. 87 (1948) is often regarded as the yardstick by which a country's recognition of this freedom is measured.

In essence, the Convention postulates that workers and employers, without distinction whatsoever, have the right to establish and to join organizations of their own choosing with a view to defending their respective interests, subject to national legislation which determines the extent to which the guarantees in the Convention will apply to the armed forces and the police. Such organizations have the right to draw up their own constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programmes. Public authorities are required to refrain from any interference which would restrict this right or impede the lawful exercise of this right. The organizations are not liable to be dissolved or suspended by administrative authority. Organizations have the right to establish and to join federations and confederations which are entitled to the same rights and guarantees, and to affiliate with international organizations. The acquisition of legal personality by these organizations shall not be subject to restrictive conditions. In exercising the rights provided for in the Convention, employers and workers and their respective organizations are required to respect the law of the land, which should not impair the guarantees in the Convention both in respect of its content and its application.

7.3.2 Tripartism and Labour Policy Formulation

Tripartism is the process through which the foundation for a sound industrial relations system can be laid at the national level. Ideally, tripartism is the process where by the government, the most representative workers' and employers' organizations as independent and equal partners, consult with each other on labour market and related issues which are within their spheres of competence, and jointly formulate and implement national policies on such issues. However, this ideal situation is seldom reflected in practice, especially in developing countries or in societies with fairly authoritarian governments which believe

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that the direction of economic and social development is largely their responsibility. A more realistic model where developing countries are concerned is one in which a government consults the most representative employers' and workers' organizations on labour market and related issues which are within their spheres of competence, and takes account of their views in national policy formulation and its implementation.

There are many examples of tripartite mechanisms at the national level, as well as informal applications of tripartism. In many countries there are minimum wage fixing bodies which reflect the participation of all three parties, often leading to a consensus on minimum wages, and sometimes on other minimum terms of employment. In some countries (as in Australia in recent years), agreements are reached at the national level among the three partners after a process of bargaining on important social policy issues. The principles agreed upon in the 1950s in Japan as a forerunner to its productivity movement did much towards assisting that country's productivity growth. In Japan, the Industry and Labour Conference has been a major form of cooperation at the national level, and consultative mechanisms (both tripartite and bipartite) exist at the industry level. In Singapore the National Productivity Board is a tripartite body, and is credited with much of the success in productivity improvement there. Tripartite participation in Singapore's National Wage Council has avoided a potential conflict on wages. The introduction of a flexible wage system in Singapore was made possible by a tripartite approach towards reaching a consensus on the issue in the late 1980s.

At the national level the mechanisms and procedures could be either formal and institutionalized, or else informal and ad hoc. Where the labour administration system consults, on an ad hoc basis, workers' and employers' organizations on subjects falling within their purview. It represents a method of policy formulation on labour management relations. Sometimes these consultations may take place between the two social partners and other public authorities. For instance, a finance ministry may consult the social partners on an issue relating to wage policy.

National level policy formulation can take place through institutions which provide for periodic tripartite discussion and consultation. There are also examples of institutions with functions limited to a particular subject matter such as training, social security, minimum wages (for instance minimum wage fixing bodies), safety, and health. Such specialized bodies may even cover collective bargaining, as in the case of the Singapore National Wage Council created in 1972, which was empowered to issue annual guidelines to coordinate collective bargaining with overall economic policy so as to ensure that wages remain consistent with economic development.

Labour management relations policy formulation may takes place and be reflected in basic agreements or codes or industrial relations charters in which all three parties in the labour relations system have participated. Some such agreements may be bipartite, and may cover a variety of subjects including principles and procedures of labour relations such as freedom of association, trade union recognition, collective bargaining, labour-management cooperation mechanisms, procedures for the prevention and settlement of disputes, etc. The 1983 Australian national consensus (Accord) and the succeeding Accords on economic questions among the government, trade unions and employers contributed towards increased employment and profits, and a reduction in the days lost on account of strikes. Other examples include the agreements negotiated by the Tripartite Labour Conference in India (in particular the Code of Discipline of 1958), the Code of Practice for Industrial Harmony, the Code of Practice for the Promotion of Labour Relations (Thailand 1981), the Pancasila Labour Relations and the labour policies resulting from tripartite consultations in Pakistan. Referring to the failure to implement some of these last mentioned arrangements, J. Schregle points out:

"However, failure in practical implementation is not necessarily a valid argument against the concept as such of basic agreements or negotiated industrial relations charters or codes of conduct. The very idea of reaching agreement on these matters between the social partners is in line with a forward-looking tripartite approach to labour relations. The alternative is

legislation and increased government intervention, a proposition to which most employers, and also many trade unions, in the region would object as a matter of principle. So the only remedy is to improve the practical application of basic agreements by delegating more power and authority to the central bodies of employers' and workers' organizations."

The desire to formulate and practice a tripartite approach to the solution of social policy issues depends very much on the existence of a value system in a society which underpins the whole system, and reflects an acceptance of the principles of cooperation, consultation and, most important, pluralism. Such a value system generally operates in the industrialized market economies. In societies where a tradition of democracy is absent so is tripartism, or else it tends to be a cosmetic exercise.

The contribution which tripartism can make to the establishment of a sound industrial relations system can hardly be over-emphasized. Tripartism's rationale is to be found in the principle of democracy, the essence of which is a sharing or diffusion of power flowing from the encouragement or recognition of various pressure groups in a society as an effective safeguard against the centralization of power. It has been aptly remarked that "every source of independent power in a democracy is part of its strength, so long as it can be guided to seek its outlet through the democratic political system". Tripartism as a process is a part of a pluralistic outlook on society through which stability is maintained, freedom of association being the sine qua non, because without the right of association the interest groups in a society cannot function effectively. As expressed by H.A. Clegg, "Pluralism's theme is that men associate together to further their common interests and desires; their associations exert pressure on each other and on the government; the concessions which follow help to bind society together; thereafter stability is maintained by further concessions and adjustments as new associations emerge and power shifts from one group to another."

Acceptance of the principle of sharing power entails recognition of the fact that capital and labour represent two important pressure groups in society, if for no other reason than that both of them taken together are the principal providers of goods and services and wealth-creators in a market economy.

Did u know?

Tripartism, the provision on tripartism as state policy was not originally contained in the Labor Code when it was first adopted in 1974. It was only a sometime later, through Presidential Decree No. 850, which took effect on December 16, 1975, that the Labor Code categorically adopted tripartism as a state policy.

7.3.3 The Role of the Law

Industrial relations systems are founded on a framework of labour law which exerts an influence on the nature of the industrial relations system. However, recourse to the law and its potential to influence the resulting industrial relations system may sometimes be over-emphasized. It is useful, therefore, to examine, from three points of view, the role of the law in influencing an industrial relations system what its objectives should be and the areas it should cover, as well as what the law cannot achieve.

In any working situation people need to cooperate with each other if there is to be maximum gain to themselves, to management and to society as a whole. Cooperation, however, is not easily obtained as people working together have conflicting interests. Employees are primarily concerned with the security of their jobs and what they can earn, and the employer with what he can produce as cheapor as possible to obtain the maximum profit. When these conflicting interests have taken definite form and shape, the State has often stepped into protect some of these interests through legal control. Labour law has amply demonstrated the sociological theory that "Law is a social institution which seeks to balance conflicting interests and to

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satisfy as many claims as possible with the minimum of friction. Since the law must necessarily determine those interests which most urgently require protection over and above other interests, those of labour, where they lack self-reliance, have invariably formed a significant class of interests which the law protects. Hence, especially in some developing countries, the legal rules of an industrial relations system have been judged to some extent by the degree to which they further this end".

The three main functions of the law in an industrial relations system have been described as auxiliary, regulatory and restrictive. The first function is the support it gives to the autonomous system of collective bargaining, its operation and observance of agreements. The second function is one of providing a set of rules governing the terms and conditions of employment and supplementing those created by the parties themselves. The greater the coverage by collective bargaining, the less will be the regulatory function of the law. The third function prescribes what is permitted or forbidden in industrial conflict with a view to protecting the parties from each other, and the public from both of them.

One major objective of labour law is to create the legal framework which is necessary for employers, workers and their organizations to function effectively and as autonomous groups in the industrial relations system. Hence the law should protect the freedom of association so that the two parties are accorded the protections and guarantees found in the ILO Convention on the Freedom of Association and Protection of the Right to Organize No. 87 (1948). Since one of the major purposes of such association is to enable workers and employers to protect and further their interests, the law should also provide the legal framework needed to promote collective bargaining. In this connection the ILO Convention on the Right to Organize and Collective Bargaining No. 98 (1949) would provide the necessary basis for such legislation.

A second important function of labour law is to prescribe the minimum terms and conditions of employment which should be observed by employers in the course of conducting business. Therefore, the legal system often contains provisions stipulating the minimum conditions which must be observed in areas such as compensation for industrial accidents, social security, safety and health in enterprises, the minimum age of employment. Some countries may consider it appropriate to prescribe minimum wages. The basic rules to be followed in terminating employment may be another area of the employment relationship which would need to be covered by minimum standards. Methods for settling disputes, both individual and collective, through institutions such as labour courts, arbitration and conciliation systems, have not been an uncommon feature of State intervention through the law.

A third and more general role for the law in industrial relations is as an instrument of social change. The law does not always merely or solely reflect contemporary thinking in society and does not necessarily lag behind social and other values. It sometimes anticipates them and can, on occasion, be employed to fashion new ideas and to effect changes in behaviour. It is not always possible to leave crucial and complex social issues to be solved through purely voluntary action such as collective bargaining. Sometimes, especially in developing countries, the absence of strong and independent trade unions reduces the effectiveness and role of voluntary action, and necessitates greater regulation through legal prescription. In such situations desirable measures such as remedies for unfair dismissal, protection against acts of anti-union discrimination, the minimum conditions a contract of employment should conform to, safety requirements, etc., are prescribed by the law. But intervention on this ground should not lead to the introduction of rigidities in the labour market through overregulation.

Legal prescription should be viewed as merely laying down minimum terms and defining the permissible boundaries of action within which the two parties (employers and workers) must operate. Over regulation through law could have adverse consequences on building a sound industrial relations system through voluntary action, and on the competitiveness

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of enterprises. This has been perceived to be so in countries such as India and Sri Lanka, where employers have for some time canvassed for greater flexibility and less legislative control over industrial relations. A plethora of laws makes rapid adaptation to change difficult, and avoidance of laws can be a preoccupation of employers in such circumstances. Over regulation is sometimes based on the misconception that sound industrial relations can be achieved through the law. The creation of harmonious industrial relations needs to be achieved by other, non-legal means; the law cannot 'compel' parties to establish good relations. By way of analogy, in a different field of human relations, the law can prescribe the rules to be followed if people wish to marry. But the law cannot create a happy relationship or marriage. Similarly, harmonious industrial relations can be achieved not primarily through the law but through better human relations and human oriented practices at the enterprise level. Some countries, such as those in South Asia, which have a tradition of a plethora of labour laws, have tended to overlook the fact that if the energy expended by the State in enacting and enforcing a mass of labour laws had been spent in finding ways and means of encouraging mechanisms and systems geared to achieving sound labour relations, better results may have been achieved. In such countries parties tend to look to the law for the solution of what are essentially human relations problems, and creativity and innovation in industrial relations are consequently stifled. As a result, attention is focused more on dispute settlement rather than on dispute prevention, when emphasis on the latter is one way of building a sound industrial relations system.

Statute law is one of the specific means used by the State to condition industrial relations outcomes, and represents the most direct means of State intervention. Statutory regulation of minimum terms and conditions such as minimum wages, working conditions, safety and health, social security and protection become terms and conditions in contracts of employment which must conform to them; they cannot be 'bargained' away. Other statutory provisions may be of a more facilitating nature such as ones which establish the conditions and the environment for collective bargaining (e.g. rights of association, unfair labour practices, and conciliation services); they are no less fundamental and important. Another - and more indirect - method through which the State influences industrial relations is the system of labour courts, tribunals or arbitration, which is a common feature in many countries. Through these institutions the State seeks to dispense equity in the employment relationship, and they may also protect collective interests as in the case of trade union rights. Such institutions have been considered necessary where the normal system of courts does not have the power or jurisdiction to apply equitable principles and to takes into account the realities of the employment relationship, which results in a rather 'legalistic' view of labour relations. The pronouncements of these courts often constitute important limits to the freedom of action of the actors in industrial relations. Still another method of State intervention is through its 'administrative' role, for example, as conciliator or mediator.

Did u know?

Institutionally, industrial relations were founded by John R. Commons when he created the first academic industrial relations program at the University of Wisconsin in 1920.

7.3.4 Collective Bargaining

Collective bargaining may take place at the national, industry or enterprise level. It could be said that collective bargaining is a means of settling issues relating to terms and conditions of employment and has little to do with labour management relations policy formulation. Nevertheless collective bargaining may reflect - sometimes explicitly and at other times implicitly - labour management relations policy e.g., on wage guidelines, termination of employment procedures. It can also be a means of developing policy formulation at the industry level. For instance, arrangements and agreements resulting from collective bargaining

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may provide ways in which wages could be adjusted to meet increase in the cost of living, in which event they will constitute an agreed policy on this issue. They may link a part of wage increase to productivity increase or provide for productivity gain sharing in other ways, in which event they represent policy on aspects of productivity. Methods of dispute settlement would reflect a desire for the peaceful resolution of disputes. In a more general sense, collective bargaining (which has its supporters as well as its critics) is a critical element in pluralism. As Harry Arthur's explains:

"Why does pluralism place collective bargaining at the centre? Because, as adherents and critics agree, in the pluralist vision, labour and management, as autonomous interest groups, can and should jointly fix the rules of employment upon terms which represent an acceptable compromise between their competing interests. But is this process of negotiation and compromise a good in itself? Pluralists believe that it is, although their rationales vary: collective bargaining replicates the processes by which conflict is and should always be resolved in a democracy; it projects democratic values into the workplace; it preserves the autonomy of social forces as against the pervasive influence of the state; it is faithful to - but makes more acceptable by its mobilization of countervailing power - the conventional marketplace techniques of economic ordering in a capitalist economy; it ensures the participation, and thereby the moral commitment, of those most directly concerned with outcomes; it represents a significant advance over abusive and oppressive unilateral employer control."

Collective bargaining, in as much as it promotes democracy at the enterprise as well as at the national and the industry levels (depending at which level collective bargaining takes place), is an important aspect of a sound industrial relations system.

7.3.5 Nature of Collective Bargaining

The ILO Convention No. 98 (1949) relating to the Right to Organize and to Bargain Collectively describes collective bargaining as, "voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by collective agreements."

There are several essential features of collective bargaining, all of which cannot be reflected in a single definition or description. They are as follows:

- It is not equivalent to collective agreements because collective bargaining refers to the process or means, and collective agreements to the possible result, of bargaining. There may therefore be collective bargaining without a collective agreement.
- It is a method used by trade unions to improve the terms and conditions of employment of their members, often on the basis of equalizing them across industries.
- It is a method which restores the unequal bargaining position as between employer and employee.
- Where it leads to an agreement it modifies, rather than replaces, the individual contract of employment, because it does not create the employer-employee relationship.
- The process is bipartite, but in some developing countries the State plays a role in the form of a counciliator where disagreements occur, or may intervene more directly (e.g. by setting wage guidelines) where collective bargaining impinges on government policy.
- Employers have in the past used collective bargaining to reduce competitive edge based on labour costs.

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Some Pre-conditions for Successful Collective Bargaining

A pluralistic outlook involves acceptance within a political system of pressure groups (e.g. religious groups, unions, business associations, political parties and so on) with specific interests with which a government has dialogue with a view to effecting compromises by making concessions. Pluralism implies a process of bargaining between these groups, or between one and more of them on the one hand and the government on the other. It therefore recognizes these groups as the checks and balances which guarantee democracy. It is natural that in labour relations in a pluralist society collective bargaining is recognized as a fundamental tool through which stability is maintained, while freedom of association is the sine qua non without which the interest groups in a society would be unable to function effectively. There can therefore be no meaningful collective bargaining without freedom of association accorded to both employers and employees.

The existence of freedom of association does not necessarily mean that there would automatically be recognition of unions for bargaining purposes. Especially in systems where there is a multiplicity of trade unions, there is a need for predetermined objective criteria operative within the industrial relations system to decide when and how a union should be recognized for collective bargaining purposes. The obvious way would be to recognize the most representative union, but the criteria used to decide it and by whom may differ. It is in some systems determined on the basis of the union needing to have not less than a particular percentage of the workers in the enterprise in its membership. This may be decided by a referendum in the workplace, or by an outside certifying authority (such as a labour department or an independent statutory body), or by reference to "check off". There may be a condition that once certified as the bargaining agent there cannot be a change of agent for a prescribed period (e.g. one or two years) in order to ensure the stability of the process.

Especially in developing countries some of which have a multiplicity of unions, there is sometimes a problem of unions being unable to secure observance of agreements by their members. Where a labour law system provides for sanctions for breaches of agreements, the labour administration authorities may be reluctant to impose sanctions on workers. Where there is frequent non-observance of agreements or understandings reached through the collective bargaining process, the party not in default would lose faith in the process.

Support of the labour administration authorities is necessary for successful collective bargaining, and this implies that they will:

- provide the necessary climate for it, e.g. provide effective conciliation services in the event of a breakdown of the process, and provide the necessary legal framework for it to operate in where necessary;
- not support a party in breach of agreements concluded in consequence of collective bargaining;
- as far as is practicable, secure observance of collective bargaining agreements;
- provide for the settlement of disputes arising from collective bargaining if the parties themselves have not so provided.

It is an obvious condition for successful collective bargaining that both parties bargain in good faith otherwise the process is unlikely to yield positive and enduring results.

Representative and strong unions are necessary to ensure that there is equality in the bargaining positions of the parties and to ensure the observance of agreements. Where the employer is represented by an organization which is the other party to the process, such organization should be similarly effective. Both the management and union should keep their managers and members respectively well informed as a lack of proper communication and information can lead to misunderstandings and even to strikes. Sometimes managers

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and supervisors who are ill-informed may inadvertently mislead the workers who work under them about the current state of negotiations, the management's objectives and so on. In fact, it is necessary to involve managers in deciding on objectives and solutions, and such participation is likely to ensure greater acceptance and therefore better implementation by them.

Advantages of Collective Bargaining

It is sometimes claimed that in non-industrialized countries settlement of wage issues through collective bargaining - especially on a national or industry wise basis - can be an obstacle to a wage policy to promote specific economic objectives because wage rates are not necessarily fixed on criteria designed to promote specific economic and social objectives (other than as compensation for cost of living increases), and that they often tend to reflect the bargaining strength of the parties or the supply and demand conditions of labour. With some exceptions (such as Japan) wage increases through collective bargaining in Asia pay little attention to productivity, individual or group performance and to skills. However, collective bargaining has many advantages which have been claimed for it as a means of resolving differences between management and employees, though it has made little positive contribution to higher productivity and higher earnings by linking pay to performance and skills.

Collective bargaining has the advantage that it settles issues through dialogue and consensus rather than through conflict and confrontation. It differs from arbitration because the latter represents a solution based on a decision of a third party, while arrangements resulting from collective bargaining usually represent the choices or compromises of the parties themselves. Arbitration may invariably displease one party because it usually involves a win/lose situation, and sometimes it may even displease both parties.

Collective bargaining agreements often institutionalize settlement through dialogue. For instance, a collective agreement may provide for methods by which disputes between the parties will be settled. This has the distinct advantage that the parties know beforehand that if they are in disagreement there is an agreed method by which such disagreement may be resolved.

Collective bargaining is a form of participation. Both parties participate in deciding what proportion of the 'cake' is to be shared by the parties entitled to a share. At the end of an agreed term labour again insists on participating in deciding what share of the fruits of their labour should be apportioned to them. Collective bargaining is a form of participation also because it involves a sharing of rule making power between employers and unions, and this has eroded areas which in earlier times were regarded as management prerogatives e.g. transfers, promotion, redundancy, discipline, modernization, production norms. However, in some countries such as Singapore and Malaysia, certain subjects such as promotion, transfer, recruitment, termination of employment on grounds of redundancy or reorganization, dismissal and reinstatement, and assignment of duties within the scope of the contract of employment, are regarded as management prerogatives and outside the scope of collective bargaining. But collective bargaining suffers from the drawback that it seldom deals with how to enlarge the "cake", as the way of increasing the share of each party without eroding competitiveness.

Collective bargaining agreements sometimes renounce or limit the settlement of disputes through trade union action or lock out. Therefore collective bargaining agreements can have the effect of guaranteeing industrial peace for the duration of the agreements, either generally or more usually on matters covered by the agreement.

Collective bargaining is an essential feature in the concept of social partnership towards which labour relations should strive. Social partnership in this context may be described as a partnership between organized employer institutions and organized labour institutions

designed to maintain non-confrontational processes in the settlement of disputes which arise between employers and employees.

Collective bargaining has valuable by-products relevant to the relationship between the two parties. For instance, a long course of successful and bonafide dealings leads to the generation of trust. It contributes towards some measure of understanding by establishing a continuing relationship. Once the relationship of trust and understanding has been established, both parties are more likely to attack problems together rather than each other.

In societies where there is a multiplicity of unions and shifting union loyalties, collective bargaining and consequent agreements tend to stabilize union membership. For instance, where there is collective agreement employees are less likely than otherwise to change union affiliations frequently. This is also of value to employers who are faced with constant changes in union membership and consequent inter-union rivalries, resulting in more disputes in the workplace than otherwise.

Collective bargaining agreements which determine wage rates on a national or industry level, place business competition on a more equal footing as a result of some standardization of the costs of labour. This is probably a less important advantage today in the face of technological innovations and productivity drives.

Perhaps most important of all, collective bargaining usually has the effect of improving industrial relations. This improvement can be at different levels. The dialogue tends to improve relations at the workplace level between workers and the union on the one hand and the employer on the other. It also establishes a productive relationship between the union and the employers' organization where the latter is involved in the process.

As between the employer on the one hand and his employees and union on the other, collective bargaining improves relations for the following reasons or in the following ways:

(i) It requires a continuing dialogue which generally results in better understanding of each other's views.

(ii) Where collective bargaining institutionalizes methods for the settlement of disputes, differences or disputes are less likely to result in trade union action.

(iii) It could lead to cooperation even in areas not covered by collective bargaining arrangements.

As between unions on the one hand and employers' organizations on the other, collective bargaining improves the industrial relations climate in the following ways:

(a) It acts as a means of exerting influence on the employer or the employee, as the case may be, where the unreasonable position of one party results in a deadlock. The employers' organization or the union, as the case may be, has an interest in exerting influence on its respective members; the maintenance of the relationship between the two parties is seen as important to issues well beyond the current dispute. Both parties know that the current dispute is only one of many situations which are likely to arise in the future, and that a good relationship needs to be maintained for the overall benefit of their respective members.

(b) The entry of a union and employers' organization into a dispute facilitates conciliation or mediation. Sometimes one or both parties are able to divorce themselves from the main conflict or from their position as representatives of their members, and mediate with a view to narrowing the differences and finding compromise solutions.

(c) Collective bargaining often leads employers' organizations and trade unions to establish links, and to look for and increase areas of common agreement. This in turn ensures to the benefit of their respective members.

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As between unions and their members, collective bargaining tends to enhance the stability of union membership. Employees, who perceive that their union is able to secure collective bargaining agreements, or obtain concessions through collective bargaining, are less likely to frequently change their union affiliations.

Current Collective Bargaining Trends

In no country can it be said that collective bargaining has been entirely at the industry or enterprise level, since each system has a mix of both, even though not in equal measure. However, industrialized market economies have generally practiced bargaining at the industry level, except in the USA where there has been more bargaining at the plant or enterprise level. Industry level bargaining in the USA has mainly been in specific sectors such as coal, steel, trucking and construction.

During the last decade there has been a move towards more enterprise level bargaining in many countries due to numerous reasons. There has been a decline in union membership in several countries such as the USA, Britain, France, Netherlands and Australia. Increasing unemployment and difficult business conditions have made employers reluctant to commit to wage policies at the industry or national level. The emergence of governments in some industrialized countries more favourably disposed towards private enterprise has resulted in allowing market forces to operate, thus weakening negotiations at the national level. Many employers view centralized bargaining as facilitating a more equal distribution of incomes (which is one reason why many unions prefer centralized bargaining), but as depriving employers of the ability to use pay as an instrument for productivity improvement and to compensate for skills and performance. Strategic compensation systems are workable only if introduced at the enterprise level to match the goals sought to be achieved. In Sweden, which has been an extreme case of centralized bargaining, one of the strategies of the Swedish employers during the last ten years has been to decentralize collective bargaining. Germany, another country well-known for centralized bargaining, is displaying a tendency towards decentralized bargaining. The push by employers for flexibility in the context of increasing global competition has resulted in many flexibility issues such as new working time arrangements, atypical contracts and pay systems being needed to be dealt with largely at the enterprise level.

Compared with industrialized countries, collective bargaining in Asia has been minimal. There has been an increasing tendency towards bargaining on wages and terms and conditions, which has sometimes resulted in some form of arrangements among governments, employers and unions which lay down certain guidelines as in Singapore, and the Accords from 1983 onwards in Australia. Asia has had a mixture of industry and enterprise level bargaining, with the latter predominating. Apart from low unionization rates in several Asian countries which militate against industry level bargaining, increased competition and the need for flexibility does not make industry level bargaining popular in Asia. The Japanese have demonstrated how a combination of enterprise level bargaining and shopfloor level mechanisms enable enterprises to adapt to rapidly changing business conditions and also to increase productivity.

In most countries, therefore, the tendency is to see the enterprise as the centre of gravity of industrial relations. It is likely that some of the main concerns of employers such as productivity, quality, performance, skills development, the need to be competitive and to make rapid changes to adapt to the global marketplace, will eventually result in less centralized collective bargaining.

7.3.6 Labour Courts

The agents of change in industrial relations are usually trade unions, employers and their organizations, governments through legislation and administrative action, and the system of courts which may be a combination of the normal courts and special courts or tribunals

set up to deal with matters pertaining to labour. These special courts vary in nature from country to country. They include labour courts and tribunals and arbitration systems—the latter sometimes the creation of collective bargaining agreements which provide for arbitration to settle disputes. Labour courts have been established in several countries because the normal system of courts and the system of law they administer cannot adequately deal with labour relations issues, which require an equitable rather than a purely legal approach. Therefore labour courts are often empowered to decide industrial relations issues on a mixture of equitable and legal principles. For instance, a demand for higher wages cannot in many legal systems be decided by the civil courts except on the basis of what has been contracted for or has been prescribed by a statute if any; in short, only as an enforcement matter.

Courts and tribunals have generally not been a major factor in bringing about change in industrial relations in industrialized countries. The role of the 'courts would normally be limited to their powers of interpretation, which do not provide much scope to effect major changes in industrial relations. As in the case of legislation, the role of the courts can have little impact on the basic attitudes of management and workers towards each other at the enterprise level and can, therefore, do little to improve relations as such. The normal civil courts have not evinced an appreciation of labour issues, especially in Britain where, at the turn of the century, many decisions of the courts had to be reversed by legislation to enable trade unions to fulfil their role. However, there are some exceptions. In Germany the Federal Labour Court has become at least as important as the legislator as far as regulations in the field of labour are concerned. In that country the courts have been responsible for formulating many of the rules relating to strikes. The use of the injunction in the USA during the early stages of its industrial relations evolution is another example. Australia is a good example of an industrialized country in which the courts system, as represented by the earlier Court of Conciliation and Arbitration and since 1988 the Australian Industrial Relations Commission, has had a fairly major influence on industrial relations. In India and Sri Lanka a labour court system, coupled with the pronouncements of appellate courts, have had a significant impact on the formulation of the rules applicable to the relations between employers and workers. In those two countries thousands of court decisions have enunciated the rules regarding such issues as the grounds on which termination of employment may be considered fair or unfair; the principles of wage fixation; when trade union action may be considered legal or illegal, justified or unjustified; and even what forms of trade union action are permissible or not permissible.

Self Assessment

Multiple choice questions:

1. The increasing ..... of women into workforces has raised issues relating to gender discrimination.

   (*a*) influx (*b*) numbers

   (*c*) work performance (*d*) None of these

2. Changing patterns of work such as ..... have created concerns for unions in particular.

   (*a*) more homework (*b*) part-time work

   (*c*) sub-contracting (*d*) All of these

3. The production of goods and services requires the coordination of .....

   (*a*) labour (*b*) women

   (*c*) supervisor (*d*) managers

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7.4 Sound Labour Relations at the Enterprise Level

In the final analysis, the quality of relations between employers and employees in an enterprise depends on the policies, practices and procedures which exist at the enterprise level to deal with both individual and collective issues, and to promote labour-management cooperation. There are, therefore, numerous enterprise level mechanisms in different countries. Their effectiveness is to an extent conditioned by the particular corporate culture or philosophy relating to the management of people. The development of enterprise level industrial relations facilitates, as it did in Japan, adjustments to structural changes. Indeed, it is a way of reconciling the need for enhanced management flexibility with the need to ensure that employees' concerns are taken account of and their cooperation obtained without which successful change would hardly be possible.

7.4.1 Human Resource Management Policies and Practices

The elements of a sound industrial relations system are closely linked to a progressive human resource management policy translated into practice. Harmonious industrial relations are more likely to exist in an enterprise where human resource management policies and practices are geared to proper recruitment and training, motivational systems, two-way communication, career development, a people-oriented leadership and management style, etc. Many of these human resource management activities have an impact on the overall industrial relations climate in an enterprise. So long as human resource management policies and practices are not central to corporate strategies and human resource management departments are seen as only providing "services" to other departments, such policies and practices will remain outside the enterprise's main culture and will be a "deviant" culture. Some of the best managed enterprises tend to integrate human resource management policies into their corporate culture and strategies.

Since the 1980s the emphasis in theory, and in the practice of some companies, has been on strategic human resource management i.e. viewing human resources as a competitive advantage, so that human resource policies need to be integrated into corporate strategic plans. This transformation in the USA, for example, provided the following lessons:

(i) Adversarial workplace relations are not in the interests of either employees or the enterprise.

(ii) Competitive strategies based on low costs and low wages result in a high incidence of labour management conflicts, a low level of trust, and are impediments to innovation and quality.

(iii) Strategies based on technology and traditional industrial relations approaches only do not result in high levels of performance, which can be achieved by integrating innovations in human resource management with new technologies.

(iv) Some forms of employee involvement such as Quality of Worklife and Quality Circle initiatives do not transform organizations or sustain themselves, without employee involvement at all levels of decision making, including strategic decision making.

The practice of human resource management did not match the theories expounded, though in the 1990s more progress has been made in narrowing the gap between theory and practice.

In the large Japanese enterprises the manufacture of quality products and productivity improvement have, for a long time, been viewed as being dependent on a "people-centred" approach. This is reflected in their policies relating to recruitment, education and training, multi skilling, job groupings, merit rating, and pay systems.

7.4.2 Worker Participation and Employee Involvement

It is important at the outset to separate several issues relating to participation, communication and consultation: The principle of communication; the methods or means to give effect to

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this principle; and whether the principle and/or means should be enshrined in legislation, or should be the subject of bipartite negotiation, or should be at the employer's initiative.

There can hardly be any debate on the principle i.e. the value and need for consultation and communication in an age when it is accepted that information sharing and consultation are important to enterprise performance, productivity and employee motivation. Effective corporate strategies can no longer be developed by top management without information inputs from, and relying on the knowledge of, frontline employees. Indeed, communication skills are today an essential attribute of leadership. Consultation and communication mechanisms introduced voluntarily after consultation with employees is likely to be seen as part of an organization's culture, rather than as ones imposed and reluctantly accepted.

There is no ideal model of communication and consultation because, to be effective, it must fit the purpose, the type of organization, and cultural requirements if any. For instance, it is useful to inquire whether in some societies consultation through formal meetings is adequate due to the reluctance to be seen as challenging management's views, and whether such a procedure should be reinforced by parallel unstructured communication between superiors and subordinates. However, the value of models is that they underscore the need for such systems and provide useful guidelines which can be adapted to suit national and enterprise conditions.

The worker participation model that gives unions the most influence at enterprise level in the West is probably the co-determination and works council system in Germany. Co-determination takes the form of equal representation of management and workers on the supervisory boards of limited liability companies employing more than 2,000 employees. Though made more widely applicable by the Co-determination Acts of 1976, the system has been in vogue since 1951 in the steel and coal industries. Further, German law requires the establishment of a Works Council in undertakings employing a minimum of five persons. Though in a legal sense these councils are independent of union and management, and are expected to represent the interests of the entire workforce and take account of the interests of the enterprise as well, most members of such councils are union members. Co-determination represents a method of worker participation at a very high level in an enterprise. The powers of works councils are reflected in their rights of Co-decision making on personnel matters such as welfare, accident prevention, leave arrangements and hours of work. They also have a strong influence on decisions relating to recruitment, termination of employment and training, and have the right to receive information pertaining to social and economic issues in regard to which they are entitled to be consulted.

Few countries favour the German model of Co-determination, even if it works well in Germany. It is perceived as providing scope for participation by unions rather than by employees. In any event, in countries with much lower union rates, participation on the German model will not necessarily mean that the employees are adequately represented. Therefore, various other forms of employee involvement are gaining recognition.

With increasing acceptance of the fact that the crucial competitive weapon will be the skills and performance of the workforce, emphasis is being placed on greater involvement of employees in matters affecting their work and jobs, through consultation, information sharing and two-way communication procedures. This is all the more necessary in activities requiring the use of skills and knowledge. Greater worker involvement is likely to occur in the future for the following reasons:

(i) Employees at all levels are acquiring higher educational qualifications and skills. As such, they will be less amenable to management through control and commands, and will instead respond better to more participative forms of management.

(ii) Quality and productivity tend to increase when employees are more involved in arriving at decisions at the point of production.

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(iii) For effective decision making in modern enterprises there should be an information flow and analysis of data and information.

(iv) Work today requires and involves more interpersonal skills, greater coordination among workers and sharing of information.

(v) Enterprises (and economies) which have moved beyond the stage of routine high volume production to more value added and knowledge-based activities need to promote increased innovation, creativity and better application of knowledge, all of which require worker involvement.

(vi) Participation is a great motivational tool because it gives people a degree of control, recognizes personal worth, and provides scope for personal growth. These are in themselves intrinsic rewards which flow from the performance of a job within a participatory environment. When participation extends to setting goals and objectives, it enhances commitment to achieving them.

Communication and consultation mechanisms, and quality of worklife programmes referred to below, are all aspects of employee involvement.

7.4.3 Communication

The starting point for any effective enterprise policy to install procedures and mechanisms to promote sound labour relations is communication, because it is relevant to a whole range of issues and other matters such as productivity, small group activities, joint consultation, performance appraisals, and motivation, as well as to organizational performance. While in many other Asian countries it is only fairly recently that information sharing has come to be seen as strengthening enterprise performance and competitiveness, such realization has been at the heart of Japanese industrial relations for decades.

The performance of an organization is affected by the manner in which that organization communicates with its employees. This involves information exchange, and not merely one-way communication. The performance of employees in an organization is conditioned by the performance of others in the organization. Changes in an organization can be brought about in an effective way where there is sufficient understanding between management and employees. For this purpose two-way communication tends to enhance understanding and cooperation and influence behaviour in a desired direction. But for effective two-way communication there should be knowledge of communication and communication skills, a structure of communication channels, and access by all employees to such channels. Communication is essential not only in relation to existing employees but also in relation to new employees who must be made aware of what the job entails. Making available to employees the means of communicating their opinions and problems is also important to an effective performance appraisal system.

For effective communication in an enterprise, it is necessary to develop communication channels not only at the macro level (enterprise) but also at the micro level (working groups). Effective leadership and decision-making are heavily dependent on communication and information flows. The way people respond to us is often influenced by how we project ourselves and how they perceive us. Projection of a feeling of inferiority or a lack of confidence tends to result in others not being receptive to what we wish to communicate, while an image of self-confidence tends to have the opposite effect. But, speaking down to people and an image of arrogance create hostility and resentment and is an obstacle to communication. To be effective, leaders and managers need to communicate in ways which have a positive effect, and they must be aware of the various systems of communication and use them to the best advantage. Being a sensitive communicator giving information and receiving feedback is an essential attribute of an effective manager.

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Of all the resources available to an enterprise it is only people who are capable of being motivated. It is also a resource which is capable of being developed by management, and one over which the employer has a great degree of control. Productivity can be improved by the employer through the development and motivation of human resources. Effective two-way communication is an important source of motivation. Hence the link between productivity, motivation and effective two-way communication.

The link between productivity and communication is to be found in the fact that proper productivity management requires concerted or joint action between management and workers. For this purpose confidence between management and workers is essential, and the starting point of confidence-building is sharing information (and not merely 'top-town' communication). This has prompted the view that productivity management is also information management - information helps to promote the commitment that is necessary to improve productivity. Two-way communication can also promote productivity improvement through innovation and creativity.

In many organizations communication between people often occurs in the context of small group activities. Therefore two-way communication must reinforce productive small group activities and help to build and maintain an effective team. Effective communication would:

(i) Create an atmosphere of trust, which is important to promoting increased productivity. If the environment generates mistrust, workers are likely to be suspicious as to whether they are receiving a fair share of the benefits of productivity gains. Without two-way communication workers would not be in a position even to judge whether their share is a fair one.

(ii) Promote an atmosphere of 'intimacy' and commitment to the group, which in turn would bind people together and prompt cooperation. It is basic human psychology that a high degree of communication and working together for a common goal tend to create a feeling of intimacy among those involved in these processes.

(iii) Promote especially where the elements of trust and intimacy are present integration of the worker in the activities of the group and a feeling of 'belonging' leading to greater motivation and productivity.

(iv) Promote participation, which involves common goals, teamwork, discipline/ commitment and cooperation. Communication is a great motivator and makes people feel secure in their jobs, helps to identify the contribution of workers with the enterprise's success, and enhances the quality of working life. It therefore leads to greater job satisfaction.

(v) Develop the skills and attitudes of the individual, engendering self-confidence and a sense of self worth. In a highly hierarchical and 'top-down' form of management there is little scope for development of the individual which is needed for innovation and creativity which, in turn, promote better productivity. Innovation and creativity result in better utilization of available resources which, in the final analysis, is what productivity is.

(vi) Create a high degree of consensus in decision making. With consensus implementation of decisions will be quicker and easier because disputes or differences of opinion would be less likely compared to enterprises where decisions are taken unilaterally with little consultation and information-sharing.

It is worthwhile underlining some of the salient points in regard to the importance of two-way communication and small group activities:

- Productivity improvement is primarily management's responsibility. As such, it is for management to create the necessary climate which is conducive to change

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and innovation, to motivate workers, and ensure that systems and procedures are established with a view to promoting communication and cooperation.

- Two-way communication and small group activities can promote cooperation, trust, intimacy, consensus-building, and generally improve the human relations climate within the enterprise.
- Productivity improvement, which is possible in the long term only in an environment which contains the elements referred to in (ii) above enables enterprises (and ultimately a country) to remain or become competitive.

There are several International Labour Standards of the ILO which seek to give effect to the elements of consultation, cooperation and communication. As regards consultation and cooperation, the Cooperation at the Level of the Undertaking Recommendation 1952 (No. 94) contemplates the promotion of consultation in the enterprise on matters of mutual concern not covered in collective bargaining or other machinery concerned with the prescription of terms and conditions of employment. The Recommendation encourages such consultation through voluntary agreements between the parties, and provides for consultation and cooperation to be promoted through laws which establish appropriate bodies for this purpose.

As regards communication, the communications within the Undertaking Recommendation 1967 (No. 129) prescribes a communications policy for an enterprise. It underlines the importance, in the interests of both management and workers, of mutual trust and understanding which can be generated through an exchange of information. It contemplates the adoption by management of an effective communications policy, but only after consultation with representatives of workers. The policy adopted should ensure that information is provided and that consultation takes place, before management decisions are made on matters of importance, provided the disclosure does not prejudice either party. Among the main elements of a communications policy should be the following:

"Unions and employers have long been aware of the importance of information sharing in an industrial relations system after bitter and protracted strikes in the forties and early fifties, both management and labour made concerted efforts to restore industrial peace and to develop a stable industrial relations system these efforts led to the development of key aspects of the modern Japanese industrial relations system, including the joint consultation, a corner-stone of labour management information sharing."

Japanese joint consultation systems had their origins in the 1950s when it was promoted by the Japan Productivity Centre. It is estimated that by 1990 about 84 per cent of unionized enterprises had set up joint consultation schemes, and 44 per cent of non-unionized ones had joint consultation arrangements. These mechanisms, which are an aspect of two-way communication, deal with a variety of issues. In both union and non-union establishments the most common subjects which come within consultation are working conditions, working hours, leave, safety and health, welfare and cultural activities, bonus, pension and retirement payments, work scheduling, education and training, recruitment; transfers, lay off, job assignment. There are also a range of management issues which come within joint consultation, but on these matters management merely provides information and explanations. These management issues include business plans and policies, introduction of new technology, organizational changes, and production and sales plans. Many establishments have two levels of communication. Quality circles and shopfloor committees represent the mechanisms at the shopfloor level, and joint consultation committees represent the mechanisms at the corporate level. These committees supplement collective bargaining in the sense that they provide the forum for information-sharing prior to wage negotiations.

One of the important characteristics of joint consultation in Japan is that collective bargaining and joint consultation serve different objectives and are therefore not in conflict with each

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other. Bargainable issues are dealt with under collective bargaining and non-bargainable ones under joint consultation. Where during joint consultation some issues become bargainable (which could happen in relation to matters on which it is not clear whether they are bargainable ones or not), they will be transferred to the collective bargaining forum. It is also an important characteristic of the joint consultation system that it does not handle individual grievances, which are dealt with under grievance handling procedures.

Joint consultation has made a significant contribution to enterprise level labour relations by creating mutual understanding on a range of management issues which impinge on the lives of employees. This in turn has had an impact on collective bargaining, which tends to take place in an atmosphere in which workers have been informed of management objectives, so that the areas for misunderstanding and conflict are considerably reduced. In effect, therefore, collective bargaining takes place from a point which has achieved some degree of common objectives. Since information on wage criteria is also shared, differences in wage negotiations (which in most countries are highly contentious) are narrowed, facilitating acceptable compromises and negotiations without disputes. Joint consultation has motivated employers and employees to generate gains and to share them for their mutual benefit.

In essence, joint consultation has become the means through which information is shared; mutual understanding is promoted; participation in arriving at decisions is facilitated; and working conditions negotiated. As such, it is an essential part of Japanese enterprise level labour relations. The enterprise level union system significantly contributes to the workability and effectiveness of the joint consultation system.

7.4.4 Other Communication Mechanisms

The industrial relations system at the enterprise level several other channels of communication exist such as small group activities (59 per cent of unionized and 45 per cent of non-unionized firms); grievance procedures (45 per cent of unionized and 13 per cent of nonunionized firms); suggestion systems (62 per cent of unionized and 47 per cent of non-unionized firms); shop floor meetings (67 per cent of unionized and 68 per cent of non-unionized firms).

Quality circles, introduced in Japan in the early 1960s, had increased by the early 1990s to over three hundred thousand groups covering about 2½ million workers. A quality circle is a small group which performs quality control activities in the workshop to which it belongs. These groups, consisting of about 5-8 workers per group, are generally found in the larger enterprises. Their role is:

"To continually engage in managing and improving the conditions of the work place through self-development and mutual development under the participation of all members as a part of companywide quality control movement. The birth of quality circles in Japan was spearheaded by moves to initiate quality control after the end of World War 11. Such moves included training programs on the technical and managerial aspects of quality control, and the application of statistical principles to quality control (SQC). While it is true that quality circles were originally established for the purpose of ensuring employee participation in the process of quality control, its present scope of activity is not restricted to quality control. Instead, the focus of quality circles has broadened to include quality improvement, cost reduction, productivity and efficiency improvement."

The impact of quality circles is reflected in improved organizational performance, increased opportunities for employees to fulfil higher order needs which are not satisfied through normal routine work, and higher levels of motivation.

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7.4.5 Quality of Working Life Programmes

Quality of Work Life (QWL) programmes aim at combating worker alienation, integrating workers and encouraging worker involvement in the enterprise. They also aim at increasing worker motivation and instilling a sense of responsibility as well as at changing work organization so as to reduce costs and increase flexibility. The model QWL agreement was the one entered into between General Motors and the United Auto Workers' Union in 1973, and many other enterprises followed suit. "Empirical studies which have sought to determine the effectiveness of the quality of working life programmes have found positive effects of such programmes on reducing absenteeism, grievances, quits, and on increasing job satisfaction, and health and safety practices." Quality of work-life programmes and autonomous work groups, which emerged in the USA during the 1970s and 1980s, initially concentrated on improving the workplace environment and motivating workers, and subsequently on enhancing productivity and quality. It has been indicate that "unless worker participation programmes address the basic economic needs of employers as well as enhancing the economic security and job satisfaction of the employees, they are destined to occupy comparatively marginal status."

7.4.6 Training

The importance of human resources development in dispute prevention and settlement is often overlooked. Many workplace problems and issues are the result of unsatisfactory supervisory management and the lack of awareness on the part of employees about the workings of the enterprise. Here again, Japanese practices in the larger enterprises are instructive, though this is not to suggest that well managed enterprises elsewhere do not act on the basis that front line supervisors are often a key to workplace industrial relations.

Well managed enterprises see supervisors as critical to labour relations because it is they who interact most often with employees, are the first to identify problems, and it is their attitudes towards employees which condition the latter's views about the management. Supervisory development is therefore an important aspect of developing sound labour relations at the enterprise level.

Equally important in Japan is the investment in training and educating of employees. Career development opportunities afforded to employees usually commence with orientation and induction programmes for new recruits. Skills development through on-the-job and off-the-job training (with subsidies for fees payable to external institutions), coupled with extensive job rotation, produce multi-skilled employees who are acquainted with how the company as a whole functions. Three important consequences flow from this. First, team work becomes the norm, and employees are able to support each other (because of their skills profile and job experience through rotation). Second, it is easier to find career development opportunities within the firm. Consequently employees tend to look to the internal labour market rather than to the external labour market for their advancement. Third, employees are more amenable than otherwise to look for long term gains rather than short term ones. The net result is that employees are more likely to identify with the goals of the company, thus reducing the areas of potential conflict. When these practices are coupled with collective bargaining and consultation procedures, the result is a greater potential for cooperation, joint activity and mutual understanding. In fact, without human resources development it is doubtful whether establishing communication channels would be likely to have the desired result.

