

Human Resource Management



Block – I

Block Title- Introduction to HRM

Block – II

Block Title- Recruitment and Selection

**UTTARAKHAND OPEN UNIVERSITY
SCHOOL OF MANAGEMENT STUDIES AND COMMERCE
University Road, Teenpani By pass, Behind Transport Nagar,
Haldwani- 263 139**

Phone No: (05946)-261122, 261123, 286055

Toll Free No.: 1800 180 4025

Fax No.: (05946)-264232, e-mail: info@uou.ac.in, som@uou.ac.in

Website: <http://www.uou.ac.in>

Blog Address: www.blogsomcuou.wordpress.com

Board of Studies

Professor O. P. S. Negi,
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Haldwani

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Department of Management Studies
Uttarakhand Open University, Haldwani

Dr. Gagan Singh
Department of Commerce
Uttarakhand Open University, Haldwani

Dr. Sumit Prasad
Department of Management Studies
Uttarakhand Open University, Haldwani

Programme Coordinator

Dr. Manjari Agarwal
Assistant Professor, Department of Management Studies
Uttarakhand Open University, Haldwani

Units Written by	Unit No.
Dr. Swati Soni, Associate Professor, Jaipuria Institute of Management, Jaipur	1, 2
Dr. Pallavi Pathak Associate Professor School of Management Sciences, Varanasi	3
Dr. Sumit Prasad, Assistant Professor, School of Management Studies and Commerce, Uttarakhand Open University	4&8
Dr. Prachi Pathak, Assistant Professor, School of Management Doon University, Dehradun	5,6 &7
Dr.T.Dheepa Assistant Professor in Management Studies Kongu Engineering College Perundurai, Erode	9

Editor

Dr. Manjari Agarwal
Assistant Professor,
Department of Management Studies,
School of Management Studies and Commerce
Uttarakhand Open University, Haldwani

Dr. Sumit Prasad
Assistant Professor,
Department of Management Studies,
School of Management Studies and Commerce
Uttarakhand Open University, Haldwani

Mr. Somesh Pathak
Assistant Professor,
Department of Management Studies,
School of Management Studies and Commerce
Uttarakhand Open University, Haldwani

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Design

Dr. Manjari Agarwal

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Block I
Introduction to HRM

UNIT 1 INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

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1.1 INTRODUCTION

People are primary assets of any organization and organizations need to have people centric approach in today's world of growing change, competition, and knowledge based economy. An organization is known by its people, and its success is definitely dependent upon Skills, knowledge, and attitude of its human resources and their competency actually differentiates them from competitors. This unit is an overview of Human Resource Management. After reading this unit you will understand meaning, scope and nature of Human Resource Management.

1.2 OBJECTIVES

After reading this unit you will be able to:

- Elucidate concept of HRM and its importance;
- Understand the meaning, nature, objectives, and scope of HRM;

- Understand and appreciate the changing environment and role of HRM;
- Understand and appreciate how HRM activities are integral part of every manager's job.

1.3 MEANING OF HUMAN RESOURCE MANAGEMENT

Human being works together with each other, rather than working in isolation. Managing relations, planning, nurturing, and living them is an integral part of our everyday life. From childhood, we understand, nurture, and acquire relations, which we, later on, carry forward in our workplace. Human resource management also involves managing relations for people, with people, by the people at the workplace. In 1980's concept of HRM gained acceptance in corporate circle. This is essentially a multi-disciplinary function which has drawn theories from Sociology, Psychology, and Economics.

Human Resource Management is an impotent and integral management function which involves recruitment, selection, training, and development of people of the organization. This is also known as taking care of people in the organization, since it is concerned with People management.

This is primarily important for us to understand that organization can have physical infrastructure which can be made of bricks, and concrete, but it gets life by the people around it, who manages and represent organization. HRM is basically an application of functions of management. These functions involve inducting, training, developing, and remunerating employees. Human resource decisions are important for the betterment of employees which ultimately leads to improved performance and influence organizational effectiveness. HRM functions are applicable to both product and service-based organizations, in fact, service organizations value HR functions more deeply. Human resource functions also include taking care of concerns related to health, safety, labor, and conflicts.

Human Resource Management policies in detail include the following aspects:

- Identifying the nature of the job of employees in the organization (job analysis);
- Planning job requirements and recruiting the right candidates;
- Identifying and selecting candidates for various job profiles;
- Induction and training program for newly joined employees;
- Planning and managing wages, salary, incentives, increments and other fringe benefits;
- Assessing annual employee performance;
- Counseling;
- Training and development for employees;
- Managing promotion and transfers,

- Employee engagement activities;
- Handling and managing conflicts and grievances.

An HR manager is responsible for managing all these aspects and should be aware of factory act, labor laws, wages and compensation act, grievance redressal mechanism, employment law, health and safety policies etc.