7.5 Some Current Industrial Relations Issues

Employers are now compelled to view industrial relations and human resource management from a strategic perspective; in other words, not only from the traditional viewpoint of negotiating terms and conditions of employment and performing a personnel and welfare

function. Industrial relations and human resource management are directly relevant to competitiveness, and how they are managed will impact on enterprise performance e.g. its productivity and quality of goods and services, labour costs, quality of the workforce, motivation, prevention of disputes and not only their settlement, and aligning employee aspirations with enterprise objectives.

7.5.1 Minimum Wages

In countries which have a legal minimum wage three concerns are evident. The first is that minimum wage levels sometimes tend to be fixed on extraneous considerations (e.g. political), or on inadequate data needed to define the level of wages. The second concern is that such instances have an adverse effect on competitiveness in the global market and on employment creation where the minimum wage is fixed above a certain level (much of the controversy relates to what that level is). Therefore many employers prefer to see the minimum wage, if there is to be one at all, as a 'safety net' measure to uplift those living below the poverty line. The third concern relates to increases in minimum wages not being matched by productivity gains which help to offset increased labour costs.

7.5.2 Flexible/Performance Pay

Many employers, and even some governments, have expressed a wish to review traditional criteria to determine pay levels such as the cost of living and seniority. Pay systems which are flexible (i.e. based on profitability or productivity) so as to be able to absorb business downturns and also reward performance, are receiving considerable attention. One major problem in this regard is how employees and their organizations can be persuaded to negotiate on pay reform. The objectives of pay reform will not be achieved unless reforms are the result of consensual agreement and are part of a larger human resource management strategy and change in human resource management systems.

7.5.3 Cross-cultural Management

Asia is a heterogeneous region, characterized by ethnic, cultural, linguistic and religious diversity. Due to substantial increases in investment in Asia from both Asian and Western investors, many employers and unions are dealing with workers and employers from backgrounds and cultures different to their own. Many of the resulting problems and issues (reflected for instance in the proliferation of disputes due to cross cultural 'mismanagement') fall within the concept of cross cultural management. The problems arise due to differences in industrial relations systems, attitudes to and of unions, work ethics, motivational systems and leadership styles, negotiating techniques, inappropriate communication, consultation and participation procedures and mechanisms, values (the basic beliefs that underpin the way we think, feel and respond), expectations of workers and interpersonal relationships.

These cross-cultural management issues in turn pose the following problems:

(i) What particular industrial relations and human resource management considerations at the regional, sub-regional and country level affect the development of sound relations at the enterprise level in a cross-cultural environments?

(ii) What would be the most effective programmes for this purpose?

(iii) How can investors in Asia familiarize themselves with the environmental and cultural considerations in the recipient country relevant to their managing people at work?

(iv) How could information be collected, analyzed and disseminated?

7.5.4 Dispute Prevention

Most countries (other than those in transition to a market economy) have long-standing dispute settlement procedures at the national level (conciliation, arbitration, industrial or

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labour courts). Essential as these are, they operate only when a dispute arises. Equally important are dispute prevention through communication, consultation and negotiation procedures and mechanisms which operate largely at the enterprise level. They are not particularly common in many Asian enterprises. Their importance has increased in the current decade when changes in the way organizations are structured and managed have created the potential for workplace conflict. A more positive movement from personnel management to strategic human resource management is called for.

7.5.5 Industrial Relations/Human Resource Management Training

Not many developing countries in the region have facilities for training in labour law and industrial relations, negotiation, wage determination, dispute prevention and settlement, the several aspects of the contract of employment, and other related subjects such as safety and health. More facilities are probably available in human resource management (the distinction is becoming increasingly thin). Since industrial relations have assumed a particularly important role in the context of globalization, structural adjustment and in the transition to a market economy, employers in each country would need to identify what aspects of industrial relations and human resource management should be accorded priority, how training in them could be delivered, and what concrete role is expected from the employers' organization.

7.5.6 Balancing Efficiency with Equity and Labour Market Flexibility

During this century industrial relations and the law in industrialized countries have paid considerable attention to the means through which the unequal bargaining position between employees and management can be rectified. The imbalance in their respective positions has been corrected primarily through freedom of association and collective bargaining. There after the focus in some countries has been more on the relationship between management and labour and their organizations rather than on their relationships with the state. This has been due to the fact that the latter has adopted a less interventionist role than in developing countries, based on the premise that regulation of the labour market should to a large extent be left to employers, workers and their organizations. However, in some Western European countries, Australia, as well as in less industrialized and non-industrialized countries, attention has focused on relationships with the State because of the role governments have played in regulating the labour market (not only through laws but sometimes also through labour courts or tribunals), or in directing economic development and industrialization.

Traditional industrial relations view labour problems as arising due to employers wishing to use resources productively and to generate profit, while employees wish to maximize their return on labour. The State intervenes for a variety of reasons. The setting in which industrial relations developed was conditioned by the national environment—political, economic, social and legal. But today the conditioning environment increasingly includes the international and regional context. Globalization has created pressures on industrial relations for efficiency in the employment relationship, reflected for instance in the emphasis on flexibility (type of contracts, working time, pay etc.) and productivity.

7.5.7 Freedom of Association, Labour Rights and Changing Patterns of Work

With the disappearance of major ideological differences with the end of the cold war, unions are moving towards a concentration on their core industrial relations functions and issues. In some Asian countries freedom of association, including labour rights in special economic zones has arisen as an issue. The need for employees and their representatives to be involved in change and in transition, and the willingness of employers to involve them, is an emerging issue in many Asian countries.

Changing patterns of work (e.g. more homework, part-time work, sub-contracting) have created concerns for unions in particular. Job insecurity, social security and minimum

conditions of work are some of them. Traditional industrial relations systems based on the concept of a full-time employee working within an enterprise is increasingly inapplicable to the many categories of people working outside the enterprise. In some countries in terms of numbers they are likely in the future to exceed those working within an enterprise.

Industrial relations in the public sector, especially in the public service, where negotiation rights, for instance, are less than in the private sector, is also likely to be an issue in the future.

7.5.8 Women

The increasing influx of women into workforces has raised issues relating to gender discrimination, better opportunities for them in relation to training and higher-income jobs and welfare facilities.

7.5.9 Migration

There is a large migration of labour from labour surplus to labour shortage countries in Asia. Among the issues which have arisen are their legal or illegal status (which may affect their rights), trade union rights and their access to the same level of pay as nationals. Social security for migrant workers is one of the major problems as many receiving countries do not extend the benefits of social security to them.

7.5.10 Human Resource Management

With increasing reliance by employers in Asia on human resource management as a means of enhancing enterprise performance and competitiveness, important consequences will arise for industrial relations and for unions. What part unions can and will play in human resource management and whether industrial relations and human resource management will operate as parallel systems (if so what their respective roles will be) or become integrated (especially since the distinction between industrial relations and human resource management is becoming blurred) are some of the issues which will have to be addressed.

7.5.11 Transition Economies

In countries in transition to a market economy major challenges and issues have arisen, principally because they are seeking to adapt to an industrial relations system in which, for instance, employers' organizations and union pluralism were unknown. Unions in such economies may play a welfare role, and sometimes a supervisory one, rather than a negotiating role. Managements and unions in such a system participate not so much in deciding terms and conditions of employment, but in applying decisions which are largely made outside the enterprise. There is less scope in a centrally planned economy for tripartite dialogue between government on the one hand and independent organizations of workers and employers on the other. In a market economy decisions are for the most part made within the enterprise, and where they are made externally, they are generally the result of discussions with workers' and employers' organizations representing the interests of their members *vis-a-vis* each other and with the government. The government creates the framework in which the social partners are consulted on matters directly affecting the interests they represent, and the social partners seek to influence the economic and social policy formulated. Labour relations are based largely on the principle of negotiation between the two social partners, and the outcomes are usually recognized by the State so long as they do not conflict with national laws or with fundamental national policy.

Another reason for the critical role of industrial relations in an economy in transition is the absence or inefficiency generally, during the process of transition, of safeguard mechanisms (such as for dispute prevention and settlement) at the national, industry and enterprise levels, to channel differences and disputes into peaceful means of resolution. The disputes therefore can involve considerable work disruptions and sour the environment needed to achieve sound industrial relations, and there by also retard the achievement of overall development objectives.

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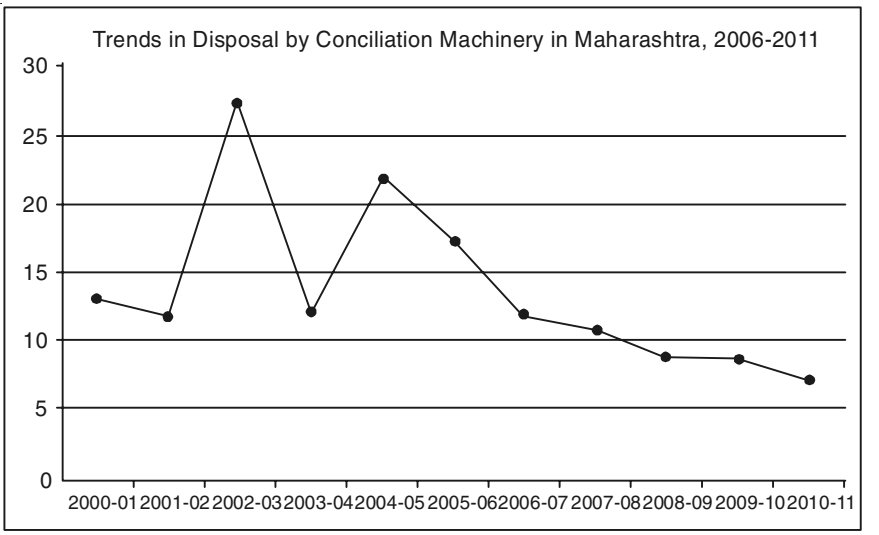
In these circumstances countries in transition to a market economy are addressing a range of problems such as: the role of employers' and workers' organizations; national policy formulation through a tripartite process; a labour law system relevant to the new economic environment; methods and criteria in wage determination; dispute prevention and settlement procedures and mechanisms; and managing public sector enterprises in a competitive environment.

Example:

Industrial Relations Machinery in Maharashtra

There is statutory conciliation machinery in the state to settle actual and/or apprehended industrial disputes both under the Industrial Disputes Act and the Bombay Industrial Relations Act. In addition, there is a special service called Personnel Management Advisory Service Scheme (PMAS), which has been in existence for a long time. The PMAS is 'informal' mediation machinery and deals with disputes as well as strikes and lockouts, "which cannot normally be processed by the statutory conciliation Machinery" (sic). The officers under the Scheme seek to "bring awareness among the contesting parties regarding their rights and obligations under the various labour laws, agreements, settlements, awards, etc. and make suitable recommendations to them for resolving their disputes". The advice offered is purely informal in nature. We evaluate the performance of both the machineries here.



The 'disposal rate' of disputes by the conciliation machinery (i.e. disputes resulting in settlement as a proportion of number of disputes handled in a year) fluctuated for a few years and started its downward slide from 2003-2004. While the number of disputes handled has remained constant in the region of 6,000-7,000 in a year, the number of settled cases declined considerably over the years.

Settlement Record of PMAS, 2001-11

Period	Number of Cases Handled	Settled	Disposal Rate (%)
2000-01 to 2004-05	36733	9385	25.5
2005-06 to 2008-09	72434	3988	5.5
2009-10 to 2010-11	17248	2883	16.7

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The PMAS had a poor record since 2005-06. It is learnt that parties to a dispute prefer direct negotiations (collective bargaining) to conciliation.

Task Prepare a report file on current industrial relations issues.

Case Study

Damodar Electric Supply Corporation

The main business of Damodar Electric Supply Corporation is to supply electric energy to the entire district. The Corporation has a work for, Mazdoors etc. General Manager is the Chief Executive, having full authority on all matters of administration. During the last two years, the Corporation has come into financial problems due to economic recession. As such, to bring control on the expenses the General Manager, has issued an unconditional order forbidding supervisory foremen to authorise over-time work under any circumstances.

One day, a cable-laying workman was working inside a wet manhole, in the marshy area near a river. About an hour before closing time he realised that he could not finish the job within the regular working hours. He estimated that the work would be over within four hours more. The foreman having no authority to grant over-time telephoned the Section Officer at the Head Office. Section Officer, unwilling to breach the rule, contacted the Superintendent who in turn asked the Section Officer, to use his discretion. Section Officer conveyed the same message to the foreman. The Foreman, however, was still afraid of the consequences of over-time order. He therefore told the cable lay-man to wrap the cable securely and leave the work, to be finished the next day.

During the night, the river went on flood. Water entered the main-hole by the river-side and the 'cabling' was damaged. The damage to the cable was corrected after many days, involving a great expenditure.

Questions:

1. Was the Corporation's over-time policy wrong?
2. Does the 'Management-by-rule' restrict the initiative of the staff and suppress innovativeness?

Self Assessment

Multiple choice questions:

4. Well managed enterprises see supervisors as ..... to labour.
   (*a*) simple (*b*) parallel
   (*c*) serial (*d*) critical
5. Quality of Work Life programmes aim is .....
   (*a*) combating worker alienation
   (*b*) integrating workers
   (*c*) Both (*a*) and (*b*)
   (*d*) None of these

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6. Joint consultation has made a ..... to enterprise level labour relations.

   (*a*) significant contribution (*b*) significant

   (*c*) contribution (*d*) None of these

Fill in the blanks:

7. Effective two-way communication is an important source of ..... .
8. ..... is a great Motivator and makes people feel secure in their jobs, helps to identify the contribution of workers.
9. Quality circle, introduced in Japan in the early ..... .
10. The Model DWL agreement was the one entered into between General Motors and the United Auto Worker's Union in ..... .
11. ..... is a heterogeneous region, characterized by ethenic, cultural, linguistic and religious diversity.

7.6 Summary

- Changes in labour relations within an organization are often affected by management practices therefore attitudes towards industrial relations should be understood in the background of theories and practices relating to the management of enterprises and organizational behaviour.
- According to Taylor, the worker does not possess creative ability let alone intelligence and wisdom, the elements of a human-oriented management system which promotes sound industrial relations such as communication, consultation and participation, found no place in the theory.
- The present trend in labour relations and human resource management is to place greater emphasis on employee involvement, harmonious employer-employee relations and mechanisms, and on practices which promote them.
- The establishment of a sound or harmonious industrial relations system is a central theme for governments, employers, workers and their representatives, in their endeavours to achieve economic and social development.
- The production of goods and services requires the coordination of activities that transform resources into an activity or product. To achieve these it is necessary to have procedures or rules that will ensure efficiency.

7.7 Keywords

Communication: Promote an atmosphere of 'intimacy' and commitment to the group, which in turn would bind people together and prompt cooperation.

Minimum wage levels: These are sometimes tend to be fixed on extraneous considerations (e.g. political), or on inadequate data needed to define the level of wages.

Quality and productivity: It tends to increase when employees are more involved in arriving at decisions at the point of production.

Quality of Work Life (QWL): The programmes aim at combating worker alienation, integrating workers and encouraging worker involvement in the enterprise

Sound Industrial Relations System (SIRS): It is one in which relationships between management and employees (and their representatives) on the one hand, and between them

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and the State on the other, are more harmonious and cooperative than conflictual and creates an environment conducive to economic efficiency and the motivation, productivity and development of the employee and generates employee loyalty and mutual trust.

Lab Exercise

1. Point out the importance of two-way communication in an organization.
2. List down the issues for industrial relations.

7.8 Review Questions

1. What are management practices? Explain in brief.
2. Explain the industrial relations theories and attitudes.
3. What are the international factors?
4. What are the importance and objectives of sound industrial relations?
5. Define the requirements of sound industrial relations system.
6. Briefly describe the sound labour management relations system.
7. Describe the sound industrial relations system at the national and industry level.
8. What is the role of the law in the industrial relation?
9. What is the nature of collective bargaining in the industrial relation?
10. Explain some current industrial relations issues.

Answers to Self Assessment

1. (*a*)	2. (*d*)	3. (*c*)	4. (*d*)
5. (*c*)	6. (*a*)	7. Motivation	8. Communication
9. 1960	10. 1973	11. Asia	

7.9 Further Readings

Books

The Future of Industrial Relations, by John R. Niland, Russell D.

Organizational Behaviour, Pearson Education, by Robbins S P, Timothy A. Judge & Sanghi Seema.

Online link

http://www.ilo.org/public/english/dialogue/actemp/downloads/publications/srshrm.pdf

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Unit 8: Communication and Conflict

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Objectives

After studying this chapter, you will be able to:

- Understand the purposes of communication
- Explain formal communication
- Discuss the informal communication
- Understand the communication networks in a working group
- Discuss the communication barriers
- Explain the conflict
- Understand the types of conflict
- Explain the stages of conflict
- Explain the outcomes of conflicts
- Discuss the sources of conflict
- Explain the resolving conflict situation
- Discuss the resolving conflict versus managing conflict

Introduction

Communication is an important part of your job—one that is often taken for granted. When you think about it, almost everything you do calls for good communications. When you hire a new employee, good communication skills help you pick the right person and make sure the person you hire knows what the job involves. When you are training, coaching, or evaluating an employee, you need to be clear about your expectations and sensitive in dealing with problem areas. When conflicts arise, you will need your communication skills to resolve the issues without creating more.

When the department is going through changes or reorganization, you will need special communication skills to get feedback and ideas from your staff and to give them news that is sometimes not pleasant, while keeping them motivated. Honest communication is one of the key ingredients in managing change as well as managing people.

In most of the conflicts, none of the party is right or wrong; instead, different perceptions collide to create disagreement. Conflict is natural and it is up to you to respond to conflict

situations quickly and professionally. Conflict can be very positive; if you deal with it openly, you can strengthen your work unit by solving problems. Conflicting views give you a chance to learn more about yourself, explore views of others, and develop productive relationships. Clear and open communication is the cornerstone of successful conflict resolution.

8.1 Purposes of Communication

Some important purposes which communication servers are as under:

1. It is needed in the recruitment process to persuade potential employees of the merits of working for the enterprise. The recruits are told about the company's organization structure, its policies and practices.
2. It is needed in the area of orientation to make people acquainted with peers, superiors and with company's rules and regulations.
3. It is needed to enable employees to perform their functions effectively. Employees need to know their job's relationship and importance to the overall operation. This knowledge makes it easy for them to identify with the organizational mission. If a nurse in a hospital knows why she is to follow certain procedures with a patient and how this relates to the total therapy programme for her, it is much easier for her to develop an ideological commitment to the hospital.
4. It is needed to acquaint the subordinates with the evaluation of their contribution to enterprise activity. It is a matter of some motivational importance for the subordinates to know from their superiors how they stand and what the future may hold for them. This appraisal, if intelligently carried out, boosts the subordinates' morale and helps them in building their career.
5. It is needed to teach employees about personal safety on the job. This is essential to reduce accidents, to lower compensation and legal costs and to decrease recruitment and training cost for replacements.
6. It is of vital importance in projecting the image of an enterprise in the society. The amount of support which an enterprise receives from its social environment is affected by the information which elite groups and the wider public have acquired about its goals, activities and accomplishments.
7. It helps the manager in his decision making process. There is a spate of varied information produced in an enterprise. The important question before manager is "what do I need to know?" It should be remembered that no two successive managers of the same plant will give the same answer to this question.
8. It helps in achieving coordination. In a large organization, working on the basis of division of labour and specialisation, there is need for coordination among its component parts. This can be achieved only through communication. A good communication system is the basis of all interdependent activities which we find being carried out in different departments of an organization. By providing information to each unit about the relevant activities of others, a good system of communication makes the interdependence of each unit acceptable to it. In the absence of communication, no unit would tolerate this interdependence. This will make the coordination difficult. In the words of March and Simon, "The greater the efficiency of communication within the organization, the greater the tolerance of a unit for interdependence.
9. It promotes cooperation and industrial peace. Most of the disputes in an enterprise take place because of either lack of communication or improper communication. Communication helps the management to tell the subordinates about the objectives of the business and how they can help in achieving them. Similarly, communication

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helps the subordinates in putting forth their grievances, suggestions, etc. before the management. Thus communication helps in promoting mutual understanding, cooperation and goodwill between the management and workers.

10. It increases managerial efficiency. It is said that the world of modern management is the world of communication and the success of a manager in the performance of his duties depends on his ability to communicate. Administrators in business and industry reportedly spend 75 to 95 per cent of their time communicating (either sending or receiving messages.) Naturally then, an effective system of communication is very essential for the efficiency of a manager.

Caution

The manager must make a choice of useful and essential information which should reach him.

8.2 Formal Communication

Much of the communication in an organization is what we call formal communication. It flows in formally established channels and is concerned with work-related matters. All orders, instructions and decisions are communicated to the subordinates through this channel. Formal communications flow in four directions—downward, upward, laterally between departments and between the organization and the external environment.

8.2.1 Downward Communications

Communications which flow from superiors to the subordinates are known as downward communications. These communications are the medium through which the superior:

1. Directs the efforts of his subordinates;
2. Defines the goals of the organization and the sub-group;
3. Tells the subordinates what is expected of them, what resources are available, how well they are doing, etc. and
4. Administers reward and punishment.

There can be several media of downward communication such as written orders, posters and bulletin boards, company periodicals and handbooks, information racks, loud-speakers, grapevine, annual reports, group meetings and the labour union. Of all these, orders are the most frequent.

8.2.2 Upward Communications

Communications which flow from the subordinates to superiors are called upward communications. These communications generally act as a feedback. They enable the management to know how far downward communications have been understood and carried out. They also help the management to know the grievances or suggestions of the subordinates and the way in which the management is seen by the subordinates.

8.2.3 Horizontal Communications

These are also known as lateral or crosswise: communications. They refer to communications among the subordinates who are working on the same level of the organization. Such communications help coordinate the activities of different departments. The production foreman and the maintenance foreman communicate directly without going through their managers. In this way, lateral communication avoids the much slower procedure of directing communications through a common superior.

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8.2.4 External Communications

These are the communications with external agencies, like current and potential customers, government departments, competitors, trade unions, financial institutions, raw material suppliers, etc. These communications aim at building the company's image and influencing policies and decisions in company's favour.

Did u know?

Communications management is the systematic planning, implementing, monitoring, and revision of all the channels of communication within an organization, and between organizations.

8.3 Informal Communication

One of the functions of informal organization is communication. Known as the "*grapevine*", this structure less network of informal communication flourishes in all organizations because communication is a natural human tendency. People who know each other in the organization talk together informally. One thing they have in common is the organization they work for, so they talk about the happenings in the organization.

The grapevine carries two types of information: work-related and people-related. Employees want to know what is going on in the organization. When they are not kept informed through normal channels, they seek information from the grapevine. Likewise, they are curious about the people they work with. The grapevine carries the type of personal information not generally communicated through normal channels. For example, a manager cannot announce his bad mood officially to his subordinates. The best way to do this would be to put this information on the grapevine so that it reaches the subordinates informally.

8.3.1 Some Characteristics of a Grapevine

1. Grapevine information is mostly oral. But it can be written also, as in the case of two employees working in two branches of a company exchanging information through teleprinter.
2. Although the general impression is that the grapevine operates like a long chain in which A tells B, B tells C, C tells D, and so on, but research shows that it follows a cluster chain, which means that A, instead of telling one person, tells 3 or 4 persons and out of these 3 or 4 persons, 1 or 2 persons again pass on the information to 3 or 4 persons each. In other words, only a few in the grapevine spread the information. The majority does not repeat it. Persons who keep the grapevine active are called liaison individuals.
3. Research on grapevine accuracy shows that out of the total communication bits, well over three-fourths are accurate. But the inaccurate bits, though small in proportion are more devastating in effect. In fact, these inaccurate bits alone should be called rumours but many times the word rumour is used for the whole grapevine.
4. A grapevine is more a product of the situation than of the person. For example, one can find grapevine humming with activity during the periods of excitement and insecurity, such as during a threat of a lay-off.
5. A grapevine has remarkable speed. Its fast speed makes it quite difficult for the management to stop rumours or to release significant news in time to prevent rumour formation.
6. A grapevine helps management in interpreting its policies to the workers and communicating their reactions and feelings to the management.

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8.3.2 Control of Rumour

Researchers have shown that rumour is a product of interest and ambiguity in a situation. If a person has no interest in a situation, he has no cause to spread rumour about it. Similarly if, there is-no ambiguity in a situation, a person has no cause for spreading rumours. Hence, a manager can prevent rumour by not allowing these two causes to develop. However, if a rumour has started, it should be stopped soon by:

- Supplying facts fact-to-face without mentioning the rumour itself. Repeating the rumour can result in its being as well remembered as the facts that refuse it.
- Allowing participation to members in determining some part of the situation which affects them.
- Seeking cooperation of dependable informal leaders in combating rumour.

8.4 Communication Networks in a Working Group

An organization's effectiveness depends upon the performance of numerous small groups which function and interact within the overall organizational system. Since the activities of these small groups depend to a great extent upon their information flow, communication networks or the arrangement of interconnecting lines is one area in which the groups may be made more efficient.

All communication networks possess some basic characteristics which differentiate them from each other. These are as follows:

8.4.1 Size of Network

The size of a network is measured in terms of the number of employees it interconnects. Some communication networks are very big, others are small. In general, the larger the loop, the greater are the problems of communication. However, large loops with several interconnecting communication links have been found to be more effective where problems are more complex and ambiguous.

8.4.2 Extent of Modification Taking Place in the Message

In some communication networks the same original message flows through all the stages without modification but in others a change in the message occurs as it passes through different links. The first pattern has the advantage of uniformity. Everyone in the network is exposed to identical information. Nonetheless, the uniformity of this pattern may be advantageous only for simple problems. For complex matters a message may need to be modified at different stages according to the needs of the people.

8.4.3 Feedback or Closure

Communication networks also differ from each other in the way in which their communication cycles close. In some networks the cycle closes as the receiver of the message acknowledges its receipt and accepts it. But in some others the cycle does not close because the receiver does not accept the message but attempts to alter it.

8.4.4 Communication Pattern

Communication networks also differ from each other in the extent to which they are centralized or decentralized. Four major types of small-group communication networks are shown in Figure. 8.1. These are the Circle, Free (Decentralised) Circle. Wheel and Chain networks. Each black circle represents an individual in a working group, and the solid line connects the individual with the other members of the group he or she normally interacts within performing a task.

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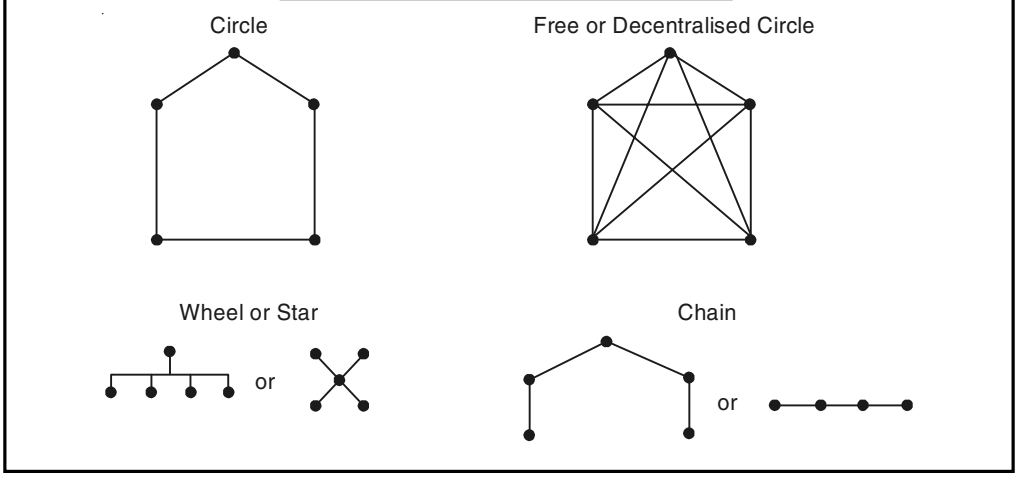
Figure 8.1: Communication Networks



8.5 Becoming a Better Communicator

Responsibility as a supervisor is to communicate clearly and concisely to all employees and create an environment conducive to openness for others. As the staffs become more diverse, you may have to take extra time and efforts, to communicate to all staff members. To become a better communicator.

8.5.1 Create an Open Communication Environment in Your Unit

Encourage employees to talk about work issues; listen carefully and respond to questions or concerns with actions or answers. If an issue is outside your authority, pass it along to the appropriate person; then be sure to follow up.

8.5.2 Conduct Regular Staff Meetings

Tell your staff about decisions that may affect them or the work they do and the reasons for those decisions. Use staff meetings to encourage feedback, generate ideas, solve problems, and gain support.

8.5.3 Setup Individual Meetings

Set some time aside periodically to meet one-on-one with employees. Group staff meetings are important; however, meeting separately with your employees shows concern about their individual work issues.

8.5.4 Effective Listening

An important ingredient that runs through all good communication is listening. Listening is a skill that can be practiced and learned. Your goal as a listener is to fully understand your employee's experience and point of view. Give the employee a chance to talk for a while before you say anything.

Use Non-verbal Communication: Be aware of what you communicate with your body language; your posture and expressions can convey your attitudes toward a speaker even before you say one word. Use body language to show the speaker that you are engaged in the conversation and open to hearing.

Recognize Your Own Prejudices: Be aware of your own feelings toward the speaker. If you are unsure about what the speaker means, ask for clarification instead of making assumptions.

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Listen to Understand the Underlying Feelings: Use your heart as well as your mind to understand the speaker. Notice how something is said as well as the actual words used.

***Do not Interrupt*:** Be sure you think carefully before you speak**.** As a listener, your job is to help the speaker express himself.

Do not Judge the Person: A speaker who feels you are making judgments will feel defensive. Avoid making judgments and instead try to empathize and understand the speaker's perspective.

Do not Give Advice: Keep in mind that the best resolutions are those that people arrive at themselves, not what someone else tells them to do. If you feel it is appropriate, and only after you have encouraged the person to talk, offer some ideas and discuss them.

8.5.5 Responding

After you have listened and really heard, respond by conveying your interest and respect:

Empathize: Put yourself in the other person's shoes and try to understand.

Validate: Acknowledge that the person's feelings are valid. This is a very powerful tool because you are recognizing the person's right to feel that way, regardless of whether you would feel the same way.

Restate What the Other Person has Said: This allows you to make sure you understand the feelings and shows you are listening. Point out the good things the person has done or tried to do.

Clarify: Ask questions to get more information about the problem.

Summarize: Paraphrase the main points you have heard so that you can make sure you understand all the issues.

8.6 Communication Barriers

8.6.1 Barriers to Effective Communication

Barriers to communication and the ways and means of overcoming them to achieve effective communication.

1. Barriers to communication result in undesirable reaction and unfavourable response.
2. The communication exercise fails because the feedback is absent or falls short of expectation.
3. Barriers to communication are caused by environmental, physical, semantic, attitudinal and varying perceptions of reality.

Environmental and Physical Barriers

- **Time**—adopt appropriate fast channels of communication.
- **Space**—maintain the distance in the communication exercise as determined by the situation.
- **Place**—Avoid overcrowded incommodious and ill-lit, ill-ventilated places to achieve effective communication.
- **Medium**–Choose the appropriate medium oral/written [sign (audio/visual)] medium.

Semantic Barriers

Connotational meanings of words – Choose the correct and precise word depending on context and the receiver's felicity in the use of language.

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Cultural Barriers

Understand and accept the cultural variations in individuals and groups. Appreciate them and adopt your communication style to them.

Psychological Barriers

Try to understand the receiver's mental makeup and attitudes.

Perception of Reality

Try to understand the different levels of perceptions of a situation and an issue. Be open, flexible and transparent.

8.6.2 Barriers to Written Communication

Poor stationery, clumsy layout of the letter, the way it has been written or typed can also be barriers to communicate. The message may be solicited or unsolicited. Yet, it should arouse the interest of the reader. An attractive envelope and a neatly executed letter will prove to be better than a sloppily written or typed communication sent in unattractive package.

8.6.3 Body Language as a Barrier to Effective Oral Communication

In oral communication, our gesture, posture, facial expression, etc. enhance communication if applied well. They can also distort communication if not matched with the message. A simple message of "Congratulations" or a compliment, "What a fine job you have done", can be communicated honestly and sincerely or sarcastically and ridiculing by appropriate facial expression.

8.6.4 Barriers Caused by Varying Perceptions of Reality

Perception understands the world around us. Each one perceives the world in his own unique way and interprets what has been perceived in yet another unique way and interprets what has been perceived in yet another unique way. When we strongly disagree, we simply say "I am sorry; our perceptions appear to be different."

Abstraction: An abstract is a condensation of something. When we communicate, we unconsciously resort to 'abstracting', i.e., keeping to the essentials. We eliminate what we decide to be superfluous. But the receiver may not be competent enough to understand what has been eliminated. When you are instructing a lay and illiterate person about cleaning the house, you have to tell literally to remove cobwebs, sweep, dust and mop. Abstracting at this situation may not prove to be useful. The worker may not understand that you want every step and process to be gone through.

Slanting: Slanting is a barrier to communication. A slanted report is judgemental. News reporters are asked to report news and not give them a slant. A small 'crowd' or a large crowd' are generally slanted expressions giving only relative meanings. Instead, if you say a gathering of about five thousand people you avoid slanting. Communication should also be unaffected by inferences and assumptions. Most inferences and all assumptions are highly subjective. They tend to become barriers if they form the basis of a message or information.

Caution

Abstracting is necessary for good and effective communication but it should not be done in certain demanding situations. If done it becomes a barrier.

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8.6.5 Psychological/Attitudinal Barriers

Communication is an activity dependent on the flexible nature of the participants. Unfortunately the world is made naughty with rigid, inflexible and prejudiced attitudes. We will send or receive a message and react/respond to it only if we feel that the person who communicates has credibility. Our reaction and response depend on our attitude to the source of information. The sender should consider the receiver's view point as the receiver should overcome his bias against the sender to overcome attitudinal barriers. The information/ message should be favourable to the receiver to respond/react to it. Even bad news/ unfavourable information could be communicated to the receiver without causing shock or heartburn. Communication exercise is affected by the values, opinions and attitudes of the sender and the receiver in a given context. The reaction/response to an unfavourable information/truncated message from a source lacking credibility will always fall short of the expectation and fail to provide the necessary feedback to the sender.

8.6.6 Cultural Barriers

In the context of globalization and free trade, business communication has to cut across different cultural identities. These invariably cause cultural barriers that have to be overcome. The relaxed and leisurely pace of the Easterners, the formal and official style of the Britishers, the casual and matter of fact nature of the Americans, the thorough nature of the Germans and the extreme courtesy and politeness of expression of the French are all cultural features. It is easy for an American to give his opinion even to his boss whereas decisions and opinions are seldom expressed in the presence of elders and seniors in the East. To overcome any cultural barrier to effective communication one has to possess an understanding of the culture of the receiver(s)/decoder. Even in body language there are variations. If a Filipino smiles, they say he is angry. The loop formed by tip of the thumb and index finger is a signal of agreement in North America but an obscenity in the Southern states.

8.6.7 Semantic Barriers

Semantics is related to meanings of words. To be more exact, it is related to connotative and denotative meanings of words and its study. Every word has a direct meaning called the denotative meaning. In addition to its exact or lexical meaning, words also acquire implied meanings called connotative meanings. Connotations are understood based only on an individual's experience. If the encoder and decoder do not share the some connotative meaning for a word, miscommunication occurs. We have already seen how 'bimonthly' can mean two different concepts to two different people even at denotative level. Similarly, examine the word 'cheap' as an adjective. You will enjoy a 'cheap holiday' because you spend less than the real cost. Industries desire 'cheap labour' to reduce the overall cost of production. These connotations of cheap as an adjective are different from the connotations in expressions like "cheap popularity' and "cheap joke". If the receiver does not understand the connotation attributed by the sender, miscommunication takes place. But when words are used for denotations alone, not much damage will be done. To overcome the semantic barrier to communication, the communicator should choose the precise and exact word that will carry the same meaning for the receiver in the given context. The meaning of the word is related to context at the connotational level. A complimentary expression may derive a connotative derogative meaning which will ruin the communication process. If you examine the word 'fellow', you will find so many connotations to it. The word used with adjectives such as 'nice' and 'lousy' change the complexion of the word 'fellow'. A 'nice fellow' and a 'lousy fellow' are poles apart. If you call someone a 'fellow scholar', he is your contemporary. A 'fellow traveller' is simply your co-passenger on a train, but in another context he is a sympathizer or a secret member of the communist party. Fellowship simply means companionship/friendliness. However, in special contexts it can have different connotations. You can be a scholar with UGC (University Grants Commission) getting a fellowship.

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8.6.8 Medium of Communication–Wrong Choice as a Barrier

A wrong medium or an inappropriate medium chosen for communicating a message will act as a barrier to communication. On a shop floor you cannot use a long written memo of instructions whereas your information on a new product in the market could be only through an effective and attractive advertisement. Complementing one medium of communication with another appropriately can help overcome communication barrier caused by the medium chosen. An oral reminder in person or over the telephone followed up with a written letter can easily produce the desired response or expected reaction.

8.6.9 Physical/Environmental Barriers

The major environmental/physical barriers are—Time, Place, Space, Climate and Noise. Some of them are easy to alter whereas; some may prove to be tough obstacles in the process of effective communication. These factors may just cause distraction leading to inattentiveness or totally alter the message, causing miscommunication.

Time: Time has an important role in a communication process. Do we not often hear expressions such as "timely caution", "timely advice"? These expressions indicate the role of time as a factor in communication. An organization that expects quick results cannot afford to be slack in its channels of communication. The time lag between countries in Europe/America and Asia has to be overcome by the adoption of modern and fast communication channels. Quickness of communication is the watchword in the modern world of communication.

Every concern has to choose a fast channel of communication with good alternatives. You have to choose a face-to-face oral communication channel to give instructions to a worker, a public address system to reach a large member of people scattered over a large area, a visual signal in crowd management and a courier system to reach clientele spread over and at distance and so on. Railway Authorities and Airline authorities have computer programmed voice announcements on arrivals and departures which get constantly updated. Modern banking through voice recording systems is available today. All these developments emphasise the importance of 'time' in a communication exercise. Immediacy of the objective usually determines the choice of the medium. In modern times, time consuming slow channels of communication are getting replaced by effective fast channels of communication.

Space: Space plays an important role in an oral communication situation. It can act as a barrier to communication or act as an aid promoting good communication. Experts classify an oral communication situation on the basis of the distance maintained between sender and receiver as Intimate, Personal, Official and Public.

Intimate: If the distance between the two, the encoder (sender) and decoder (receiver) is less than a foot and a half (18 inches), the situation is labelled intimate. The mother coddling the baby, the father and the son, or husband and wife in a familial/private situation communicate at an intimate level of space.

Personal: Friends and peer groups who are in a process of communication maintain a distance of about two to three feet which is personal.

Official: In official situation, the space should be at least four to five feet depending on the message or information.

Public: The distance between the speaker (the encoder) and the listeners (decoder, in this context an audience) should be over ten feet, in a public situation.

Any reduction of this minimum space parameters will lead to awkward and embarrassing situations. Generally, Americans and Europeans do not want violation of their personal space. They refer to their personal body space as the 'body-bubble' which they do not want to be violated by unwanted intrusions. Asians and people from the Middle East do not

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attribute importance to space. Space can act as barrier in a cross-cultural or trans-national oral communication situation. Overcrowding in elevators, jostling in office corridors and elbowing in public transport systems are all external factors that do affect communication as barriers. Proper maintenance of distance will help overcome this carrier. It will remove miscommunication and prevent distortion of a message or information.

Place: The place or the location where a communication process takes place can degenerate into a barrier to effective communication. A simple comparison of the surroundings in a Government/Municipal office and the ambience provided in a multinational company will show how place and surroundings play an important role in effective communication. Inconvenient place, rickety furniture, poor lighting, inadequacy of space are all factors that make people irritable/impatient and annoyed. Friction and conflict erupt easily in such places which mar the transaction of any business, leave alone business communication. Even though it is part of office management, its impact on the communication process as a barrier is inevitable. Good ambience and suitably lighted and ventilated places promote effective communication.

Climate: "The talks were held in a cordial atmosphere and in a proper climate" say the newspapers. Though the word climate refers to the human relations prevailing there, it is no exaggeration to say that the actual room temperature helps people to keep their heads cool! Unfavourable climate can act as a barrier to communication leading to wrong perceptions or decision.

Noise: Noise is a physical barrier to effective communication. Noise may have its origin from an external source or may exist even in the communication loop. You do not achieve effective communication by merely shouting. Effective communication is almost impossible on the factory floor, the bus stand or railway station. No one should try to shut off a machine to achieve successful communication. Instead he should choose a better place with less noise to communicate his message/information. Noise distorts messages and acts as a barrier to effective communication.

8.7 Conflict

Conflict is a disagreement between two or more parties, such as individuals, groups, departments, organizations or countries, who perceive that they have incompatible concerns. Conflicts exist whenever an action by one party is perceived as interfering with the goals, needs or actions of another party. Conflicts can arise for several reasons, some of them are:

- Incompatible goals
- Differences in the interpretation of facts
- Negative feelings
- Variations in values and philosophies
- Disputes over shared success

The term conflict sounds negative, but in some cases, it can actually stimulate creative problem solving and improve the situation for all concerned parties. The outcome of a conflict is the criterion for determining whether the conflict is functional or dysfunctional, that is, whether it has positive or negative outcomes for the concerned parties. Conflict is inevitable and has the potential to be dysfunctional, but if managed constructively, it can be functional and enhance performance.

8.7.1 Attitudes towards Conflict

The presence of conflict need not harm an organization or reduce employee effectiveness. Members of an organization can have three varied sets of attitudes towards conflict:

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Positive Attitude

Conflicts in organizations can be positive forces. The creation and resolution of conflict can lead to constructive problem solving. The need to resolve conflict can lead people to search for ways of changing how they do things. The conflict-resolution process can stimulate innovation and positive change, as well as make change acceptable. This view was clearly demonstrated in a study of managers. When asked about the positive effects of conflict, their response was that positive effects of conflict consisted of three main strategies: beneficial effects on productivity, relationship outcomes, and constructive organizational change. The responses to the first strategy included statements such as "Our work productivity went up" and "We produce quality products on time." Responding to the second strategy, managers said, "Sensitivity to others increased" and "Better communication models were developed." About the third strategy, managers' responses were: "We adopted more effective controls" and "Better job descriptions and expectations were drawn up."

Did u know? A positive attitude towards conflict encourages people to solve their differences, to participate in developing an ethical and fair organization, and to directly handle injustice.

Negative Attitude

Conflict can also have serious negative effects, diverting attention from the goal and depleting resources, especially time and money. Conflict can negatively affect the psychological well being of employees and cause stress. Severe conflicting thoughts, ideas, and beliefs can lead to resentment, tension, and anxiety. These feelings appear to result from the threat that conflicts pose to interpersonal goals and beliefs. Over an extended period, conflicts can make it difficult to create and maintain supportive and trusting relationships. When cooperation is required, severe conflict and competition hurts performance. Pressure for results tends to emphasize immediate and measurable goals, such as reducing sales cost, at the expense of long-term and more important goals, such as product quality. Deep and lasting conflicts that are not addressed can even trigger violence among employees or between employees and others.

Balanced Attitude

Conflict can be desirable sometimes and destructive at other times. Although some conflicts can be avoided and reduced, others have to be resolved and properly managed. The balanced attitude is sensitive to the consequences of conflict, ranging from negative outcomes, such as loss of skilled employees, sabotage, low quality of work, stress and violence, to positive outcomes, such as creative alternatives, increased motivation and commitment, high quality of work, and personal satisfaction. The balanced attitude recognizes that conflict occurs in an organization whenever interests collide. Sometimes, employees think differently, want to act differently, and seek to pursue separate goals. When these differences divide interdependent individuals, they must be constructively managed.

Did u know? Conflict management involve implementing strategies to limit the negative aspects of conflict and to increase the positive aspects of conflict at a level equal to or higher than where the conflict is taking place.

8.8 Stages of Conflict

Although a conflict does not exist until one party perceives that another party may negatively affect something that the first party cares about, the development of antecedent conditions or sources of conflict mark the beginning of the process.

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Afterwards, conflict proceeds through the following five stages (Figure 8.2 illustrates the five stages of conflict):

Stage 1: Latent conflict

Stage 2: Perceived conflict

Stage 3: Felt conflict

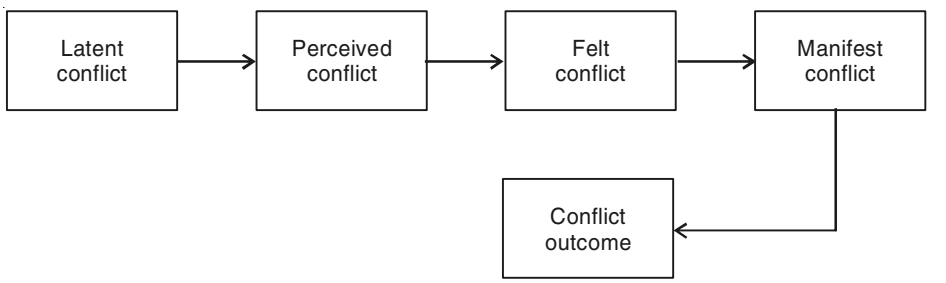
Stage 4: Manifest conflict

Stage 5: Conflict outcome

Stage 1: Latent Conflict

When two or more parties need one another to achieve the desired objectives, there is potential for conflict. Other antecedents of conflict, such as interdependence, separate goals and ambiguity of responsibility, do not automatically create conflicts. Conflict can be caused by a change in organizational direction, a change in personal goals, and assignment of a new project to an already overloaded workforce or an unexpected occurrence such as a promised salary increase that does not happen.

Figure 8.2: Stages of Conflict



Stage 2: Perceived Conflict

This is the point at which team members become aware of the problem. Incompatibility of needs is perceived, and tension begins because the concerned parties begin to worry about what will happen. At this point, however, the concerned parties do not feel that anything they care about is actually being overtly threatened.

Stage 3: Felt Conflict

Here, the concerned parties become emotionally involved and begin to focus on differences of opinions and opposing interests, highlighting perceived conflict. Internal tensions and frustrations begin to crystallize around specific deferred issues, and people begin to build emotional commitments to their particular position. The types of emotions experienced are important because negative emotions produce low trust and negative perceptions of the other party's position. Positive feelings can contribute to a balanced view of the situation and to collaborative endeavours.

Stage 4: Manifest Conflict

The obvious display of conflict occurs when the opposing parties plan and act accordingly to achieve their own objectives and frustrate the other's objective. Actions can range from minor disagreements, questioning, and challenging at one end of the conflict-intensity continuum to verbal attacks, threats, ultimatums, physical attacks, and even efforts to destroy the other party at the other end.

Stage 5: Conflict Outcome

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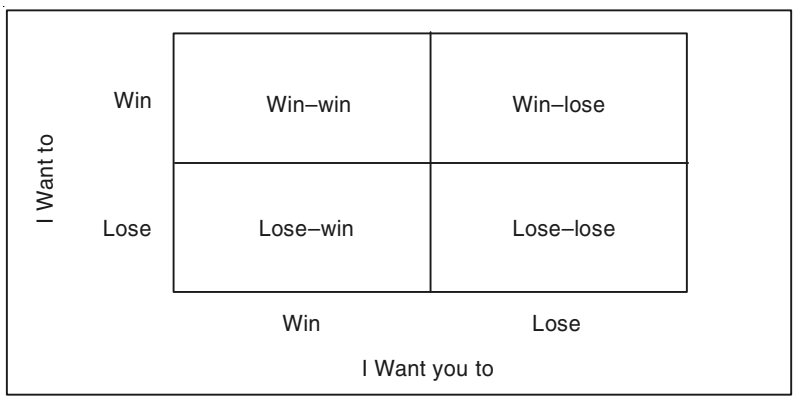
The interactions of the conflicting parties in the manifest-conflict stage result in outcomes that can be functional or dysfunctional for one or both parties. As conflict proceeds through these stages, a functional resolution becomes difficult. The concerned parties become certain about their positions and convinced that the conflict is a win–lose situation, as shown in Figure 8.3. It is easier to achieve positive collaboration and win–win outcomes when the conflict is recognized early, before frustration and other negative sentiments set in.

Task Draw a flow chart to show the stages of conflicts.

8.9 Outcomes of Conflict

In a conflict between two parties, the result of the conflict can be discussed in terms of win–lose dynamics as shown in Figure 8.3. In Figure 8.3, the two dimensions are what a person wants for self and what they want for the other person. The outcomes can be defined in terms of either winning or losing for self and winning or losing for the other person.

Figure 8.3: Win–Lose Dynamics



The final outcomes can be defined in terms of:

Win–win: I want to win, and I want you also to win.

Win–lose: I want to win, but I want you to lose.

Lose–win: I want to lose, but I want you to win.

Lose–lose: I want to lose, and I want you to lose.

Though it is alright to dichotomize the outcome possibilities in terms of "win" and "lose," in real-life situations, there is at least another possible outcome like "draw," or "no win, no loss," for both the parties. Many compromises and "give-and-take" strategies are aimed at reaching this middle point where no clear-cut winner or loser emerges.

Self Assessment

Multiple choice questions:

1. Communications which flow from superiors to the subordinates are known as ..... communication.

   (*a*) upward (*b*) horizontal

   (*c*) downward (*d*) external

Notes

2. ..... communications flow in four directions.

   (*a*) Informal (*b*) Formal

   (*c*) Downward (*d*) External

3. Time, Place, Space, Climate and Noise are the ..... barriers.

   (*a*) attitudinal (*b*) cultural

   (*c*) physical (*d*) none of these.

4. ..... communications refer to communications among the subordinates who are working on the same level of the organization.

   (*a*) Upward (*b*) Horizontal

   (*c*) Downward (*d*) External

5. ..... is a disagreement between two or more parties, such as individuals, groups, departments, organizations or countries.

   (*a*) Communication (*b*) Horizontal

   (*c*) Downward (*d*) Conflict

8.10 Types of Conflict

Conflict in organizations manifests itself in different forms. Broadly, there are three types of conflict: personal, group, and organizational. All these types can be further classified in terms of being "intra," meaning within, and "inter," meaning across. These conflicts are interrelated and affect each other in organizations. The various types can be further described as follows:

8.10.1 Intrapersonal Conflict

Intrapersonal conflict is the result of tensions and frustrations within the individual. It happens because the person is not clear about his role; he sets two mutually exclusive goals for himself. An individual is expected to play a variety of roles in his life. A role is a set of expectations placed on any individual by others. The person who occupies the role becomes the role incumbent, and there are others surrounding the person and having certain expectations from him. Since it is practically impossible to live up to everyone's expectations, the role incumbent starts experiencing frustration and anxiety from within.

These ultimately lead to intrapersonal conflict. Different types of role-related intrapersonal conflicts are discussed now.

8.10.2 Role-related Intrapersonal Conflicts

Intrarole Conflict: When an incumbent receives conflicting messages from different role senders, he experiences intrarole conflict. It happens very often in organizations which have a dual authority system where the project head has a different expectation when compared to a functional head, and the role incumbent is not able to find the solution that meets the different expectations. Sometimes, intrarole conflict occurs when the same person sends a role holder conflicting or inconsistent expectations. For example, a customer service representative may be told to handle as many customers as possible as well as provide complete, detailed, accurate, and timely information about the activities of the department.

Interrole Conflict: When a person experiences conflict because of the multiple roles he has to play in life, he experiences interrole conflict. One very common form of interrole conflict is the conflict experienced by many employees when their working roles clash with their roles as a spouse or parent. A person who has to attend an important meeting at work, as well as a parent–teacher meeting at her child's school scheduled at the same time, experiences

interrole conflict. This happens because different people with whom the role holder interacts have different expectations from him.

Person–role Conflict: This takes place when a person in a role has to perform activities that are not part of his value system. For example, a highly ethical individual experiences this conflict when he has to offer bribes to get an order from a client. A person trying to sell a product of very low quality to a customer without disclosing quality aspects may experience person–role conflict. A devout employee who is expected to work on a religious holiday experiences person–role conflict. Another form of intrapersonal conflict can arise because of mutually exclusive goals that a person sets for himself. There are three types of such goal conflicts:

8.10.3 Goal-related Conflicts

Approach–approach Conflict: This conflict arises when the incumbent is faced with two attractive goals and one has to be chosen over the other. A student who receives admission calls from two very reputed institutes for his post graduation and a person having to choose between two equally attractive jobs both experience approach–approach conflict.

Approach–avoidance Conflict: This conflict arises when a person has to choose between two goals, both important, one attractive and the other unattractive and therefore, avoidable. A student scheduled to appear for final exams in school the next day might experience this conflict if an important cricket match is scheduled to be relayed on the television before the examination.

Avoidance–avoidance Conflict: This conflict is faced by an incumbent who has to make a choice between two equally unattractive, but important goals. A candidate who has to make a choice between two jobs, one low paying and the other requiring relocation, experiences avoidance–avoidance conflict.

Intrapersonal conflicts are advantageous as they help us choose the right path and add on to our personal growth as well. They may be equated with what are referred to as defining moments that put across to us the challenges of choosing between what is right and what is wrong. Intrapersonal conflicts can be managed effectively by creating appropriate job-person fit in the organization because if there is a good fit between the values of an individual and the organization, the person is more satisfied and attached to the organization.

8.10.4 Interpersonal Conflict

Interpersonal conflict occurs when two persons' attitudes, behaviour, and actions are in opposition. Personality clashes lead to interpersonal conflicts in organizations. Interpersonal conflicts also result when there is a lack of clarity in terms of understanding one's role in a given situation with respect to another person. When a person in the role set receives a message that is either unclear or incompatible, it causes role conflict. It can happen because of several reasons:

- A single person may send incompatible or different messages to the role incumbent.
- Two persons may send incompatible or totally opposite messages to the role incumbent.
- The person occupying the role may not be in a position to completely satisfy the demands of the role because of pressures from another role demand.
- When the role sender sends messages that are incompatible with the incumbent's set of values.

Interpersonal conflict may also occur because of lack of clarity experienced by the role incumbent with respect to his roles. The lack of clarity about a role or role ambiguity, leads to aggressive actions and hostile communication, withdrawal from the role, or an attempt to clarify the ambiguity. Research findings suggest that high level of role conflict and ambiguity may lead to higher absenteeism and turnover.

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8.10.5 Intragroup Conflict

Intragroup conflict is a form of interpersonal conflict. It includes disagreements between group members on certain issues, thereby leading to ineffectiveness in the group's functioning. It is a very common feature of family-run businesses where the conflict becomes more intense when the owner or the founder is about to retire or dies untimely.

8.10.6 Intergroup Conflict

Conflicts between teams and groups are termed intergroup conflicts. They result because of opposition, disagreements, and disputes between the teams. It can have both positive and negative consequences. On the positive side, the intergroup conflict increases the cohesiveness among the group members, thereby generating enhanced commitment and loyalty towards the group. On the negative side, it distances people from each other in organizations and enhances the gap between teams and departments. The teams start seeing each other as the enemy and become hostile to each other. When the number of negative relationships among members is high, the probability of intergroup conflict increases.

A heightened level of intergroup conflict can be dysfunctional for organizations. In organizations, when groups compete for a common goal in situations of scarce resources, such conflicts are likely to result in aggression and hostility towards each other. Managers should try to encourage cooperative behaviour among members by rewarding such behaviour and also try not to be prejudiced towards certain set of groups or individuals. They should encourage intergroup or interdepartmental activities so that a desired level of trust can be established. This trust will allow members to openly exchange ideas and resources with each other and will result in high level of cooperation among them. A typical example of intergroup conflict is the disagreement between the management and the union in organizations.

8.10.7 Interorganizational Conflict

Conflicts between organizations are termed interorganizational conflicts. An example of this form of conflict is the Pepsi–Cola war in the recent past. Corporate takeovers, mergers, and acquisitions can also produce interorganizational conflict. The amount of conflict generated may depend on the extent to which the organizations create uncertain conditions for competitors, suppliers or customers and try to access or control the same resources. It would also depend upon the amount of encouragement given by the organization to communicate with each other, attempt to balance power in the marketplace, and develop procedures for resolving existing conflicts. Attempts to manage interorganizational conflict so that it has a positive impact on organizational performance may result in the formation of strategic alliances and partnerships.

Task Give an example of an interorganizational conflicts.

8.11 Sources of Conflict

It has already been stated that conflict is present in all organizations in different forms. An organization cannot exist without conflict. Since conflict is a permanent part of any organization, a good manager tries to understand the sources from which it emanates. Different sources of conflict have been identified in organizations. The existence of these factors is traced back either to the system or to the persons operating these systems. A few of these factors that can lead to conflicts in organizations include:

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8.11.1 Scarcity of Resources

Whenever resources are to be shared by many groups, departments, or individuals in organizations, the chances of conflicts increase. The problem gets escalated when these resources are scarce. Scarce resources result in conflict because it motivates people to indulge in unhealthy competition between each other in order to obtain maximum resources to achieve their objectives.

8.11.2 Specialization

A high degree of specialization often leads to higher disagreements between people in an organization. A person who has a high degree of specialization in a particular area seldom has awareness about other areas and is likely to disagree with the viewpoints of others. A high level of specialization also causes high differentiation among people leading to conflict. This is on account of the differences in values and beliefs because of their specialized training and experiences. Employees always want to operate the system in their way. This diversity makes it difficult to understand and accept the beliefs of others towards organizational goals and activities.

8.11.3 Interdependence

Interdependent work requires people to depend on one another to accomplish. Interdependence is the degree to which interaction among parties must be coordinated in order to perform adequately. The degree of interdependence can range from total dependence to total independence. When one party has the power to manipulate and control the activities of the other party to the extent of affecting their outcomes, it is a state of total dependence. On the other hand, if two parties have no impact on each other's existence, it is a state of total independence. However, if two parties mutually decide on their responsibilities and coordinate their schedules to ensure effectiveness, they are considered to be interdependent. There are three different types of interdependent relationships: reciprocal, sequential, and pooled as shown in Figure 8.4.

Reciprocal Interdependence: When the output of two parties is also the input of each other, it is termed reciprocal interdependence. It can be thought of as a symbiotic relationship. The potential for conflict is high because it requires a greater degree of coordination between the parties. Effectiveness will depend upon good communication and joint decision making.

Sequential Interdependence: When the output of one party becomes the input for the other party, it is termed sequential interdependence. There is one-way movement of information, output, and services causing anxiety to the receiving party as the receiving party's performance is entirely dependent upon the input from the supplying party.

Pooled Interdependence: This happens when two parties are independent of each other but make a contribution to the organization that affects its performance. This is the weakest form of interdependence except for reliance on a common resource or authority. The potential for conflict exists when there is scarcity of resources provided by the headquarters.

8.11.4 Incompatible Goals

Work flows smoothly without any major hindrance when work groups have compatible goals. For example, when the market research department is able to zero in on the quality of products desired by customers, the production department is able to develop a high-class product, thus achieving the compatible goals of high productivity and customer satisfaction.

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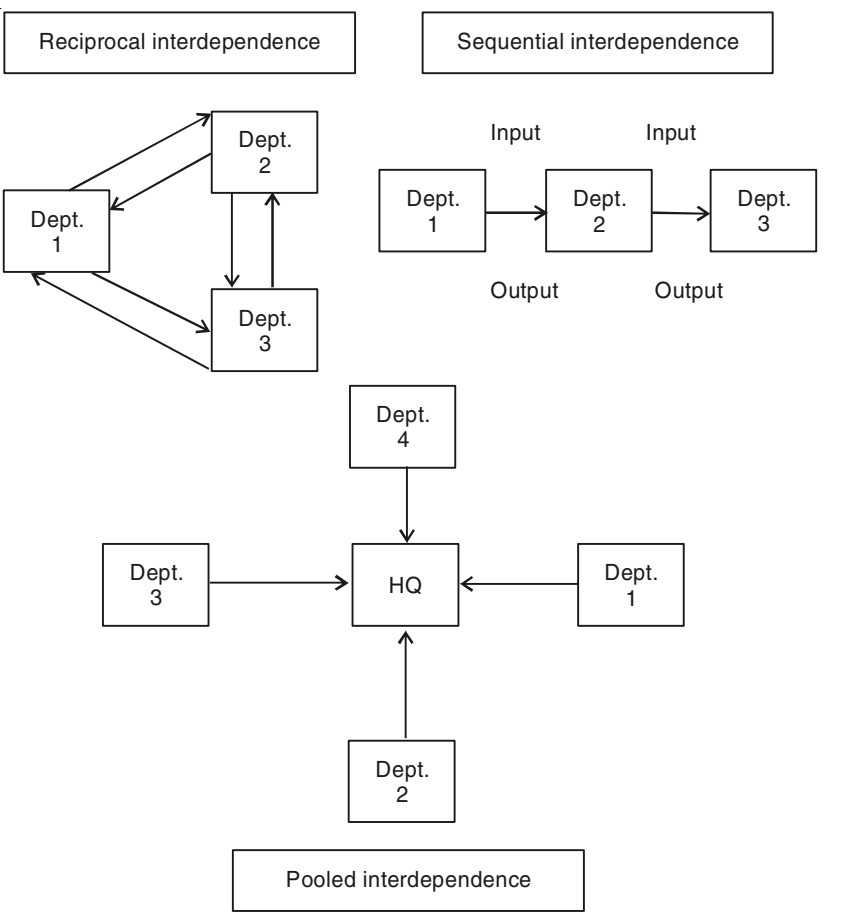
Figure 8.4: Types of Interdependence



However, when the goals of work groups are not compatible, there are chances of conflicts developing between the groups involved. This incompatibility may be the result of mutually exclusive goals, that is, when one party's goal achievement is perceived as threatening to another, the resulting conflict is likely to result in a win–lose outcome. Another reason for this incompatibility may be scarce resources, which have been discussed earlier. This incompatibility may be the result of different time orientations. When different departments in an organization have different time frames to judge their effectiveness, it may result in viewing the goals as incompatible. For example, while launching a product, the marketing department may just seek a 2–3 weeks' time frame, while the production unit may ask for 2–3 months, and the research and development may ask for 5–6 months to undertake research on the product. These differences in goals may lead to interdepartmental conflict.

8.11.5 Status Differences

Status differences among employees are one of the major reasons for conflicts in organizations. It happens because organizations are typically identified by hierarchical structures with a distinct superior–subordinate relationship. Superiors tend to enjoy certain intangible benefits that may become a cause of resentment for subordinates. Sometimes, the subordinate may be in a better position because of his competency and ability to solve problems. However, he may not be permitted to do so as the superior may be autocratic and, therefore, in a more commanding position. This compounds the potential for conflict in their relationship. As

organizations are moving towards a flatter structure and a team-based approach, the problem of hierarchy-based conflict may get reduced.

8.11.6 Jurisdictional Ambiguity

Jurisdictional ambiguity results when there are unclear lines of responsibility within an organization. In such organizations, when problems arise, there may be no one to take responsibility and the "blaming others" game continues. Workers tend to pass the buck or avoid dealing with the problem. It happens because either they are not clear as to who has to solve the problem or they are not concerned about it. Conflict emerges over assigning responsibility for the problem.

8.11.7 Incompatible Personalities

People differ from each other to a large extent in terms of their personality characteristics, it can become a major cause of conflicts in organizations. For example, abrasiveness is one such trait that people finds it difficult to manage in organizations.

Abrasiveness often leads to high achievement orientation and hard work. However, people high on abrasiveness are quite unaware of the feelings of others. Since they are themselves perfectionists, they are highly critical of others' efforts and create stress and discomfort for others in the organization.

8.11.8 Differences in Perception

Personality differences play a major role in creating differences in the perception of people. Perceptions of individuals differ in terms of their expectations and beliefs. If the expectation of an individual does not match with his attainment, it leads to a distortion in his perception, thereby generating conflict.

8.11.9 Differences in Values

Each individual has his own set of values and ethics which are dependent on his background and experiences. The differences in values lead to heightened disagreements and conflicts in organization as most people rely on their own standards and convictions. For example, some people emphasize honesty and integrity and consider them to be the hallmarks for the success of any organization. Still others may consider these to be irrelevant in practice and may rely more on pragmatic values that may be based on the need of the hour. These may lead to a greater degree of conflict between two sets of employees.

8.11.10 Communication Distortions

Communication is identified as one of the major sources of interpersonal conflicts in organizations. Problems in communication could be due to miscommunication (wrong interpretation of the message sent) or communication failure (inability to communicate because of physical, emotional, or structural reasons). Difficulty in understanding the language or faults in the channel can distort the information to a great extent, thereby leading to argument and conflict. Sometimes, conflicts arise because the mindset of the receiver may be a barrier. If the receiver has preconceived notions and ideas, he generally does not listen to the sender with an open mind, leading to conflict between the two.

8.11.11 Cultural Barriers

Culture is the glue which binds the members of a group or organization together. Culture differentiates people from each other and has a boundary-defining role too. People from two cultures working together may not be able to comprehend each other's perspectives, therefore, leading to disagreement and conflict. Certain behaviours acceptable in one culture may be viewed as taboo in another culture. If an organization comprises people of different cultures working together, such differences may lead to inconsistent behaviours and clashes among people.

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8.12 Resolving Conflict Situations

To manage conflict effectively you must be a skilled communicator. That includes creating an open communication environment in your unit by encouraging employees to talk about work issues. Listening to employee concerns will foster an open environment. Make sure you really understand what employees are saying by asking questions and focusing on their perception of the problem.

Whether you have two employees who are fighting for the desk next to the window or one employee who wants the heat on and another who does not, your immediate response to conflict situations is essential. Here are some tips you can use when faced with employees who cannot resolve their own conflicts.

8.12.1 Acknowledge that a Difficult Situation Exists

Honesty and clear communication play an important role in the resolution process. Acquaint yourself with what is happening and be open about the problem.

8.12.2 Let Individuals Express Their Feelings

Some feelings of anger and/or hurt usually accompany conflict situations. Before any kind of problem-solving can take place, these emotions should be expressed and acknowledged.

8.12.3 Define the Problem

What is the stated problem? What is the negative impact on the work or relationships? Are differing personality styles parts of the problem? Meet with employees separately at first and question them about the situation.

8.12.4 Determine Underlying Needs

The goal of conflict resolution is not to decide which person is right or wrong; the goal is to reach a solution that everyone can live with. Looking first for needs, rather than solutions, is a powerful tool for generating win/win options. To discover needs, you must try to find out why people want the solutions they initially proposed. Once you understand the advantages their solutions have for them, you have discovered their needs.

8.12.5 Find Common Areas of Agreement, No Matter How Small

- Agree on the problem.
- Agree on the procedure to follow.
- Agree on worst fears.
- Agree on some small change to give an experience of success.

8.12.6 Find Solutions to Satisfy Needs

- Problem-solving by generating multiple alternatives.
- Determine which actions will be taken.
- Make sure involved parties buy into actions. (Total silence may be a sign of passive resistance.) Be sure you get real agreement from everyone.

Determine Follow-up You will Take to Monitor Actions. You may want to schedule a follow-up meeting in about two weeks to determine how the parties are doing.

Determine What You will Do if the Conflict Goes Unresolved. If the conflict is causing a disruption in the department and it remains unresolved, you may need to explore other avenues. An outside facilitator may be able to offer other insights on solving the problem.

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In some cases the conflict becomes a performance issue, and may become a topic for coaching sessions, performance appraisals, or disciplinary action.

8.12.7 Guiding Principles

By managing conflicts skilfully, you can:

- Gain cooperation from team members.
- Improve performance and productivity.
- Reduce stress and preserve integrity.
- Solve problems as quickly as possible.
- Improve relationships and teamwork.
- Enhance creativity.
- Increase staff morale.

8.13 Dealing with Anger

When you meet with someone who is angry, you can use the tools of effective listening to help defuse this anger. Nevertheless, when anger is directed at you, it is much more difficult to respond definitively, because your own emotions are usually involved.

8.13.1 To Effectively Defuse Anger, Keep in Mind the Needs of the Angry Speaker

- ***To vent:*** An angry person needs to let off steam and release the anger that may have been brewing for a long time use your communication skills to allow the person to do this.
- ***To get the listener's attention:*** An angry person wants to know that you are paying attention use your body language to show this.
- ***To be heard:*** An angry person wants someone to listen to his her point of view, acknowledge the feelings you hear so that the speaker knows you appreciate how angry he she is.
- ***To be understood:*** An angry person wants someone to appreciate how he she feels try to empathize with his her experience so that he she feels you understand the situation, and acknowledge his her right to feel the way she does.

8.13.2 When You are listening to an Angry Person

- **Be Attentive and Patient:** Keep in mind that he she will become less angry as you let him her express herself.
- **Be Sincere:** Empathy and validation must be both honest and genuine.
- **Be Calm:** Try to remove your own emotions from the discussion. Remember that an angry person may say inflammatory things in the heat of the moment, but you do not have to react angrily.

8.14 Resolving Conflict versus Managing Conflict

It is important to recognize the difference between resolving conflict and managing conflict. The goal of conflict resolution is conflict elimination. Conflict resolution is often an impossible task and not always a desirable goal. Department chairs who accept conflict resolution as their ultimate objective will undoubtedly fail. Conflict management is directed toward

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reducing destructive conflict but allows for the existence of constructive conflict. Department chairs who accept conflict management as the objective realize that all conflict cannot or should not be eliminated. It will help to understand some basic facts about conflict.

8.14.1 Conflict is Inevitable

Conflict is a natural outcome of human interaction. Conflict exists whenever there is disagreement and derives from differences in attitudes, beliefs, and expectations. Conflict can result from differences in perception as to what has happened or what needs to be done. Whenever two or more people disagree about a decision or action, conflict exists. Conflict is inevitable because not all persons think alike. Not all persons hold the same values or priorities. Not all persons react to situations in the same manner. Those facts make conflict resolution virtually impossible.

8.14.2 Conflict can be Positive

It is important to remember that conflict is not inherently destructive. In fact, some conflict is desirable. In a constructive mode, conflict can improve problem solving, clarify issues or expectations, increase participant involvement and commitment, and result in a better decision or outcome. If all faculties held the same views on every issue, final decisions and recommendations would not account for the full range of ramifications. If all faculties thought alike, departments would experience little change. Change that results in improvement typically grows out of conflict.

8.14.3 Conflict can be Managed

Conflict that is allowed to run its own course is more likely to be destructive. Department chairs need to be ready to manage conflict. However, two precautions must be noted. First, how a department chair responds to a conflict affects the conflict. Even when a department chair opts to ignore an existing conflict, his or her silence affects the conflict. Second, the department chair's response is never static in that a chair brings to each conflict a personal set of beliefs, perceptions, and expectations. Chairs need to remember that their perception of the persons involved or the situation may not be congruent with reality. Everyone, including department chairs, views conflict from his or her own biases despite the best of intentions.

8.14.4 Conflict Resolution is not Always the Goal

Conflict management, unlike conflict resolution, acknowledges that human interaction is dynamic and that people do not always think or act alike. Because conflict results from differences in attitudes, beliefs, and expectations, a conflict-free environment would be the one that is so homogeneous that it could not be optimally innovative or productive. The goal becomes maximizing constructive conflict and minimizing destructive conflict. Conflict management includes those times when chairs need to initiate or encourage conflict to achieve a positive outcome.

Case Study

Conflict between Ambani Brothers

Improper succession planning is the primary cause for conflicts in most family-owned Indian business houses. Dhirubhai Ambani, credited with bringing Indian investors to the stock market, started Reliance Commercial Corporation with a paltry Rs 15,000. When he passed away in 2002, Reliance Industries had a gross turnover of US $15 billion. After he passed away intestate, his two sons, Mukesh and Anil, entered into a highly publicized battle for the control of group companies. The conflict between the siblings

Contd...

Notes

came out in the open in November 2004 when Mukesh Ambani talked about his differences with his brother to the media. The row between the siblings had its origins in the redefinition of the roles of CMD, Vice-chairman, and MD in the Reliance Industries board. The issue was temporarily resolved after the intervention of their mother, Kokilaben Ambani. It was eventually decided that the brothers would run their companies separately. Four years after the family agreement, media reports in 2008 indicated fresh disputes between the brothers over the sale of gas by Mukesh's Reliance Industries to Anil's proposed power plant in Uttar Pradesh.

Questions:

1. What was the turnover of Reliance Industries in 2002, when Dhirubhai Ambani died?
2. When was the conflict between the siblings (Mukesh and Anil Ambani) came out in open?

Self Assessment

Multiple choice questions:

6. ..... conflict is a form of interpersonal conflict. It includes disagreements between group members on certain issues.

   (*a*) Intragroup (*b*) Interorganizational

   (*c*) Inevitable (*d*) None of these.

7. ..... conflict is the result of tensions and frustrations within the individual.

   (*a*) Intragroup (*b*) Interorganizational

   (*c*) Inevitable (*d*) Intrapersonal

8. Conflicts between teams and groups are termed as ..... conflicts.

   (*a*) intragroup (*b*) interorganizational

   (*c*) intergroup (*d*) intrapersonal

True or False:

9. Communication is identified as one of the major sources of interpersonal conflicts in organizations.

   (*a*) True (*b*) False

10. Intrarole conflict is the result of tensions and frustrations within the individual.

    (*a*) True (*b*) False

Fill in the blanks:

11. An organization cannot exist without ..... .
12. Each individual has his own set of values and ..... which are dependent on his background and experiences.
13. Conflict is a natural outcome of human ..... .
14. Conflict management includes those times when chairs need to initiate or ..... conflict to achieve a positive outcome.

8.15 Summary

- Communication is needed in the area of orientation to make people acquainted with peers, superiors and with company's rules and regulations.

Notes

- Research on grapevine accuracy shows that out of the total communication bits, well over three-fourths are accurate.
- The grapevine carries the type of personal information not generally communicated through formal channels.
- An organization's effectiveness depends upon the performance of numerous small groups which function and interact within the overall organizational system.
- Interpersonal conflicts also result when there is a lack of clarity in terms of understanding one's role in a given situation with respect to another person.

8.16 Keywords

Communication: Communication is of vital importance in projecting the image of an enterprise in the society.

Grapevine: Grapevine information is mostly oral. But it can be written also, as in the case of two employees working in two branches of a company exchanging information through teleprinter.

Interorganizational conflict: Conflict occurring between two organizations is called inter-organizational conflict. Corporate takeovers, mergers, and acquisitions can also produce interorganizational conflict.

Intragroup conflict: It is a form of interpersonal conflict. It includes disagreements between group members on certain issues, thereby leading to ineffectiveness in the group's functioning.

Upward communications: It flows from the subordinates to superiors and are called upward communications. These communications generally act as a feedback.

Lab Exercise

1. Communicate with your friend and use (non-verbal communication) body language to show the speaker that you are engaged in the conversation and open to hearing.
2. List the barriers of effective communication.

8.17 Review Questions

1. What is the purpose of communication? Explain in detail.
2. Why is communication necessary in organization? Explain.
3. How can you explain the formal communication?
4. What is the informal communication?
5. What are the communication networks?
6. Briefly explain about the communication barriers.
7. What is the conflict? Also, explain the attitude towards conflict.
8. Explain the sources of conflict.
9. What are the types of conflict? Explain in detail.
10. Explain the resolving vs managing conflict.

Notes

Answers to Self Assessment

1. (*c*)	2. (*b*)	3. (*c*)	4. (*b*)	5. (*d*)
6. (*a*)	7. (*d*)	8. (*c*)	9. (*a*)	10. (*b*)
11. conflict	12. ethics	13. interaction	14. encourage	

8.18 Further Reading

Books

Communication and Conflict: Studies in International Relations, by Jörg Becker.

Online link

www.communicationandconflict.com/

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Unit 9: Small Groups Organizations

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Objectives

After studying this unit, you will be able to:

- Understand the small groups organizations
- Explain the classification of small scale industries
- Define the role of small scale industries in Indian economy
- Define the disabilities
- Discuss the typical problems faced by small businesses

Introduction

There is a traditional theory of group behaviour that implicitly assumes that private groups and associations operate according to principles entirely different from those that govern the relationships among firms in the make place or between taxpayers and the state. This "group theory" appears to be one of the principal concerns of many political scientists, as well as a major preoccupation of many sociologists and social psychologists. This traditional theory of groups, like most other theories, has been developed by different writers with varying views, and there is accordingly an inevitable injustice in any attempt to give a common treatment to these different views. Still, the various exponents of the traditional understanding of groups do have a common relationship to the approach developed in the present study. It is therefore appropriate to speak here in a loose way of a single traditional theory, provided that a distinction is drawn between the two basic variants of this theory the casual variant and the formal variant. In its most casual form, the traditional view is that private organizations and groups are ubiquitous, and that this ubiquity is due to a fundamental human propensity to form and join associations. As the famous Italian political philosopher Gaetano Mosca puts it, men have an instinct for herding together and fighting with other herds. This instinct also underlies the formation of all the divisions and subdivisions that arise within a given society and occasion moral, sometimes, physical conflicts. Aristotle may have had some; similar gregarious faculty in mind when he said that man was by nature a political animal.

9.1 Definition of Small Groups Organizations

The definition for small-scale industrial (SSI) undertakings has changed over time. Initially they were classified into two categories–those using power with less than 50 employees and those not using power with the employee strength being more than 50 but less than 100. However, the capital resources invested on plant and machinery buildings have been the

Notes

primary criteria to differentiate the small-scale industries from the large and medium scale industries. An industrial unit can be categorized as a small-scale unit if it fulfils the capital investment limit fixed by the Government of India for the small-scale sector. As per the latest definition which is effective since December 21, 1999, for any industrial unit to be regarded as Small Scale Industrial unit the following condition is to be satisfied: Investment in fixed assets like plants and equipments either held on ownership terms on lease or on hire purchase should not be more than ₹ 10 million. However, the unit in no way can be owned or controlled or ancillary of any other industrial unit.

The new definition of an SME clarifies the typology of enterprises. It distinguishes between three types of enterprise on the basis of the type of relations they have with other enterprises in terms of percentage interest in capital, voting rights or the right to exercise a dominant influence:

- Autonomous enterprises;
- Partner enterprises;
- Linked enterprises.

9.1.1 Autonomous Enterprises

These are by far the most common type. These include all enterprises which are not one of the other two types (partner or linked). An enterprise is autonomous if it:

- Does not have a holding of 25% or more in another enterprise;
- Is not owned 25% or more by an enterprise or public body or jointly by several linked enterprises or public bodies, with a few exceptions;
- Does not draw up consolidated accounts and is not included in the accounts of an enterprise which draws up consolidated accounts and is thus not a linked enterprise.

9.1.2 Partner Enterprises

This type represents the situation of enterprises which establish major financial partnerships with other enterprises, without the one exercising effective direct or indirect control over the others. Partners are enterprises which are neither autonomous nor linked to one another. An enterprise is a partner of another enterprise if:

- It has a holding of 25% to less than 50% in the other enterprise;
- The other enterprise has a holding of 25% to less than 50% in the applicant enterprise;
- The applicant enterprise does not draw up consolidated accounts which include the other enterprise, and is not included by consolidation in the accounts of the other enterprise or of an enterprise linked to it.

9.1.3 Linked Enterprises

These correspond to the economic situation of enterprises which form a group through the direct or indirect control of the majority of the capital or voting rights (including through agreements or, in certain cases, through individual shareholders), or through the ability to exercise a dominant influence on an enterprise. Such cases are thus less common and very different from the two preceding types.

9.1.4 Staff Headcount

The staff headcount is measured in annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The number of persons who have not worked the full

year or have worked part-time is counted as fractions of AWU. Apprentices or students engaged in vocational training under an apprenticeship or vocational training and maternity or parental leave are not counted.

9.1.5 Legal Value of the Definition

The definition of micro, small and medium-sized enterprises is binding only for certain matters, such as state aid, implementation of the Structural Funds or Community programmes, particularly the Framework Programme on Research and Technological Development.

Caution

In small scale industrial the investment in fixed assets or on hire purchase should not be more than ₹ 10 million.

9.2 Classification of Small-Scale Industries (SSIs)

A common classification is between traditional small industries and modern small industries. Traditional small industries include khadi and handloom, village industries, handicrafts, sericulture, coir, etc. Modern SSIs produce wide range of goods from comparatively simple items sophisticated products such as television sets, electronics, control system, various engineering products, particularly as ancillaries to the large industries. The traditional small industries are highly labour-intensive while the modern small-scale units make the use of highly sophisticated machinery and equipment. The share of modern industries in the total output of this sector was 74% in 1979-80 but their share in employment was only 33%. Obviously, these industrial units would provide higher labour productivity. One special characteristic of traditional small-scale industries is that they cannot provide full time employment to workers, but instead can provide only subsidiary or part time employment to agricultural labourers and artisans. Among traditional village industries, handicrafts possess the highest labour productivity, besides handicrafts make a significant contribution to earning foreign exchange for the country. Nowadays Indian small-scale industries (SSIs) are mostly modern small-scale industries. Modernization has widened the list of products offered by this industry. The items manufactured in modern Small-scale services and Business enterprises in India now include rubber products, plastic products, chemical products, glass and ceramics, mechanical engineering items, hardware, electrical items, transport equipment, electronic components and equipments, automobile parts, bicycle parts, instruments, sports goods, stationery items and clocks and watches.

Did u know?

During 1979–80, traditional small-scale industries accounted for only 135 of the total output but their share in total employment was 56%.

9.3 Role of Small-Scale Industries in Indian Economy

The small-scale industrial sector plays a pivotal role in the Indian economy in terms of employment and growth. It has recorded a high rate of growth since Independence in spite of stiff competition from large-scale industries. There are several important reasons why these industries are contributing a lot to the progress of the Indian economy:

9.3.1 Production

The small-scale industrial sector plays a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy. It has been estimated that a million of investment in fixed assets in the small scale sector produces 4.62 million worth of goods or services with an approximate value addition of ten percentage points. The

Notes

small-scale sector has grown rapidly over the years. The growth rates during the various plan periods have been very impressive. When the performance of this sector is viewed against the growth in the manufacturing and the industry sector as a whole, it instills confidence in the resilience of the small-scale sector.

9.3.2 Employment

The SSI Sector in India creates largest employment opportunities for the Indian population, next only to Agriculture. It has been estimated that 100,000 rupees of investment in fixed assets in the small-scale sector generates employment for four persons.

9.3.3 Export

The SSI Sector plays a major role in India's present export performance. The SSI Sector contributes 45-50% of the Indian Exports. Direct exports from the SSI Sector account for nearly 35% of total exports. Besides direct exports, it is estimated that small-scale industrial units contribute around 15% to exports indirectly. This takes place through merchant exporters, trading houses and export houses. They may also be in the form of export orders from large units or the production of parts and components for use for finished exportable goods. It would surprise many to know that non-traditional products account for more than 95% of the SSI exports.

9.3.4 Opportunity

The opportunities in the small-scale sector are enormous due to the following factors:

- Less Capital Intensive
- Extensive Promotion and Support by Government
- Reservation for Exclusive Manufacture by Small Scale Sector
- Project Profiles
- Funding – Finance and Subsidies
- Machinery Procurement
- Raw Material Procurement
- Manpower Training
- Technical and Managerial skills
- Tooling and Testing support
- Reservation for Exclusive Purchase by Government
- Export Promotion

Did u know?

The number of small-scale units has increased from an estimated 0.87 million units in the year 1980-81 to over 3 million in the year 2000.

Self Assessment

Multiple choice questions:

1. ..... are so small that each of the members has face-to-face relationships with the others.

   (*a*) Small group (*b*) Primary groups

   (*c*) Primitive group (*d*) None of these.

Notes

2. The SSI sector encompasses both the traditional and ..... sub-sectors.

   (*a*) non-traditional (*b*) non-organization

   (*c*) government (*d*) None of these.

3. Modern SSIs produce wide range of goods from comparatively simple items sophisticated products such as .....

   (*a*) television sets (*b*) cloths

   (*c*) building construction items (*d*) None of these.

4. Agreement on Trade Related Investment Measures (TRIMS) would enhance the flow of ..... into Indian industry.

   (*a*) FDI (*b*) WTO

   (*c*) R&D (*d*) None of these.

9.4 Disabilities

Small enterprises are presently seriously handicapped in comparison with larger units by an inequitable allocation system for scarce raw materials and imported components, lack of provision of credit and finance; low technical skills and managerial ability; and marketing contracts. It is, therefore, essential to develop an overall approach to remove these disabilities.

9.4.1 Output versus Employment

One argument is that the emphasis on employment is irrelevant, as the basic thing is the output that the economy needs for its growth. From this angle, it is contended that, since the productivity of these industries is low compared to that of large industries, the small industries simply waste the capital which is very scarce, and which, if diverted to large industries, can produce more. From this viewpoint, small industries are more capital-intensive. It is also argued that the labour-productivity in the small industries is also small compared to large industries.

9.4.2 Adverse Effect on Capital Formation

It is also contended by some persons that small industries have unfavourable consequences on saving and capital formation. They argue that the establishment of these industries will, over a period of time, reduce the availability of capital for large-scale industries with higher productivity of capital.

First: It will happen because capital, used inefficiently in the small industries, will not be available for large-scale industries.

Second: These industries being labour-intensive, use a major proportion of the sale proceeds of output to pay workers whose marginal propensity to save is low. As a result, a large part of their incomes will be used for consumption resulting in a lower rate of saving and capital formation for the economy.

9.4.3 Inefficient Production

Another charge against these industries is that the cost of production is higher than in the large industries, because these industries suffer from several inefficiencies.

No doubt, the fact of large-scale entails, what is described as economies of scale, lowering the costs.

Notes

9.4.4 Large Sickness

There are two main issues in respect of sick SSIs:

(i) Existence of a large number of sick units which are non-viable; and

(ii) Rehabilitation of potentially viable units.

9.4.5 Several Difficulties

It is obvious that these industries, despite their importance in the economy, are not contributing to their full towards the development of the country along the desirable lines. It is because these are beset with a number of problems concerning their operations. These may be described as under:

- ***Inadequacy of finance:*** A serious problem of these industries is in respect of credit both for long-term and short-term purposes. This is evident from the fact that the supply of credit has not been commensurate with their needs associated with fixed and working capital.
- ***Difficulties of Marketing:*** These industries are also against the crucial problem of marketing their products. The problem arises from such factors as small scale of production, lack of standardization, inadequate market intelligence, competition from technically more efficient units, etc. Apart from the inadequacy of marketing facilities, the cost of promoting and selling their products too is high.
- ***Shortage of Raw Materials:*** Then there is the problem of raw materials which continues to plague these industries. Raw materials are available neither in sufficient quantity, nor of requisite quality, nor at reasonable price. Being small purchasers, the producers are not able to undertake bulk buying as the large industries can do. The result is — buying whatever is available, of whatever quality and at high prices.
- ***Low-level Technology:*** The methods of production, which the small and tiny enterprises use, are old and inefficient. The result is low productivity and high costs. There is little of research and development in this field in the country. There is almost no agency to provide venture capital to cover risks associated with the introduction of new technologies.
- ***Competition from large-scale industries:*** Another serious problem, which these industries face, is that of competition from large-scale industries. Large-scale industries, organized as they are on modern lines, using latest production technology and having access to many facilities, can easily outsell the small producers.

Task Visit any small group organization and prepare report on working environment.

9.5 Typical Problems Faced by Small Businesses Organization

Small scale industries are at a distinct disadvantage as compared to large scale industries. The scales of operations, availability of finance, ability to use modern technology, procurement of raw materials are some of these areas. This gives rise to several problems. Most of these problems can be attributed to the small size of their business, which prevents them from taking advantages, which accrue to large business organisations. However, the problems faced are not similar to all the categories of small businesses. For instance, in the case of small ancillary units, the major problems include delayed payments, uncertainty of getting

orders from the parent units and frequent changes in production processes. The problems of traditional small scale units include remote location with less developed infrastructural facilities, lack of managerial talent, poor quality, traditional technology and inadequate availability of finance.

The problems of exporting small scale units include lack of adequate data on foreign markets, lack of market intelligence, exchange rate fluctuations, quality standards, and pre-shipment finance. In general the small businesses are faced with the following problems:

9.5.1 Finance

One of the severe problems faced by SSIs is that of non-availability of adequate finance to carry out its operations. Generally a small business begins with a small capital base. Many of the units in the small sector lack the credit worthiness required to raise the capital from the capital markets. As a result, they heavily depend on local financial resources and are frequently the victims of exploitation by the money lenders. These units frequently suffer from lack of adequate working capital, either due to delayed payment or locking up of their capital in unsold stocks. Banks also do not lend money without adequate collateral security or guarantees and margin money, which many of them are not in a position to provide.

9.5.2 Raw Materials

Another major problem of small business is the procurement of raw materials. If the required materials are not available, they have to compromise on the quality or have to pay a higher price to get good quality materials. Their bargaining power is relatively low due to the small quantity of purchases made by them. Also, they cannot afford to take the risk of buying in bulk as they have no facilities to store the materials. Because of general scarcity of metals, chemicals and extractive raw materials in the economy, the small scale sector suffers the most. This also means a wastage of production capacity for the economy and loss of further units.

9.5.3 Managerial Skills

Small business is generally promoted and operated by a single person, who may not possess all the managerial skills required to run the business. Many of the small business entrepreneurs possess sound technical knowledge but are less successful in marketing the output. Moreover, they may not find enough time to take care of all functional activities. At the same time, they are not in a position to afford professional managers.

9.5.4 Labour

Small business firms cannot afford to pay higher salaries to the employees, which affects employee willingness to work hard and produce more. Thus, productivity per employee is relatively low and employee turnover is generally high. Because of lower remuneration offered, attracting talented people is a major problem in small business organisations. Unskilled workers join for low remuneration but training them is a time consuming process. Also, unlike large organisations, division of labour cannot be practised, which results in lack of specialisation and concentration.

9.5.5 Marketing

Marketing is one of the most important activities as it generates revenue. Effective marketing of goods requires a thorough understanding of the customer's needs and requirements. In most cases, marketing is a weaker area of small organisations. These organisations have, therefore, to depend excessively on middlemen, who at times exploit them by paying low prices and delayed payments. Further, direct marketing may not be feasible for small business firms as they lack the necessary infrastructure.

Notes

9.5.6 Quality

Many small business organisations do not adhere to desired standards of quality. Instead they concentrate on cutting the cost and keeping the prices low. They do not have adequate resources to invest in quality research and maintain the standards of the industry, nor do they have the expertise to upgrade technology. In fact maintaining quality is their weakest point, when competing in global markets.

9.5.7 Capacity Utilisation

Due to lack of marketing skills or lack of demand, many small business firms have to operate below full capacity due to which their operating costs tend to increase. Gradually this leads to sickness and closure of the business.

9.5.8 Technology

Use of outdated technology is often stated as serious lacunae in the case of small industries, resulting in low productivity and uneconomical production.

9.5.9 Sickness

Prevalence of sickness in small industries has become a point of worry to both the policy makers and the entrepreneurs. The causes of sickness are both internal and external. Internal problems include lack of skilled and trained labour and managerial and marketing skills. Some of the external problems include delayed payments, shortage of working capital, inadequate loans and lack of demand for their products.

9.5.10 Global Competition

Apart from the problems stated above small businesses are not without fears, especially in the present context of liberalisation, privatisation and globalisation (LPG) policies being followed by several countries across the world. Let us look into the areas where small businesses feel threatened with the onslaught of global competition.

- Competition is not only from medium and large industries, but also from multinational companies which are the giants in terms of their size and business volumes. Opening up of trade results in cut-throat competition for small scale units.
- It is difficult to withstand the quality standards, technological skills, financial creditworthiness, managerial and marketing capabilities of the large industries and multinationals.
- There is limited access to markets of developed countries due to the stringent requirements of quality certification like ISO 9000.

Task List down, important small group organizations working in India.

Case Study

Kibbutz Industry

In order to present this kind of rural industry, we shall take a typical Kibbutz as an example. Kibbutz Givaat Brener was established during the twenties some 25 km South of Tel Aviv. At that time the Kibbutz was very isolated, and had many survival problems. Today it is among the biggest Kibbutz villages in Israel, and has around 1000

contd...

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members, including men, women, children and elderly members. This Kibbutz has today a variety of industries of different size economically.

"Rimon" is a food processing industry, and concentrates mainly on the production of preserves from agriculture produce. It was the first industry in this Kibbutz.

Practically, it conforms to the model which we have presented earlier. This enterprise employs some hundreds of workers; some of them are not members of the Kibbutz. In this way the Kibbutz industry contributes to solving the problem of unemployment among the rural population, who are not members of the Kibbutz. This enterprise has a production turnover of more than $10 million annually.

"Matar" is a metal industry in the irrigation field. This enterprise is still in the agricultural sphere, and sells irrigation fittings.

"Kol Gil" is a furniture industry building up house furniture in general, and children' furniture in particular.

"Gavish Software" is a more recent industry. They sell software destined for agricultural uses. They began with the development of software necessary to run their irrigation needs as well as their needs for managing efficiently their dairy milking branch, and their poultry branch. They succeeded, and decided to sell their products, to develop more.