1.4 DEFINITIONS OF HUMAN RESOURCE MANAGEMENT

Many authors have suggested various definitions of Human Resource Management;

1. According to Grey Dassler, *“The policies and practices one needs to carry out the people or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising.”*
2. According to Edwin Flippo, *“HRM involves planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”*
3. According to Decenzo and Robbins, *“HRM is concerned with the people dimension in management. 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 is essential to achieve organisational objectives. This is true, regardless of the type of organization – government, business, education, health or social action”.*
4. According to Armstrong (1997) *“Human Resource Management can be defined as “a strategic approach to acquiring, developing, managing, motivating and gaining the commitment of the organisation’s key resource – the people who work in and for it”*
5. According to M. J. Jucious, *“The field of HRM involves planning, organization, directing and controlling functions of procuring, developing, maintaining and utilizing a labor force.”*
6. According to Dale Yoder , *“HRM is the provision of leadership and direction of people in their working or employment relationship.”*
7. According to Mathis and Jackson, *“HRM is the effective use of Human resources and organization through the management of people related activities.”*
8. According to Ricky W. Griffin, *“Human Resource Management is the set of organizational activities directed at attracting, developing and maintaining an effective workforce.”*

9. According to Milkovich & Boudreau, “*Human Resource Management is a series of decision that affect the relationship between employee and employer: it affects many constituencies and is intended to influences the effectiveness of employee and employer*”.

The companies that recruit and hold high caliber employees are the ones who hold a competitive advantage in the market. An organization’s most important assets are its employees. To remain efficient and competitive nurturing and managing human resources of the organization is of primary importance to any organization. This function of management also helps in achieving optimum utilization of resources, which in turn leads to optimum productivity or improved services.

1.5 NATURE OF HUMAN RESOURCE MANAGEMENT

Human Resource Management connects people and organizations. The idea is to help people and organizations achieve their respective goals by supporting and co-operating with each other.

Following are the features of HRM:

- Action orientation-HRM acts towards problem solving of the employees at work through systems and policies.
- Pervasive function-HRM is present in all organizations and at all levels in some or the other forms.
- People oriented-HRM is all about people management, both as individuals and groups. It tries to put the right people for the right job, motivates them and retains them in the organization.
- Future oriented-HRM foresees the future and anticipates the competence and skill sets needed in the employees in the near future as well as in the current scenario.
- Development oriented-HRM aims to bring out the best in an employee by the right training, motivation, engagement, reward system and appraisal and feedback mechanisms.
- Organizational integration-HRM integrates all organizational functions and tries to maintain cordiality between all the divisions of the organization.
- Staff Service-HRM is a staff function that helps the line managers perform their work more effectively.
- Continuous function-HRM is an ongoing and continuous function. It is beyond any tenure and cannot be confined to hours per day or days per week. It has to happen continuously and regularly.

1.6 SCOPE OF HUMAN RESOURCE MANAGEMENT

Human Resource Management has a wider scope today. The scope of HRM is indeed vast. From entry of an employee into an organization till his exit, all activities and policies related to individual comes under the preview of HRM. Human Resources Management extends its scope to: every type of management decisions, strategies, practices, operations, related to managing people within organization. It also includes all the dimensions related to management of employees, and managing their relationships and engagement.

American Society of Training & Development (ASTD) illustrates eight primary activities of HRM. Let's understand them in detail.



Fig.1.1 Human Resource Area Developed by American Society for Training & Development

1. Training and Development

T& D is an essential component of HR functional area. It is about assessing the training needs of employees, assessing the skill gaps, enhancing knowledge to perform job more efficiently and also to meet future organizational needs. This is one of the specialized and continuous function. Once the training is performed and attended by employees, it is meant to get the outcome in terms of developed employee, who is molded more suitable for the job, his/her skills were enhanced, and knowledge is upgraded. T & D is basically a bridging program between current skills and required skills.

2. Organization Development

For generating synergistic efforts development of organization is required. Organization development will lead to better inter and intra group relationship within the organization. This modern approach is a systematic and planned effort carried out by the management.

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 behavioral science”*.

OD focuses on all the facades that are about humans in the organization that includes, organizational norms, attitude, values, and culture etc. with this it improves leadership skills, make employees intrapreneurial and also encourage them to align their personal growth with organizational growth.

3. Organization/Job Design

HR Manager's job is also to design the organization structure, planning levels of relationship within employees, reporting structure, and job responsibilities and roles of employees. It basically enlists job descriptions and job specifications.

4. Human Resource Planning

Filling positions for all kinds of job profiles within an organization at the appropriate time is an integral part of Human Resource Planning. It includes assessing the immediate, and future needs of manpower, planning in advance for any gaps and requirements and continuously working on inducting the people. It also includes planning promotions, and transfers and filling the positions from internal job postings. In short, it forecasts human resource requirements within various departments and matches demand and supply.

5. Selection and Staffing

The primary job of HR manager is inducting people in the organization by recruitment and selection process. Without people, an organization cannot exist. Their job becomes more challenging because getting right people for the right job at right pay is their primary concern. Right from advertising for the job, screening received job applications, selecting candidates and inducting them in the organization is carried out by HR department. Some of the key things they need to see while selecting candidates are they fit to the job, work experience, communication skills, behavior, and attitude, compensation, reference check, medical test etc.