"Matpera" is a small textile enterprise where clothes are produced for members of the Kibbutz, and to the public at large. This enterprise has a special shopping center where customers from nearby towns comes to shop. This shopping center sells to the public, who like to purchase from the producers directly, and by doing so pay less, also the furniture made in the Kibbutz.

"Bengali" is the most recent firm and is in effect a SSI. Only 4 members are working there, producing oriental style Bamboo curtains for commercial and domestic uses.

We cannot end this survey without mentioning a small enterprise where the older members of the Kibbutz are working from 1-4 hours a day, in this enterprise, assembling electrical appliances. This enterprise gives employment but mainly occupation to the old age members of the Kibbutz.

Kibbutz branches such as the kitchen, the laundry, financial services now sell their services to non-members of the Kibbutz, and this phenomenon connects with our notion of developing NAE (Non-Agricultural Employment) within the rural community, as a solution to the underemployment existing among most rural population around the world.

Questions:

1. Name the organization where clothes for members of the Kibbutz are produced.
2. How many members are working there in Bengali firm?

Self Assessment

Multiple choice questions:

5. The ..... by various promotional agencies involved highlighted the need for collaborative efforts for reaping the desired developmental goals.

   (*a*) consortia approach (*b*) government approach

   (*c*) multifarious approach (*d*) None of these.

6. The major feature in the development of ..... enterprises in India is the conscious policy and promotional support to the sector by the Government.

Notes

(*a*) micro (*b*) small

(*c*) Both (*a*) and (*b*) (*d*) None of these.

7. Most of the action taken by or on behalf of ..... of individuals is taken through organizations.

   (*a*) primary group (*b*) individual

   (*c*) small enterprise (*d*) groups

Fill in the blanks:

8. Small scale industries are at a ..... disadvantage as compared to large scale industries.
9. Prevalence of sickness in small industries has become a point of worry to both ..... makers and the enterpreneurs.
10. Many small business organisations do not ..... to desired standards of quality.
11. Direct marketing may not be feasible for ..... firms as they lack the necessary infrastructure.

9.6 Summary

- The logical place to begin any systematic study of organizations is with their purpose but there are all types and shapes and sizes of organizations, even of economic organizations, and there is then some question whether there is any single purpose that would be characteristic of organizations generally.
- An industrial unit can be categorized as a small scale unit if it fulfils the capital investment limit fixed by the Government of India for the small-scale sector.
- An enterprise may continue to be considered autonomous, even if this 25% ceiling is reached or exceeded, if there are certain categories of investor who play a positive role in business financing and creation, such as "business angels".
- Linked enterprises correspond, to the economic situation of enterprises which form a group through the direct or indirect control of the majority of the capital or voting rights or through the ability to exercise a dominant influence on an enterprise.
- Marketing is one of the most important activities as it generates revenue. Effective marketing of goods requires a thorough understanding of the customer's needs and requirements.

9.7 Keywords

Group theory: It appears to be one of the principal concerns of many political scientists, as well as a major preoccupation of many sociologists and social psychologists.

Primary groups: These groups are so small that each of the members has face-to-face relationships with the others like family and kinship groups are predominant in primitive societies.

Small and Medium Enterprises (SME): It performs and tasks of formulation of policies and implementation of programmes mainly through two Central organizations.

Technical Barriers to Trade (TBT): It has permitted member countries to lay down their own stringent manufacturing standards on products imported from the developing countries to protect health and safety of their people and to protect the environment.

Notes

Traditional theory of group: It implicitly assumes that private groups and associations operate according to principles entirely different from those that govern the relationships among firms in the make place or between taxpayers and the state.

Lab Exercise

1. Mention technical barriers faced by the small group organizations.
2. List down some trade related problems in small group organization.

9.8 Review Questions

1. Define the small group organizations.
2. Which type of groups are primary groups?
3. Classify the small scale industries (SSIs).
4. What is the role of small scale industries in Indian economy?
5. Define the disabilities in group.
6. Explain the differences between output and employment.
7. Differentiate among the micro, small and medium enterprises development organization.
8. What are the problems faced by small businesses organization?
9. Explain the development of small organizations in India.
10. What are the challenges and opportunities for the micro and small organizations?

Answers to Self Assessment

1. (*b*)	2. (*a*)	3. (*a*)	4. (*a*)	5. (*c*)
6. (*c*)	7. (*d*)			
8. distinct	9. The Policy	10. adhere	11. small business	

9.10 Further Reading

Books

Organization Theory and Design, by Daft, J. Murphy, H. Willmott.

Online link

http://sobek.colorado.edu/~mciverj/Olson-Chapter1.PDF

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Unit 10: Informal Organization

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Objectives

After studying this unit, you will be able to:

- Discuss informal organization
- Explain the importance of informal organization
- Discuss informal group formation
- Explain the types of informal groups
- Explain the stages of group development
- Define the distinction between formal and informal organization
- Discuss the benefits of informal organization
- Discuss the disadvantages of informal organization
- Explain harmonizing informal and formal organization
- Understand group dynamics

Introduction

To understand the operation of groups in organizations, it is necessary to define exactly what a group is and the types of formal and informal groups that exist.

Imagine waiting in a line at the bank one day along with five other people. Now compare this collection of individuals to your company's board of directors. Although in our everyday language we may refer to the people waiting in line as a group, they certainly are not a group in the same sense as the members of the board. Obviously, a group is more than simply a collection of people. But, what exactly is it that makes a group?

Social scientists have formally defined a group as a collection of two or more interacting individuals with a stable pattern of relationships between them who share common goals and who perceive themselves as being a group. Let us consider the various elements of this definition separately.

Characteristics of Groups

First, groups are composed of two or more people in social interaction. In other words, the members of a group must have some influence on each other. Whether the interaction between the parties is immediate and occurs face-to-face, such as in committee meetings, or is delayed, such as might occur when a written draft of a document is circulated for comments.

Second, groups must possess a stable structure. Although groups can change, and often do, there must be some stable relationships that keep group members together and functioning as a unit. A collection of individuals that constantly changes (e.g. those waiting in the bank line with you) would not be considered a group.

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A third characteristic of groups is that members share common interests or goals. For example, members of a company's safety committee all share a common goal in keeping the workplace free of danger.

Fourth, and finally, to be a group, the individuals involved must perceive themselves as a group. Groups are composed of people who recognize each other as a member of their group and they can distinguish these individuals from non-members. Whether it is the members of a corporate board of directors or a company softball team, people know who is in their group and who is not.

In contrast, the people waiting with you in line at the bank probably do not think of each other as being members of a group. Although they stand close together and may have passing conversations, they have little in common (except, perhaps, a shared interest in reaching the front of the line) and fail to identify themselves with the others in the line.

As these four characteristics suggest groups are very special collections of individuals. Despite these specific requirements, there are a wide variety of different types of groups that may be identified within organizations.

Caution

In organization grouping steps, the parties must have some impact on each other to be considered a group.

Types of Groups

Although a military combat unit, the president's cabinet, and the three-person cockpit crew of a commercial airliner are certainly all very different from each other, they are all groups. So, to clarify our understanding of the nature of groups, it is helpful to describe the different types of groups that exist. In this regard, it is useful to distinguish between formal groups and informal groups.

Formal Groups: Groups created by the organization and that are intentionally designed to direct members toward some important organizational goal are known as formal groups. One type of formal group is referred to as a command group—a group determined by the connections between individuals who are a formal part of the organization (i.e. those who can legitimately give orders to others). For example, a command group may be formed by the vice-president of marketing, who gathers together his/her regional marketing directors from around the country to hear their ideas about a new national advertising campaign.

A formal organizational group also may be formed around some specific task. Such a group is referred to as a task group. Unlike command groups, task groups may be composed of individuals with some special interest or expertise in a specific area regardless of their positions in the organizational hierarchy. For example, a company may have a committee on equal employment opportunities whose members monitor the fair hiring practices of the organization. It may be composed of personnel specialists, corporate vice-presidents, and workers from the shop floor. Whether they are permanent committees, known as standing committees, or temporary ones formed for special purposes (such as a committee formed to recommend solutions to a parking problem), known as ad hoc committees or task forces. Task groups are commonly found in organizations.

Informal Groups: Not all groups are as formal as those we have identified; many are informal in nature. Informal groups develop naturally among an organization's personnel without any direction from the management of the organization within which they operate. One key factor in the formation of informal groups is a common interest shared by its members. For example, a group of employees who band together to seek union representation, or who march together to protest their company's pollution of the environment, may be called an interest group. The common goal sought by members of an interest group may unite workers at many different organizational levels.

Notes

10.1 Informal Organization

Informal organization refers to the relationship between people in an organization based on personal attitudes, emotion, prejudices, likes and dislikes, etc. These relations are not developed according to procedures and regulations laid down in the formal organization.

Informal organization is an important concept in the study of organization. People in the formal organization have a tendency to cut across formal channels and communicate informally with other parts of the organization. Formation of groups, cliques or sub-cliques is all pervasive. People tend to be motivated by group norms, social conventions and leaders enjoying no formal authority. Thus, there exists a more complex and complicated system of informal relationship along with the formal relations in the organization. Such informal relations are not portrayed in the organization charts and manuals.

Barnard viewed informal organization as joint personal activity without conscious joint purpose, even though possibly contributing to joint results. Keith Davis regards informal organization as the network of personal and social relationships which is not established or required by formal organization. Thus informal organization comprises the whole set of customs, social norms and ideas by which people are influenced.

Informal organization refers to the relationship between people based not on procedures but on personal attitudes, prejudices, likes and dislikes. There always exists informal organization in a formal organization and every management has to recognize this fact.

Informal organization is characterized by the following features:

- It develops spontaneously and is not established by formal managers.
- It is based on informal authority attached to the person, and not the position. Informal authority is earned and not delegated. This authority under informal organization largely flows upward or horizontally.
- Informal organization represents human tendency to cut across formal channels and communication informally with other parts of the enterprise.
- People in the informal organization are influenced by leaders without any formal authority.
- It is all-pervasive and exists in every enterprise.
- Informal organization is not always destructive though at times it can make the job of management more difficult. Because of its powerful influence on productivity and job satisfaction, formal management will do well to derive benefit from the study of informal organization.
- Informal organization cannot altogether be abolished. Informal organization is not created at the will of the formal managers, nor the latter do away without the social conventions and group norms.

10.1.1 Functions of Informal Groups

The informal groups have the following functions:

- These groups maintain and continue the cultural values and lifestyle of the group.
- They provide social satisfaction.
- The group develops system of communication in order to meet wants and to keep its members informed about what affects them.
- They exercise social controls by which the behaviour of others is influenced and regulated.

Notes

10.1.2 Problems Associated with Informal Organization

Resistance to Change: There is tendency for the group to become overly protective of its life-style and to stand like a rock in the face of change. They are strongly bound by conventions, customs and culture.

Role Conflict: The quest for social satisfaction may lead members away from organizational objectives. What is good for the employee is not always good for the organization. That results in a role conflict. Workers want to meet the requirements of both their group and their employer, but frequently these requirements are in conflict.

Rumour: Communication in formal organizational issues leads to the problem of rumour.

Conformity: Social control of informal groups exerts strong pressures for conformity.

10.1.3 Control of Informal Organization

The benefits of informal organization will accrue only when it is properly controlled and its potential power properly channelized. The significant aspects of manager's duty in this connection are:

- He should recognize and reconcile himself to the existence of informal organization.
- He should influence the informal organization so that its role is positive and the negative aspect is minimized.
- He should integrate informal organization with formal organization in such a way that the former also contributes to the accomplishment of enterprise objectives.
- He should make informal organization secondary to formal organization, and not vice versa.

10.1.4 Growth in Organization

Organizational growth, unlike growth of organisms which is a natural, evolutionary process, can be planned, expedited, stabilized, controlled and even retarded keeping in view the strategic plans of action. Given, however, growth as an objective of the organization, it would be a worthwhile exercise to study the process of growth in organizations. Larry E. Greiner has provided a sound theoretical framework to analyze the process of organizational growth. He argues that growing organizations move through five relatively calm periods of evolution, each of which ends with a period of crisis and revolution. According to him, each evolutionary period is characterized by the dominant management style used to achieve growth, while each revolutionary period is characterized by the dominant management problem that must be solved before growth will continue.

As organization grows from small to large size, initially there is growth through the creativity of the founders who are usually technically or entrepreneurially-oriented, but soon management problems occur that cannot be handled through the mere dedication of the founders and through informal channels of communication. A crisis of leadership develops. To meet this, a strong manager is appointed. This new manager takes most of the responsibility for initiating direction, while lower level supervisors get tasks carried out without enjoying any decision-making authority. As the organization grows further, these lower level officers demand more autonomy. The crisis of autonomy occurs. To handle this situation, authority is delegated to lower level managers. But soon these levels internalize sub-unit goals and it becomes difficult for the top manager to control and integrate their activities. So growth through delegation leads to a crisis of control. There is need for coordination of their activities as centralization is now no longer possible. So elaborate rules and regulations are developed to obtain proper coordination but this itself creates the crisis of red tape. It is hoped, perhaps, that this crisis can be overcome through collaboration. Hence, there is growth through collaboration in which people work as teams, and social control and self-discipline take the place of formal control.

Thus, as the enterprise grows, the structure undergoes a change. The movement, in general, appears to be towards greater autonomy, flexibility, and informality and is conducive to addictiveness and innovativeness that are keys to organizational effectiveness and success.

10.2 Importance of Informal Organization

In the informal organization, the emphasis is on people and their relationships; in the formal organization, the emphasis is on official organizational positions. The leverage, or clout, in the informal organization is informal power that is attached to a specific individual. On the other hand, in the formal organization, formal authority comes directly from the position. An individual retains formal authority only so long as he or she occupies the position. Informal power is personal; authority is organizational.

Firmly embedded within every informal organization are informal groups and the notorious grapevine; the following list offers descriptions of each:

Informal Group: Workers may create an informal group to go bowling, form a union, discuss work challenges, or have lunch together every day. The group may last for several years or only a few hours.

Sometimes employees join these informal groups simply because of its goals. Other times, they simply want to be with others who are similar to them. Still others may join informal groups simply because they want to be accepted by their co-workers.

The Grapevine: The grapevine is the informal communications network within an organization. It is completely separate from and sometimes much faster than the organization's formal channels of communication.

Formal communication usually follows a path that parallels the organizational chain of command. By contrast, information can be transmitted through the grapevine in any direction up, down, diagonally, or horizontally across the organizational structure. Subordinates may pass information to their bosses, an executive may relay something to a maintenance worker, or employees in different departments may share tidbits.

Grapevine information may be concerned with topics ranging from the latest management decisions to the results of today's World Series game to pure gossip. The information may be important or of little interest. By the same token, the information on the grapevine may be highly accurate or totally distorted.

The informal organization of a firm may be more important than a manager realizes. Although managers may think that the informal organization is nothing more than rumours that are spread among the employees, it is actually a very important tool in maintaining companywide information flow. Results of studies show that the office grapevine is 75 per cent to 90 per cent accurate and provides managers and staff with better information than formal communications.

Rather than ignore or try to suppress the grapevine, managers make an attempt to tune in to it. In fact, they should identify the people in the organization who are keys to the information flow and feed them information that they can spread to others. Managers should make as big an effort to know who their internal disseminators of information are as they do to find the proper person to send a press release. Managers can make good use of the power of the informal organization and the grapevine.

Task Draw the organizational structure of an informal organization.

Notes

10.3 Informal Group Formation

Reasons which account for the formation of informal groups are legion. A number of theories have been advanced by social and organizational psychologists to explain the formation of informal groups. These are as under:

Propinquity Theory: The most basic theory explaining the formation of groups is propinquity. This means that individuals affiliate with one another because of spatial or geographical proximity. In an organization, employees who work in the same area of the plant or office or managers with offices close to one another would more probably form into groups than those who are not physically located together.

Similarity Theory: According to Theodore Newcomb "birds of a feather flock together". People with similar attitudes, interests and work-related needs are attracted to one another. Thus, employees may form a union for fighting indiscrimination or unilateral treatment of the employer.

Complementarity Theory: According to Winch, "opposites attract each other", i.e. people with complementary needs and/or abilities are attracted to one another.

Social Comparison Theory: According to Festinger, an individual joins a group because he suffers from the need for self-evaluation, i.e. he wants to "test" himself against other members to determine whether or not his opinions, ideas, and judgements correspond to those of others in the group.

Interaction Theory: According to George Homans, group formation is the result of activities, interactions and sentiments. The more activities persons share, the more numerous will be their interactions and the stronger will be their sentiments; the more interactions between persons, the more will be their shared activities and sentiments; and the more positive sentiments persons have for one another, the more will be their shared activities and interactions.

Exchange Theory: The approach to group formation, receiving the most recent emphasis is the exchange theory. It is based upon reward-cost outcomes of interaction. A minimum positive level (rewards greater than costs) of an outcome must exist in order for attraction or affiliation to take place. Rewards from interactions gratify needs while costs incur anxiety frustration, fatigue or boredom.

10.4 Types of Informal Groups

John M. Pfiffner and Frank P. Sherwood have identified five types of informal groups that function outside the formal organizational structure. They call these groups "overlays". These are as follows:

- Social overlays, comprising employees with similar work-related needs that bring them together.
- Functional overlays, comprising employees who exert influence and affect the course of action on account of an extraordinary amount of knowledge and know-how which they possess. People respect them and solicit their assistance outside of formal channels. They assume no responsibility when operating in this way but nevertheless affect the course of action.
- Decision overlays, comprising employees who are respected and consulted on account of their old age, mature judgement and wisdom over and beyond their position or function in the formal hierarchy.
- Power overlays, comprising employees who have power as distinct from authority. Thus, an executive's confidential secretary may wield power far in excess of his actual

authority. The kitchen cabinet of a boss may be far more powerful than the more visible and formally established executive. (Simon maintains that the best way to analyze an organization is to find out where the decisions are made and by whom).

- Communication overlays, comprising employees who occupy central positions on channels of communication. Location of desk and machines, partitions, common facilities, relationship in social or religious organizations outside the plant, etc. all affect communications, so that certain persons communicate with one another more than with others.

If these overlays are superimposed on a formal organization chart, it can be easily seen that there are three patterns of contact between individuals, namely horizontal, vertical and random. Horizontal contacts develop among members who are more or less at the same level of management and work in more or less the same area. Vertical contacts are among individuals on different levels in the same line of command. These individuals may be in superior-subordinate relationship with each other. Random contacts encompass members of different departments at different levels of hierarchy and from different physical locations.

10.5 Stages of Group Development

There have been many descriptions and studies of the formation and development of informal groups. According to Tuckman the typical evolution of an informal group includes 5 definite stages as described below:

10.5.1 Forming

During this stage, group members establish the "ground rules", both for the task requirement (How much am I expected to do? Which rules are not enforced?) And also for interpersonal relationships (Who has the "real" power? What are the informal norms?)

10.5.2 Storming

During this stage, intergroup conflict develops. Some members try to gather more power. They become hostile towards one another and/or towards the leader. They, therefore, ignore group goals and resist task requirements.

10.5.3 Norming

During this stage, uniformity develops in the behaviour of members of a group. Members begin to think and work alike. Their behaviour becomes standardized. This is the result of three important factors:

(i) Norms

(ii) Group pressure on individual judgments and

(iii) Similarity of environment.

Norms

Norms of a group lay down the desired behaviour of a group. Hare calls them "rules of behaviour which have been accepted as legitimate by members of a group." They specify the "oughts" which have to be followed under specific circumstances. "Oughts" are not the "actual". They tell us what the members of a group ought to do, not necessarily what they actually do most often (the mean average, for example). A group of 10 members may have a norm that each member ought to produce 500 pieces a day. If we were to count each person's production, we could very well find a range in which some workers may be closest to this norm called "regulars", some others may be much above this norm-called "rate busters" and a few others may be much behind this norm called "isolates".

Notes

Most groups develop a number of norms which they find useful in guiding the members' behaviour. They coin new jargon, with a meaning unique to their group. They introduce games, hold parties and invent rituals. In fact, these are very powerful in standardizing group behaviour. Anyone who fails to meet these norms within the accepted range of variation is "attacked" and isolated from the group if his undesired behaviour continues.

One cannot see norms. One can only infer them by observing a group's activities. If one sees members of a group borrowing tools from one another or helping one another, one infers that the group has a norm about sharing tools or helping others.

Group Pressure on Individual Judgements

Experiments conducted by Asch provide evidence of group pressure generated on individual judgements. Researchers have shown that this tendency is stronger in a person in respect of whom the following conditions exist:

- The object to be judged is ambiguous;
- The subject's confidence in the correctness of his own perception is low;
- The subject has a high need for social approval;
- The subject is required to express his opinion publicly rather than privately;
- The group is highly cohesive; and
- The quality of the evidence presented by others is compelling. The existence of unanimity among others is of crucial importance. If the subject finds even one other person who agrees with him, he is much less likely to yield to the majority.

Similarity among Members' Environments

Membership in a group determines for an individual many of the things he will see, hear, think about, learn and do. The nature of the stimuli in the environment of a person is in a large part affected by his group membership. All members of a labour union, for example, are likely to be exposed to similar environment in terms of data, knowledge and facts pertaining to their own union and organization. This similarity of exposure makes people know, perceive and do things in a similar fashion.

10.5.4 Performing

This is the most advanced stage of group development. During this stage, a hierarchy of informal ranks (called internal social structure) develops. People in the group silently observe each other and determine their hierarchy *inter se*. Five important determinants of this hierarchy are: adherence to group norms, external status of member, his position in the group's communication network, importance of his role and his personality. Group norms become the benchmark by which the behaviour patterns of every individual member are measured. Those who follow the group norms closely or enjoy high external status or play a valuable role in achieving the group's objectives or occupy strategic positions in the group's communication network or possess affable and charming personalities are acclaimed as informal leaders. Others in the group position themselves in a hierarchy in terms of the decreasing degrees to which they meet these determinants. In this way, the group comes to acquire sufficient stability and capacity for collective performance.

10.5.5 Adjourning

The final stage, adjourning, involves the termination of task behaviours and disengagement from relationships. A planned conclusion usually includes recognition for participation and achievement and an opportunity for members to say personal goodbyes. Concluding a

group can create some apprehension-in effect, a minor crisis. The termination of the group is a regressive movement from giving up control to giving up inclusion in the group. The most effective interventions in this stage are those that facilitate task termination and the disengagement process.

Task

Prepare the chart of progression of any organization members and group development.

10.6 Distinction between Formal and Informal Organization

Formal Organization	Informal Organization
It is a prescribed structure of roles and relationships consciously coordinated towards a common objective.	It is natural and spontaneous structure, arising out of the social tendency of people to associate and interact. In other words, management has no hand in its emergence, evolution and functioning.
Its values, goals and tasks are predominantly oriented towards productivity, profitability, efficiency, growth and so on.	Its values, goals and tasks predominantly centre around individual and group satisfaction, esteem, affiliation, friendship, etc.
It is well-defined in shape. Majority of formal organizations are pyramid-shaped. Ranks of individuals are made clear by the use of titles. Communication is simple. One can easily chart all relationships.	It is shapeless. There are a number of multi-directional, intricate relationships which cannot be easily charted. Sociograms which depict the attraction, repulsion and indifference among members do not present any well-defined shape. Ranks of members are implicit.
There is a prescribed, mostly written system of reward and punishment. Rewards can be both monetary and non-monetary.	There is an unwritten system of reward and punishment. Rewards take the form of continuous membership, social esteem, satisfaction, group leadership, etc. Punishments are isolation, censure, harassment, etc.
This organization is usually very enduring and may grow to any size.	This organization is not very enduring, being dependent on the sentiments of members, which often change. It also tends to remain small.

Self Assessment

Multiple choice questions:

1. ...……. groups maintain and continue the cultural values and lifestyle of the group.

   (*a*) Control (*b*) Informal

   (*c*) Function (*d*) Formal

Notes

2. The most basic theory explaining the formation of groups is .....
   (*a*) similarity (*b*) propinquity
   (*c*) complementarity (*d*) social comparison
3. According to ..... birds of a feather flock together.
   (*a*) Festinger (*b*) Winch
   (*c*) George Homans (*d*) Theodore Newcomb
4. According to ..... group formation is the result of activities, interactions and sentiments.
   (*a*) Festinger (*b*) Winch
   (*c*) George Homans (*d*) Theodore Newcomb

10.7 Benefits of Informal Organization

Informal systems bring a number of benefits for employers such as:

- Makes a more effective total system.
- Lightens work load on management.
- Helps get the work done.
- Tends to encourage cooperation.
- Fills in gaps in a manager's abilities.
- Gives satisfaction and stability to work groups.
- Provides a useful channel of communication.
- Provides a safety valve for employee emotions.
- Encourages managers plan and act more carefully.

10.7.1 Benefits of Informal Organization to its Members

Informal organization arises and persists because it yields certain benefits to its members. These are as follows:

Sense of Belonging

If the worker is to get satisfaction from his job, he must come to feel that he is somebody important to his task and to the organization. However, the de-skilling of jobs which is the inevitable concomitant of technical change has made it harder for the worker to feel that he himself is essential on the job–that his skills and know-how are required. To the management he is just another unit of labour. Under these circumstances, the worker finds his work unsatisfactory. An informal organization fills this void by constantly emphasizing and reinforcing each member's individual personality. It gives to each member that human consideration which boosts his self-image and personality. With his group, the member is somebody, though in the formal structure he is only one of 500 workers.

Safety Valve for Emotional Problems

In the daily work routine of a worker, there are many occasions loaded with tension and frustration. For example, his supervisor might have reprimanded him or an overbearing customer might have harassed him. In all such situations, he seeks a sympathetic ear of a friend in the informal organization. His friend is mostly the person who has had similar experiences and can thus share and understand his trouble.

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Aid on the Job

In case of accidents or illness, members of an informal organization may help one another. If a member breaks a company rule they may cover up for him. They may protect one another from authoritative action. They may increase the group's efficiency by changing work assignments or by increasing the specialization of their tasks beyond what is prescribed in the job description.

Breeding Ground for Innovation and Originality

By enabling members to modify the job situation more to their liking, the informal group creates the necessary environment for individual innovation and originality. Protected by his group, the individual can experiment with his novel ideas without having to persuade the boss before trying them out.

Important Channel of Communication

News travels quickly via informal organizations. It is the clandestine transmitter and receiver of information before it is officially released. After the news is received by the informal organizations, they amend, amplify and interpret it. Thus each person gets a larger, more detailed and meaningful but possibly distorted and erroneous picture of what is going on in the organization.

Social Control

The informal organization provides all its members a set of norms—"guides to correct behaviour". These guides serve as dividing lines between good and bad behaviour, between moral and immoral acts, between legitimate and illegitimate activities. Members are expected to conform to these norms. A deviant may be ostracized, condemned or censured.

Check on Authority

Informal organization forces the manager to plan and act more carefully than he would otherwise. Every manager knows that it is a check and balance on his unlimited use of authority.

10.7.2 Benefits of Informal Organization to Management

Following are the advantages of informal organization cooperating with the management:

Self-policing

This relieves the management of much of the burden of supervision. When the manager knows that the group is cooperative among itself, he feels less compelled to check on them frequently and is encouraged to delegate and decentralize his authority.

Fills in Gaps in a Manager's Abilities

If a manager is weak in some ability, one of the members of the informal group may help him without letting others know about the manager's weakness.

Gives the Manager Feedback about Employees and their Work Experiences

This increases the understanding of the manager as to what he needs to do to be a supportive manager. It also helps interpret management to the workers so that they may be more supportive. It makes up for any management failures in communication. Management, in fact, often depends on it to convey certain types of information which the formal system does not wish to carry and purposely leaves unsaid. For example, a manager cannot announce his bad mood officially to his subordinates. The best way to do this would be to put this information on the grapevine so that it reaches the subordinates informally. Some managers use the grapevine additionally as a tactical manoeuvre. As an example, one company which

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had reached a stalemate in negotiations with its union dropped a rumour that the company's wage offer would be withdrawn at the end of the week if the union continued to ignore it. Needless to say, this word reached the union quickly, and the parties were back at the bargaining table the next day.

10.8 Disadvantages of Informal Organization

Informal organization is not an unmixed blessing. If uncooperative with the management, it may create serious problems. These are as under:

10.8.1 Resistance to Change

Although there are no charts or blueprints to bind an informal organization, there are customs, conventions and culture which bind it. Therefore, the group resists those management demands which are perceived by it as detracting from its culture or threatening the existing relationships among the members.

10.8.2 Sub-optimization

In the large informal organization, everyone is supposed to be working towards the same objectives. But when informal groups, with different interests and needs, develop the quest for achieving group goals, it may lead members away from organization objectives. Members are likely to put their own group-need satisfaction ahead of the organization's objectives. The result is that the organization suffers. This is known as the sub-optimization problem where small group objectives conflict with or take precedence over the larger organization's goals.

10.8.3 Rumour

One undesirable characteristic of informal communication, called the "grapevine", is its function as a carrier of rumour. Research shows that the story given at the origin of a rumour is filtered, elaborated, and assimilated. Each person chooses a few basic details of interest to him which he can conveniently remember and pass on to others. This subtraction of details is called filtering. The story becomes worse when people add new details according to their feelings and reasonings. This is elaborating. People may amend some existing details according to their psychological framework. This is assimilation.

10.8.4 Group-think Philosophy

Some members begin to worship the group. They come to believe that what they seek must be "good" because the group has decided so. Thus, there develops a delusion of righteousness. Conformity is induced, in which an individual loses his identity.

10.9 Harmonizing Informal and Formal Organization

Since management can neither order the informal organization out of existence nor circumvent it by industrial engineering or directives, the logical course is to harmonize it with the formal organization. A number of steps can lead towards this result. These are as under:

1. Where informal rules are acceptable, they should be institutionalized. Similarly, that informal pattern of relationships which serves the company well should be incorporated into the formal structure.
2. If informal lines of communication exist, they should be used by the management.
3. When informal leaders develop, they should be appointed to positions of formal authority.
4. Employees should be made to know that the management not merely tolerates but willingly accepts the existence of an informal group.

5. All major cliques, comprising the informal organization, should be catalogued and information collected about their reactions to one another and to the company.
6. In designing a formal organization structure, the "team" concept should be followed. The three important features of this concept are as under:
   - The work should be divided into meaningful "blocks" (as opposed to narrow specialized tasks) to be assigned to a task team.
   - As far as possible, the task team must be self-contained to include people with all skills necessary to complete the assigned task.
   - Each task team must be supplied with full facts about its performance to serve as feedback for corrective action.

There is considerable evidence to show that such a work structure promotes informal groups which are sympathetic to company goals. The reason is simple. Under mass production techniques, tasks are generally interdependent. They also require interdependent roles and social relationships. If the formal organization of the task fails to provide conditions in which this kind of a relationship is fostered, no amount of external support can accomplish company goals. The interdependence of tasks has to accompany interdependent social relationships at work. Interdependent social relationship is achieved when work is organized in small groups which assume responsibility of the whole task. Here the supervisory role too becomes different. The need for coordination, detailed planning, follow-up of work is no longer necessary. Often the supervisor plays a supportive or technical advisory function. The organization also becomes "flat", less bureaucratic and flexible in approach.

10.10 Group Dynamics

In the preceding paragraphs, we have seen how people in every organization are divided into two types of groups: formal and informal. This all-pervasiveness of groups has made group behaviour a specialized subject of study and the phrase "group dynamics" has, of late, become very popular. The word "dynamics" comes from the Greek word "dynamikos" meaning force. The phrase "group dynamics" thus means a study of cohesive and disruptive forces operating within a group.

Traditional management thinkers did not give much importance to the study of groups. They thought mainly in terms of the individual. The importance of groups as an independent subject of study was for the first time recognized by the behaviourists.

The importance of group dynamics to a manager lies in the fact that many people tend to behave differently as individuals and members of a group. The manager must thus study them both as individuals and as groups, as these are two interrelated elements of a motivational situation. He can thus equip himself better to anticipate the actions and reactions of others and can thereby ensure smooth interpersonal relationships.

Our discussion of group dynamics will be structured around the following topics:

1. Basic elements of group behaviour
2. Group cohesiveness
3. Group structure

Did u know?

In 1920s and 1930s, Mayo showed that individual workers tend to establish informal groups which affect morale and productivity. Later on, it was Kurt Lewin who popularized the phrase "group dynamics".

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10.10.1 Basic Elements of Group Behaviour

The three basic elements which are generally of use in understanding the behaviour of a group are activities, interactions and sentiments.

By activities we mean the physical movements which people make and which can be observed by an outsider; for example, talking, daydreaming, dictating a letter, making a sale or running a machine. When we look at the activity of a group, we should observe the nature of its members' action, compare the similarity of one action to another, evaluate the output of the activity and measure its efficiency.

By interaction we mean the mutual response of people participating in an activity. The stimulating activity may be either verbal or non-verbal. Two men talking to each other is an example of the former; two men simply shaking hands is an example of the latter. When we observe interactions, we should look for three aspects, namely, (a) frequency, (b) duration, and (c) order. When we look for frequency, we wish to know how often people interact. Ten times a day? Once a month or so on. When we look for duration, we wish to know how long the interaction goes on, when it does go on. Do people interact for 10 minutes or for an hour? The order of an interaction has to do with who initiates it. Does X always approach Y or does Y always approach X or do they share the initiative to some extent?

By sentiments we mean all the internal feelings, attitudes and drives that exist within a person about his work and others involved in it. Unlike most activities and interactions, they are not directly observable but must be inferred from the activities and interactions which express them. We infer that someone is angry from how his face looks, what he is saying and how he is saying it. We infer from his observable behaviour that which lies within him. When we analyze sentiments, we should look at the number of people who share them, the degree of conviction they have and the intensity they feel. For example, a group of 10 men may share the feeling that a certain management practice is wrong. They may be absolutely convinced that they are right but still may not feel very intensely about the matter personally.

10.10.2 Group Cohesiveness

The cohesiveness of a group refers to the degree to which its members are attracted to the group, are motivated to remain in the group, and mutually influence one another. Researchers have shown that members of highly cohesive groups are more energetic in group activities, are less likely to be absent from group meetings, and are happy when the group succeeds and sad when it fails whereas members of less cohesive groups are less concerned about the group's activities. Studies have also shown that members of highly cohesive groups are more likely to conform to group pressures than are members of low-cohesive groups.

The individual's attractiveness to the group is determined to a very large extent by the several incentive properties of the group, such as attractiveness of the group members, similarities among members in interests, attitudes, values and beliefs, style of leadership and opportunity to participate in decisions, etc.

10.10.3 Group Structure

By group structure is meant the nature and characteristics of the interrelationships among the members of a group and the roles they play in it. As a member of a group, the individual is assigned certain duties or activities; he is given a certain position or status, and he assumes certain functions. These duties, positions and functions may be termed as his role in the group. Clearly, there are many kinds of roles an individual can assume as a member of a group. But we can broadly classify these roles into three categories: task roles, building and maintenance roles, and individual roles.

Task roles are related to the achievement of the purposes of the group. They are concerned with the facilitation and coordination of the group's efforts, and with the definition and

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solution of the problems facing the group in connection with its purposes. Examples of roles of this kind are the "energizer" who prods the groups to greater activity and the "orienteer" who tries to define the position of the group with respect to the achievement of its goals.

Building and maintenance roles are related to the regulation and perpetuation of the group. These roles save the group from disintegration. Examples of these roles are the "encourager" who praises the contributions of others and the "compromiser" who seeks to obtain concessions from disputing members of the group, so that its existence is not endangered.

Individual roles are those which are directed towards satisfaction of the individual's needs. Their object is to facilitate the achievement of some individual goal that has no particular relevance either for the group task or for the functioning of the group, as a group. They are manifest in group behaviour merely because the group is a means for facilitating or impeding the achievement of personal goals by the individual.

Did u know?

Social psychologist Kurt Lewin is who coined the term *group dynamics* to describe the positive and negative forces within groups of people.

Case Study

Products of the milk company

Milk Products Limited is engaged in collecting, processing and distributing milk and milk products in a large city in South India. Most of the products of the company are such that these have to be distributed on daily basis. The company has a crew of distributors who approach the fixed customers, both bulk buyers and individuals. Mr K. Ramesh joined the crew of distributors after graduating in commerce. The distribution manager was quite impressed by Mr Ramesh but initially could not offer him a better job than that of a distributor. However, he promised to give him better opportunity whenever available. Mr Ramesh joined gladly.

The distributors are employed on monthly salary basis. In order to ensure distribution of the products, the company has a provision of overtime pay. Normally, crew members work slowly in the beginning just to accumulate overtime pay. The pace becomes hectic towards the end of the day with some overtime to meet the distribution schedule. There is no group leader but there are several old-timers who influence newcomers regarding the work rules. Mr Ramesh did not like this method of working but had to follow the group to be a good teammate. He gathered that over the years, the company had paid around sixty per cent overtime unnecessarily.

After a year, impressed by the work of Mr Ramesh and his overall suitability, the distribution manager offered him the position of distribution supervisor. The basic duty of supervisor was to look after the distribution system and to develop new customers in a given area. Besides Mr Ramesh, there were four other supervisors also. Ramesh was sure of making distribution system effective as he was aware about the delaying tactics of the crew. He was quite sure about cutting the overtime cost and impressing upon the manager about fixing the quota of work per day in two parts before lunch and after lunch. The distribution manager left convinced and introduced the system. However, the efficiency dropped down considerably and no crew member was near the target.

Questions:

1. What were the reasons for decreased efficiency in the new system?
2. Advise Mr Ramesh and distribution manager about the future course of action.

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Self Assessment

Multiple choice questions:

5. The approach to group formation receiving the most recent emphasis is the ..... theory.

   (*a*) exchange (*b*) propinquity

   (*c*) complementarily (*d*) social comparison

6. ..... is the most advanced stage of group development. During this stage, a hierarchy of informal ranks develops.

   (*a*) Performing (*b*) Norming

   (*c*) Storming (*d*) Forming

7. Research shows that the story given at the origin of a ..... is filtered, elaborated, and assimilated.

   (*a*) resistance to change (*b*) sub-optimization

   (*c*) group-think philosophy (*d*) rumour

True or False:

8. Informal organization is not always destructive though at times it can make the job of management more difficult.

   (*a*) True (*b*) False

9. Informal organization is an unmixed blessing.

   (*a*) True (*b*) False

10. Employees should be made to know that the management not merely tolerates but willingly accepts the existence of an informal group.

    (*a*) True (*b*) False

Fill in the blanks:

11. An ..... fills this void by constantly emphasizing and reinforcing each member's individual personality.
12. The subtraction of details is called ..... .
13. The word "dynamics" comes from the Greek word meaning ..... .
14. The organization become ..... less bureaucratic and flexible in approach.
15. The importance of groups are an independent subject of study was for the first time recognized by the ..... .

10.11 Summary

- Informal organization is an important concept in the study of organization.
- In the informal organization, the emphasis is on people and their relationships; in the formal organization, the emphasis is on official organizational positions.
- The grapevine is the informal communications network within an organization.
- The nature of the stimuli in the environment of a person is in a large part affected by his group membership.
- In the large informal organization, everyone is supposed to be working towards the same objectives.
- Interdependent social relationship is achieved when work is organized in small groups which assume responsibility of the whole task.

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10.12 Keywords

Formal organization: It is a prescribed structure of roles and relationships consciously coordinated towards a common objective.

Grapevine: The grapevine is the informal communications network within an organization.

Informal group: An informal group is a group of people casually acquainted with each other for their own personal fulfilment because they have some common characteristics and concerns.

Informal organization: It is natural and spontaneous structure, arising out of the social tendency of people to associate and interact.

Rumour: A rumour is often viewed as an unverified account or explanation of events circulating from person to person and pertaining to an object, event, or issue in public concern.

Lab Exercise

1. Draw the stage diagram of group development.
2. Make a list for employee motivation the organizational environment and productivity.

10.13 Review Questions

1. Why do you think informal groups emerge in organization? What organizational needs do they serve?
2. Describe the difference between a formal and an informal organization.
3. Describe the positive and negative aspects of an informal organization.
4. What should a manager do to harmonize informal organization with the formal organization?
5. Describe the various stages of development of an informal group.
6. Write short notes on:
   (a) Basic elements of group behaviour.
   (b) Types of informal groups.
   (c) Theories of formation of informal groups.
7. What is informal organization?
8. What is the importance of informal organization?
9. Discuss the benefits of informal organization?
10. What are the disadvantages of informal organization?

Answers to Self Assessment

1. (*c*)	2. (*b*)	3. (*d*)	4. (*c*)	5. (*a*)
6. (*a*)	7. (*d*)	8. (*a*)	9. (*b*)	10. (*a*)
11. informal organization		12. filtering	13. force	14. flat
15. behaviour list				

10.14 Further Reading

Books

The Future of Business: The Essentials, by Lawrence J. Gitman, Carl McDaniel.

Online link

http://scholar.google.co.in/scholar?

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Unit 11: Individuals and Self-Management

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Objectives

After studying this unit, you will be able to:

- Explain the self-management
- Discuss the impacts of self-management
- Define the "Big Five" Individual theory
- Explain the individual behaviour
- Understand about problem-solving behaviours
- Define the rules for self-management
- Understand the self-management skills
- Define the individual change

Introduction

Employees come together in the workplace to help the company reach its goals, and as employees must also realize we are individuals and thus bring our own personalities, values, morals, and behaviour into the organization. The roles we take on in the organization come from the jobs we have been hired to do and thus it is our responsibility to meld in with and adopt the philosophy of the company. What happens, though, when we are asked to participate in a standard or expectation that does not match with our personal values and beliefs? Are company's expected standards of conformity always legitimate, or are we sometimes challenged by expectations we are not willing to meet? Will we be promoted? Will we be terminated?

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An understanding of all of these issues is critical for us not only in helping our adjustment to the role we have been hired to play in the organization, but also in our continued ability to anticipate, understand, and cope with behaviour within the organization.

Self-management as a treatment intended to bring about specific outcomes: "a treatment that combines biological, psychological and social intervention techniques, with a goal of maximal functioning of regulatory processes"

Supporting self-management means providing information and encouragement to help people maintain greater control by understanding their condition and being able to monitor and take appropriate action. Interventions to support self-management can be used at different points of the health continuum, from those who do not have a long term condition through to those who are living with severe and multiple long term conditions.

11.1 Self-Management

Self-management is defined as efforts by an individual to control his or her own behaviour. Specifically, self-management involves assessing problems, establishing goals, monitoring time and environmental issues that may hinder the accomplishment of those goals, and the use of reinforcement and punishment to regulate goal progress and attainment. By training individuals to evaluate, monitor, and regulate themselves, they become responsible and accountable for their own progress and performance, and essentially, become "self-managers".

Self-management involves specific steps (see Table 11.1). The first step in self-management training is to conduct a self-assessment. Through this stage, an individual discovers what the problems are which stand between the individual and the goals that he or she wants to accomplish. This discovery leads to the second step of establishing and committing to specific goals. If the individual does not set and commit to these goals, the next step, self-monitoring, will have little impact on an individual's behaviour. Self-monitoring involves an active monitoring by the individual of his or her own time and environmental management, and the identification of issues or situations that may prevent an individual from reaching his or her goals. The fourth and final step in self-management training is the self-evaluation stage, wherein the individual evaluates the success of his or her plan, and refines his or her tactics if necessary.

Table 11.1: Stages of Self-Management

Stage of Self-Management	Purpose of Stage
Self-Assessment	Determine what obstacles stand between the individual and his/her goals.
Goal Setting	Individual must set and commit to goals he/she wishes to accomplish.
Self-Monitoring	Active monitoring of environmental situations that may keep the individual from reaching his/her goals.
Self-Evaluation	Individual evaluates his/her progress.

Did u know?

Self-management relates to the task include gaining confidence to deal with medical management, role management and emotional management.

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11.2 Impacts of Self-Management

11.2.1 Impact on Self-Efficacy

Self-efficacy refers to an individual's belief in their capacity to successfully learn and perform a specific behaviour. A strong sense of self-efficacy leads to a feeling of control, and willingness to take on and persist with new and difficult tasks. When applied to health, this theory suggests that patients are empowered and motivated to manage their health problems when they feel confident in their ability to achieve this goal.

There is evidence that improved self-efficacy is correlated with improved health behaviours and clinical outcomes so it is valid to examine the impact of self-management support on self-efficacy as representative of other outcomes.

11.2.2 Self-Managing Team

"Self-managing teams" is a term used to describe a form of organisation in which the employees at the operational level are given a number of tasks collectively which is traditionally carried out by managers and staff members. Which tasks they are given will vary greatly. In an industrial context, the team's tasks and responsibilities will vary from few and simple tasks, such as organising job rotations or ordering the raw materials needed, to carrying out all operational tasks. The individual company, primarily management, will decide which tasks the self-managing teams will carry out and which task will remain with management or others in the organisation. Also, decisions about who does what will not be final but will be remade regularly.

Management may choose to continuously let the self-managing teams do more and more tasks on their own. Or management may decide that there are tasks not suitable for delegation.

11.2.3 Consensus between Ability and Aptitude

A good person-job fit requires a consensus between the abilities and aptitudes of employees. Ability is the capacity to do physical and intellectual tasks. Aptitude is the capacity to learn the ability. People differ in their abilities and aptitudes. A person may have the ability to play cricket as well as Sachin Tendulkar or sing as sweetly as Lata Mangeshkar but may not have the aptitude to do so. Most of us do not have the aptitude to match the abilities. Managers should be clear about the abilities that are required to do a particular job and ensure that the employee chosen to do the job has the ability to do it, as also the aptitude to learn it. The aptitude to learn does not diminish with age. People who lack either the ability or the aptitude to do a job are likely to fail and be dissatisfied. Those who have the aptitude can make an effort to learn, but those who lack the ability are likely to face problems. Those who are highly competent or highly skilled may also get demotivated. Therefore, the key is in finding the right match between the abilities of the person and the demands of the job. There are other related factors that affect the performance of the individual at the job besides his personality such as perception, learning, attitude, and values, which have been discussed in the later units.

Task List down the stages involved in the process of self-management.

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11.3 The "Big Five" Individual Theory

Since personality comprises of many elements, psychologists work to identify critical factors that help people observe and understand an individual's style and behavioural pattern. One such set of factors is referred to by some psychologists as the "Big Five" and the theory of individual based on the factors identified is known as the Big Five model. According to the proponents of this theory, these five factors can be used to explain possibly most of the differences in human personality. Each factor represents one aspect of an individual's personality and style. The Big Five factors are as follows:

11.3.1 Extraversion

This component of the big five focuses on the comfort level of an individual in their interactions with others. For example, an individual's behaviour may range from being assertive, outgoing, talkative, open (extraversion) to being timid, quiet, and reserved (introversion).

11.3.2 Agreeableness

This refers to an individual's behaviour towards others while interacting with them. For example, the behaviour may range from being warm, cooperative, and close (high agreeableness) to cold, antagonistic, and distant (low agreeableness).

11.3.3 Conscientiousness

This dimension of Big Five refers to the extent to which individuals show consistent and reliable behaviour while working in an organization. An individual's style may range from being highly responsible, dependable, reliable, and consistent (high conscientiousness) to being unreliable, disorganized, and inconsistent (low conscientiousness); from performing work in a detailed and structured manner to performing work in a general and spontaneous way.

11.3.4 Emotional Stability

This refers to the ability of an individual to control his or her emotions at the time of crisis. Individuals with high stability are more controlled with their emotions and are calm and self-confident. On the other hand, those with low emotional stability are more nervous, depressed, and insecure in their approach.

11.3.5 Openness to Experience

This dimension measures the individual's ability to be open to any kind of experience that helps him or her to do the job effectively. Individuals who are open to experience are more approachable, creative, and sensitive. However, those who are less open to experience are conservative in their approach and feel uncomfortable in a new environment.

Here is a list of things that help you in self management and which will in turn lead you to the path of success:

- Look at every new opportunity as an exciting and new-life experience.
- Be a professional who exhibits self-confidence and self-assurance in your potential to complete any task.
- Agree with yourself in advance that you will have a good attitude toward the upcoming task.
- Frequently ask, "Is what I am doing right now moving me toward my goals?"
- Does it right the first time and you will not have to take time later to fix it.

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- Accept responsibility for your job successes and failures. Do not look for a scapegoat.
- Do not view things you do as a 'job.' View all activities as a challenge.
- Use your subconscious mind by telling it to do what do you want. Instead of telling yourself, "I can not do that very well," say, "I can do this very well." Give yourself points for completing tasks on your "to-do" list in priority order. When you reach 10 points, reward yourself.
- Practice your personal beliefs. It may be helpful each morning to take 15 minutes to gather your thoughts and say a prayer.
- Make a commitment to show someone a specific accomplishment on a certain date. The added urgency will help you feel motivated to have it done.
- Practice self-determination, wanting to do it for you.
- Believe that you can be what you want to be.
- Never criticize yourself as having a weakness. There is no such thing. You are only talking about a present undeveloped skill or part of yourself that if you chose so, you can change. You do not have any weakness, only untapped potential.
- Be pleasant all the time, no matter what the situation is.
- Challenge yourself to do things differently than you have in the past. It provides new ideas and keeps you interested.
- Talk to yourself. A self-talk using positive affirmation is something that is common among all great achievers. They convince themselves that they can accomplish their goals.
- Create your own 'motivation board' by putting up notes of things you need to do on a bulletin board or special wall space. It is an easily visible way to see what you need to work on. When an item is done, remove the note. Also keep your goals listed and pictured on your board.
- Stay interested in what you are doing. Keep looking for what is interesting in your work. Change your perspective and look at it as someone outside your job would.
- Establish personal incentives and rewards to help maintain your own high enthusiasm and performance level.

Task Apply 'Big Five' individual theory to education institute and prepare report.

Did u know? In 1983 Costa and McCrae realized that their NEO system closely resembled three of the Big Five factors.

11.4 Individual Behaviour

Human behaviour is complex and every individual is different from another, the challenge of an effective organization is in successfully matching the task, the manager and the subordinate.

Under ideal situation, a manager would first analyze the task, then determine the required skills and assemble a team that complement each other skills; thereby creating an enriching

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and conflict free team. In reality, a manager has to use the existing resources for a given task, and must have the ability to understand the differences in individual behaviours and use them appropriately to increase the synergy.

Factors influencing individual behaviour are as follows:

11.4.1 Abilities

Abilities of a person are the natural or learnt traits. Abilities can be classified into mental and physical abilities and different task requires different level of the two. Mental abilities represent the intelligence, person's deductive reasoning, and memory, analytical and verbal comprehension. Physical abilities include muscular strength, stamina, body coordination and motor skills. An individual's self awareness of his own abilities determines how he feels about the task, while the manager's perception of his abilities determines the kind of task he assigns to the individual.

11.4.2 Gender

Although, research concludes that men and women are equal in their mental abilities and job performance, society does emphasize differences. However, absenteeism is one area where differences are found and can be attributed to being primary caregiver to children. However, this creates a difference in self perception of one's abilities, personal values and social behaviour. Similarly, a manager's personal values might influence how he considers gender as factor in his task assignment and evaluation.

11.4.3 Race

Race and culture exert significant influence when both workplace and society have considerable diversity. Stereotyping and attributing behaviour based on race and culture are common mistakes that influence individual behaviour. It is important for both management and the staff of diverse workforce to learn about different cultures, their values, common artefacts and communication protocols. This would create a more comfortable corporate culture and would subdue behaviours that might be perceived as insensitive and offensive.

11.4.4 Perception

Perception is the basic cognitive process that transforms sensory stimuli into meaningful information. Most real life problems are multidimensional and the rational approach is often entwined with the gut feeling, resulting in individual perception. This quells the famous notion that reality is objective and thus everyone must perceive it the same way. Both managers and subordinates must recognize that perceptual differences exist and often are the reason for mutual dissatisfaction.

Stereotyping: It is categorization of individuals on basis of single attribute, it ends up creating a generalized and simplified belief that do not take into account other significant characteristics. Age, race and sex are the three most common basis of stereotyping; not only they are unethical but can cost missing resources. In general, stereotyping leads to decisions that are based on inaccurate data that can result in unfair performance evaluations, job design or promotion.

Selective Perception: It is the process of selecting only the information that supports our pre-existing belief system, thereby eliminating the discomforting information. Selective perception acts like a catalyst to stereotyping because people tend to notice things that fit their existing notion and not notice things that do not. Both stereotyping and selective perception can be beneficial only by chance since they are based on partial information. The specific situations in which they can be positively exploited cannot be used as reliable methods.

Notes

11.4.5 Attribution

Attribution is the process of observing behaviour and then determining its cause based on individual's personality or situation. Attribution based on personality is due to internal causes and is termed as dispositional attribution. It includes personality traits like shyness, arrogance, intelligence, etc. Attribution based on external influences and situations that are outside the control of individual are termed as situational attribution. The basic attribution framework uses three criteria mentioned below.

Consensus: It is the extent to which other people in the same situation might respond similarly. When behaviour is attributed to consensus, the individual is not rewarded or penalized due his personality.

Distinctiveness: It is the extent to which the individual's behaviour can be attributed to situations or to his personality. If the person behaves the same way in seemingly different situations, then his behaviour will be attributed to his personality.

Consistency: It is the measure of the frequency of the observed behaviour, how often does the behaviour occurs? High consistency is linked to dispositional attribution while low consistency is linked to situational attribution.

11.4.6 Attitude

An attitude is the abstract learnt response of an individual's entire cognitive process over a period of time. It is experienced as a quick response to a familiar situation without any deep reasoning; it forms the basis of biases and attribution errors. As an example, an individual who has worked in various organizations might develop an attitude of indifference towards organizational citizenship.

Caution

To avoid conflict in team, manager must analyze the task, then determine the required skills and assemble a team that complement each other skills.

Self Assessment

Multiple choice questions:

1. The first step in self-management training is to conduct a …… .

   (*a*) goal setting (*b*) self-monitoring

   (*c*) self-evaluation (*d*) self-assessment

2. There are ..... stages in self-management.

   (*a*) four (*b*) three

   (*c*) two (*d*) six

3. ……. refers to an individual's behaviour towards others while interacting with them.

   (*a*) Extraversion (*b*) Agreeableness

   (*c*) Conscientiousness (*d*) None of these

4. This refers to the ability of an individual to control his or her emotions at the time of crisis.

   (*a*) Mental (*b*) Economical

   (*c*) Emotional stability (*d*) None of these

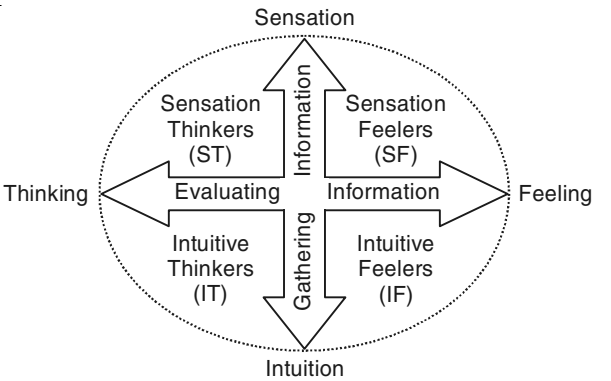
Notes

11.5 Problem-Solving Behaviours

The different ways of gathering and evaluating information combine to form a matrix of four problem-solving behaviours. These four personality types emerge. Each type has its virtues and shortcomings, but in a complex organization all are necessary.

The following descriptions are based on research on the problem-solving behaviours of managers.

Figure 11.1: Four Cognitive Styles



11.5.1 Sensation Thinkers (ST)

Amit Sawhney is the archetypal bureaucrat concerned with formulating and enforcing rules. Because sensation and thinking dominate his functions, Amit is persistent, yet decisive. He weighs costs and benefits, plans a logical schedule, and has an infinite capacity to absorb and remember details.

Amit is a hard worker, good coordinator, and dependable leader. His penchant for analysis and logic makes him quite predictable. However, as a sensation thinker, Amit tends to become impatient with those who are not equally detailed, organized, and rational. He avoids abstractions and seldom provides feedback to others unless it is based on measured performance. Amit is so concerned with preserving acceptable practices and tradition that he overlooks possibilities for creative improvements.

11.5.2 Intuitive Thinkers (IT)

Shalini Mittal exemplifies the intuitive thinker. She is a manager who looks ahead, always searching for innovative possibilities. Although she tends to be impersonal, Shalini is quick to analyse the power dynamics within an organization. She is noted for her intellectual capabilities and pioneering ideas. Shalini is a great designer of new methods and projects. She then depends on her staff to flush out the details of her proposals.

Once a project has been initiated, Shalini relinquishes its administration to someone better suited to establish organizational routines. Gifted in abstract creativity, Shalini sometimes is insensitive to the personal needs and wishes of others. Nevertheless, as an intuitive thinker, she responds to the ideas and problems of others when they are logical and reasonable. She finds it difficult to accept anything other than competent, professional performance. Shalini frequently expects more than others are prepared to deliver.

11.5.3 Sensation Feelers (SF)

Sensation feelers are exemplified by Shweta, who is a methodological manager. She is great at analysis based on detailed observation. Shweta deals efficiently with here-and-now

problems. Her decisions and actions result from quick interpretation of the facts. She loves to find the causes of the problems in standardized operations and excels at extracting higher efficiency from programmed procedures.

Yet, Shweta does not like to see changes sweep too far in new directions. She would rather fix an old system that conceptualizes a new approach. Shweta generally gets along well with co-workers. She reinforces good performances by giving praise, writing memos of thanks, and publicly acknowledging others' accomplishments.

11.5.4 Intuitive Feelers (IF)

Vikram Das is the quintessential intuitive feeler. He is a charismatic leader who communicates fluently and is quick to visualize possibilities for improvement. He draws out ideas from others and always consults co-workers before moving ahead on significant actions. Given the freedom to manage, Vikram creates a high level of esprit de corps within his team. Vikram believes in psychological rewards and makes sure they come in timely response to his worker's emotional needs.

Yet, Vikram needs recognition from others. He tends to back away from his personal ideas when they appear to conflict with views held by esteemed others. He is very popular among his co-workers, but because he wishes to retain his popularity, Vikram is at times hesitant to act. Sometimes the opportunity of the moment is lost as a result of his indecision. The behaviour patterns of these four managers indicate extreme personalities. While managers may tend towards sensation or intuition, thinking or feeling, usually their dominant combinations do not preclude use of other functions. In fact, most managers rely on all four functions to some degree. Still the message for the organization is clear: To be effective across the entire range of problems—those that demand change and those that demand stability, those that call for quantitative analysis and those that require creativity—an organization needs all four types of managers. In the ideal management team, individual managerial styles complement each other. A built-in system of checks and balances is possible when team members are of different personality types.

11.6 Rules for Self-Management

1. Live by your values, whatever they are. You confuse people when you do not, because they cannot predict how you will behave.
2. Speak up! No one can 'hear' what you are thinking without you be willing to stand up for it. Mind-reading is something most people cannot do.
3. Honour your own good word, and keep the promises you make. If not, people eventually stop believing most of what you say, and your words will no longer work for you.
4. When you ask for more responsibility, expect to be held fully accountable. This is what seizing ownership of something is all about; it is usually an all or nothing kind of thing, and so you have got to treat it that way.
5. Do not expect people to trust you if you are not willing to be trustworthy for them first and foremost. Trust is an outcome of fulfilled expectations.
6. Be more productive by creating good habits and rejecting bad ones. Good habits corral your energies into a momentum-building rhythm for you; bad habits sap your energies and drain you.
7. Have a good work ethic, for it seems to be getting rare today. Curious, for those 'old-fashioned' values like dependability, timeliness, professionalism and diligence are prized more than ever before. Be action-oriented. Seek to make things work. Be willing to do what it takes.

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8. Be interesting. Read voraciously, and listen to learn, then teach and share everything you know. No one owes you their attention; you have to earn it and keep attracting it.
9. Be nice. Be courteous, polite and respectful. Be considerate. Manners still count for an awful lot in life, and thank goodness they do.
10. Be self-disciplined. That is what adults are supposed to 'grow up' to be.
11. Do not be a victim or a martyr. You always have a choice, so do not shy from it: Choose and choose without regret. Look forward and be enthusiastic.
12. Keep healthy and take care of yourself. Exercise your mind, body and spirit, so you can be someone, people count on, and so you can live expansively and with abundance.

Caution Self-values should maintain in self-management of organization.

11.7 Self-Management Skills

Self-management skills are those abilities that allow an employee to feel more productive when doing daily routine regardless of the working environment. Well-developed self-management skills will help you efficiently communicate with co-workers, management and customers, make right decisions, plan your working time, and keep your body healthy.

To define self-management skills, employers often organize special self-assessment training. Usually such training is conducted by the HR department (or external trainers are employed). To develop self-management skills, your company can organize self-development training sessions.

Any employer is interested in hiring a productive employee having well-developed self-management skills because such an employee can fit into the company's requirements and show better productivity. For employees, it is highly important to develop self-management skills and abilities because higher productivity paves the way for career promotion and professional advancement. In any way, both employers and employees will benefit from developing abilities and skills for self-management. Here is a list of the key self-management skills required for an employee to be more productive. If you have decided to achieve career advancement, you need to consider this best management skills list and work on the development of all the necessary abilities for self-organization.

11.7.1 Stress-Resistance

The first and foremost skill of self-management refers to a personal ability to resist any stressful situations. When you develop this self-management skill, you can avoid many mistakes that people usually make when being stressed out. Because a stressful situation usually blocks our ability to think and make rational decisions, we cannot cope even with the simplest tasks at our workplace, so our productivity goes down and we get frustrated. That is why you need to develop this ability in order to be a productive employee able to offer resistance to a stressful situation.

11.7.2 Problem Solving

The second self-management skill requires you to use your brain as a mechanism for making right decisions. Even the hardest tasks and challenges can be efficiently handled if the mental process in your head is always in progress. Problem solving requires you to operate facts and make right assumptions to analyze the situation, review problems, and find effective solutions. Keeping your mind sober allows you to take right decisions even in the toughest situations.

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11.7.3 Communication

The way how you can communicate information to others will determine your success. Communication is one of the key self-management skills required for both personal development and career advancement. Being able to efficient communicate any information to other people means that you can share information with the minimized possible distortion and in the fastest possible way. Productive employees always can efficiently communicate with their colleagues and management because they comprehensively understand the value of clearly and timely delivered information. So be sure you work on developing this skill for self-management.

11.7.4 Time Management

Producing expected results in a timely manner defines the success of our effort. Time management is an extremely important self-management skill that makes an employee be more productive. There are a great variety of time management techniques that show you how to develop this skill for self-management. Just use the web search to find plenty of them.

11.7.5 Memory

An ability to memorize events, names, facts, etc., allows an employee to remember about everything he/she needs to do daily tasks and duties. Among other self-management skills examples, committing to memory requires your personal effort for developing your mind abilities. There are a lot of techniques for improving memory, so use the web search to find them.

11.7.6 Physical Activity

Keeping your body in good shape is an example of a critical self-management skill. When you feel healthy and have a robust nervous system, you can do more things and cope with many challenges. Physical activity (like jogging, fitness, different sorts of sports, etc.) allows you to strengthen your body, keep your muscles up, and be more productive.

11.7.7 How to be a Productive Employee

Here are few points for developing yourself management skills and abilities:

Make a task list: You cannot efficiently plan for anything having no to-do list. First you need to make a task list and specify the key tasks for developing self-management skills examples. Use task management software to create and manage your task list.

Prioritize tasks: Your to-do list may have a lot of tasks to do. But which tasks to do first? To answer this question, you need to consider all the tasks in your task list and then set right priorities. By prioritizing the tasks you can decide what examples of self-management skills you will need to develop first (according to your current needs and employment requirements).

Schedule tasks: Scheduling allows you to set deadlines and timeframes for your tasks. Use task management software to develop schedules and set task due dates for developing self-management skills.

Be flexible: Regardless of your intentions and wishes, there will be days (caused by illness, vacation, holidays, etc.) when the external world would not let you develop your examples of self-management skills. That is why you need to be flexible to get everything done through putting your tasks on hold and then returning back to the prioritized items on your to-do list. You should not be frustrated and stressed out when you cannot do a task because of some external factor (e.g. illness) – just put everything on hold and get back to your tasks as soon as you get an occasion for developing self-management skills.

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11.7.8 Self-Management Techniques

Some of the practical techniques you can adopt are to:

- Develop your self-esteem and personal confidence.
- Develop effective strategies to cope with conflicts.
- Develop a positive attitude to study.
- Reappraise your situation regularly and make the adjustments required to succeed.
- Learn from feedback to prevent repeating your mistakes.
- Reward yourself with time off from study.
- Learn to manage your time better.

Did u know?

According to Maynard Smith Price (1973) the ritualized behaviour can evolve by individual selection.

11.8 Individual Change

11.8.1 Individual Perspective Change

An individual model for change is necessary for organizational change management to be effective. It defines the outcomes or results that organizational activities are trying to achieve. Ultimately, an individual change model is critical because:

Successful organizational change only results when individuals are successful at change

How valuable is a new process that no one adopts? How valuable is a new web-based tool that no one uses? How valuable is an ERP if no one is using it correctly? The answer to these questions is the essence of the fact that organizational change is only successful when each impacted individual makes their own successful transition. In fact, a poorly managed change can actually have severe adverse impacts. A story about a man working in a warehouse who was being told by the system that he could not ship product, despite the fact that it was sitting in front of him on the shelf. A customer was being deprived of a product because someone upstream had not used the new ERP system correctly. Any organizational initiative that impacts how people do their jobs is only as successful as each employee at making the personal change.

While we are all different, as human beings we respond to change fairly predictably

At first glance, your reaction might be "everybody is unique" – and you are correct. However, the way we as human beings respond to change is actually very similar. For instance, it is basic human nature to be curious about why a change is happening and what has resulted in the need for change.

An individual change model like ADKAR provides the key building blocks for successful individual change

We can directly connect an individual change model to achieving organizational goals and objectives. What has sometimes been considered the "soft issues" is actually at the center of meeting the goals our projects and strategic initiatives. An effective individual change model, like Prosci's ADKAR model, describes what successful change looks like from the individual's perspective.

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11.8.2 Risk of not Having an Individual Change Perspective

There are a number of risks to attempting change management without a solid foundation in how individuals go through change. This is perhaps one of the biggest risks of 'recipe-driven' change management approaches. We cannot think of change management as merely checking the box and moving forward. Because of principle 1 above, we must focus on how well each individual is moving through their own personal transition for change management to be successful.

Two major risks of trying change management without an individual change model are:

We do the activities, but do not have the appropriate focus on the individuals undergoing change

The individual change model defines the outcome we are trying to achieve when we implement change. In the absences of this individual perspective, project teams run a significant risk of completing activities but not achieving results. In the face of significant resistance, a team might say "but we sent 43 communications" or "everyone went through the training program". This is evidence of doing change management activities without a focus on what the activities were trying to achieve.

We have no way of knowing if we have succeeded

Since the individual change model describes the desired outcomes, it also establishes a framework to know if we have been successful. Without the individual change model, it is impossible to tell whether or not change management activities are achieving their desired results.

11.8.3 Applications of the Individual Change Perspective

The ADKAR model has proven to be so effective that it is taught in Prosci's 3-day certification, 1-day managers program and 4-6 hour executive sessions. Our clients have been very successful when they get each of these very different groups thinking about change in terms of ADKAR. There are several main applications of the individual change model such as:

Provides focus to organizational change management activities

Individual change models provide focus for the numerous change management activities we complete. For example, it is commonly accepted that communication is critically important to succeed at change. But what should we communicate about? In the absence of an individual change management model, project teams resort to telling others what they have been doing, describing the solution in detail. ADKAR reorients the focus of efforts from "communicating" to "building awareness", or from "training" to "building knowledge". This seemingly subtle shift in perspective is what differentiates mediocre change management from exceptional change management. It is what enables project and change teams to truly achieve results.

Gives direction measuring effectiveness and for corrective actions

How do we know if our change management activities are working? For change management teams, an individual change model like ADKAR allows them to collect data from different groups across the organization to 1) understand how effective their organizational change management activities have been and 2) to take corrective action. For example, if the team determines that awareness of the need for change is low, then adjustments can be made to the communication plans and sponsor plans to correct this situation. If, on the other hand, knowledge and ability are low, then adjustments to training and coaching plans can be made. Without a focus on the outcomes described in an individual change model, it is not always clear what actions should be taken to correct a situation. The individual change model

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provides a way to assess where the individuals in the organization are related to the change and how to help them move forward.

Gives managers and supervisors a real tool to use when coaching employees

An individual change model provides managers and supervisors with a tool for managing change at an individual level, the essence of coaching an employee through change. If we want our managers to have effective conversations with employees about a change, then we must equip them with the tools they need. Teaching them about ADKAR and how to use it with their employees prepares them to fulfill their role in making change successful.

Is an effective tool for both project and 'non-project' changes?

Not all change in organizations take place in the context of a project. Each and every day, employees, supervisors, managers and senior leaders face change. An individual model of change gives them a tool that can be used to manage these 'non-project' changes.

Case Study

Multi-level Self Management in School

Existing literature indicates that contemporary theories and practices of self-management in school focus largely at the school level. Few efforts are invested on investigating self-management at the group and individual staff levels. This is problematic and not sufficient to facilitate the school, the group and individual staff members to acquire the necessary responsiveness, flexibility and adaptability in facing the mega-trends ahead if we believe that school effectiveness is largely brought about by teachers and work groups in the school. Thus, it is not strange to see a diversity of related policy results and implementation problems.

Bearing in mind the above and the recent emphasis of self-managing teams and individuals in the business sector, the author suggests that self management in school may be better understood from a multi-level perspective. Responding to this, the present study aims at developing a theoretical framework for understanding and facilitating self-management at the school, group and individual levels. The proposed framework, tapping the advantages of strategic management, consists three self propelling management cycles at these three levels. Each composes of five sequential stages, namely the Environmental Analysis stage, the Planning and Structuring stage (Planning and Affiliating stage for individual level), the Staffing and Directing stage (Developing and Directing stage for individual level), the Implementing stage, and the Evaluating and Monitoring stage. The author hypothesizes that by practising these cycles, the school, groups and individuals may be capable of continuous self-learning and development and in turn multi-level performance in school may be enhanced.

In order to test the proposed framework, the present study adopts a complementary "hybrid" method with a combination of survey and case studies. The author first performed a three-level modelling to analyze the data collected from the cross-sectional survey with a view to establish the relationships between multi-level self-management strengths and multi-level performance in school. The second part of the study was case studies. Three outliner schools identified in the survey were studied in-depth.

Results of qualitative data analysis suggested that the proposed nature of the multi-level self-management framework was to a great extent identified in the outliner schools. This included the sequential nature of the five stages of the self-management cycle, double-loop and single-loop learning, and the mutual influence of self-management practices across levels. In addition, the findings also revealed that outliner schools with a high degree of congruence in self-management practices across levels performed better at

Contd...

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multi-levels. Parallel to these, the analysis of quantitative data of 1,183 teachers in 169 work groups of 63 primary schools also supported that the practices of the multi-level self-management cycles may promise enhanced performance at the school, group, and individual levels. In particular, the present study has addressed two inconclusive and problematic relationships of practicing self-management in school to students' outcome and school effectiveness in extant literature. It has established statistically the relationships of the practicing the school self-management cycle to organizational effectiveness and students' academic achievement. Thus, the proposed multi-level framework of self-management in school had demonstrated a high degree of robustness for understanding and facilitating multi-level self-management in school.

To put things together, it is believed that the present study has extended the knowledge of the phenomenon of self-management in school closer to its true meaning by (1) focusing on self-management at the school, the group and the individual levels; (2) exploring the possible relationships among the practice of self-management in school and various performance indicators of school at multi-levels; (3) establishing the importance of maintaining a high degree of congruence in the effective practice of self-management across three levels. Given these, the author suggests that the framework has implications for research and practice. The possible implications are discussed in the light of research, theory development, management practice, teacher development and policy development. It is hoped that the framework could have significant contributions to the development of the knowledge base of ongoing school-based management reforms in both local and international contexts.

Questions:

1. Explain the multi-level self-management in school.
2. Discuss the developing and directing stage for individual level school management.

Self Assessment

Multiple choice questions:

5. Abilities can be classified into ..... and physical abilities and different task requires different level of the two.

   (a) mental (b) economical

   (c) technical (d) none of these

6. ……. is the process of observing behaviour and then determining its cause based on individual's personality or situation.

   (a) Extraversion (b) Agreeableness

   (c) Conscientiousness (d) Attribution

7. …… is the process of selecting only the information that supports our pre-existing belief system, thereby eliminating the discomforting information.

   (a) Goal setting (b) Self-monitoring

   (c) Self-evaluation (d) Selective perception

8. ..... is the basic cognitive process that transforms sensory stimuli into meaningful information.

   (a) Perception (b) Economical

   (c) Technical (d) None of these

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Fill in the blanks:

9. Communication is one of the key ..... required for both personal development and career advancement.
10. ..... allows you to strengthen your body, keep your muscles up, and be more productive.
11. ..... used for create and manage task list.
12. An individual model of change gives them a tool that can be used to mange these ..... changes.
13. ..... change model provides a way to access where the individuals in the organization are related to the change and how to help them more forward.

11.9 Summery

- Self-managing teams is a term used to describe a form of organisation in which the employees at the operational level are given a number of tasks collectively which is traditionally carried out by managers and staff members.
- Self-management as a treatment that combines biological, psychological and social intervention techniques, with a goal of maximal functioning of regulatory processes.
- Human behaviour is complex and every individual is different from another, the challenge of an effective organization is in successfully matching the task, the manager and the subordinate.
- Self-management skills are those abilities that allow an employee to feel more productive when doing daily routine regardless of the working environment.
- Change management is the process, tools and techniques to manage the people-side of business change to achieve the required business outcome and to realize that business change effectively within the social infrastructure of the workplace.

11.10 Keywords

Attitude: An attitude is the abstract learnt response of an individual's entire cognitive process over a period of time. It is experienced as a quick response to a familiar situation without any deep reasoning; it forms the basis of biases and attribution errors.

Dispositional attribution: Attribution is the process of observing behaviour and then determining its cause based on individual's personality or situation. Attribution based on personality is due to internal causes and is termed as dispositional attribution.

Distinctiveness: It is the extent to which the individual's behaviour can be attributed to situations or to his personality.

Personality: Personality refers to the relatively stable pattern of behaviours and consistent internal states that explain a person's behavioural tendencies.

Selective perception: It is the process of selecting only the information that supports our pre-existing belief system, thereby eliminating the discomforting information.

Lab Exercise

1. In groups of four each, conduct a survey in an organization to study the personality profiles of junior, middle and top-level managers.
2. Draw the chart of four cognitive styles.

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11.11 Review Questions

1. What is self-management and how can it help us?
2. What is Self-monitoring? Explain.
3. Describe the rules for self-management.
4. Describe the impacts of self-management on an individual.
5. What is self-management team and how can it help in self-management?
6. What is the Big Five theory of individual?
7. What is the individual behaviour and which factor influence the individual behaviour?
8. What are the problem-solving behaviours?
9. What are the self-management skills?
10. What is the individual change? explain it in detail.

Answers to Self Assessment

1. (*d*) 2. (*a*) 3. (*b*) 4. (*c*) 5. (*a*)
6. (*d*) 7. (*d*) 8. (*a*) 9. self-management skill
10. Physical activity 11. Task management software
12. non-project 13. Individual

11.12 Further Reading

Books

Self-Management and Leadership Development, by Mitchell G. Rothstein.

Online link

www.midwestacademy.org/Proceedings/2006/papers/paper6.pdf

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Unit 12: Handling Stress at Workplace

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Objectives

After studying this unit, you will be able to:

- Define the stress
- Understand the nature of stress
- Understand the types of stress
- Describe the personality and stress

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- Discuss the organizational factors
- Explain the environmental factors
- Explain the consequences of stress
- Define the managing stress
- Discuss the individual coping strategies
- Describe the handling stress by getting close to people
- Understand the organizational coping strategies

Introduction

Work stress is recognized world-wide as a major challenge to workers' health and the healthiness of their organisations. Workers who are stressed are also more likely to be unhealthy, poorly motivated, less productive and less safe at work. Their organisations are less likely to be successful in a competitive market.

Stress can be brought about by pressures at home and at work. Employers cannot usually protect workers from stress arising outside of work, but they can protect them from stress that arises through work. Stress at work can be a real problem to the organisation as well as for its workers. Good management and good work organisation are the best forms of stress prevention. If employees are already stressed, their managers should be aware of it and know how to help. This booklet is concerned largely with the everyday stress of work and not specifically with the stress caused by sudden, traumatic events nor with the management of post-traumatic stress disorder.

For example, in a multinational bank, the work of a newly married typist becomes erratic because of the emotional conflict she is going through with her husband. In an automobile shop floor, a skilled worker asks for a transfer to a semi-skilled job as he is not able to work with the idiosyncrasies of his supervisor.

These situations illustrate stressful conditions which have to be dealt with very cautiously in an organization. This unit will help us understand what stress is and how it affects job performance. Work stress can have a disastrous effect on the quality of life and the quality of work life. It has no boundaries. It can affect men and women, executives and presidents, and people of all nationalities. The American Institute of Stress estimates that about $300 billion is lost every year because of work-related stress and its after-effects lower productivity, higher employee turnover, higher absenteeism, medical costs, and alcoholism.

Stress is created by a multitude of overlapping factors such as quantitative or qualitative work overloads, ethical dilemmas, difficult relationships with bosses and colleagues, and uncertainties in life. Although stress can sometimes act as a stimulant and challenge us (eustress), too much stress for too long a time has a negative impact on both our work life and our personal life (distress). The notion of management of stress basically focuses on the management of distress.

12.1 Stress

When confronted with an uncomfortable situation like appearing for an interview, giving a formal speech, missing a deadline or ending of an important relationship, different people will have different feelings and reactions some negative and some positive. Stress refers to the body's physiological, emotional, and psychological responses to an individual's well-being. When the response is in the form of a deviation from healthy functioning, the state is called distress. The reaction which activates and motivates people to achieve their goals, change their environment, and face life's challenges is called eustress. In other words, this is the stress that

is required for survival. However, most research focuses on distress because it is a significant concern in the organizational setting.

12.1.1 General Adaptation Syndrome

Dr Hans Selye, a pioneer in stress research, concluded that physiological response to stressful situations is fairly consistent among people. This response is called general adaptation syndrome, and it provides an automatic defence system to help cope with the demands of the environment. There are three stages as per the general adaptation syndrome:

Stage 1: ***Alarm Reaction:*** Whenever there is a stimulus for example, a speeding vehicle on the road while one tries to cross the road, facing an interview without much preparation, etc. the brain sends a biochemical message to various parts of the body, which results in different physiological reactions. Some of these reactions include increased respiration rate, blood pressure, heart beat, and muscle tension. The person's energy level and coping effectiveness decreases because of the initial shock. Extreme shock in this situation may lead to incapacitation or sometimes even to death as the body is unable to generate enough energy quickly. In most of the cases, the alarm reaction alerts the person to the environmental conditions and preparation is made for the resistance stage.

Stage 2: ***Resistance:*** During this stage, the capacity of the body to cope with the demands of the environment increases above the normal level because the body activates various biochemicals, psychological, and behavioural mechanisms. For example, there is higher than normal secretion of adrenalin during this stage, which gives more energy to remove or overcome the source of stress.

Stage 3: ***Exhaustion:*** This stage is achieved if the sources of stress persist for a longer period than usual, which ultimately diminishes or lowers the individual's capacity to resist the stress. Employees resolve tense situations before the destructive consequences of stress becomes manifest, or they withdraw from the stressful situation, rebuild their survival capacity, and later return to the stressful environment with renewed energy. However, people who frequently experience the stages of the general adaptation syndrome have increased risk of long-term physiological and psychological damage.

Did u know?

The term stress had none of its contemporary connotations before the 1920s. It is a form of the Middle English destresse, derived via Old French from the Latin stringere, to draw tight.

12.2 Nature of Stress

An individual experiences stress when he perceives the presence of the factor creating stress as representing a demand that may exceed ability to respond. The factors that cause stress have been referred to as stressors. When individuals are under stress, their reaction varies from physiological, psychological to behavioural responses, as have been discussed earlier.

12.2.1 Fight-or-Flight Response

As a result of the reaction to stress, breathing and the heart rate changes and brain activity goes up to allow the brain to function maximally. Hearing and sight become more acute and muscles ready themselves for action. These biochemical changes in the body represent a natural reaction to environmental stressors; the fight-or-flight response. When a predator attacks an animal in a forest, it has two choices, either to fight back or to flee. The animal's body response to the stressors (predators) increases its chances of survival.

The human nervous system responds in the same way to stressors from the environment. This response enables survival in a true emergency. However, for most of the people most of the

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time, the predators are imaginary rather than real. In a work situation, for example, a fight-or-flight response is not usually appropriate. If an employee receives an unpleasant work assignment from a manager, physically assaulting the manager or storming angrily out of the office is obviously inappropriate. Instead, the employee is expected to accept the assignment calmly and do the best job possible. Remaining calm and performing efficiently may become difficult when the employee perceives the assignment as threatening and the body is prepared to act accordingly.

12.2.2 Experiencing Stress

How an individual is going to experience stress is determined by a number of factors. Figure 12.1 identifies four major factors:

1. An individual's perception of the situation,
2. The past experience,
3. Existence of social support, and
4. Individual differences.

Perception of Stressors

One of the major factors that determine the extent to which stress will be experienced depends upon one's perception of the situation. Consider this example. Two employees in a multinational organization are relocated to different states in India. One of them may perceive this to be a challenging and a scope to gain new knowledge and insights. He may view it positively and, therefore, may not experience distress. The second one may look at it as a punishment imposed by the authorities to delimit his competencies and expose his weaknesses and perceive it negatively and, therefore, experience distress.

Past Experience

Depending on the familiarity with the situation and his prior experiences with the stressors, an individual may perceive a situation to be more or less stressful. As a result of past experience or training, an individual may be able to deal with the new situation more calmly and competently as compared to a less-experienced or inadequately trained individual. For example, if a department is going high-tech with full computerization an employee who has expertise in the use of computers might be less stressed out than another employee who does not have prior experience of working with computers.

Social Support

The presence or absence of other people influences how individuals in the workplace experience stress and respond to stressors. If the coworkers or the colleagues in a stressful situation behave confidently, it may give an impetus to the individual to cope with the stressful situation more calmly as compared to another situation in which the colleagues behave in an irritable and aggressive manner under stress. The presence of social support in the form of an understanding boss, colleagues, family, and friends plays a very significant role in the process of alleviating distress.

Individual Differences

Since individuals are different from each other, their propensity to experience stress also differs significantly from each other. Individual differences in motivation, attitude, personality, and abilities influence whether employees experience stress and if they do, how they respond to it. Personality characteristics, in particular, may explain some of the differences in the way those employees experience and respond to stress. For example, the "Big Five" personality factors are important parameters that determine individual responses to various stressors in the work

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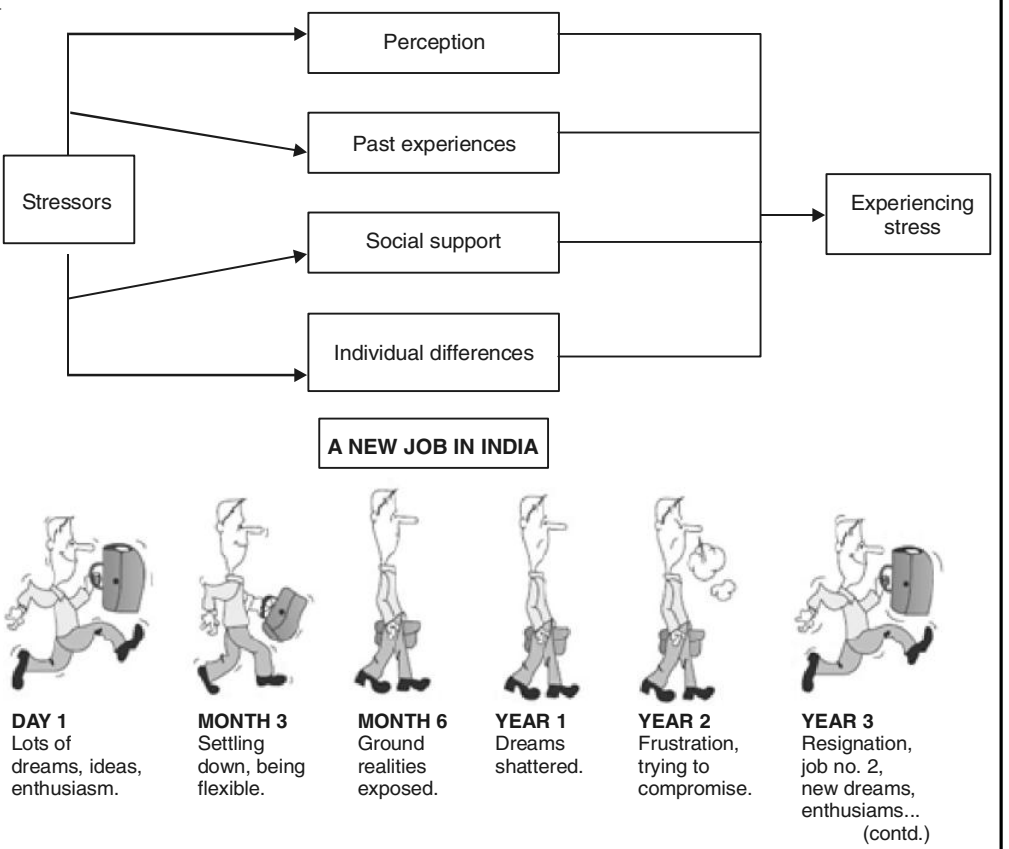
setting. Individuals on one extreme of adjustment (described as stable and confident) are more likely to cope well with a wide variety of work stressors; individuals at the other extreme (described as nervous and selfdoubting) typically have greater difficulty in coping with the same stressors.

Figure 12.1: Factors that Determine Stress Experienced by Individuals



Task Write down the factors that determine stress experienced by individual organization.

Self Assessment

Multiple choice questions:

1. Good management and good work organisation are the best forms of ..... .

   (*a*) stress prevention (*b*) stress management

   (*c*) aggressive behaviour (*d*) None of these.

2. In a multinational bank, the work of a newly married typist becomes erratic because of the ..... .

   (*a*) emotions (*b*) transaction

   (*c*) emotional conflict (*d*) business

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3. Work stress can have a disastrous effect on the ..... .

   (*a*) quality of work life (*b*) quality of labours

   (*c*) only work (*d*) None of these.

4. Stress is created by a multitude of overlapping factors such as ..... .

   (*a*) quantitative (*b*) ethical dilemmas

   (*c*) difficult relationships (*d*) All of these.

12.3 Types of Stress

The degree of stress experienced depends on many factors. First, the demand must be perceived (people must be aware that it exists) as threatening (having the potential to hurt them if they do not react appropriately). Second, the threat must be to something that is important to people (has the potential to substantially affect their wellbeing). Finally, people experiencing the threatening demand must be uncertain about the outcome (not sure if they can deal with it effectively). Based on the stress experienced, it has been classified into various types:

12.3.1 Constructive versus Destructive Stress

The word stress often has a negative connotation. It generally refers to aggravated feelings because of unpleasant experiences. The impact of distress, which has been discussed earlier in the chapter, includes ulcers, heart attacks, depression, and suicide. Distress is the destructive form of stress. On the other hand, sometimes, stress also has a positive impact, resulting in a feeling of excitement and enthusiasm. This is also known as eustress or constructive stress. Some degree of emotional or psychological arousal is necessary to motivate us for most of our daily activities. This constructive stress gives us the energy to excel in our work and to be creative.

Did u know?

As per the routine cardiac screening held at Escorts Heart Institute in Delhi, suggests that most executives of corporations are highly stressed out.

12.3.2 Episodic versus Chronic Stress

Throughout a normal day, week, month or year, we are likely to experience a wide range of stress levels, from crisis to relaxation, as we react to deadlines, emergencies, and vacations. The pattern of high degrees of stress followed by an interval of relief is referred to as episodic stress. We endure anxiety, cope with the challenges, and then relax. An elevated level of stress is necessary during crisis situations as it creates a sense of readiness to fight or flee followed by a period of relaxation and renewal.

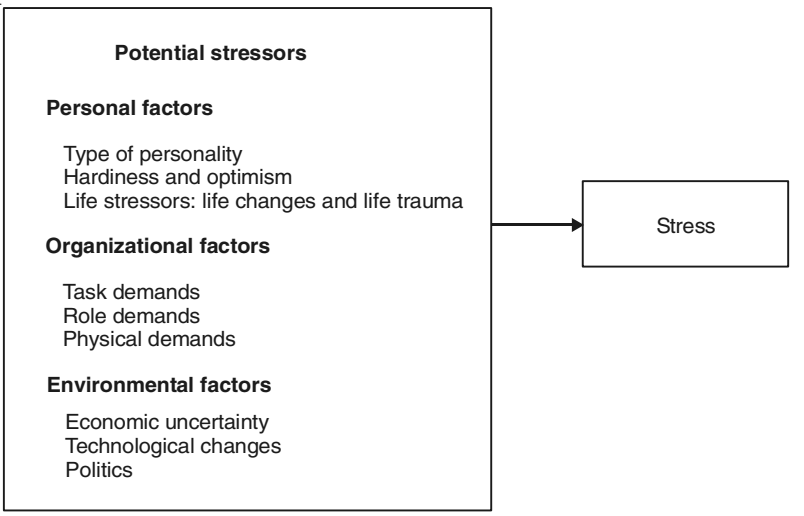
Unfortunately, the people face patterns of stress because of job insecurity, cost of living, deadlines, and poor relationships which are continuous. These types of situations produce what is known as chronic stress in which a person can neither fight nor flee. This stress is constant and additive. The after-effects of such stress may vary from aggression and irritability to just bearing the pressure calmly. The result of maintaining continuously high levels of chronic stress is often a serious health breakdown.

12.3.3 Causes of Stress

Employees can experience stress both from their work life and from their personal life. These sources interact with each other to give rise to various stress symptoms. Stress in our daily life is the result of many interacting factors. As individuals with some exclusive personality traits contribute towards generating stress. The organizational environment may also play host to

potential stressors. The minor or major changes that occur in the external environment may also contribute towards generation of stress. The major contributors to stress are depicted in Figure 12.2.

Figure 12.2: Sources of Stress



Task With the help of diagram draw flow chart for sources of stresses.

12.4 Personality and Stress

Personality plays a significant role in how we perceive stress. An experience that is stressful for one person may be part of a routine work for another. Our personality types play a critical role in determining our reactions to stress.

12.4.1 Types of Personality

Cardiologists Meyer Friedman and Ray Rosenman have identified two different personality types and have labelled them Type A and Type B. The main characteristics of people with Type A personality are that they are impatient, competitive, aggressive, restless and under intense perceived time pressure, always attempting to accomplish several things at once. The Type B personalities do not feel tired even under pressure and they take things in a more relaxed manner and enjoy a variety of non-work-oriented activities.

As Type A personalities tend to work under tight deadlines and devote long hours to accomplishing their duties and responsibilities, they achieve promotions at a very rapid speed. Initially, they report a high level of job satisfaction and do not report a high incidence of health problems. However, they seldom manage to retain good health for a long time and, therefore, do not generally reach top-level positions in organizations. The reasons for these can be ascribed to the fact that they do not spend much time on the analysis of complex problems and this impatience and hostility produces stress and discomfort for those with whom they work. As a result of this, the most successful business executives at the top level are Type B individuals who are more patient and try to maintain pleasant interpersonal relationships with their employees to maintain organizational harmony.

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Out of all the characteristics of Type A personalities, hostility and anger are the most "toxic" contributors to coronary heart disease for both men and women. Type A managers need to be more open to feedback about themselves and try to make positive changes based on the feedback. Suggestions would include being less distrustful of others and not doubting their motives; trying to reduce the intensity of their anger, frustration, and rage; and learning to treat others with kindness and consideration.

12.4.2 Hardiness and Optimism

Two other important individual differences related to stress are hardiness and optimism. Research suggests that some people have what are termed hardier personalities than others. Hardiness is a person's ability to cope with stress. People with hardy personalities have an internal locus of control, are strongly committed to the activities in their lives, and view change as an opportunity for advancement and growth. Such people are seen as relatively unlikely to suffer illness if they experience high levels of pressure and stress. On the other hand, people with low hardiness may have more difficulties in coping with pressure and stress.

Optimism is the extent to which a person sees life in positive or negative terms. A popular expression used to convey this idea concerns the glass half filled with water. A person with a lot of optimism will tend to see it as half full, whereas a person with less optimism (a pessimist) will often see it as half empty. In general, optimistic people tend to handle stress better. They will be able to see the positive characteristics of the situation and recognize that things may eventually improve. In contrast, less optimistic people may focus more on the negative characteristics of the situation and expect things to get worse, not better.

Other research suggests that women are perhaps more prone to experience the psychological effects of stress, whereas men may report more physical effects. Finally, some studies suggest that people who see themselves as complex individuals are better able to handle stress than people who view themselves as relatively simple. We should add, however, that the study of individual differences in stress is still in its infancy. It would, therefore, be premature to draw rigid conclusions about how different types of people handle stress.

Did u know?

Early conceptualizations of hardiness are evident in Maddi's work, most notably in his descriptions of the ideal identity and premorbid personality in 1967.

12.4.3 Life Stressors

Stress in an organizational setting can also be influenced by events that take place outside the organization. Life stressors generally are categorized in terms of life change and life trauma.

12.4.4 Life Changes

Thomas Holmes and Richard Rahe first developed and popularized the notion of life change as a source of stress. A life change is a meaningful change in a person's personal or work situation. Holmes and Rahe reasoned that major changes in a person's life could lead to stress and eventually to disease. Holmes and Rahe identified a list of life events (a partial list is presented in Table 12.1) that can have a major or minor impact on individuals. They assigned points to each of these events depending on their intensity. There are 42 life events identified by them. Each event's point value supposedly reflects the event's impact on the individual. At one extreme, a spouse's death, assumed to be the most traumatic event considered, is assigned a point value of 100. At the other extreme, minor violations of the law rank only 11 points. The points themselves represent life change units, or LCUs. Note also that the list includes negative events (divorce and trouble with the boss) as well as positive ones (marriage and vacations).

Holmes and Rahe argued that a person can handle a certain threshold of LCUs, but beyond that level problems can set in. In particular, they suggest that people who encounter more than

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150 LCUs in a given year will experience a decline in their health the following year. A score of between 150 and 300 LCUs supposedly carries a 50% chance of major illness, while the chances of major illness is said to increase to 70% if the number of LCUs exceed 300. These ideas offer some insight into the potential impact of stress and underscore our limitations in coping with stressful events. However, research on Holmes and Rahe's proposals has provided only mixed support. In another research, it was proposed that stressful life events along with the cognitive appraisal and the personality characteristics of the individual will lead to the development of personal life stress. However, the essential requirement is that these events have to be accurately perceived and interpreted by the individual under stress.

12.4.5 Life Trauma

Life trauma is similar to life change, but it has a narrower, more direct, and shorter-term focus. A life trauma is an upheaval in an individual's life that alters his attitudes, emotions or behaviours. According to the life change view, a divorce adds to a person's potential for health problems in the following year. At the same time, the person will obviously also experience emotional turmoil during the actual divorce process. This turmoil is a form of life trauma and will clearly cause stress, much of which may spill over into the workplace.

Table 12.1: Stress Impact of Life Changes as Measured by Life Change Units

Life Events	Mean Life Change Units
Death of spouse	100
Divorce	73
Marital separation	65
Imprisonment	63
Death of a close family member	63
Marriage	50
Being fired from job	47
Marital reconciliation	45
Birth of new family members	39
Major business readjustment	39
Death of a close friend	37
Change to a different career	36
Beginning or ending formal schooling	26
Trouble with boss	23
Change in residence	20
Minor violation of the law	11

Major life traumas that may cause stress include marital problems, family difficulties, and health problems initially unrelated to stress. For example, a person learns that she has developed arthritis and this will limit her favourite activity, swimming. Her dismay over the news may translate into stress at work. Similarly, a worker going through a family break-up will certainly go through difficult periods, some of which will affect his job performance. For example, the

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experience of Vikas Bhalla, an automobile engineer, depicts how personal and organizational factors collectively add up to the levels of stress a person may have to go through. Vikas felt that he was performing well in his job and making valuable contributions to the company he is working for. However, his performance appraisal appeared to be bland and he did not get the kind of raise he was expecting. At the same time, his wife left him to go to stay with her parents and filed for divorce. As a result of all this, he started losing interest in his job and ultimately was held responsible for a major breakdown in the plant. So a number of different problems were hitting Vikas simultaneously and he began to show signs of stress.

12.5 Organizational Factors

Stress at the organizational level can emanate from different factors. A few of these discuss follow:

12.5.1 Task Demands

Stress from the task demand emerges from changes enforced on employees. Change often brings in uncertainty and unpredictability. Stress emerges from changes in the economic condition, technology, leadership, and structure. Any kind of change requires adjustments from the employees. If one is not able to respond to these changes effectively, it adds on to the level of stress.

12.5.2 Role Demands

Certain negative characteristics of a person's role at work can increase the likelihood of his experiencing stress. Job role demands include high workloads, idle period of time, job ambiguity, and conflicting performance expectations. Sona Khanna is a good example of how excessive demands at work can stress out employees. A shift in-charge in an electronics plant, Sona is stressed out by frequent emergencies and conflicts at work. She hardly has any authority to match her responsibility. A medical examination after she fainted at work revealed that she was suffering from high blood pressure. Stress caused by the excessive demands at work had started affecting her health.

12.5.3 Overload

When there is an expectation from the organization to accomplish more than the ability of the person, it results in work overload. It has been found that for top and middle level managers, unreasonable deadlines and constant pressure are the frequent stressors in their jobs. Quantitative overload exists when people are requested to do more work than they can comfortably do in the allocated time, and qualitative overload happens when the job requires them to perform beyond their levels of competence and skills.

12.5.4 Underload

Most people wish to remain occupied and face optimum challenges while performing their jobs. Work underload occurs when people have insufficient work to spond their time or are not allowed to use enough of their skills and abilities. Employees who are underloaded often feel bored, weary, are prone to injury, and frequently absentism from work. Machine-based assembly lines are an example of such a work environment. Operating nuclear power plants involves periods of boredom that must be endured simultaneously with sufficient alertness to respond to potential emergencies. Awareness of the consequences of an ineffective response to an emergency makes these jobs all the more stressful.

12.5.5 Role Conflict

Role conflict exists when job functions contain duties or responsibilities that conflict with one another. It is most commonly found among middle managers, who find themselves caught

between top-level management and lower-level managers. A typical example of a role conflict would be when an employee has to decide between the demands made by the boss to put in extra effort while doing the job or a demand made by the colleagues to restrain one's effort while doing the job. Sometimes, role conflict is also experienced when one has to act contrary to one's own belief and value system; for example, when an individual is expected to take unethical or illegal decisions to safeguard the interests of the organization at the cost of his own principles and beliefs. Role conflict brings about increased tension and reduced satisfaction to the person concerned. In addition, it also destroys the level of trust and respect between the two parties concerned, especially the one who is exerting conflicting role pressures on the role incumbent. The results of this in the form of low morale and social and psychological pressure can prove to be very costly for the person and the organization.

12.5.6 Physical Demands

The physical demands of the workplace can also have a devastating impact on the mental and physical health of the employees. Poor working conditions in the form of extreme temperatures, loud noises, excessive or poor lighting, radiation, and air pollutants are some examples of working conditions that can take a toll on employees. The first impact of these factors is on job performance, which starts deteriorating. High travel demands or long-distance commuting, excessive travel, and long hours all add up to increased stress and reduced performance. In addition to this, advancements in technology which provides immense relief and efficiency to people who are proficient at it, can cause damage and stress to those who are averse to it.

With the increasing the number of call centres and business process outsourcing firms (BPOs) in the business environment, the threat of physical demands on employees has increased in intensity and can be the cause of stress-related disorders, if not checked immediately. Later we will describe the stress-related disorders affecting BPO employees in the high-pressure outsourcing business environment.

12.5.7 Career Development

One of the major sources of stress in organizations today is the aspiration level of employees. The issues related to career planning and development such as job security, promotions, transfers and other developmental processes like under-promotion (failure to grow in the job as per the aspiration levels) or over-promotions (promotion to a job that exceeds the competency levels of employees) can create high anxiety and stress among the persons concerned. Whenever any change is introduced in the organization, employees are concerned about its effects on their future. The employees think many career-related concerns such as, "Will I be able to contribute effectively in the new job? Is there a possibility of growth? Is the new job secure?" These concerns are the main sources of stress among them.

12.5.8 Organizational Politics

Each and every employee of the organization is a part of a formal or an informal group or team. Good working relationship with peers, subordinates, and superiors is very crucial for the successful performance of the organization and also to help employees to achieve their personal and organizational goals. The disregard for each other in the organization results in rude behaviour and becomes a cause for stress. A high level of political behaviour or office politics can also be a source of stress for managers and employees. A by-product of power struggles within an organization is heightened competition and increased stress for participants. Managers who are caught up in power games and political alliances also pass on pressure to subordinates.

12.5.9 BPO Workers and Stress

Business Process Outsourcing firms (BPOs) in India have become a fertile ground for stress-related disorders. Irregular working hours, lack of sleep, irate customers, lack of motivating factors are some of the main stressors affecting employees in the BPO industry, despite the

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employees having put in their best efforts. A predominantly young workforce not exposed to life-skill development and stress-handling abilities has only added to the woes of the outsourcing industry. The industry is plagued with high rates of absenteeism with an estimated 60 to 70 workers per 1,000 IT/ITes workers availing sick leave per day in India. Somatised depression, with symptoms such as dullness, low morale, lack of self-esteem, lack of confidence, sleeplessness, poor appetite, unexplained aches and gastric-related problems, has been found to be the main cause of absenteeism. Companies have a crucial role in creating a stress-free workplace. They should ensure that employees are not exposed to injuries at work and try to foster a creative and challenging work environment. Team leaders have the crucial role of helping each member to become an integral part of the team by giving them support but accomplishable goals.

12.5.10 Sexual Harassment at the Workplace

Sexual harassment is one of the most pressing concerns facing companies the world over. Most companies have adopted stringent policies to ensure that they are not mired in lengthy and expensive lawsuits. Indian companies are also waking up to the seriousness of this issue as more and more women enter the workforce. The problem in India also impacts the lives of the 92% of women in the country who work in the unorganized sector as well as the women who work in the organized corporate sector. The supreme court in a landmark judgement Sexual Harassment of Women at Workplace in Vishakha and Others vs. State of Rajasthan and Others ruled that sexual harassment is violate of the fundamental rights "to practice any profession or to carry out any occupation, trade or business". It equated the right to life as a right to life with dignity. Since the government has come out strongly against harassment, Indian companies have been forced to lay down stringent rules preventing it. At Wipro, a complaints committee with three women employees looks into the matter. New recruits are given a complete rundown on how "to behave or not behave with women employees." even sending unsavoury e-mail messages is censored by companies. Indian companies should adopt a zero tolerance policy towards any form of harassment in the workplace.

Caution

Companies should have clear-cut policies to identify what includes sexual harassment, procedures for dealing with it, and appropriate punishment for those who engage in this behaviour.

12.5.11 Aggressive Behaviour

A very common form of aggressive behaviour in organizations is observed in the form of violence and sexual harassment. Aggressive behaviour that intentionally threatens or causes physical harm to other employees has been defined as workplace violence. It has been found to be one of the major sources of stress in firms. Sexual harassment is unwanted contact or communication of a sexual nature. Today, with more number of women employees entering the corporate world, this issue has become very pertinent and has to be dealt with in right ways. Management, therefore, has a strong responsibility to prevent sexual harassment happening in organizations. If it occurs in any way, it has to be dealt with quickly and firmly. Ignoring genuine complaints can prove to be costly. Mitsubishi had to pay $34 million to 350 female workers at its Illinois plant because it repeatedly ignored their complaints about a sexually hostile working environment. Infosys had to make a $3 million payout to settle a sexual harassment case filed against it and its former director, Phaneesh Murthy.

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12.6 Environmental Factors

The environment in which the organizations operate has a profound impact on their working. The economic, political, and technological events happening in the external environment cause stress in varying degrees as they have many uncertainties associated with them. The anxiety aroused by uncertain environmental factors carries over into the workplace and then to our personal lives. Some of these factors are included here.

12.6.1 Economic Uncertainty

Downsizing, rightsizing, retrenchment, restructuring, etc. are all done in the name of efficiency and cost reduction to improve profitability. The employees who are made redundant as a result of these exercises are forced to look for other means of sustenance. With the regulatory announcement made by the government, organizations are left to find ways to manage these uncertainties which can cause anxiety and stress both for the employer and the employees.

12.6.2 Technological Changes

Advancements in technology in the form of automation, computerization, and robotics have contributed immensely to the productivity and profitability of organizations. However, it also has caused displacement of skilled workers who have to now learn new skills to match up with the expectations of the organization. The knowledge of advanced technology also creates a disparity between the new breed of workers and the old masters of the game. Older employees are generally resistant to learning necessary technical skills and competing against the younger employees who are proficient in them. This gap creates a feeling of negativity and antagonism between the two breeds of workers, thereby generating stress.

12.6.3 Political Uncertainty

Political disturbance in the external environment has tremendous impact on the working of business organizations. The philosophies, policies, and the systems approved by the ruling political party determine the ways in which organizations have to operate. This is more visible in government-funded organizations like aerospace, defence, and science and technology. Even unemployed persons can feel stressed out about political uncertainties as they might affect their social security and welfare.

12.7 Consequences of Stress

Unhealthy chronic stress can result in physiological, psychological, and behavioural changes in individuals. Some of these symptoms remain unnoticed for a very long period of time. Individuals who rely on fast-track living tend to assume these symptoms as a part of their life style and, therefore, keep avoiding it for a very long period. Since the symptoms of stress are so varied, they may be overlooked or mistaken. Special attention should be paid to prolonged headaches, elevated blood pressure, fatigue, and depression. The physiological, psychological, and behavioural consequences of stress are depicted in Figure 12.3.

12.7.1 Physiological Consequences

The physiological consequences of stress include heig blood pressure, increased pulse rate, sweating, hot and cold flashes, headaches, and gastrointestinal disorders. Medical experts have attributed more that 50% of illnesses such as ulcers, arthritis, and allergies to stress. A very high correlation has been observed between job dissatisfaction and heart diseases among workers from more than 40 different occupations. Besides this, stress-related illnesses are a heavy load on individuals and organizations. The cost is borne not only by individuals but by organizations as well.

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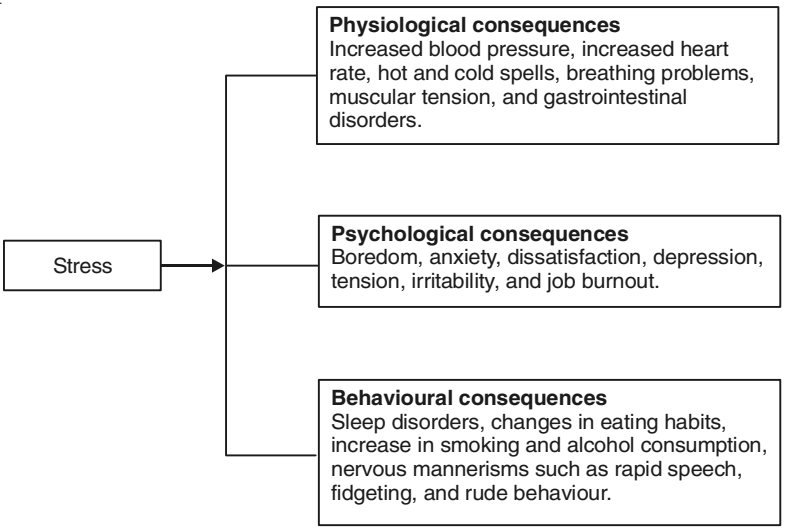
Figure 12.3: Consequences of Stress



The cost to the employer can be visualized from three different perspectives. The first cost could be in terms of health insurance that the employer has to pay for very serious illnesses such as heart disease. Secondly, the majority of the accidents caused by employees in the workplace setting could be because of the emotional turmoil the employee is going through. Thirdly, there could be legal hassles between the employer and the employee because of stress-related worker compensation claims.

12.7.2 Psychological Consequences

Excessive amount of stress in an organization can cause boredom, dissatisfaction, anxiety, tension, irritability, and depression. All of these take the feeling of well-being away from the individual and contribute to poor concentration, indecision, and decreased attention span at work. If individuals are not able to change or move away from the stressors, they may resort to psychological substitutes such as anger, feeling of persecution, displacement, criticism, negativism, denial, apathy, fantasy, hopelessness, withdrawal, forgetfulness, and procrastination.

Job Burnout

Excessive and unmanageable amount of stress depletes the individual's effort to combat stress, resulting in job burnout. Job burnout refers to the adverse effects of working conditions in which the ability to confront and manage stress reduces significantly and job satisfaction and relief from stress seem impossible. According to Lee and Ashforth, the burnout phenomenon typically contains three components:

1. A state of emotional exhaustion
2. Depersonalization of individuals
3. Feeling of low personal accomplishment

A state of emotional exhaustion occurs most commonly among individuals who have both a high frequency and a high intensity of interpersonal contact. This kind of interpersonal contact may lead to emotional exhaustion, a key component of job burnout. Most vulnerable to this problem are teachers, police officers, and social workers. Depersonalization refers to the treatment of people as objects. When a teacher refers to her student by roll number and not by name, she has actually dissociated herself with the student as a person. The student is, then, treated not

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as a human being but as a numbered object. These factors combined together lead to a feeling of low personal accomplishment. According to a study conducted by Advani, it was found that organizational politics and coordination expertise was significant in influencing burnout level among software professionals. While organizational politics had a greater influence on emotional exhaustion and depersonalization aspects, coordination expertise had a greater influence on the personal accomplishment aspect of burnout.

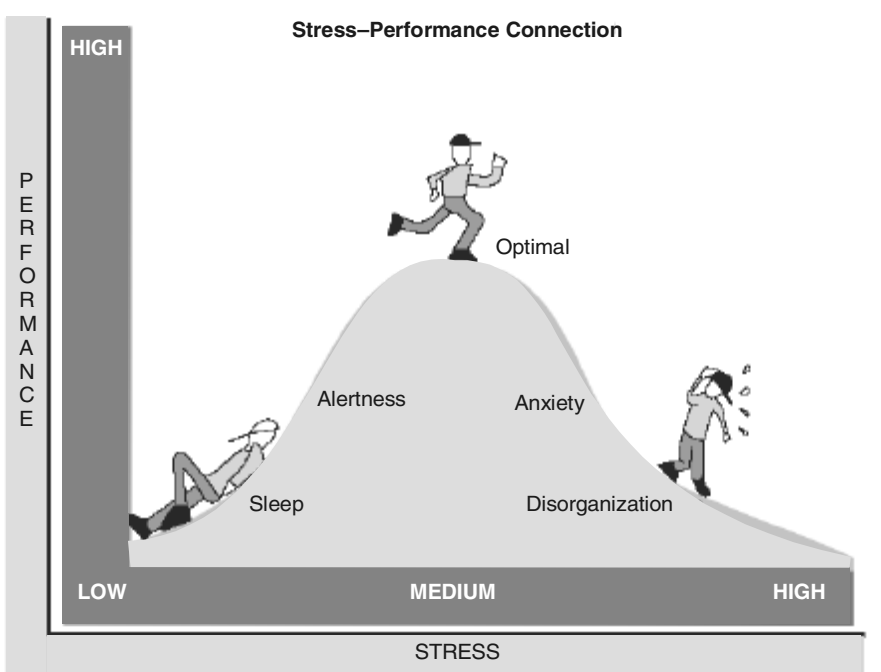
According to Etzion the characteristics which are found to be associated with high degree of burnout are as follows:

1. Burnout candidates experience a great deal of stress as a result of job-related stressors.
2. They tend to be idealistic and self-motivated achievers.
3. They often seek unattainable goals.

12.7.3 Behavioural Consequences

When stress becomes distress, job performance gets affected and workplace accidents become very common. High stress levels impair our ability to remember information, make effective decisions, and take appropriate actions. Some of the initial behavioural consequences of distress are sleep disorders, change in eating habits, increase in smoking and alcohol consumption, and nervous behaviour such as rapid speech, stuttering and rude behaviour towards others. Negative stress causes even very polite and sober people to shout at their colleagues or subordinates. The most extreme form of distress results in workplace violence directed towards self or others resulting in suicide attempts or physical attacks on others.

Figure 12.4: Yerkes–Dodson Law of Arousal



Performance decline is another major outcome of negative stress. It is estimated that nearly 75% of all work loss is due to stress. The relationship between stress and performance can be explained with the help of a violin string. For a violin, an optimum degree of tension is essential to play on it; similarly for an effective performance, optimum level of stress is

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mandatory. In the absence or low levels of stress, there will be boredom, apathy, and the lack of desire to do any work. This can be easily understood with an example of a student who does not study consistently all through the year because of lack of tension. Just before the commencement of the examination, the tension or stress starts building up and this forces the student to pick up the books and study so that he is able to perform effectively in the examination. But if the stress continues to increase beyond that and persists for a long period of time, the ability to perform effectively will decrease because of depleted energy, overload, and anxiety. In that state, the student who otherwise has prepared well will suffer from examination anxiety and will not remember the matter that he knows so well for his answer and might perform poorly.

This process can be easily explained with the help of the Yerkes–Dodson Law, which states that stress leads to improved performance up to an optimum point (Figure 12.4). After that, stress has a detrimental impact on performance. McGrath suggests that performance declines beyond the midpoint in the Yerkes–Dodson curve because of the increased difficulty level of the task to be performed.

12.8 Managing Stress

Stress is an aspect of our life that cannot be avoided. Since it cannot be eliminated completely, one needs to understand the techniques and strategies to control its consequences and thereby enjoy more productive, satisfying lives both at the workplace and away from the workplace. Since the source of stress lies both at the individual level and at the organizational level, the techniques to control the negative impact of stress have to be identified both at the individual and at the organizational level.

The management of stress consists of the following three-step process:

12.8.1 Awareness

The first step towards managing stress is to be aware of the symptoms of stress, specially the negative ones. Some of the consequences of stress in terms of physiological, psychological, and behavioural consequences have been discussed earlier.

12.8.2 Identifying the Source

Once the symptoms are palpable, the second step is to diagnose the source of the factors that lead to stress.

12.8.3 Coping with Stress

After diagnosing the stressors, one needs to develop strategies to cope with them. Stressors can be dealt in two ways: first is by directly removing or changing them and secondly, by helping individuals modify or manage their emotional feelings and reactions in constructive ways.

12.9 Individual Coping Strategies

Since stress has an impact on the individual initially, individuals have to use coping strategies to manage and control it effectively. The stress faced by individuals could be due to circumstances they are in or because of their own temperament. If the stress is due the environmental factors or job-related factors, the individual can use several coping strategies which have been described here.

12.9.1 Change the Job

If a person is not able to derive satisfaction from the job that he is currently at, changing the nature of the job or leaving the organization in favour of alternative employment may be the

answer. Sometimes, renegotiating one's job can eliminate the stress, which is caused by role ambiguity, conflict, and overload or underload. If this does not seem to work, it is better to search for another suitable job opportunity rather than going through the physical and mental torture at the current job. Hanging in there until burnout occurs only increases the stress.

12.9.2 Time Management

Inability to control and manage one's time can create anxiety and frustration in individuals. Time management, is a process of planning, organizing, and controlling one's time. The process involves making a schedule of the goals to be achieved and their estimated deadlines, analysing resources and efforts required to achieve these goals, making a list of all the activities that would lead to the achievement of goals and prioritizing the tasks to take care of these activities. It also includes estimating how long it will take to complete the task, planning activities starting from the most important task first, until the goal is accomplished. This will help individuals manage their time properly and help in the control of stress.

12.9.3 Seek Help

In situations where an employee is not able to cater to the demands of the workplace and the job, some words of support from the colleagues and advice from the boss can greatly help him alleviate his stress. In addition, if a person finds that he is not qualified or trained enough to carry out his job responsibility, he can seek the help of the human resources department to provide him training in the required field. Just knowing that the support is available can help in coping with stress. One such process used is mentoring, where a junior-level employee is attached to a senior-level person to help him in times of distress. Mentoring has been found to relieve stress caused by high-performance demands, pressure for change, and low job challenges.

If the environmental situation cannot be changed and the person has to live in that situation, then he has to develop certain strategies to decrease the levels of stress, to lead a healthier and comfortable life. Some of the strategies that an individual can use at his own level include:

12.9.4 Exercise

Exercise is a highly effective method of managing stress. People who exercise regularly are less likely to have heart attacks as compared to inactive people. Research has suggested that people who exercise regularly feel less tension and stress, are more self-confident, and show greater optimism. People who do not exercise regularly experience more stress, are more likely to be depressed, and experience other negative consequences.

12.9.5 Relaxation

A related method of managing stress is relaxation. We noted at the beginning of the chapter that coping with stress requires adaptation. Proper relaxation is an effective way to adapt. Relaxation can take many forms. One way to relax is to take regular vacations. A recent study found that people's attitudes towards a variety of workplace characteristics improved significantly following a vacation. People can also relax while on the job. For example, it has been recommended that people take regular breaks during their normal work day. A popular way of resting is to sit quietly with closed eyes for 10 minutes every afternoon. (Of course, it might be necessary to have an alarm clock handy!). Following is a list of relaxation techniques converted into 14 practical suggestions to manage stress:

1. Take a nap when facing heavy pressure.
2. Have a good laugh (laughter is an excellent tension reducer).
3. Smile frequently every day.
4. Concentrate intensely on reading, a sport, or a hobby.

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5. Breathe deeply, and between inhaling and exhaling; tell yourself that you can cope with the situation.
6. Maintain a quiet place at home and relax there briefly every day.
7. Take a leisurely vacation (even if only a weekend) with no work.
8. Finish something you have started, however small. A sense of accomplishment reduces stress.
9. Avoid drinking caffeinated and alcoholic beverages.
10. Stop to smell flowers, make friends, and play with a kitten or puppy.
11. Strive to do a good job but not a perfect job.
12. Work with your hands, doing a pleasant task.
13. Write down your angry thoughts on a piece of paper or type on your computer rather than keeping them to yourself.
14. Next time you are caught up in such a situation, think how your favourite star or cartoon character would deal with it.

12.9.6 Role Management

The idea of role management can be related to time management, in which the individual actively works to avoid overload, ambiguity, and conflict. For example, if you do not know what is expected of you, you should not sit and worry about it. Instead, ask for clarifications from your boss. Another role management strategy is to learn to say "no." As simple as saying "no" might sound, many people create problems for themselves by always saying "yes." Besides working in their regular jobs, they agree to serve on committees, volunteer for extra duties, and accept extra assignments. Sometimes, of course, we have no choice but to accept an extra obligation (if our boss tells us to complete a new project, we will probably have to do it). In many cases, however, saying "no" is an option.

12.10 Handling Stress by Getting Close to People

An ideal way of managing stress is the one that provides additional benefits. Getting close to people reduces some of our tension and enables us to form healthy relationships with other human beings in the process. Closeness suggests getting in touch with your feelings or tuning into others. If you want to be close to someone else, and, therefore, reduce stress, you may need to first get close to yourself.

12.10.1 Getting Close to Yourself

Solitude, perhaps taking walks alone, can be tension reducing. Yet, many people find it difficult to get close to them. Part of the reason is that they find solitude uncomfortable.

12.10.2 Getting Close to Others

By getting close to others, you build a support system, a group of people on whom you can rely on for encouragement and comfort. The trusting relationship you have with these people is critically important. People you can go to with your problems include family members, friends, co-workers, and other students. In addition, some people in turmoil seek help from strangers to discuss personal problems. An effective way of developing a social support network is to become a good listener so that others will reciprocate when you need to talk about your problems. The usual method of reducing stress is to talk over your problems while the other person listens. Switching roles can also help reduce stress. Listening to other people will make you feel better because you have helped them. Another advantage of listening to the problems of others is that it helps you get close to them.

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12.10.3 Place the Stressful Situation in Perspective

Stress arises because of our perception of the situation. If you can alter your perception of a threatening situation, you are attacking the source. A potentially stressful situation can be put into perspective by asking, "What is the worst thing that could happen to me if I fail in this activity?" The answer to the above question can be arrived at by asking a series of questions, starting from the grimmest possibility. For instance, you are late with a report that is due this afternoon. Consider the following questions and answers:

- Will my reputation be damaged permanently? *(No.)*
- Will I get fired? (No.)
- Will I get reprimanded? (Perhaps, but not for sure.)
- Will my boss think less of me? (Perhaps, but not for sure.)

Negative stress is truly justified only if the answer is yes to either of the first two questions. The thought process just described allows stressful situations to be properly evaluated and kept in perspective. You, therefore, avoid the stress that comes from overreacting to a situation.

12.11 Organizational Coping Strategies

Organizations are also continuously realizing that they should be involved in managing their employees' stress. There are two different rationales for this view. One is that because the organization is at least partly responsible for creating the stress, it should help relieve it. The other is that workers experiencing lower levels of harmful stress will function more effectively. Two basic organizational strategies for helping employees manage stress are institutional programmes and collateral programmes.

12.11.1 Institutional Programmes

Institutional programmes for managing stress are undertaken through established organizational mechanisms. For example, properly designed jobs and work schedules can help ease out stress. Shift work, in particular, can cause major problems for employees, because they constantly have to adjust their sleep and relaxation patterns. Thus, the design of work and work schedules should be a focus of organizational efforts to reduce stress. The organization's culture can also be used to manage stress. In some organizations, for example, there is a strong norm against taking time-off or going-on vacation. In the long run, such norms can cause major stress. Thus, the organization should strive to foster a culture that reinforces a healthy mix of work and non-work activities. Finally, supervision can play an important institutional role in managing stress. A supervisor can be a major source of overload. If he is aware of their potential for assigning stressful amounts of work, supervisors can do a better job of keeping workloads reasonable.

12.11.2 Collateral Programmes

In addition to institutional efforts aimed at reducing stress, many organizations are turning to collateral programmes for managing stress. A collateral stress programme is an organizational programme specifically created to help employees deal with stress. Organizations have adopted stress management programmes, health promotion programmes, and other kinds of programmes for this purpose. More and more companies are developing their own programmes or adopting existing programmes of this type. For example, Lockheed Martin offers screening programmes for its employees to detect signs of hypertension.

Many firms today also have employee fitness programmes. These programmes attack stress indirectly by encouraging employees to exercise, which is considered to be an effective stress buster. On the negative side, this kind of effort costs considerably more than stress management programmes, because the firm must invest in physical facilities. Still, more and

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more companies are exploring this option. Finally, organizations try to help employees cope with stress through other kinds of programmes. For example, existing career development programmes, like the one at General Electric, are used for this purpose. Other companies use programmes that promote everything from humour to massage as antidotes for stress. Of course, little or no research supports some of the claims made by advocates of these programmes.

Caution

Managers must take steps to ensure that any organizational effort to help employees cope with stress is at least reasonably effective.

Case Study

The Stress of Leadership

Being aware of the sources of personal stress is an important step in managing and mitigating its negative effects. By first understanding where in the workplace stress emanates from, leaders can more effectively and directly manage it. The leaders surveyed provided a number of ways in which they manage stress, and they also provided insights into how they manage stress from specific sources.

Demands on Leaders

As the number of demands placed upon leaders increases, so does the level of stress. Relationship building and dealing with conflicts, as well as decision making and job responsibilities, are the most frequent demands contributing to increased levels of stress for leaders. Also adding to the sources of stress are leadership demands such as developing people and managing limited resources. Many leaders are also finding physical demands such as travel, work hours and the work environment compounding their levels of stress.

Leadership Demands

When asked what demands contribute most to a leader's stress, 28 percent of responses described having a lack of resources and time. Stress is caused by trying to do more with less, and to do it faster. Workloads, budget cuts and travel are demands that create stress. Leadership demands that take time away from the leader's primary job responsibilities are another source of stress. These demands include long or frequent meetings and navigating organizational bureaucracies. Developing others is another leadership demand causing stress. Motivating employees, resolving conflicts and providing feedback were examples of stressful leadership demands. Establishing and maintaining relationships was also seen as a stressful leadership demand. These demands included dealing with difficult personalities and relationship building with peers and bosses.

Interpersonal Demands

As relationships were a central theme of recent CCL polls and research, we asked participants to provide the interpersonal demands that caused the most stress for them as leaders. The most frequent interpersonal demand causing leaders stress is dealing with the negative aspects of interpersonal relationships. Twenty-one percent of responses revealed that leaders experience stress from interpersonal conflicts, political maneuvering and dishonesty. Overcoming job-related constraints to maintaining interpersonal relationships is a source of stress. Leaders find it stressful allocating time to connect with others interpersonally because of meetings, travel and workloads. Additionally, personal insecurity dealt mainly with stress over how best to communicate and present to others. Examples include giving developmental feedback and being more patient with employees.

contd...

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Questions:

1. What are the leader's demands?
2. What are the interpersonal demands

12.12 Summary

- Work stress is recognised world-wide as a major challenge to workers' health and the healthiness of their organisations.
- The reaction which activates and motivates people to achieve their goals, change their environment, and face life's challenges is called eustress.
- During this stage, the capacity of the body to cope with the demands of the environment increases above the normal level because the body activates various biochemicals, psychological, and behavioural mechanisms.
- Hearing and sight become more acute and muscles ready themselves for action these biochemical and bodily changes represent a natural reaction to environmental stressors: the fight-or-flight response.
- The minor or major changes that occur in the external environment may also contribute towards generation of stress.
- Optimism is the extent to which a person sees life in positive or negative terms, a popular expression used to convey this idea concerns the glass half filled with water.

12.13 Keywords

Aggressive behaviour: Sexual harassment and violence are common forms of aggressive behaviour observed in organizations.

Behavioural consequences: When stress becomes distress, job performance falls and workplace accidents become very common. High stress levels impair our ability to remember information, make effective decisions, and take appropriate actions.

Career development: The issues related to career planning and development such as job security, promotions, transfers, and other developmental processes such as under-promotions or over-promotions can create anxiety and stress among the persons concerned.

Collateral programmes: A collateral stress programme is an organizational programme specifically created to help employees deal with stress.

Constructive versus destructive stress: The stress that has a negative impact on the state of the mind is called destructive stress. Stress that has a positive impact and resulting in a feeling of excitement and enthusiasm is called constructive stress.

Distress: When the response to an uncomfortable situation is in the form of a deviation from healthy functioning, the state is called distress.

Economic uncertainty: Downsizing, rightsizing, retrenchment, restructuring, etc. are all done in the name of efficiency and cost reduction to improve profitability during times of economic uncertainty.

Episodic versus chronic stress: A pattern of a high degree of stress followed by an interval of relief is referred to as episodic stress. Chronic stress is the stress that a person faces continuously.

Sexual harassment: Sexual harassment is unwanted contact or communication of a sexual nature.

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Task Demands: Stress from task demands emerge from the changes enforced on the employees with respect to demands of their job.

Lab Exercise

1. Write steps for stress impact of life changes as measured by life change units.
2. Draw the flow chart for consequences of stress.

Self Assessment

Multiple choice questions:

5. An ideal way of managing stress is one that provides additional ..... .
   (*a*) benefits (*b*) result
   (*c*) information (*d*) None of these.
6. A related method of managing stress is ..... .
   (*a*) exercise (*b*) seek help
   (*c*) time management (*d*) relaxation
7. The physical demands of the workplace can also have a devastating impact on the mental and physical health of the ..... .
   (*a*) employees (*b*) manager
   (*c*) only men (*d*) only women
8. Role conflict exists when job functions contains ..... that conflict with one another.
   (*a*) duties (*b*) responsibilities
   (*c*) Both of these. (*d*) None of these.
9. Machine-based assembly lines are an example of ..... a work environment.
   (*a*) role conflict (*b*) underload
   (c) overload (*d*) None of these.
10. Life trauma is similar to ..... .
    (*a*) life stressors
    (*b*) hardiness and optimism
    (*c*) life change
    (*d*) type a personality

Fill in the blanks:

11. The constructive stress gives us ..... to excel in our work and to be creative.
12. Stress in our daily life is the result of many ..... factors.
13. An experience that is ..... for one person may be part of a normal days work for another.
14. ..... first developed and Popularized the notation of life change as a source of stress.
15. Stress at the organisational level can emanate from ..... .

Notes

12.14 Review Questions

1. Based on your own experience as a student, identify a situation that was a source of stress to you.
2. What were the factors that contributed to the stress and what was the impact?
3. Discuss the general adaptation syndrome with examples. How does it relate to the tolerance level of individuals in organizations?
4. What are the factors that influence an individual's experience of stress? How do these factors affect the level of stress? Discuss with examples.
5. Stress in our daily life is the result of many interacting factors. Identify these factors and diagnose their impact on human and organizational behaviour.
6. Do managers with Type A personality make better managers? Why or why not?
7. Outline the major consequences of stress. How do physiological and psychological consequences impact the health of an individual? Discuss.
8. One of your colleagues remarks that he is feeling burnt out. How would you determine, on the basis of your understanding of job burnout, whether he is burnt out or not?
9. Highlight the process of management of stress with the help of an example.
10. Discuss some of the individual coping strategies of stress. What can organizations do to help manage the stress of the employees more effectively?

Answers to Self Assessment

1. (*a*)	2. (*c*)	3. (*a*)	4. (*d*)	5. (*a*)
6. (*d*)	7. (*a*)	8. (*c*)	9. (*b*)	10. (*c*)
11. energy	12. interactive		13. stressful	
14. Thomas Holmes and Richard Ruhe			15. different factors	

12.15 Further Readings

Books

Tolley's Managing Stress in the Workplace, by Carole Spiers.

Handling Stress Positively, by Graham Willcocks and Steve Morris.

Online link

http://www.who.int/occupational_health/publications/en/oehstress.pdf

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Unit 13: Motivation and Morale

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Objectives

After studying this unit, you will be able to:

- Define motivation
- Define leadership
- Discuss about characteristics and features of leadership
- Explain leadership styles and skills
- Understand the importance of leadership
- Explain the functions and types of leaders
- Discuss about leadership committee
- Describe group decision-making
- Explain morale

Introduction

If managers are asked to list the problems they face, employee motivation is likely to be near the top. Motivation is one of the major concerns of scholars as well, because motivation is closely related to the success of an individual, an organization, and a society. Through motivational efforts, people realize their personal and organizational goals. Effective utilization of human resources is a key to solving many organizational problems in this era of limited availability of resources.

Motivating employees is a complex process. With advances in knowledge and financial independence, this problem has become more severe. In addition to this, the scarcity of resources in organizations acts as a constraint that hinders managers from motivating their employees. In spite of these issues, managers still have the responsibility to motivate their employees to attain organizational goals. To take up this responsibility, they should understand how and why people are motivated to work in organizations and be aware of the principles and practices of motivation. Companies that perform well are able to retain high performance employees because they have found ways to keep everyone motivated. Motivation refers to the forces within a person that affect his direction, intensity, and persistence of voluntary behaviour. Motivated employees are willing to exert a particular level of effort (intensity) for a certain amount of time (persistence) towards a particular goal (direction).

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Motivation is at the heart of how innovative and productive things are done within work organizations. This chapter focuses on the basic motivational factors that can energize a person's work and help him decide on the right action based on his requirements, and how motives are learnt through experience. Several theories have evolved to help explain different facets of motivation. Behaviour, in general, is directed by different needs. These needs can cause people to seek out experiences that enrich their lives or they can trigger behaviour to avoid threatening conditions and feelings of deprivation. Beyond human needs are the acquired tastes for specific motives. A different explanation for motivation focuses on expectancies, or people's expectation about whether they can affect performance outcomes and how closely the expected rewards are linked to performance. People also consider the equity of how they are treated, and their evaluations help determine whether they will be motivated or demotivated.

The Initiating Structure represents the leadership behaviour involved in directing the organization, helping it to define its goals and structure for execution including the ability to understand the actions others can act upon.

From these two dimensions, it is possible to generalize three basic functions that a leader performs:

1. Organizational
2. Interpersonal
3. Decisional

The organizational function involves the organizational structure and the selection of people who operate within this structure. It involves various units or segments and the control of internal and external communication flows. The leader has to make certain that the participants in the organization and related groups external to the organization are knowing and working well together.

The interpersonal function involves the morale of the organization. It reflects the degree of concern about the humanness of the organization. It requires that the leader pay attention to individual concerns.

The decisional function involves the making of decisions that must be made in order for the organization to achieve its goals. This is the traditional function that has been associated with leadership.

13.1 Motivation

The term *motivation* is derived from the Latin word *movere* meaning "to move". Motivation represents "those psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal-oriented". Managers need to understand these psychological processes if they are to successfully guide employees towards accomplishing organizational objectives.

13.1.1 Need-Performance Cycle

Although a few human activities occur without motivation, nearly all conscious behaviour is motivated or caused. It requires no motivation to grow hair, but getting a haircut requires some motivation. Management's job is to identify and activate employee motives towards task performance. The relationship between need and performance is illustrated in Figure 13.1 .The model in Figure 13.1 suggests that needs create tensions that are modified by one's environment to cause certain wants. These wants propel individuals (drive) to take actions to satisfy the needs and release the tension depending upon the incentives available.

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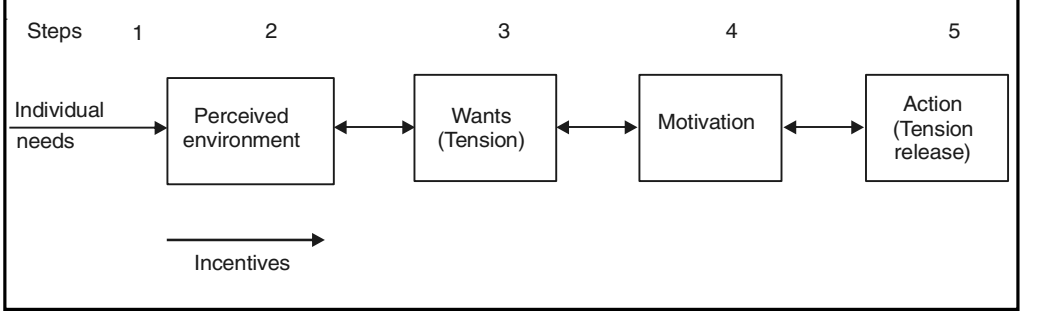
Figure 13.1: Need-Performance Cycle



Individuals appraise the total situation and are motivated to take actions to satisfy their needs. For example, the need for food (hunger) creates the wait for it, which forces the person to search for food depending upon his choice and availability (perceived environment). Since one's environment affects ones appetite for a particular type of food, a south Indian may want *dosa* or *idly,* while a north Indian might want *chole bature* or *rajma chawal.* Both persons will be motivated to take action, but they seek different types of food in different ways.

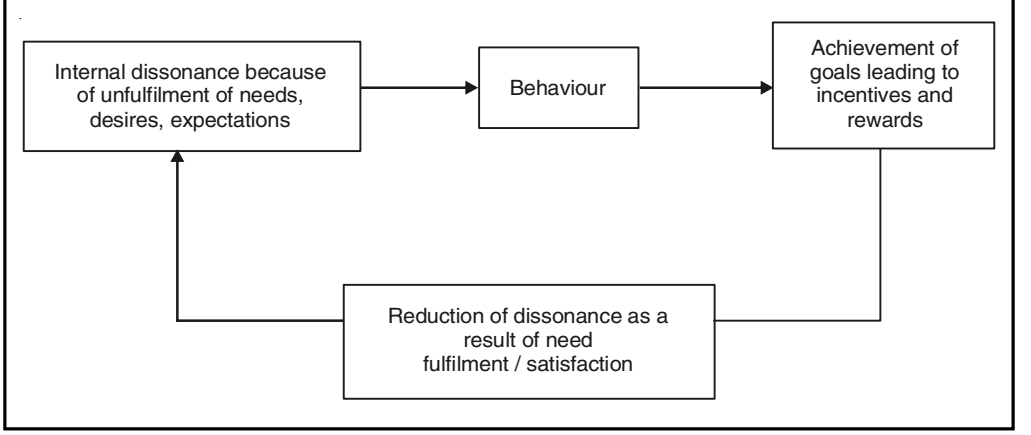
13.1.2 General Model of Motivation

A general model of the independent variables that are basic to work motivation is presented in Figure 13.2. This model provides a framework for understanding the dynamic nature of the motivational process. As shown in Figure 13.2 the basic components of motivation are (1) needs, desires, and expectations, (2) behaviour, (3) goals and (4) feedback.

Psychological disequilibria arouse behaviour directed towards satisfying a specific incentive or goal thought to restore equilibrium. Moreover, one will persist in trying to attain the relevant incentives or goals until balance is restored. As incentives or goals are achieved, internal feedback decreases both disequilibrium and motivation.

The model of motivational process can be illustrated with the help of the following example: A software engineer in a company desires to (has a need for) write innovative programmes (disequilibrium) and seeks a more challenging assignment from his boss (behaviour) hoping that this would help in his professional growth (goal). When he receives such an assignment, his disequilibrium is reduced and his attention shifts from this need (a challenging assignment)

Figure 13.2: A General Model of the Motivation Process



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to some other need (linking his performance with effective rewards) which causes further disequilibrium. This cycle of motivation continues to move, enhancing the individual's capacity and capability.

13.1.3 Motivation and Performance

Very often, motivation and performance are assumed to be one and the same. This faulty assumption can lead to poor managerial decisions. The following formula for performance helps put motivation into proper perspective. Performance = Level of ability × Level of skill × Motivation × Knowledge about how to complete the task × Facilitating and inhibiting conditions not under the individual's control. Thus, we see that motivation is a necessary but an insufficient contributor to job performance. The performance of an employee depends on various other factors. Managers who are able to identify such indicators of performance are better able to manage their job and work organizations as compared to the ones who just focus on any one or two of these variables.

13.1.4 Challenges before the General Model of Motivation

The pictorial presentation of motivation, which appears to be so simple and straightforward, is not so simple to apply in the operational setting. In the real world, the process is not so clear-cut. There are many inherent challenges in the process. Some of the challenges are as follows:

The first challenge in operating this model is that motives cannot be seen, they can only be inferred. In an organization, employees with the same level of educational qualifications, competence, and compensation package may not work at the same pace and with the same enthusiasm. One may perform exceptionally well and the other may be an underperformer. The real motive of each employee, which propels them either to work or underperform, needs to be investigated.

A second challenge is the varying and the dynamic nature of needs. At any given point of time, everyone has various needs, desires, and expectations. These factors may keep on changing over time. The need for accomplishment may directly be in conflict with the need for affiliation for some employees in the organization.

A third challenge involves considerable differences in the motivations of people and in the energy with which people respond to them. A lot of this energy also depends on the cultural background of the individual. These challenges are the things that managers can do something about. They can determine what motivates employees and use this energy to channelize employees' energy towards the achievement of organizational goals. The various approaches managers can use to manage employees in organizations can be broadly divided into two categories: content models of motivation and process models of motivation.

13.1.5 Content Models of Motivation

Content models of motivation envisage that motivation begins with individual needs. Need is a state in a person's life that triggers action and activates behaviour. Some theories arrange needs in hierarchical levels, with each level activating a different behaviour aimed at satisfying that need. Some arrange them on a continuum, indicating that they could influence a person's behaviour. In this section, four content theories of motivation that dominate organizational thinking even today have been discussed.

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Need Hierarchy Model by Abraham H. Maslow

One name, which is closely associated with the initial work in the area of motivation, is that of Abraham H. Maslow. His theory of hierarchy of needs holds valid even today. Abraham Maslow classified the entire range of needs experienced by individuals into five basic categories and arranged them in a hierarchical order as shown is Figure 13.3.

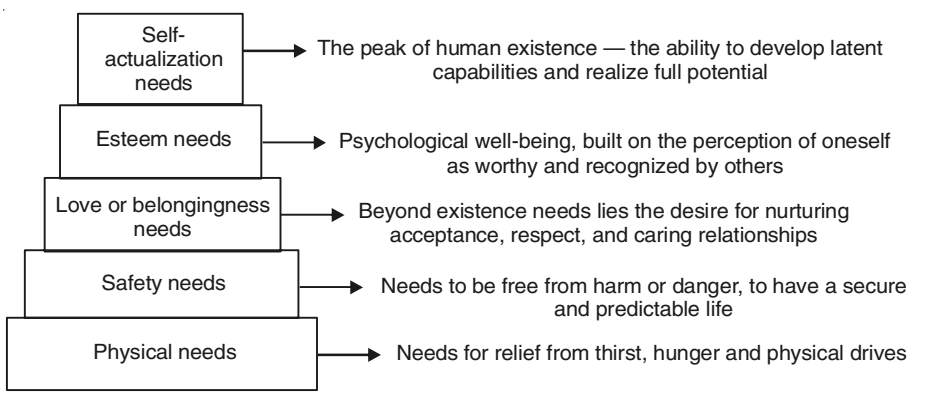
Abraham Maslow identified these five levels of needs as the source of different motivating behaviours. According to the theory, once a lower-order need has been satisfied, a person can activate the next higher-order need.

Physiological or physical needs: These have been classified as lower-order needs and include the need for food, air, water, and shelter. These basic needs need to be satisfied before a person is motivated by higher-order needs. Managers and supervisors in organizations have to be aware of the degree to which these needs are being taken care of in the organization. If employees are motivated by physiological needs, the concern for work will not affect them. Managers who focus on physiological needs to motivate subordinates assume that people work primarily for money because money is the resource which they can utilize to satisfy all their needs at this level.

Safety needs: Safety needs are the needs for a secure and stable environment and the absence of pain, threat or illness. They are also called security needs. If safety needs are not satisfied, there is a tendency for people to become preoccupied with these needs. Managers who are more concerned with providing their subordinates the safety needs provide them with instruments and gadgets that ensure security and physical safety in the work environment. They are also concerned with the psychological safety of their subordinates and try to satisfy those needs by offering health, disability and life insurance, thereby promoting a sense of security and well-being.

Belongingness needs: These needs include the needs for love, affection, and interaction with other people. They have also been labelled as affiliation needs.

Figure 13.3: Maslow's Hierarchy of Needs



Maslow contends that when physical and safety needs have been satisfied, affiliation needs begin to motivate people. The workplace is generally viewed as an area where employees develop effective personal and professional relationships. Managers who believe in satisfying the belongingness needs of their subordinates try to provide a congenial and warm work

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environment. Employees are encouraged to interact with each other both on the job as well as off the job. There is an emphasis on employee acceptance by co-workers. Such organizations encourage employee bonding by organizing extra-curricular activities such as picnics, cultural events, and other official celebrations.

Limitation of the hierarchy of needs: Maslow's model is very popular among managers in work organizations because of its intuitive appeal. However, it has failed to impress researchers. The compartmentalized division of needs is something that baffles all. Further, the principle that lower order needs have to be gratified in order to motivate the person with a higher order needs does not appear to be quite convincing.

13.1.6 Process Models of Motivation

Content models of motivation depict different types of needs at different times, process models describe the processes through which need deficiencies are translated into behaviour; that is, they discuss the law of motivation. Two major ways by which processes of motivation can be explained are by managing expectations and by comparing with others.

Motivation by Managing Expectations

Managers try to motivate employees by trying to satisfy their requirements and needs. In addition to this, they try to boost motivation in the organization by creating a link between the performance of employees and their expectations about how their performance will produce rewards. Two expectancy models of motivation shed more light on this concept:

1. Vroom's expectancy model
2. Porter and Lawler expectancy model

Vroom's expectancy model: Expectancy theory is a process motivation theory based on the idea that work effort is directed towards behaviours that people believe will lead to desired outcomes. Through experience, individuals develop expectations about whether they can achieve various levels of job performance. They also develop expectations about whether job performance and work behaviour lead to particular outcomes. Finally, they naturally direct their efforts towards outcomes that help them fulfil their needs.

A general model of Vroom's approach is presented in Figure 13.4. It outlines the variables that influence an individual's level of motivation.

Motivation boils down to the decision of how much effort to exert in a specific task situation. The choice is based on a two-stage sequence of expectations (effort–performance) and (performance–outcome). First, motivation is affected by an individual's expectation that a given level of effort will produce an expected level of performance. For example, if you feel that any amount of practice will not improve your stamina, you will not expend much effort on practice. Motivation is also influenced by the individual's perceived chances of obtaining various outcomes as a result of accomplishing performance goals. Finally, individuals are also motivated to the extent that they value the outcome that they receive.

Vroom used a mathematical equation to integrate these concepts into a predictive model of motivational force or strength. The equation is:

$$MF = V \times I \times E$$

where

MF = Motivational force

V = Valence

I = Instrumentality

E = Expectancy

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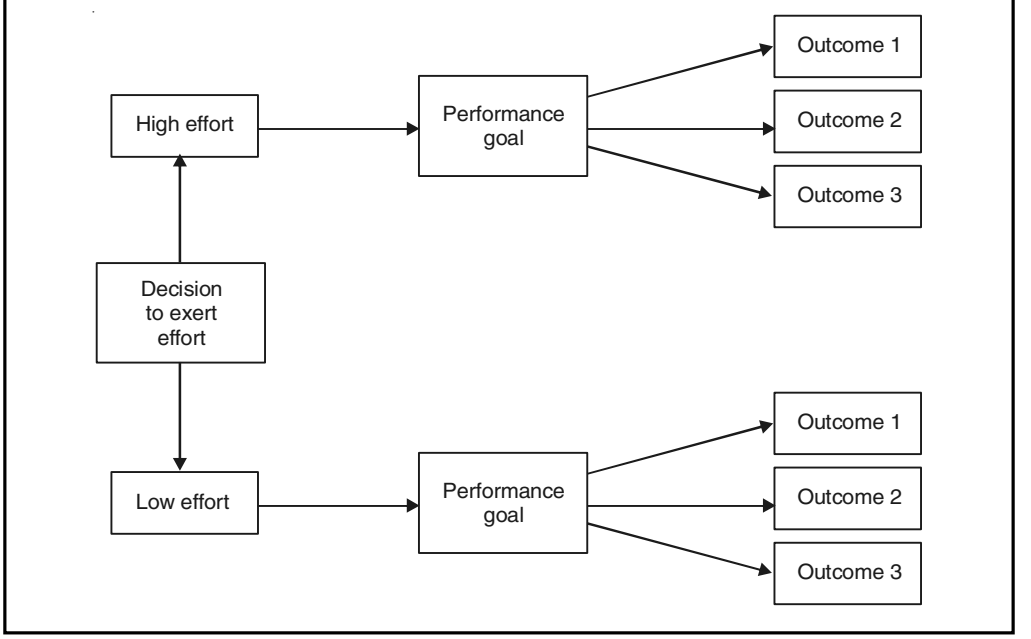
Figure 13.4: A General Model of Vroom's Expectancy Theory



Let us define and understand these three concepts of Vroom's equation:

Valence: Valence refers to the positive or negative value that people place on outcomes. Valence mirrors our personal preference. We assign a value to an outcome depending upon our requirement and needs. Mostly, people attach high values to outcomes such as increased salary, promotion or recognition, but low values to stress or layoff. An outcome's valence depends on an individual's needs and is measured for research purposes with scales ranging from a negative value to a positive value. For example, an individual's valence towards more recognition can be assessed on a scale ranging from –2 (very undesirable) to 0 (neutral) to +2 (very desirable).

Expectancy: Expectancy represents an individual's belief that a particular level of performance will be followed by a particular degree of effort. In other words, it is effort—performance expectation. Expectancies take the form of subjective probabilities and may range from 0 to 1. An expectancy of 0 indicates that the effort has no anticipated impact on performance. For example, if you are assured that any given level of effort towards learning to ride a bicycle on the first day will not lead you to do so; your expectancy for this linkage will be 0. However, with little practice and training, you can learn to ride the bicycle and your expectancy will then range from 0 to 1. The factors, which influence an employee's expectancy perception, are as follows:

- Self-esteem
- Previous success at task
- Help received from a supervisor or a subordinate
- Information necessary to complete the task
- Good material and equipment to work with

***Instrumentality*:** An instrumentality is a performance—outcome perception. As shown in Figure 13.4, it represents a person's belief that a particular outcome is contingent on accomplishing a specific level of performance. Performance is instrumental when it leads to something else.

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For example, superior performance is instrumental in getting a promotion. Instrumentality ranges from –1.0 to 1.0. An instrumentality of 1.0 indicates that a particular outcome is totally dependent on task performance. For example, in the case of piece-rate system of payment, getting a particular amount of money is dependent upon the number of units sold by the employee. An instrumentality of 0 indicates that there is no relationship between performance and outcome. For example, if promotion is mainly dependent upon seniority, job performance does not matter. Finally, an instrumentality of –1.0 reveals that high performance reduces the chances of obtaining the outcome while low performance increases the chances. For example, if you spend more time working, you do not get time to enjoy your social life and leisure activities.

Research on expectancy theory: From the time Vroom's model was published in 1964 to about 1976, research did not support his theory. Subsequently, however, several organizational behaviour researchers concluded that these discouraging results were due to various methodological difficulties and errors. Having corrected these methodological problems, researchers found the following:

In more than 16 studies with an average sample size of 200, expectancy theory correctly predicted occupational or organizational choices 63.4% of the time. This was significantly better than chance prediction.

In order to accurately predict effort, managers need to compare the individual's motivation to exert both high and low effort.

Contrary to Vroom's theory, job satisfaction and resilient decision were more strongly related to instrumentalities than to the full model (expectancy, instrumentality, and valence interaction).

13.1.7 Applications of Motivation

Motivating the behaviour of employees is one of the most important challenges faced by a manager. Managers can set goals, apply selective rewards such as gain sharing, redesigning jobs, and even reinforce routine behaviour by organizational behaviour modifications. In the earlier section, several theories of motivation were discussed with their implications for understanding human behaviour in organizations. To understand the principles of motivation, it is also important to understand the application of these constructs in the context of a real workplace and see how these theories can be operationalized.

Motivation by Goal Setting

Goals are future outcomes (results) that individuals and groups desire and strive to achieve. An example of a goal is, Goal setting is the process of specifying desired outcomes towards which individuals, teams, departments, and organizations strive and are intended to increase efficiency and effectiveness. The use of goals to motivate task accomplishment draws on two primary attributes: the content of the goal and the level of intensity in working towards it.

Content—level of difficulty: Studies to find out the relationship between the level of difficulty of the goal and the performance of the seeker have proved that goals should be challenging enough to induce high levels of effort. Two researchers, while investigating the hypothesis "Given adequate ability and commitment, more difficult goals stimulate greater effort and performance than easier goals", concluded that 172 of 192 laboratory and field research studies produced partial or full support for the hypothesis. Thus, managers while setting goals should keep in mind that goals should be challenging enough to generate high levels of effort.

Intensity—degree of participation: There can be three ways in which goals can be set:

1. when goals are assigned by the management,
2. where members are asked to participate in goal setting, and
3. when members are told to "do their best."

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Research has proved that high performance results either when the management assigns goals or when members together set the goals. When members are assumed to do their best, it does not result in high performance. When a manager gives an order to "do your best," he is not generating a goal-setting process, as in the absence of a goal, there is nothing to measure and no way to compare the results with the target.

13.2 Definitions of Leadership

Leadership is a great quality and it can create and convert anything. There are many definitions of leadership. Some of the definitions of leadership are reproduced below:

"Leadership" according to Alford and Beatty "is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion."

According to Chester I Barnard, "It (leadership) refers to the quality of the behaviour of the individual whereby they guide people on their activities in organized efforts."

According to Terry, "a leader shows the way by his own example. He is not a pusher, he pulls rather than pushes."

According to Koontz and O'Donnell—Managerial leadership is "the ability to exert interpersonal influence by means of communication, towards the achievement of a goal. Since managers get things done through people, their success depends, to a considerable extent, upon their ability to provide leadership".

In the words of R.T. Livingston—Leadership is "the ability to awaken in others the desire to follow a common objective."

According to the Encyclopaedia of the Social Sciences—"Leadership is the relation between an individual and a group around some common interest and behaving in a manner directed or determined by him."

According to Peter Drucker—Leadership "is not making friends and influencing people, i.e. salesmanship. Leadership is the lifting of man's vision to higher sights, the raising of man's performance to higher standards, the building of man's personality beyond its normal limitations."

According to Louis A. Allen—"A leader is one who guides and directs other people. He gives the efforts to his followers a direction and purpose by influencing their behaviour."

In the words of Theo Haimann—"Leadership is the process by which an executive imaginatively directs guides and influences the work of others in choosing and attaining specified goals by mediating between the individuals and the organization in such a manner that both will obtain maximum satisfaction."

In the words of James Gibbon—Leadership is "a process of influencing on a group in a particular situation at a given point of time and in a specific set of circumstances that stimulates people to strive willingly to attain organizational objectives, giving them the experience of helping attain the common objectives and satisfaction with the type of leadership provided."

According to Katz and Kalm—"In the descriptions of organizations, no word is used with such varied meanings. The word leadership is sometimes used to indicate that it is an attribute of personality; sometimes, it is used as if it were a characteristic of certain positions, and sometimes as an attribute of behaviour."

From the above definitions we can conclude that leadership is a psychological process of influencing followers (subordinates) and providing guidance, directing and leading.

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13.3 Nature, Characteristic, and Issues of Leadership

Leadership implies the existence of followers: We appraise the qualities of leadership by studying his followers. In an organization leaders are also followers, for e.g. Supervisor works under a branch head. Thus, in a formal organization a leader has to be able to be both a leader as well as a follower, and be able to relate him both upward and downward.

Leadership involves a community of interest between the leader and his followers: In other words, the objectives of both the leader and his men are one and the same. If the leader strives for one purpose and his team work for some other purpose, then it is not a leadership.

Leadership involves an unequal distribution of authority among leaders and group members: Leaders can direct some of the activities of group members, i.e. the group members are compelled or are willing to obey most of the leader's directions. The group members cannot similarly direct the leader's activities, though they will obviously affect those activities in a number of ways.

Leadership is a process of influence: Leadership implies that leaders can influence their followers or subordinates in addition to being able to give their followers or subordinates legitimate directions.

Leadership is the function of stimulation: Leadership is the function of motivating people to strive willingly to attain organizational objectives. A successful leader allows his subordinates (followers) to have their individual goals set up by themselves in such a way that they do not conflict with the organizational objectives.

A leader must be exemplary: In the words of George Terry, "A Leader shows the way by his own example. He is not a pusher, he pulls rather than pushes."

According to L.G. Urwick. "It does not what a leader says, still less what he writes, that influences subordinates. It is what he is. And they judge what he is by what he does and how he behaves."

From the above explanation it is clear that a leader must set an ideal before his followers. He must stimulate his followers for hard and sincere work by his personal behaviour. In other words a leader must set an exemplary standard before his followers.

A leader ensures absolute justice: A leader must be objective and impartial. He should not follow unfair practices like favouritism and nepotism. He must show fair play and absolute justice in all his decisions and actions.

13.3.1 Leadership Styles and Patterns

Tannenbaum and Schmidt have described the range of possible leadership behaviour available to a manager. Each type of action is related to the degree of authority used by the boss and to the degree of freedom available to his subordinates in reaching decisions.

Leadership Styles

The Manager makes decision and announces it: It is an extreme form of autocratic leadership whereby decisions are made by the boss who identifies the problem, considers alternative solutions, selects one of them and then reports his decision to his subordinates for implementation.

The Manager sells his decisions: It is a slightly improved form of leadership wherein the manager takes the additional step of persuading the subordinates to accept his decision.

The Manager presents his ideas and invites questions: There is greater involvement of the employees in this pattern. The boss arrives at the decision, but provides a full opportunity to his subordinates to get full explanation of his thinking and intentions.

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The Manager presents a tentative decision subject to change: Herein the decision is tentatively taken by the manager but he is amenable to change and influence from the employees.

The Manager may present the problem, get the suggestions and then take his own decision: Herein sufficient opportunity is given to the employees to make suggestions that are coolly considered by the manager.

The Manager may define the limits and request the group to make a decision: A manager of this style of management lets the group have the right to make the decision. The subordinates are able to take the decision to the limits defined by the manager.

The Manager may permit full involvement of the subordinates in the decision-making process: It is often designated as 'Democratic' leadership.

Leadership style refers to the behaviour pattern adopted by a leader to influence the behaviour of his subordinates for attaining the organizational goals. As different leadership styles have their own merits and demerits, it is difficult to prefer one leadership style to another. The selection of a leadership style will depend on the consideration of a number of factors. Tannenbaum and Schmidt have pointed out the important factors that affect the choice of a style of leadership are:

- Forces in the manager, i.e. the manager's personality, experience, and value system.
- Forces in the subordinates, i.e. the subordinates, readiness for making decisions, knowledge, interest, need for independence etc.
- Forces in the situation, i.e. complexity of the problem, pressure of time etc.

Notes Give steps for leadership styles and patterns

Did u know? The term "leadership" had been used in most of the 20th century, in ways that were synonymous with "management."

13.3.2 Leadership Skill

The leader is expected to play many roles and, therefore, must be qualified to guide others to organizational achievement. Although no set of absolute traits or skills may be identified, the individuals who possess abilities to lead others must have certain attributes to help them in performing their leadership roles. In a broad way the skills which are necessary for an industrial leader may be summarized under four heads:

1. Human skill
2. Conceptual skill
3. Technical skill and
4. Personal skill.

Human Skill

A good leader is considerate towards his followers because his success largely depends on the co-operation of his followers. He approaches various problems in terms of people involved more than in terms of technical aspects involved. He should know people; their needs, sentiments, emotions, and also their actions and reactions to particular decisions, their

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motivations etc. Thus, a successful leader possesses the human relations attitude. He always tries to develop social understanding with other people. The human skill involves the following:

Empathy: A leader should be able to look at things objectively. He should respect the rights, beliefs and sentiments of others. He should equip himself to meet the challenges emanating from the actions and reactions of other people. The leader should be empathetic towards his followers so that he can carefully judge their strengths, weaknesses, and ambitions and give them the attention they deserve.

Objectivity: A good leader is fair and objective in dealing with subordinates. He must be free from bias and prejudice while becoming emotionally involved with the followers. His approach to any issue or problem should be objective and not based on any pressure, prejudice or preconceived notions. Objectivity is a vital aspect of analytical decision-making. Honesty, fair play, justice and integrity of character are expected of any good leader.

Communication Skill: A leader should have the ability to persuade, inform, stimulate, direct and convince his subordinates. To achieve this, a leader should have good communication skill. Good communicator seem to find all responsibilities easier to perform because they relate to others more easily and can better utilize the available resources.

Social Skill: A leader should understand his followers. He should be helpful, sympathetic and friendly. He should have the ability to win his followers' confidence and loyalty.

Caution

A leader must be objective and impartial. He should not follow unfair practices like favouritism and nepotism. He must show fair play and absolute justice in all his decisions and actions.

Conceptual Skill

In the words of Chester Barnard, "the essential aspect of the executive process is the sensing of the organization as a whole and the total situation relevant to it." Conceptual skills include:

- The understanding of the organization behaviour,
- Understanding the competitors of the firm, and
- Knowing the financial status of the firm.

A leader should have the ability to look at the enterprise as a whole, to recognize that the various functions of an organization depend upon one another and are interrelated, that changes in one affect all others. The leader should have skill to run the firm in such a way that overall performance of the firm in the long run will be sound.

Technical Skill

A leader should have a thorough knowledge of, and competence in, the principles, procedures and operations of a job. Technical skill involves specialized knowledge, analytical skill and a facility in the use of the tools and techniques of a specific discipline. Technical competence is an essential quality of leadership.

Personal Skill

The most important task of the leader is to get the best from others. This is possible only if he possesses certain qualities. These personal skills include:

Intelligence: Intellectual capacity is an essential quality of leadership. Leaders generally have somewhat higher level of intelligence than the average of their followers.

Emotional Maturity: A leader should act with self-confidence, avoid anger, take decisions on a rational basis and think clearly and maturely. A leader should also have high frustration

tolerance. According to Koontz and O'Donnell "Leaders cannot afford to become panicky, unsure of themselves in the face of conflicting forces, doubtful of their principles when challenged, or amenable to influence."

Personal Motivation: This involves the creation of enthusiasm within the leader himself to get a job done. It is only through enthusiasm that one can achieve what one wants. Leaders have relatively intense achievement type motivational drive. He should work hard more for the satisfaction of inner drives than for extrinsic material rewards.

Integrity: In the words of F.W Taylor "integrity is the straightforward honesty of purpose which makes a man truthful, not only to others but to himself; which makes a man high-minded, and gives him high aspirations and high ideals."

Flexibility of Mind: A leader must be prepared to accommodate other's viewpoints and modify his decisions, if need be. A leader should have a flexible mind, so that he may change in obedience to the change in circumstances. Thomas Carle has said "A foolish consistency is the hobgoblin of a little mind."

In sum, a leader must have a dynamic personality, intellectual attainment, amiable disposition, unassuming temperament and knowledge of how to deal with his followers.

Caution

A leader should have the ability to demonstrate how to accomplish a particular task.

13.4 Importance of Leadership

The importance of leadership in an organization cannot be denied. People working in an organization needs individuals (leaders) who could be instrumental in guiding the efforts of groups of workers to achieve goals and objectives of both the individuals and the organization. The leader guides the action of others in accomplishing these tasks. A good leader motivates his subordinates, creates confidence and increases the morale of the workers.

In the words of Peter F. Drucker "Good leadership is a must for the success of a business but the business leaders are the scarcest resources of any enterprise." The following points highlight the importance of leadership:

- Leadership is the process of influencing the activities of an individual or a group towards the achievement of a goal.
- An effective leader motivates the subordinates for higher level of performance.
- Leadership promotes team spirit and team work which is quite essential for the success of any organization.
- Leadership is an aid to authority. A leadership helps in the effective use of formal authority.
- Leadership creates confidence in the subordinates by giving them proper guidance and advice.

The history of business is full of instances where good leaders led their business concerns to unprecedented peaks of success. To quote George R. Terry, "The will to do is triggered by leadership and lukewarm desires for achievement are transformed into burning passion for successful accomplishments by the skilful use of leadership."

13.5 Functions of a Leader

According to Peter Drucker, "An effective leader is one who can make ordinary men to do extraordinary things, make common people to do uncommon things. Leadership is a lifting of

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a man's sights to a higher vision, the raising of man's standard to a higher performance, the building of a man's personality beyond its normal limitations." This viewpoint of Peter Drucker stresses the leader's obligation to attain organizational goals and gives attention to the needs of the individuals who are his subordinates. The important functions of a business leader may be briefly summarized as follows:

To take the initiative: A leader initiates all the measures that are necessary for the purpose of ensuring the health and progress of the undertaking in a competitive economy. He should not expect others to guide or direct him. He should lay down the aims and objectives, commence their implementation and see that the goals are achieved according to the predetermined targets.

He identifies group goals: A leader must always help the group identify and attain their goals. Thus, a leader is a goal setter.

He represents the organization: A leader represents the organization and its purpose, ideals, philosophy and problems to those working for it and to the outside world. In other words, leader is true representative of the entire organization.

He acts as arbitrator: When groups experience internal difference, whether based on emotional or intellectual clashes, a leader can often resolve the differences. He acts as an arbitrator to prevent serious group difference.

To assign reasons for his action: It is a delicate task of leaders to assigns reason to his every command. He has to instruct things in such a way that they are intelligible to all concerned and their co-operation is readily forthcoming.

To interpret: He interprets the objectives of the organization and the means to be followed to achieve them; he appraises his followers, convinces them, and creates confidence among them.

To guide and direct: It is the primary function of the leader to guide and direct the organization. He should issue the necessary instructions and see that they are properly communicated.

To encourage team work: A leader must try to win the confidence of his subordinates. He must act like the capital of a team.

He manages the organization: Last but not the least, he administers the undertaking by arranging for the forecast, planning, organization, direction, coordination and control of its activities.

13.6 Types of Leaders

The different types of leadership are:

1. Autocratic or Task Management Leadership,
2. Participative or Democratic Leadership,
3. Laissez-Faire or Free-Rein Leadership, and
4. Paternalistic Leadership.

13.6.1 Autocratic or Task Management Leadership

The autocratic leader gives order which he insists shall be obeyed. He determines policies for the group without consulting them, and does not give detailed information about future plans, but simply tells the group what steps they must take. In other words, an autocratic leader is one who centralizes the authority in himself and does not delegate authority to his subordinates. He is dictatorial by nature, and has no regard for the subordinates. He drives himself and his subordinates with one thought uppermost in his mind—action must produce results. An autocratic does the entire planning and calls upon his subordinates to execute what he has planned.

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An autocratic leader operates on the following assumptions:

- An average human being has inherent dislikes of work and will avoid it if he can.
- His assumption is that if his subordinate was intelligent enough, he would not be in that subordinate position.
- He assumes that unintelligent subordinates are immature, unreliable and irresponsible persons. Therefore, they should be constantly watched in the course of their work.
- As he has no regard for his subordinates, he gets the work done by his subordinates through negative motivation, i.e. through threats of penalty and punishment.

Thus under this style all decision-making power is centralized in the leader. The autocratic leader stresses his prerogative to decide and order and subordinates obligation to do what they are told to carry out. He does not give subordinates the freedom to influence his behaviour.

Types of autocratic leadership are:

Strict Autocratic Leaders: A strict autocratic relies on negative influence and gives orders which the subordinates must accept. He may also use his power to disperse rewards to his group.

Benevolent Autocrat: The benevolent is effected in getting high productivity in many situations and he can develop effective human relationship. His motivational style is usually positive.

Manipulative Autocrat: A manipulative autocratic leader is one who makes the subordinates feel that they are participating in decision-making process even though he has already taken the decision.

13.6.2 Participative or Democratic Leadership

A democratic leader is one who consults and invites his subordinates to participate in the decision-making process. He gives orders only after consulting the group; sees to it that the policies are worked out in group decisions and with the acceptance of the group. The manager largely avoids the use of power to get a job done. He believes that a desired organizational behaviour can be obtained if employees' needs and wants are satisfied. Therefore, he not only issues orders but interprets them and sees to it that the employees have the necessary skill and tool to carry out their assignments. He assigns a fair work lead to his personel and recognizes the job that is well done; there is a team approach to the attainment of organizational goals. He recognizes human value for greater concern for his subordinates. A participative leader operates on the following assumptions:

- Subordinates are capable of doing work and assuming the responsibility if they are given opportunities and incentives.
- Subordinates are supervised, guided and aided rather then threatened and commanded to work.
- Mistakes are not viewed seriously. The assumption is that disciplinary action breeds discontent and frustration among employees and creates an unhealthy work environment.

13.6.3 Laissez-Faire or Free-Rein Leadership

A free-rein leader does not lead, but leaves the group entirely to itself. The leader avoids using power and entrusts the decision-making authority to his subordinates. He does not direct his subordinates and there is complete freedom for the subordinates. Group of members work them and provide their own motivation. The manager exists as a contact man with outsiders to bring for his group the information and resources it needs to accomplish its job. A free-rein leadership operates on the following assumption:

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- He follows the rule of minimum exposure to accountability.
- He relieves himself of responsibilities and is ready to blame his subordinates if something goes wrong.
- He has no clear idea of the goals to be attained.
- He is more security-conscious than status-conscious.

This mode of direction can produce good and quick results if the subordinates are highly educated and brilliant people who have a will to go ahead and perform their responsibility.

13.6.4 Paternalistic Leadership

Under this type of leadership, the leader assumes that his function is fatherly. His attitude is that of treating the relationship between the leader and his groups that of family with the leader as the head of the family. The leader works to help to work, guide, protect and keep his followers happily working together as members of a family. He provides them with good working condition, fringe benefits and employee services. It is said that employees under such leadership will work harder out of gratitude.

Self Assessment

Multiple choice questions:

1. Motivation and performance are assumed to be one and the ..... .
   (*a*) same (*b*) different
   (*c*) both (*a*) and (*b*) (*d*) None of these.
2. ..... initiates all the measures that are necessary for the purpose of ensuring the health and progress.
   (*a*) Employee (*b*) Leader
   (*c*) Member (*d*) None of these.
3. Leadership according to ..... is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion.
   (*a*) Alford and Beatty (*b*) Chester I Barnard
   (*c*) Terry (*d*) Koontz and O'Donnell
4. In the words of ....., Leadership is the ability to awaken in others the desire to follow a common objective.
   (*a*) Alford and Beatty (*b*) Chester I Barnard
   (*c*) R.T. Livingston (*d*) Koontz and O'Donnell
5. According to ....., "Leadership is the relation between an individual and a group around some common interest and behaving in a manner directed or determined by him."
   (*a*) Alford and Beatty (*b*) Chester I Barnard
   (*c*) R.T. Livingston (*d*) Encyclopedia of the Social Sciences

13.7 Leadership Committee

A committee is a small group of people formed from a larger group of employees assigned with a particular task. A committee member may be appointed or the employee concerned may also volunteer to become a member. The ideal size of a committee for most of the tasks is 3 to 5 persons. The first person named in a committee is usually considered as the chairman of the committee.

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13.7.1 Selecting Members for Committee

In selecting committee members we have to remember the contribution that participating members can make to the committee. The following guidelines may be followed in selecting a committee member:

- He/She should be interested in the work to be done.
- He/She should honour the appointment and be committed to the job.
- The person should have special skills needed for the job.
- He/She should not be overloaded with conflicting commitments.
- He/She should be willing to contribute to the group.
- The chairman should consider him/her as useful and desirable for the committee.
- He/She should be compatible with other members and should cooperate with them.

13.7.2 Selecting the Chairman for the Committee

Utmost care is needed in selecting the chairman of the committee than in selecting its members. The chairman has the primary responsibility to give leadership to the group and to stimulate them to their higher productivity both individually and as members of the group. He/ She should be able to organize the individual members into a working group.

It is always desirable to have a chairman who had previously served as a member of a committee or has had similar experience. The chairman may also be chosen for his/ her ability to lead the group. The one who proposes an idea or, alternatively, the committee may select the leader by themselves.

13.8 Group Decision-Making

Major decisions in organizations are most often made by more than one person. Managers use groups to make decisions for the following reasons:

Synergy: Synergy is a positive force in groups that occurs when group members stimulate new solutions to problems through the process of mutual influence and encouragement in the group.

Commitment: Another reason for using a group is to gain commitment to a decision.

Knowledge and Experience: Groups also bring more knowledge and experience to the problem-solving situation.

13.8.1 Advantages of Group Decision-Making

Compared with individual decision-making, group decision-making has several advantages and they are:

- More knowledge and information through the pooling of group member resources;
- Increased acceptance of, and commitment to, the decision, because the members had a voice in it;
- Greater understanding of the decision, because members were involved in the various stages of the decision process;
- An increased number of alternatives can be developed;
- Members develop knowledge and skills for future use.

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13.8.2 Disadvantages of Group Decision-Making

Despite its advantages, group decision-making also has several disadvantages when contrasted with individual decision-making and they are:

- Pressure within the group to conform and fit in;
- Domination of the group by one forceful member or a dominant clique, who may ramrod (ramifications) the decision;
- It is usually more time-consuming, because a group is slower than an individual to make a decision.

Did u know? Warren Bennis is known as the Father of Modern Leadership.

13.9 Management and Leadership

Though the terms 'management' and 'leadership' are often used interchangeably there are certain fundamental differences between these two. As Belbin pointed out, leadership does not necessarily take place within the hierarchical structure of the organization and there is a clear implication that leadership is not a part of the job but a quality that can be brought to a job. Hollingsworth lists at least six fundamental differences between management and leadership and they are as follows:

- A manager administers, but a leader innovates.
- A manager maintains, while a leader develops.
- A manager focuses on systems and structures, whereas a leader's focus is on people.
- A manager relies on control, but a leader inspires trust.
- A manager keeps an eye on the bottom line, while a leader has an eye on the horizon.
- A manager does things right, a leader does the right things.

Difference between Leadership and Management: Leadership is different from management. The main differences between these two terms are:

1. A manager is required to plan, organize, direct and control. But a leader is one who gets others to follow him.
2. A manager depends on his authority. But a leader depends on his confidence and goodwill. He inspires enthusiasm.
3. Management is concerned with the formulation of broad policies to guide the operations of an enterprise. But leadership is concerned with the initiation of action for the accomplishment of the goals.
4. An individual is a leader in the true sense if he is accepted as a leader by the group. A manager is appointed and he derives his authority by virtue of his office.
5. Management is associated with the organized structure. But leadership may be associated with unorganized groups.

Notes Discuss the essential opacities of leadership.

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13.10 Morale

Morale is a term that has been defined in a number of ways. Though real morale is an intangible factor and relates to the conditions of an individual or group with regard to its determination, confidence, and enthusiasm in the performance of duty. It is sometimes defined as moral condition of an individual as regards discipline and confidence in relation to his job. For some people it includes the mental and emotional feeling of an individual regarding the task expected of him; for still others, morale may mean personal acceptance of group goals. In relation to job, morale may be defined as the extent to which an individual perceives satisfaction of his needs as stemming from his total job situation. Morale should be viewed as a dynamic phenomenon relevant to all levels and category of employees and should be understood as the sum of psychic qualities reflecting courage, zeal and confidence in the performance of duty.

13.10.1 Morale and Productivity

Morale is frequently assumed to be associated with higher performance, greater satisfaction and increased productivity. However, research is yet to corroborate this. High morale may well be associated with low productivity. When an employee feels secure and is able to satisfy his personal motives independent of the attainment of organisational objectives, he may not attach any significant importance to his job efforts, though his morale may be quite high. In the same way, low morale and high productivity may coexist. Feeling of insecurity of threat of withholding or diminution of satisfaction may sustain better performance and higher productivity, though under this situation morale is likely to be very low. Thus productivity may only be peripherally related to morale.

It is, however, worth noting that negative correlation between morale and productivity is based upon the notion of morale being equal to job satisfaction. Morale in the sense of confidence and enthusiasm for the job performance does influence productivity though the two need not always be positively correlated. The morale and productivity have not confirmed any co-variation of two phenomenon because studies tend to focus on short-term costs. Moreover, research has not yet proved either that there exists no positive relationship whatsoever between morale and productivity, or that the management can afford to overlook the problem of employee morale without producing any adverse effects.

13.10.2 Factors Determining Morale

The following factors are generally found associated with morale:

1. Social Factors
2. Supervisory Techniques
3. Job Satisfaction
4. Organisation and Its Purpose.

1. *Social Factors:* People derive satisfaction from their social relationships and compatibility with fellow employees. Informal groups gain more support particularly in the context of jobs that offer little or no intrinsic satisfaction. Cohesive groups provide support and consolation to their members and protect them by countering sources of threat. Thus cohesive groups greatly influence morale of their members. Management should, therefore, encourage and protect constructive informal groups and attempt to secure proper integration of group goals with those of the formal organisation structure.

2. *Supervisory Techniques:* Choice of techniques and adequacy of supervision at a given level have a direct bearing upon the morale of subordinates. Task-oriented manager who adopts punitive or close style of supervision and direction is likely to undermine morale of his subordinates. On the other hand, manager with qualities like friendship, mutual trust, participation, respect, and supportiveness in his style of supervision and leadership is likely to boost up the morale of his subordinates.

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3. *Job Satisfaction:* In the two-factor theory of motivation discussed earlier it was mentioned that certain intrinsic or job content factors like achievement, recognition, the job itself, responsibility, advancement, and potential for growth, etc., contribute to employee satisfaction. On the other hand, extrinsic or hygienic factors like company policy, supervision and administration, relationship with peers and with subordinates, status, personal life and security, cause dissatisfaction. The satisfiers or motivators are intrinsic to the job and evidently management should spend more time and money on these factors than on hygienic factors. The job itself is thus a source of satisfaction and any improvement in this direction is likely to favourably affect people's morale.

4. *Organization and Its Purpose:* An individual who upholds integrity of the organization and perceives its purpose to the accomplishment of which his efforts are directed as worthwhile is likely to possess a high morale. Image of the enterprise in an individual's mind and pride in its objectives are, therefore, closely related to the phenomenon of morale.

   Company policies, procedure and communication—all are important factors having a bearing upon morale of its employees. Similarly, type of the subordinate, his ability to get along with people and grasp problems are also related to morale. There are also such external factors like family relations and association with friends that influence a man's morale on the job. Thus, not a single factor but combination of factors influence morale.

   Morale is highly elusive and baffling phenomenon. Factors that are sometimes considered as contributing to high morale tend to destroy it sooner or later. Thus, soft management approach, if carried too far, may ultimately affect it in an adverse manner. A manager attempting to raise morale of his subordinates should, therefore, bear in mind its variability both with regard to its context and its content.

13.10.3 Knowing the Prevailing Morale

Employee's morale may be ascertained on the basis of observation or attitude surveys. Thus, a manager may observe the activities, trends, changes in personal characteristics and behaviour of his subordinates to determine the level of their morale. Changes in willingness to co-operate should be more particularly observed. Success of this method will depend upon the ability of a manager to observe the things objectively.

Employee morale may be ascertained by conducting attitude surveys through personal interviews or use of printed questionnaire. Members are asked to supply information relating to their feeling about working conditions, supervisors, enterprise and its objectives, and the like. To be most effective, surveys should be repeated at intervals to determine the trend and ascertain the extent obstacles to morale previously reported have been removed. It is better if employees are informed at the earliest about the result of the survey and possibly contemplated by management for countering unfavourable results.

Sometimes factors like rate of absenteeism, labour turnover, and grievances reported are also taken as indicators of morale. But this method cannot be considered sound because labour, turnover, etc. are often influenced and caused by a number of factors not directly related to morale in any significant way.

Case Study

Indian Space Research Organization (ISRO)

Vinod was a scientist in the R&D department of the Indian Space Research Organization (ISRO). He worked for the institution ever since he received his degree 15 years earlier and he was clearly recognized as one of the best researchers in the area. He spent many hours keeping current on the literature, and he knew how to set up tight research designs. Knowledgeable in space research, he had a reputation for

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sticking to his guns about how specific research studies should be conducted. He believed that if something was not done well, it should not be done at all.

A number of his discoveries had saved the company of millions of dollars in foreign exchange. His colleagues frequently came to him for advice about how to proceed on various projects. He was convinced about the correctness of his advice. In short, Vinod was a star in the organization.

Early in February 2000, Roney would retire as head of R&D. The decision about his successor was in the hands of Dr. Arun, the chairman of ISRO. Roney recommended Vinod because of the record of his outstanding service. The new position required large amounts of administrative work and less research.

Roney and Dr. Arun discussed some of these issues with Vinod. He would no longer be in charge of specific research projects, but because everyone came to him for advice, he could still be actively involved in research. Vinod thought long about the offer. The promotion meant more money and recognition. Starting June 1, Vinod became the head of the R&D department.

It was not long before things started to go wrong. First, of all, Vinod had more difficulty keeping up with the literature. Other priorities seemed to always interfere with his reading time. He also noticed a distinct cooling in the way his colleagues treated him. At first they had continued to come to him with questions and problems. Vinod responded as he always had "Here's how it has to be done". In few cases his advice was not followed.

He also got into a number of arguments with Dr. Arun. In many cases he demanded more financial support from Dr. Arun to conduct various research projects in the way he felt it should be done. It got to the point where almost every interaction between the two resulted in an argument.

Finally, Dr. Arun knew that something had to be changed. He went to Vinod and told him that he had to (1) compromise more and accept the realities of his job, (2) step down from his position, or (3) leave ISRO.

Questions:

1. Briefly describe the difficulties faced by Mr. Vinod during his tenure in ISRO.
2. Give the reason behind on which Dr. Arun and Roney decided to appoint Mr. Vinod insist to appoint a new candidate.

Self Assessment

Multiple choice questions:

6. The ..... leader gives order which he insists shall be obeyed.

   (*a*) democratic (*b*) autocratic

   (*c*) laissez Faire (*d*) paternalistic.

7. A ..... leader is one who consults and invites his subordinates to participate in the decision making process.

   (*a*) democratic (*b*) autocratic

   (*c*) laissez Faire (*d*) paternalistic.

8. Expectancy theory was introduce by .....

   (*a*) Vrooms (*b*) Porter and Lawler

   (*c*) Both (*a*) and (*b*) (*d*) None of these.

Notes

9. High morale may well be associated with low .....

   (*a*) conductivity (*b*) electivity

   (*c*) productivity (*d*) None of these.

10. Morale is ..... elusive and baffling phenomenon.

   (*a*) low (*b*) highly

   (*c*) medium (*d*) None of these.

Fill in the blanks:

11. Synergy is a positive force in groups that occurs when ..... stimulate new solutions.
12. Morale in the sense of of confidence and ..... for the job performance.
13. Productivty may only be peripherally related to ..... .
14. The job itself is thus a source of satisfaction and any improvement in direation is likely to ..... affect people's morale.

13.11 Summary

- Motivation represents "those psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal-oriented".
- Motivation is also influenced by the individual's perceived chances of obtaining various outcomes as a result of accomplishing performance goals.
- Leadership is a process of influencing on a group in a particular situation at a given point of time and in a specific set of circumstances that stimulates people to strive willingly to attain organizational objectives, giving them the experience of helping attain the common objectives and satisfaction with the type of leadership provided.
- Leadership style refers to the behaviour pattern adopted by a leader to influence the behaviour of his subordinates for attaining the organizational goals.
- The importance of leadership in an organization cannot be denied. People working in an organization needs individuals (leaders) who could be instrumental in guiding the efforts of groups of workers to achieve goals and objectives of both the individuals and the organization.
- A committee is a small group of people formed from a larger group of employees assigned with a particular task.
- In relation to job, morale may be defined as the extent to which an individual perceives satisfaction of his needs as stemming from his total job situation.

13.12 Keywords

Communication Skill: A leader should have the ability to persuade, inform, stimulate, direct and convince his subordinates. To achieve this, a leader should have good communication skill. Good communicators seem to find all responsibilities easier to perform because they relate to others more easily and can better utilize the available resources.

Conceptual Skill: Conceptual skills are skills that utilize the ability of a human to form concepts. Such skills include thinking creatively, formulating abstractions, analyzing complex situations, and solving problems.

Leadership: Leadership has been described as the "process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task".

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Morale: It is an intangible factor and relates to the conditions of an individual or group with regard to its determination, confidence, and enthusiasm in the performance of duty.

Motivation: It is at the heart of how innovative and productive things are done within work organizations.

Social Skill: A social skill is any skill facilitating interaction and communication with others. Social rules and relations are created, communicated, and changed in verbal and nonverbal ways. The process of learning such skills is called socialization.

Lab Exercise

1. Make a list of some great leaders in India. Write their characteristics.
2. Give a live example to show that how leadership works.

13.13 Review Questions

1. Define motivation. Discuss the challenges.
2. Explain the process models of motivation.
3. Define leadership. Discuss about issues.
4. What are the skills that a leader should possess?
5. What are the differences between leadership and management?
6. What is the importance of leaders in an organization?
7. Explain the functions of a leader.
8. What do you mean by group decision-making?
9. Explain the characteristics of leadership.
10. What do you mean by morale?

Answer to Self Assessment

1. (*a*)	2. (*b*)	3. (*a*)	4. (*c*)	5. (*d*)
6. (*b*)	7. (*a*)	8. (*c*)	9. (*c*)	10. (*b*)
11. group member		12. enthusiam	13. morale	
14. favourably				

13.14 Further Reading

Books

Management and Supervision in Law Enforcement, by Kären M. Hess, Christine Hess Orthmann, Shaun Edward LaDue.

Online link

www.iimm.org/.../12_an-introduction-of-motivation-and-morale.htm

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Unit 14: Quality of Work Life

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Objectives

After studying this unit, you will be able to:

- Define quality of work
- Explain the quality circle
- Understand the morale
- Describe the social security
- Explain the health and safety
- Describe the labour welfare
- Explain the job specification

Introduction

Importance of quality in anything we do can never be underrated. Quality of work environment shapes the personality of the employees of an organization and leads to their commitment to the organization. In many organizations, small teams of employees (called QCs) from within the departments meet for a few hours each week to identify quality and productivity problems, offer solutions to management and monitor their implementation.

High morale, job satisfaction, a sense of security, healthy and safe environment of the work place, concern for labour welfare go a long way in enhancing production, improving quality and overall growth of the employee and employer alike.

Job satisfaction refers to the degree of pleasure or positive affect that an employee has toward his or her job. Job characteristics, social comparison, and disposition are the factors that contribute to job satisfaction. According to research, performance, absenteeism, and turnover are three variables that correlate with job satisfaction. Job satisfaction has been highly studied and seems related to almost every aspect of a person's job. Helping people attain satisfaction with what they do at their jobs, is not only an important aspect of I/O psychology, it is important to all those who work; a 1/3 of our days is spent working and we will work an average of 20 to 30 years in our lifetime. This personal case study will be explored and illustrated how job satisfaction is directly linked to the level of motivation and attitude an employee has in regards to his job.

14.1 Quality of Work

Quality of work means incorporating socio-psychological needs of employees into the requirements of particular technology and structures or processes of an organization. It also

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involves economic rewards and benefits for the employees. Quality of work ensures the satisfaction of workers towards their job, which in turn ensures higher productivity and greater job satisfaction of the employees.

Quality of work is the level at which the members of an organization can satisfy their personal requirements through their experience in the organization. Its main objective is to focus on creating a good working environment as a result of which employees work together in a cooperative way and contribute their best in achieving the organizational goals.

14.1.1 Quality of Work Life (QWL)

There is no generally acceptable definition of the term 'Quality of Work Life'. The term has different meanings to different persons. For example for a new recruit, it may mean opportunities for advancement. While for a worker in an assembly line it may just mean a fair day's pay. According to Richard and Loy, QWL is "the degree to which members of a work organization are able to satisfy important personal needs through their experience in the organization". According to Nadler and Lawler—"Quality of Work Life (QWL) is concerned about the impact of work on people as well as on organization effectiveness, and the idea of participation in organizational problem solving and decision making". The basic purpose of improving QWL is to change the climate at work so that human-technological-organizational interface leads to better quality of work life. There are many factors that can contribute to QWL.

They are:

- Adequate compensation to meet the needs of the socially determined standard of living.
- Healthy and safe working conditions.
- Respect for individual's personal rights and the principles of natural justice and equity.
- Balance between work and family life.
- Security and growth opportunity.

14.1.2 Effects of Quality of Work Life

- Job involvement — Job involved people spend more time on job and turn out better performance
- QWL gives employee job satisfaction. High job satisfaction leads to high work performance, less employee turnover and less absenteeism.
- As employees engage themselves more and more in work activities, they acquire a great sense of competence and experience and higher level of job involvement.

The HR Department can contribute to the QWL of employees. QWL refers to fair remuneration, safe and healthy environment, opportunity for the growth, etc. Better QWL leads to motivation and satisfaction of employees. Therefore, many programmes that contribute to QWL should be undertaken by management in consultation with the cooperation of the unions. The general perception is that an improvement in QWL costs much to the organization. But it may not be so as the financial costs incurred on improving the QWL may be offset by the increase in productivity.

14.1.3 Scope of Quality of Work

Quality of work plays a vital role in the life of the workers. It meets the requirements of the workers and enables them to develop their personalities, as also their commitment to their work, fellow workers, organization and society at large. The requirements of the workers are:

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Fair and Reasonable Pay: Quality of work is based on the concept of equal pay. This means that the employees should be paid in a proper way and within the specified time. The compensation that is given to the employees has two main objectives. The first one is that it creates a favourable working environment and the organization gets adequate number of human resources for its production process. The second one is that it helps employees to support his family.

Favourable and Safer Environment: Quality of work provides good working conditions that help employees to achieve organizational goals in the estimated time. For example, in India, the Factories Act 1948 specifies rules and regulations that ensure the protection of employees from health hazards.

Benefits for Employees: Earlier, the employer had the benefit of bargaining with the employee. Now-a-days, the employees expect more benefits such as share in the company profit, medical insurance, and housing and welfare facilities.

Job Security: The main requirement of employees is a job stability. The employers should offer them job security in order to get good results in return. The employees do not like to be the victims of personal policies of employers.

Job Satisfaction: Employees work with full enthusiasm and come up with good results if their talent is properly utilized and appreciated. The management should therefore improve and redesign jobs in such a manner that the employees are satisfied with their job.

Provision of Autonomy as well as Control for Developing Human Resources: By providing sufficient autonomy and control to workers, it helps them to apply their skill on work. This ensures improvement in quality of work.

Scope for Better Career Opportunities: Now-a-days employees are not only concerned with their pay scale but want to improve their technical and academic skills. The management should therefore provide facilities to improve the talents of the employees. For example, the management can provide training on latest technologies or can send the employees on site for training.

14.1.4 Approaches to Improve Quality of Work

Following are the approaches that help in improving the quality of work:

Flexibility in Work Schedules: The employees should be given freedom to work in the way they feel to a certain extent. The time restriction and strictness in the organization can lead to poor quality of work and also overstress the employee.

Freedom in Forming Workgroup: This includes freedom of employees to make decisions regarding production methods, distribution of work, and selection of team members and so on.

Opportunity for Growth: Growth opportunity is essential for those employees who are very career oriented. The provision for growth helps in motivating the employees, which in turn results in good work.

Participation of Employees: If the employees are given opportunity to participate in the decision-making process and management by objectives process, they get the feeling of belongingness to the organization. Such provision satisfies the employees and motivates them to work hard.

Implementing Suggestion Systems: The suggestion system helps in improving the system of the organization, which in turn provides better facility for the management as well as the employees. The suggestion system can include cash rewards for those who provide useful suggestion that is beneficial for the whole organization.

14.1.5 Impact of Quality of Work in Organizational Climate

The quality of work helps in achieving integration between the technological, human, and organizational and society demands.

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Since, quality of work is concerned with work environment and the impact of work on the employees, therefore the participation of employees in problem solving and decision-making is considered to be necessary. Participation of employees leads to human technological organizational interface, which creates improved quality of life in society and work place. Work redesign helps in cultural and attitudinal changes that manifest in the socio-cultural and political system.

14.1.6 Requirements of Quality of Work

- Management should be open to the employees in all decisions and activities of the organization. The employees should be given freedom to express their views regarding the working condition or other official problems.
- Employees must be given opportunity to participate in the decision-making process.
- Supervisors must be trained to do their job effectively and to get the jobs done in an efficient manner.
- The barrier between the management and the employees must be broken and there should be provision for face-to-face talks. A trustful environment should be established in the organization.
- Employees should be given feedback for their performance so as to boost them or to help them improve the quality of work.
- Employees should be promoted for their excellent work.
- There should be a continuous research on the activities of the organization so as to ensure that there is no hindrance in the performance of the employees or the machineries.

14.2 Quality Circles

A quality circle (QC) is a group of employees that meet regularly to solve problems affecting its work area. The ideal size of the group is six to eight members. The size should not be too big as it prevents members from actively interacting and meaningfully contributing to each meeting. A quality circle generally recommends solutions for quality which may be implemented by management. The main features of a quality circle are as follows:

1. A quality circle is a voluntary group.
2. Members meet at periodic intervals to discuss quality related activities.
3. A quality circle has its own terms of reference and offers management for implementation.
4. Members of a quality circle vary between six to eight members and come from a particular work area.
5. The ultimate purpose of a quality circle is to improve organizational-functioning.

14.2.1 Objectives of Quality Circles

1. Contributes to the improvement and development of the organization.
2. QC provides opportunity and forum to realize and satisfy people's need at the workplace.
3. QC helps to build a happy, worthwhile place to work.
4. It promotes better understanding and thereby create cordial industrial relations.

Notes

14.2.2 Problems in Quality Circles

1. The basic problem in QC is the absence of the right type of attitude both among managers as well as among workers. Managers may feel that QCs dilute their authority and importance.
2. Delay in implementation of suggestions given by QCs may affect their operation problems to the operation and functioning of QCs.
3. In the Indian context, there may be problems in organizing QCs owing to the low level of education and lack of leadership abilities amongst workers.
4. There may be operational problems like members not being permitted to hold meetings during office hours, irregularity of meetings, etc.

14.2.3 Historical Background

Started in Japan in the early 1960s, QCs have spread all over the world. Quality Circles became extremely popular in the 1980s, particularly in the aerospace, automobile, steel and consumer goods industries. The primary topics of discussion in most QCs are related to quality, but they also consider others such as cost, safety and efficiency. QC members identify a problem, study it and present their recommendations for change and improvement to a committee.

14.2.4 Advantages of Quality Circles

- Generation of Creative Ideas
- Improvement in Productivity
- Better Teamwork
- Higher Motivation
- Development of Problem Solving Skills

14.2.5 Phases in the Life of a QC Programme

Table 14.1 shows the phases in the life of a QC and the problems encountered at each stage.

Table 14.1: Phases in the Life of a QC Programme

Phase	Activity	Destructive forces
1. Start-up	Publicise, obtain funds and volunteers, train	Low volunteer rate, inadequate funding, inability to learn group process and problem solving skills
2. Initial problem solving	Identify and solve problems	Disagreement on Problems
3. Presentation and approval of initial suggestions	Present and have initial suggestions accepted	Resistance by staff groups and middle management, poor presentation and suggestions because of limited knowledge
4. Implementation of solutions	Relevant groups act on suggestions	Prohibitive, resistance by group that must implement
5. Expansion and continued problem solving	From new groups, old groups continued	Raised aspirations, reappearance of problems, expense of parallel organization, savings not realised, and rewards wanted

Notes

14.2.6 Conditions Necessary for Making Quality Circles Effective

1. Top management support.
2. Education and training of managers and workers.
3. Timely implementation of ideas generated by quality circles.
4. Sharing gains in productivity with workers.
5. Facilities for meetings and discussions.
6. Regular monitoring of working of quality circles.

Self Assessment

Multiple choice questions:

1. ..... refers to the degree of pleasure or positive affect that an employee has toward his or her job.

   (*a*) Job analysis (*b*) Job specification

   (*c*) Job satisfaction (*d*) None of these.

2. ..... is the level at which the members of an organization can satisfy their personal requirements through their experience in the organization.

   (*a*) Quality of work (*b*) Marko analysis

   (*c*) Quality of work life (*d*) None of these.

3. According ..... "Quality of Work Life (QWL) is concerned about the impact of work on people as well as on organization effectiveness, and the idea of participation in organizational problem solving and decision making".

   (*a*) Ivancevich and Glucck (*b*) Byars and Rue say

   (*c*) Dale Yoder (*d*) Nadler and Lawler

4. ..... provides opportunity and forum to realize and satisfy people's need at the workplace.

   (*a*) QWL (*b*) QC

   (*c*) E-HRM (*d*) None of these.

14.3 Social Security

The meaning of the term 'social security' varies from country to country. In socialist countries, the nation's goal is complete protection of every citizen. In capitalist countries, a measure of protection is afforded to a needy citizen in consistence with resources of the state. According to the social security (minimum standards) convention (No. 102) adopted by the ILO in 1952, following are the nine components of social security:

- Medical Care
- Sickness Benefit
- Unemployment Benefit
- Old-age Benefit
- Employment Injury Benefit NOTES
- Family Benefit

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- Maternity Benefit
- Invalidity Benefit
- Survivor's Benefit

14.3.1 Social Security in India

Social security schemes may be of two types:

(a) Social Assistance

Under this scheme, which the State finances the entire cost of the facilities and benefits is provided. Here benefits are paid after examining the financial position of the beneficiary.

(b) Social Insurance

Under social insurance, the State organizes the facilities financed by contributions from both the workers and employers, with or without a subsidy from the State. Here, benefits are paid on the basis of the contribution record of the beneficiary without testing his means.

At present both types of social security schemes are in vague in India.

14.3.2 Drawbacks of Social Security Schemes in India

(a) Our social security measures are fragmented in character. All social security provisions need to be integrated into one Act.

(b) The burden of various social security benefits, at present, is borne predominantly by the employer. Very little contribution is made by the workers or the State. This is against the social security principle.

(c) The social security benefits at present cover the industrial workers only. Workers in the unorganized sectors do not get these benefits.

(d) There is no effective implementation and enforcement of the Acts pertaining to social security schemes.

14.3.3 Laws and Acts

There are various laws and acts that have been passed since Independence to govern the functioning of a company. These laws and acts provide social security to the employees of the company. Following are some of the important laws and acts:

- The Employees' State Insurance Act, 1948
- The Employees' Provident Fund Act, 1952
- The Workmen's Compensation Act, 1923
- The Maternity Benefit Act, 1961
- The Industrial Disputes Act, 1947

The Employees State Insurance Act, 1948

The Employees' State Insurance Act was passed in 1948 to make available various social welfare facilities to the employees of a company through one agency. The Employees' State Insurance Scheme (ESIS) is a compulsory and causative scheme for the well-being of the employees. According to this Act, a company should provide medical benefits, such as medical attendance, treatment, drugs and injections to the insured employees having net salary less than ₹ 6,500. The scheme covers their family members too. This Act is applicable only to the companies that employ 20 employees or more.

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The ESIS is a breakthrough in the history of social security in India. The main objective of this scheme is to launch social insurance for the employees of a company in order to provide them social security during situations, such as illness, long-term sickness or any other health hazard. According to this scheme, medical facilities are also provided to the retired insured individuals and permanently disabled workers and also to their spouses at a minimal payment of ₹ 10 per month.

The ESIS Act is monitored by the Employees' State Insurance Corporation (ESIC), which is established by Central Government. ESIC has its own funds, known as ESI fund that provides cash benefits to insured persons, medical benefits, such as hospitals and dispensaries. Following are the benefits provided by this act:

Sickness Benefits are given to the employees for maximum period of 91 days. The sickness benefit is the half of the daily average wages of the employee. For getting the sickness benefit the employee should be under the medical treatment at a hospital maintained by the company. Extended sickness benefit is also given to the insured employees who are suffering from long-term diseases. In this case the employee can get sickness benefit for a maximum period of 309 days and the payment given to the employee is 63 percent of the wages. Sickness benefit is useful to an employee who is unable to work due to illness. The employee also gets medical treatment and financial support.

Medical Benefit is the form of free medical treatment that an employee claims in case of illness, maternity and accident. The employee gets this benefit at ESI hospital or dispensary of the doctor who is treating to the worker. The family of the insured worker also avails this benefit. Workers suffering from critical diseases, such as T.B, Cancer, Leprosy and mental diseases are provided special facilities.

Maternity Benefit is in the form of cash payment to the insured women for confinement, miscarriage or illness arising out of pregnancy. This benefit is calculated at half of average daily wages. If the insured woman dies during the period of confinement, the nominee gets the benefit for the whole period.

Disablement Benefit is given in case of permanent disablement of an employee. The benefit is given when an employee is caught in an industrial accident within the factory. The annual benefits depend on the nature of disablement. In case of temporary disablement full pay is given to the employee for the period of disablement. For the permanent disablement the employee is given cash benefit for life at a percentage of full rate.

Dependents' Benefit is given to the insured, deceased employee's dependents. The benefit is given if an employee dies in an industrial accident. The family of the employee is entitled for cash benefit under this scheme. The widow will receive pension for life long.

Funeral Benefit is given in the form of cash up to maximum of ₹ 1,000 to the insured individual for funeral. This benefit is given to the eldest person or the person who is actually incurring the expenditure at the time of funeral.

The Employees' Provident Fund Act, 1952

The Employees' Provident Fund Act was launched in 1952 that provides retirement benefits to the employees of a company. Retirement benefits include provident fund, family pension, and deposit-linked insurance. This Act is applicable to the companies in India (excluding the state of J&K) with 20 employees or more. This Act is not applicable on the companies that registered under the Cooperative Societies Act, 1912 or under any other law related to cooperative societies with less than 50 individuals. This scheme is applicable to the employees getting the salary of ₹ 5000 per month.

According to this act, the employees need to contribute 8.33 percent of the basic salary and dearness allowance comprising cash value of food allowances and maintaining allowances given to the employees. Now, the government has increased the rate of employee contribution

to 10 percent. The government has introduced various provident fund schemes but the contributory fund scheme became more popular than others. According to the contributory provident fund scheme, both employer and employee contribute equal portion of the basic salary of the employee for provident fund. The total contribution of the provident fund is then deposited with the Provident Fund Commissioner or any trust. The employees get the provident fund after their retirement. The employees also get 8 to 12 percent interest on the provident fund. Under this scheme individual pension and family pension are provided to the employees of the company.

Government has introduced various schemes under this act. These are:

- ***Employees' Pension Scheme, 1995*** was introduced for the individual employees of a company in 1995. Under this scheme, the employees are provided 50 percent of the salary as their pension after retirement or superannuation after completing 33 years of service.
- ***Death Relief Fund*** was established by the government in January 1964 in order to provide financial help to the nominees or the successor member of the family whose salary does not exceed ₹ 1,000 per month.
- ***Gratuity Scheme*** was a scheme introduced under the Payment of Gratuity Act, 1972, is meant for factories, mines, oil fields, plantations, ports, railways, and other companies. This act is applicable for the employees who obtain salary less than or equal to ₹ 3,500 per month.
- ***Employees' Deposit-Linked Insurance Scheme*** was launched for the members of Employees' Provident Fund and the exempted Provident Funds on *15* August, 1976. According to this scheme, after the expiry of the member of the provident fund, the individual allowed to obtain the provident fund deposits would be given an extra payment equal to the average balance in the provident fund account of the deceased person during last three years. This scheme is applicable only when the average amount is greater than or equal to ₹ 1,000.
- ***Group Life Insurance*** is a plan that provides coverage for the risks on the lives of a number of individuals under one contract. However, the insurance on each life is independent from the insurance of individuals. This facility is given to the employees that work with an employer without evidence of insurability. Following are features of group life insurance:
    - Insurance is provided to the employees without any evidence of insurability.
    - The insurance contract is signed between the insurance company and the employer. There is no direct interaction of the employee with the insurance company.
    - It is yearly renewable insurance plan.
    - In case of an employee's death, the claim received by the employer from the insurance company is given to the nominee of the employee.
    - The premium of the insurance is either paid by the employer or by both the employer and the employee.

The Workmen's Compensation Act, 1923

The Workmen's Compensation Act was established by the government in 1923. According to this act, a company needs to provide a payment of compensation to its employees and their families on the occurrence of organizational accidents and some diseases leading to the death or any kind of disablement of the individual. The main objective of this act is to force a commitment on the employers to offer compensation to the employees for the accidents that occur during the course of employment. Following are the important features of The Workmen's Compensation Act:

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- This Act provides social security to the employees of a company by providing them compensation against various risks.
- A company is liable to pay the compensation only if the accident or the injury to the employee has been caused during the course of employment.
- This Act also provides overtime pay and the value of concessions or benefits in the form of food, clothing, and accommodation.
- The amount of compensation that a company needs to pay to an employee depends upon the type of injury or disablement suffered by the employee.
- The minimum amount of compensation that must be paid to an employee on the occurrence of permanent disablement or death is ₹ 60,000 and ₹ 50,000 respectively. However, the maximum amount of compensation that must be paid to an employee on the occurrence of permanent disablement or death is ₹ 2.28 lakh and ₹ 2.74 lakh respectively.

This act is applicable to all the employees that work in railways, factories, mines and other companies. It also applies to all the companies that are involved in an industry specified in Schedule 11 of the Act.

The Maternity Benefit Act, 1961

The Maternity Benefit Act came into being in 1961. This is a compensation given against the loss of salary to a woman who discontinues to work during the period of pregnancy. Following are the main objectives of this Act:

- Enable the female employee of a company to discontinue her services during the 6 weeks before her expected confinement date.
- Allow the female employee to discontinue her services after 6 weeks of confinement.
- Provide free medical treatment to a female employee during her pregnancy.
- Provide an expecting female employee the facility of public funds along with cash benefit so that she can take good care of herself and her child.
- Disallow the dismissal of a female employee during her pregnancy period.

Allow the female employee to feed her baby twice a day during the working hours.

The Industrial Disputes Act, 1947

The Industrial Disputes Act was passed in 1947. This Act is related to the termination and retrenchment of the employees by a company. This act includes Sections 25-A to 25-S related to employee termination. Amongst these sections, section 25-C to 25-E are not applicable for the companies that employ less than 50 individuals. Section 25-C states that when any permanent employee who has worked for more than or equal to one year is being terminated by the company, the company is liable to provide a compensation equal to the 50 percent of her/his basic salary. Section 25-C also states that the company is not responsible to give any compensation to an employee if he or she refuses to accept an alternative job equivalent to his/her previous job. A company is also not liable to give compensation if he or she does not reach the workplace at the scheduled time during the normal working hours at least once a day.

Section 25-F states that a company cannot terminate the services of an employee without giving a written notice of one month provided the employee has worked for at least one year with the company. The notice must contain the termination information, such reason for termination and wages for the period of notice. Similarly, according to Section 25-FF,

Notes

Section 25-FFA and Seciton 25-FFF, a company is liable to give compensation in case of transfer of undertaking, 60 days notice to the employees before closing the company and compensation to the employees if the employer is closing down the company, respectively.

Section 25-G and Section 25-H handles the processes of retrenchment and re-employment for retrenched employees. Section 25-M states that a company cannot terminate a permanent employee without the permission of Government or such authority as may be specified by the Government in the official gazette.

Section 25-N states that a company cannot terminate the services of an employee without giving a written notice of three months provided that the employee has worked for at least one year with the company. The notice must contain the termination information, such reason for termination and wages for the period of notice. Sections 25-Q and 25-R deal with the notice of at least 90 days by a company before closing a company, special provisions relating to restarting of a company closed down before operation of the Industrial Disputes Act, 1976, penalty for termination, and retrenchment without any prior notification and penalty of closure.

14.4 Health and Safety

14.4.1 Concept of Industrial Health

In an industrial plant, the health of the employees working there plays a vital role in the production. If the workers are not in a good health, they will not be able to give good output and this will directly affect the production. Hence, we can say that health of employees and production are directly proportional to each other.

Physical Health: Bad health of employees increases absenteeism of employees and hence, affects the production process. On the other hand, healthy employees help in increasing the production. Therefore, we can say that healthy employees are more productive, confident in their work and are always regular. The common health hazards that affect the employees physically are shown in Table 14.2.

Table 14.2: Common Health Hazards that Affect Employees

Health Hazards	Causes
Lung Cancer	Coke oven-emission, asbestos, active or passive cigarette smoking
White Lung Cancer	Asbestos
Black Lung Cancer	Coal Dust
Brown Lung Cancer	Cotton Dust
Leukemia	Benzene, Radiation
Cancer of other organs	Asbestos, Radiation, Vinyl Chloride, Coke oven-emission
Reproductive problems	Radiation
Deteriorating Eye-sight	Chemical fumes, Office equipments
Hearing Impairment	High noise levels

Notes

Mental Health: These days the mental health of employees has become a matter of concern for the employers. There are three main factors that are increasing the mental problems of the employees. The first factor is the mental breakdown that occurs because of pressures and tensions. The second factor is the mental disturbance of different types, which results in reduced productivity and hence decreases the company profit. The third and last factor is the mental illness, which arises due to personal disputes among the employees and high employee turnover.

Noise Control: The hearing problems till the past few years were considered due to old age or they were not taken so seriously. Health problems due to noise came into existence with the invention of machineries for almost all the productions. These days noise from the machineries has increased problems like hearing impairment among the employees. It is said that exposure of an individual to noise for a long period of time results in deafness. Hearing impairment is not the only result of exposure to noise, other problems such as hormonal imbalance, changes in blood circulation, dizziness, increase in respiratory rate, heartburn, sleep disturbance and fatigue, also occur because of noise. The Factories Act, 1948 and Workmen's Compensation Act, 1923 also includes noise problems as a disease that should be taken care of by the management. Table 14.3 shows the permissible levels of noise in an industry.

Table 14.3: Permissible Levels of Noise in an Industry

Permissible Exposure	
Total Time per day, in Hours	**Sound Pressure Level in (dBA)**
8	90
6	92
4	95
3	97
2	100
$1\frac{1}{2}$	102
1	105
$\frac{3}{4}$	107
$\frac{1}{2}$	110
$\frac{1}{4}$	115

While the workers may be used to the noise, their body slowly suffers from the noise problems. Table 14.4 shows the noise level that the industry produces.

Notes

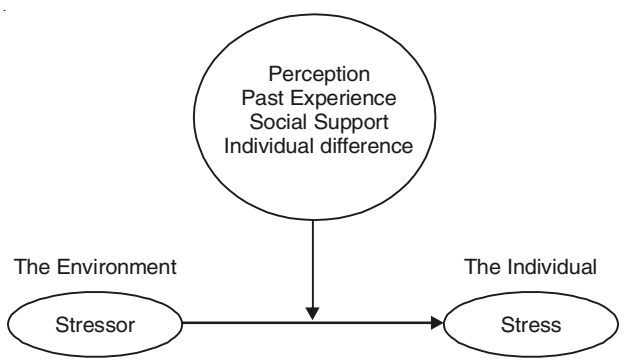
Work Stress: Stress is defined as the reaction of disturbing factors in the environment of the plant and the result of those reactions. The factors that cause stress can be physical, psychological and behavioural. These factors are called the stressors. Stress can be positive or negative. Positive stress is the one from which an individual can gain something. Such a stress is also called the Eustress. For example, when you do any kind of exercise, you stress yourself but the result of the exercise is good health. Negative stress is the one from which an individual loses something.

The level of experiencing stress for each individual is not the same. These levels depend on how an individual reacts to stressors. Some might react to stressors in a faster pace and get deeply stressed while others might react slowly. The reaction of an individual to stressors depends on the person's perception of the situation, his past experiences, the presence of social support and the way in which an individual responds to the stress. Figure 14.1 shows the relationship between the stressor and stress.

Table 14.4: Noise Level of Different Industries

Industrial Noise Levels	
Industry	**Sound Pressure Level (dBA)**
Detonator manufacturing and testing	94–140
Pharmaceutical	94–128
Foundry in motor manufacturing plant	104–120
Heavy engineering	94–124
Synthetic fibre manufacturing unit	90–117.5
Electronics	87–122
Hydel power plant	92–106
Road transport workshop	90–124
Cotton textile mill	92–105
Fertilizer plant	104–118

Figure 14.1: Relationship between the Stressor and Stress



Notes

14.4.2 Industrial Accident

The life of an industrial worker is a hazardous one. An industrial accident may be defined as an occurrence which interferes with the orderly progress of work in an industrial establishment'. According to the Factories Act, industrial accident is "an occurrence in an industrial establishment causing bodily injury to a person who makes him unfit to resume his duties in the next 48 hours."

Causes of Accidents: Accidents are usually the result of a combination of factors. According to safety experts there are three basic causes. These are:

1. ***Unsafe Conditions:*** Also known as 'technical causes'. They arise when there are improper or inadequate safety guards on machines, when mechanical or construction designs are defective and unsafe; or when there is an absence of proper maintenance and supervision of these devices.
2. ***Unsafe Acts:*** These acts may be the result of lack on the part of the employee or certain bodily defects or wrong attitudes on the part of the employee.
3. ***Other Causes:*** These refer to unsafe situational and climate conditions and variations—such as bad working conditions, rough and slippery floors, excessive glare, etc.

14.4.3 Accident Prevention

According to the National Safety Council USA, accident prevention depends on three E's.

- **Engineering**—the job should be engineered for safety.
- **Employees**—employees should be educated in safe procedure, and
- **Enforcing safety**—safety rules should be properly enforced.

Accident prevention can be achieved through two basic activities:

1. Reducing unsafe conditions, i.e., removing and reducing physical hazards.
2. Reducing unsafe acts. This can be implemented through proper selection and placement of employees, providing training to new employees in safety practices and through persuasion and propaganda.

14.4.4 Occupational Diseases

Occupational diseases are the result of physical conditions and the presence of industrial poisonous and non-poisonous dust in the atmosphere. Occupational diseases usually develop over an extended period of time. They are slow and generally cumulative in their effect. Occupational diseases are the result of constant exposure to the influence of toxic substances of micro-organisms, of air-borne contaminants and stress-producing elements.

14.4.5 Provisions under the Factories Act, 1948

The Factories Act, 1948 provides for health safety and welfare. We explain below the relevant sections pertaining to Health and Safety of workers:

(a) Health

The Act provides detailed instructions on cleanliness, disposal of wastage, ventilation, lighting, over-crowding etc. The factors which influence the general health of the worker is the working environment which tends to produce ill health. Every employer should protect his employees against health hazards by

(i) Devoting adequate attention to working conditions.

(ii) Substituting a less toxic substance for the hazardous one.

(iii) Providing protective clothing.

Notes

Section 11 to 20 of the Factories Act provides detailed instructions. These are:

Section 11: Cleanliness: Every factory shall be kept clean and free from effluvia and dirt. Accumulation of dirt shall be removed daily by some effective method.

Section 12: Disposal of Wastes: Effective arrangements shall be made in every factory for the treatment *of* wastes *due* to the manufacturing process carried *on* therein, so as to make them harmless for their disposal.

Section 13: Ventilation and Temperature: Effective and suitable provision shall be made in every factory for securing and maintaining in every workroom, adequate ventilation by the circulation of fresh air and such a temperature will secure to workers therein reasonable conditions of comfort and prevent injury to health.

Section 14: Dust and Fume: Where dust or fume or impurity of such a nature as is likely to be injurious or offensive to the workers is given off as a result of the manufacturing process being carried on in a factory, effective measures shall be taken in the factory for prevention of inhalation or accumulation of dust and fumes in workrooms.

Section 15: Artificial Humidification: In respect of all factories in which the humidity of the air is artificially increased, the State Government may make rules prescribing the standards of humidification.

Section 16: Overcrowding: There shall not be overcrowding in any room of the factory so as to be injurious to the health of the workers employed therein. There shall be at least 14.2 cubic metres of space for every worker.

Section 17: Lighting: In every part of a factory where workers are working, there shall be provided and maintained sufficient and suitable lighting, natural or artificial or both.

Section 18: Drinking Water: In every factory, effective arrangements shall be made to provide and maintain at suitable points, conveniently situated for all workers employed therein, a sufficient supply of drinking water.

Section 19: Latrines and Urinals: In every factory, separate enclosed accommodation of latrine and urinals of prescribed types for male and female workers shall be provided for. Such accommodation shall be conveniently situated and accessible for workers at all times.

Section 20: Spittoons: In every factory, there shall be provided a sufficient number of spittoons in convenient places and they shall be maintained in a clean and hygienic condition.

(b) Safety

Prevention of accidents is an objective which requires no expansion. This is one area in which there is complete identity of employer-employee interests. The employee does not want to be injured and the employer does not want to incur the cost of injuring him. The Act provides 20 different sections on obligatory safety measures.

Sections 21 to 41 of the Factories Act provide detailed instructions. They are discussed below.

Section 21: Fencing of Machinery: Every dangerous part of every machinery shall be securely fenced by safeguards of substantial construction which shall be constantly maintained and kept in position while the parts of machinery are in motion or in use.

Section 22: Work on Near Machinery in Motion: Where in any factory it becomes necessary to examine any part of machinery while the machinery is in motion, such examination shall be made only by a specially trained adult male worker wearing tight fitting clothing. The clothing shall be supplied by the occupier.

Section 23: Employment of Young Persons on Dangerous Machines: No young person shall be required or allowed to work on any machine unless -

Notes

(a) He has been fully instructed as about the dangers and the precautions to be observed.

(b) He has received sufficient training or is under adequate supervision by an experienced person.

Section 24: Striking Gear and Devices for Cutting off Power: When a device, which can inadvertently shift from 'off' to 'on' position is provided, arrangements shall be provided for locking the device in safe position. This is to prevent accidental starting of the machinery.

Section 25: Self-action Machine: No traversing part of a self-acting machine shall be allowed to run on its outward or inward traverse within a distance of 45 centimetres from any fixed structure which is not part of the machine.

Section 26: Casing of New Machinery: All machinery driven by power and installed in any factory shall be completely encased unless it is safely situated, to prevent danger.

Section 27: Prohibition of Employment of Women and Children near Cotton: Openers.

Section 28: Hoists and Lifts: In every factory every hoist and lift shall be of good mechanical construction, sound material and adequate strength.

Section 29: Lifting Machines, Chains, Ropes and Lifting Tackles: In every factory, cranes and other lifting machines shall be of good construction, sound material, and adequate strength, free from defects and properly maintained.

Section 30: Revolving Machinery: In every factory in which the process of grinding is carried on, there shall be permanently kept near each machine a notice indicating

(a) Maximum safe working speed

(b) The diameter of the pulley.

Section 31: Pressure Plant: If in any factory any equipment or any machinery is operated at above the atmospheric pressure, effective measures shall be taken to ensure that the safe working pressure is not exceeded.

Section 32: Floors, Stairs and Means of Access: All floors, steps, stairs, passages and gangways shall be of sound construction and properly maintained.

Section 33: Pits, Slumps, Openings in Floors etc: In every factory, pits, slumps, fixed vessels, tanks, openings in the ground or in the floor shall be securely covered or securely fenced.

Section 34: Excessive Weights: No person shall be employed in any factory to lift, carry or move any load so heavy as to be likely to cause him injury.

Section 35: Protection of Eyes: Screen or suitable goggles shall be provided for the protection of persons employed on or in immediate vicinity of any process which involves any danger or injury to the workers' eyesight.

Section 36: Precautions Against Dangerous Fumes: No person shall be required or allowed to enter any chamber, tank, vat, pit, flue or other confined space in any factory in which any gas, fume, vapour or dust is likely to be present to such an extent as to involve risk to persons being overcome thereby unless it is provided with a manhole of adequate size or other effective means of exit.

Section 37: Precautions Against Explosive or Inflammable Dust, Gas etc: When in any factory any manufacturing process produces dust, gas fume or vapour which is likely to explode on ignition, all practicable measures shall be taken to prevent any such explosion.

Section 38: Precautions in Case of Fire: In every factory, all practicable measures shall be taken to prevent outbreak of fire and its spread both internally and externally and to provide and maintain safer means of escape.

Notes

Section 39: Power to Require Specifications of Defective Parts or Tests of Stability: If it appears to the Inspector that any building, machinery or plant may be dangerous to human life or safety, he may ask the manager to carry out tests to ensure their safety.

Section 40: Safety of Building and Machinery: If any building, machinery or plant is dangerous to human life or safety, the Inspector may prohibit its use until it has been properly repaired or altered.

Section 40- A-Maintenance of Building: If any building is in a state of disrepair, the inspector may ask the manager to specify the measures to be taken for such repairs.

Section 40- B-Safety Officers: In any factory wherein 1,000 or more workers are employed and the manufacturing process involves any risk of injury, hazard to health, safety officers may be appointed.

14.5 Labour Welfare

Labour welfare implies providing better work conditions (for example, proper lighting, cleanliness, and low noise) reasonable amenities (for example, recreation, housing, education, etc). The need for providing such services and facilities arise from the social responsibility of industries, a desire for upholding democratic values and a concern for employees.

The Oxford Dictionary defines labour welfare as "efforts to make life worth living for workmen". The report of the committee on labour welfare set up by the Government of India in 1969 refers welfare as a broad concept, a condition of well-being. It suggests the measures which promote "the physical, psychological and general well-being of the working population".

The ILO defines labour welfare as "such services, facilities and amenities as adequate canteens, rest and recreation facilities, arrangements for travel to and from work, and for the accommodation of workers employed at a distance from their houses, and such other services, amenities and facilities as contribute to improve the conditions under which workers are employed".

Labour welfare has its origin either in some statute formed by the state or in some local custom or in a collective agreement or in the employer's own initiative. Today, welfare has been generally accepted by the employers. Each employer, depending on his priorities gives varying degrees of importance to labour welfare. The state only intervenes to "widen the area of applicability." It is now accepted that labour welfare is a social right.

14.5.1 Need for Labour Welfare

From the Point of View of Workers

Welfare measures must eliminate risk and insecurity. The organization, besides providing fair wages, must also provide facilities like medical aid, creches, subsidized food and transport required by workers.

From Employer's Point of View

Employers provide amenities to discharge their social responsibility, raise the employee's morale, use the work force more effectively and reduce turnover and absenteeism. Welfare helps to build a positive image of the organization and makes it easier for them to attract and hire competent personnel.

From Union's Point of View

Trade unions role in labour welfare stems from worker's need for welfare services. Unions feel that welfare services ought to be provided whether by the Government or the employers. However, much depends on the initiative of the unions, their bargaining strength and the priority given by them to the rights of the workers.

Notes

14.5.2 Principles of Labour Welfare

The following principles should be borne in mind while setting up a labour welfare service:

1. First determine the employees' real needs. The welfare service should satisfy the real needs of the workers.
2. Due to differences in sex, age, income levels of employees, a mix of benefits is suggested so that the choice is left to each individual employee.
3. The cost of the service should be calculated and its financing established on a sound basis.

14.5.3 Provisions of Factories Act Regarding Labour Welfare

Factories Act, 1948 under sections 42 to 49, contains certain provision for the welfare of the labour working in the factories. Following are some of the provisions mentioned under this act:

1. ***Washing Facility (Section 42):*** Every factory should provide adequate facilities for washing. Separate and suitable facilities should be provided for both male and female workers.
2. ***Storing and Drying Clothes (Section 43):*** The State government, with respect to the factories has made rules to provide the facility to the workers for keeping their clothes not worn during working hours. This section also enables the factories to provide facility to the workers for drying wet clothes.
3. ***Sitting Arrangement (Section 44):*** Every factory should have proper sitting arrangements for the workers who have to work in the standing position.
4. ***First Aid Applications (Section 45):*** Every factory should maintain sufficient first aid facility to the workers. The first aid boxes should be equipped with prescribed contents, and there should be at least one box for every 150 workers. Every company having more than 500 workers must have an ambulance room properly equipped with all the equipment and having nursing staff as well.
5. ***Canteen (Section 46):*** Every factory having more than 250 workers must provide a canteen facility to their employees.
6. ***Shelters, Rest rooms and Lunch rooms (Section 47):*** Every factory having more than 150 workers must contain suitable facilities for shelters, rest rooms and lunch rooms. The lunch rooms must contain proper arrangements for drinking water and sitting arrangement for workers.
7. ***Creches (Section 48):*** Every factory employing more than 30 workers must contain rooms for the use of their children under the age of six years. Such rooms must be having proper lighting and ventilation facilities. It must have trained women to take care of the children.
8. ***Welfare Officers (Section 49):*** Every factory employing more than 500 workers must have welfare officers. The state government decides the duties and qualification of these workers.

14.6 Job Satisfaction

According to Hoppock, job satisfaction is "the combination of psychological, physiological and environmental circumstances that make a person truthfully."

Job satisfaction is different from morale. Satisfaction implies a positive emotional state whereas; morale implies a general attitude towards work and work environment. Job satisfaction is the end feeling which may influence subsequent behaviour. It is an employee's general attitude towards his job.

Notes

A job specification describes the knowledge, skills, education, experience, and abilities you believe are essential to performing a particular job. The job specification is developed from the job analysis. Ideally, also developed from a detailed job description, the job specification describes the person you want to hire for a particular job. A job specification cuts to the quick with your requirements whereas the job description defines the duties and requirements of an employee's job in detail. The job specification provides detailed characteristics, knowledge, education, skills, and experience needed to perform the job, with an overview of the specific job requirements.

14.6.1 Determinants of Job Satisfaction

The various factors influencing job satisfaction may be classified into two categories:

(a) Environmental Factors

Environmental factors relate to the work environments which include:

(i) ***Job Content:*** Herzberg suggested that job content in terms of achievement, recognition, advancement, responsibility and the work itself tends to provide satisfaction but their absence does not cause dissatisfaction.

(ii) ***Occupational Level:*** The higher the level of the job in organizational hierarchy the greater the satisfaction of the individual. Higher level jobs carry greater prestige, self-control and need satisfaction.

(iii) ***Pay and Promotion:*** Higher pay and better opportunities for promotion lead to higher job satisfaction.

(iv) ***Work Group:*** Job satisfaction is generally high when an individual is accepted by his peers and he/she has a high need for affiliation.

(v) ***Supervision:*** If a supervisor takes personal interest in his/her subordinates and allows them to participate in the decision making process, employees will have better job satisfaction.

(b) Personal Characteristics

The elements of personal life that exercise influence on job satisfaction are given below:

(i) ***Age:*** Research studies reveal a positive correlation between age and job satisfaction. Studies conducted by Guha T. N. reveal that workers in the advanced age group tend to be more satisfied probably because they have adjusted with their job conditions.

(ii) ***Sex:*** The study conducted by Neal Q. Herrick revealed that women are less satisfied than men due to fewer job opportunities for them. But generally it is believed that women may be more satisfied due to their lower occupational aspirations.

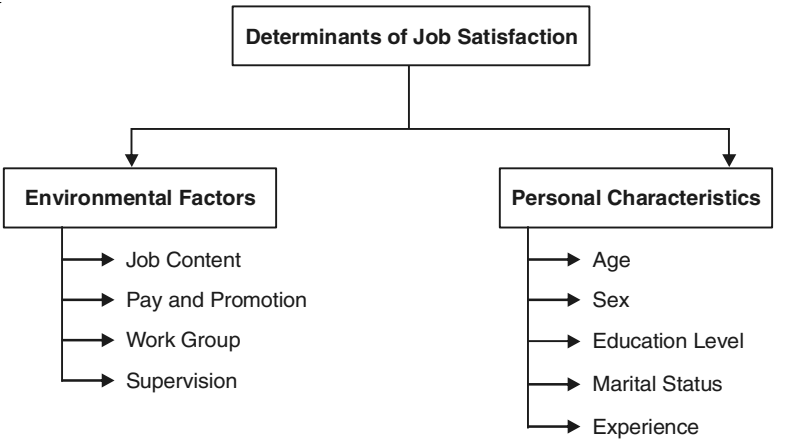
(iii) ***Education Level:*** It is generally believed that more educated employees tend to be less satisfied with their jobs probably due to their higher job aspirations.

(iv) ***Marital:*** Married employees having more dependents tend to be more dissatisfied due to their greater responsibilities.

(v) ***Experience:*** Job satisfaction tends to increase with increasing years of experience. But it may decrease after about 20 years especially if employees do not realise their job expectations.

Notes

Figure 14.2: Determinants of Job Satisfaction



14.6.2 Components of a Job Specification

Experience: Number of years of experience in the job you are seeking to fill. Number of years of work experience required for the selected candidate. Note whether the position requires progressively more complex and responsible experience, and supervisory or managerial experience.

Education: State what degrees, training, or certifications are required for the position.

Required Skills, Knowledge and Characteristics: State the skills, knowledge, and personal characteristics of individuals who have successfully performed this job. Or, use the job analysis data to determine the attributes you need from your "ideal" candidate. Your recruiting planning meeting or email participants can also help to determine these requirements for the job specification.

High Level Overview of Job Requirements: In less than ten bullet points, cite the key components and requirements of the job you are filling.

A job specification is useful for recruiting as it helps you write your job postings and your website recruiting material. The job specification is also useful for distribution in social media, for screening resumes, and for interviewers.

14.6.3 Advantages of Job Specification

1. It is helpful in preliminary screening in the selection procedure.
2. It helps in giving due justification to each job.
3. It also helps in designing training and development programmes.
4. It helps the supervisors for counselling and monitoring performance of employees.
5. It helps in job evaluation.
6. It helps the management to take decisions regarding promotion, transfers and giving extra benefits to the employees.

Notes

Case Study

Sri Ram Pharmacy

K.U. Nayak is the Managing Director of Sri Ram Pharmacy, a medium-sized pharmaceutical firm in Mangalore. He holds an MS degree in Pharmacy. He has been managing the company since its inception in 1980. For more than two decades, the company has been doing reasonable well.

Recently, Mr Nayak noticed that the workers were not working to their full potential. They would spend their days with unnecessary and unproductive activities and work only for the sake of wages. Since the last one year, the situation had become quite alarming as the organization had begun to crumble under the weight of uneconomical effort. The situation demanded prompt remedial measures to check the detrimental trend. Mr Nayak understands that the only way to progress and prosperity is to motivate workers to peak performance through various incentive plans.

Mr Nayak asked the HR Manager what was the problem with the workers. "We pay the highest in the industry. Our working conditions are excellent. Our fringe benefits are the best in the industry. Still the workers are not motivated. Find out what the workers really want. Unless productivity increases we are doomed".

The HR Manager made a detailed investigation and concluded that the wages, fringe benefits and working conditions were not enough. Besides this there were other important factors. "I have found out from the workers that work and efficiency go unnoticed and unrewarded in the company. The promotions and benefit plans are tied to the length of service. Even unproductive workers enjoy all the benefits in the organization, which in fact, according to the workers, should go only to those who work hard. As a result more and more workers are joining the bandwagon of non-performers. This has become quite alarming as workers refuse to perform".

Questions:

1. Explain the motivational problem in this case by relating it to Herzberg's theory.
2. Analyse the problem in depth and find a solution.

Self Assessment

Multiple choice questions:

5. ..... is high when there is improved employee contribution, lower labour turnover and absenteeism.
   (*a*) Morale (*b*) external sources
   (*c*) Internal sources (*d*) None of these.
6. ..... is defined as the reaction of disturbing factors in the environment of the plant and the result of those reactions.
   (*a*) Work Stress (*b*) Business Stress
   (*c*) Stress (*d*) None of these.
7. According to ..... "job satisfaction is the combination of psychological, physiological and environmental circumstances that cause a person truthful to organization."
   (*a*) Dale Yoder (*b*) R.P Billimoria
   (*c*) Ivancevich and Glucck (*d*) Hoppock

Notes

True or False:

8. Labour welfare as "efforts to make life worth living for workmen".

   (*a*) True (*b*) False

9. Under social insurance, the State organizes the facilities financed by contributions from both the workers and employers, with or without a subsidy from the State.

   (*a*) True (*b*) False

Fill in the blanks:

10. The ESIS Act is monitored by employees, which is established by ..... .
11. The Sickness benefits is the half of the daily average ..... of the employee.
12. The ..... Act was established by the government in 1923.
13. The ..... Act came into being in 1961.
14. The Industrial Disputes Act was passed in ..... .

14.7 Summary

- Job satisfaction refers to the degree of pleasure or positive affect that an employee has toward his or her job.
- Quality of Work Life (QWL) is concerned about the impact of work on people as well as on organizational effectiveness, and the idea of participation in organizational problem solving and decision making".
- A quality circle generally recommends solutions for quality which may be implemented by management.
- Occupational diseases are the result of physical conditions and the presence of industrial poisonous and non-poisonous dust in the atmosphere.
- Labour welfare as such services, facilities and amenities as adequate canteens, rest and recreation facilities, arrangements for travel to and from work, and for the accommodation of workers employed at a distance from their houses, and such other services, amenities and facilities as contribute to improve the conditions under which workers are employed.

14.8 Keywords

Job satisfaction: Employees work with full enthusiasm and come up with good results if their talent is properly utilized and appreciated.

Labour welfare: It is efforts to make life worth living for workmen. The report of the committee on labour welfare set up by the Government of India in 1969 refers to welfare as a broad concept, a condition of well-being.

Leadership: The morale of employees would be high if their good work was recognised by their leader.

Quality Circle (QC): It is a group of employees that meet regularly to solve problems affecting its work area.

Quality of work: It means incorporating socio-psychological needs of employees into the requirements of particular technology and structures or processes of an organization.

Notes

QWL: It is "the degree to which members of a work organization are able to satisfy important personal needs through their experience in the organization".

Social assistance: which the State finances the entire cost of the facilities and benefits is provided. Here benefits are paid after examining the financial position of the beneficiary.

Lab Exercise

1. Write down the problems in quality circles.
2. Write report on labour welfare organizations in India.

14.9 Review Questions

1. What is the quality of work life?
2. Explain the approaches to improve quality of work.
3. Explain the quality circle.
4. What are the objectives and advantages of quality circles?
5. What is social assistance?
6. Define QWL.
7. Describe the social security.
8. Explain the health and safety.
9. Define 'labour welfare' and explain the principle of labour welfare.
10. What is job specification? And explain the determinants of job specification.

Answer to Self Assessment

1. (*c*)	2. (*a*)	3. (*d*)	4. (*b*)	5. (*a*)
6. (*c*)	7. (*d*)	8. (*a*)	9. (*a*)	
10. Central Government		11. wages		
12. workmen's compensation		13. maternity benefits		14. 1947

14.10 Further Reading

Books

Management and Supervision in Law Enforcement, by Kären M. Hess, Christine Hess Orthmann, Shaun Edward LaDue.

Online link

www.iimm.org/.../12_an-introduction-of-motivation-and-morale.htm