6. Personnel Research and Information Systems

In the world of technology, and artificial intelligence workplaces are becoming more techno-savvy and they are no more same. The work atmosphere, style of working, and work itself has changed over time. Workplaces are ergonomically designed, so it helps employees to work better in conducive and fit working environment. HR managers are continuously working towards the betterment of employees and making the place a great place to work. They are also working on increasing the happiness quotient of its employees. They are

continuously working towards improving internal communication and adopting more flexible HR practices. Organizations are using HR dashboard to give one window to employees which have all information about their salary, tax details, leaves, HR policies and other related things. Integration of technology into processes made their life easier and efficient now.

7. Compensation/Benefits

Rewards, benefits, and of course compensation for the work performed is a fundamental reason any person works in an organization. Good compensation plan and effective work linked reward system motivates employee and boost their morale. Organizations these days offer various other perks and allowances along with salary which includes Provident Fund (PF), Gratuity, Superannuation Fund (SAF), Leave Travel Allowance (LTA), Medical benefits, Insurance policies, Driver Allowance, Mobile Allowance, Conveyance, Food Allowance and many other non-monetary rewards which also includes foreign trips, and other privileges. Determining right cost to company (CTC) breakup for each employee is a challenging task for HR manager and very important function of HRM.

8. Employee Assistance

Any good organization provides supporting aids to its employees which is primarily related to providing counseling services, benefits for their family members, and providing a solution for some of their personal problems. Problems are universal, and people face them almost every day. It's just that their magnitude of problems, their expectation, their handling style, temperament is different from each other. HR managers ensure to see emotional stability and manage the work-life balance of its employee because a happy employee, in turn, will contribute in a better way and enhance the productivity and increase organizational growth.



Check Your Progress-A

Q1. What do you understand by the term HRM? Describe its various aspects in detail.

Q2. Why the scope of HRM has increased in stature and influence in various organizations? Explain.

Q3. Choose the correct alternative.

- (i) Identify the key managerial function of HR out of the following:
- Procurement
 - Organizing
 - Development
 - Performance Appraisal
- (ii) Human resource management isin nature.
- Reactive
 - Proactive
 - Combative
 - None of the above
- (iii) are the resources that provide utility value to all other resources in the organization
- Men
 - Money
 - Material
 - Machinery

Q4. Fill in the Blanks with appropriate word or words.

- (i) The process of integrating the organizational needs with employee's needs and aspirations is called
- (ii) is the ratio of an organization's output to its input.
- (iii) A method by which an organization collects, maintains, and reports information on people and jobs is called

Q5. True / False Questions

- (i) Competent employees will remain competent forever.
- (ii)Selecting and retaining good people in the organization is critical to organization's success.
- (iii)Higher productivity is what makes an organization grow.
- (iv)Until last few years, organizations were never concerned about the personal issues and problems of its employees.
- (v)Human resources have never been central to the organizations.

1.7 THE CHANGING ENVIRONMENT OF HUMAN RESOURCE MANAGEMENT

Change is constant, and it requires HR department to play a central role in the organization. These changes includes the following:

Globalization: Today companies are crossing boundaries and working not just in Indian market, but they are also working in global market. Apple, Nike, Zara, Sony, Dell, Ford are some of those companies who have their global presence. Companies have their presence in multiple countries, along with their support offices and provide services to international consumers in every market. Companies enter into international market to expand their sales base and aggressively increase their productivity and profits. Some of the companies enter into other countries for manufacturing reasons as well as cheap labor cost for production. Sometimes partnership with other companies for business becomes the reason for entry into global market.

Globalization leads to more competition, which means requirement of more complete and world class workforce in the organization. The borderless world is putting more pressure on the workers and reducing job security. Job outsourcing in the countries where cheap labor is available has become a new norm in today's time to reduce cost. People need to work hard and smartly in this globalized world.

Technological Effects: Companies today are using technology to remain competitive and more powerful be it managing internet based distribution network, online payment system, or exchanging communication, or monitoring store sales. Use of PDA, Scanners, Printers, and Virtual Communities etc. are used today to improve efficiency at work. Technology has completely transformed the way people are working today. People also need to learn the technology and it requires skill training.

Changing Demographics: finding and hiring the right set of people is becoming difficult across the world, India is no exception. According to NASSCOM shortage of skilled manpower is rising and by 2020 expected shortage will rise further. India has highest demographic dividend in terms of young population, but employability of this workforce is considered poor due to lack of required skills. India badly needs efforts to improve skills and create jobs that can absorb the young population.

1.8 SUMMARY

The unit talks about a new but integral functional area of management for any organization which is known as Human resource management. HRM deals with various complex and strategic issues. This unit highlights the basic tasks that include understanding organizational requirements, staffing, training, drawing compensation plans, and employee engagement initiatives and handling manpower related workplace challenges. The unit focuses on basic goals, roles and responsibilities of HR manager, and how it is evolving in the changing times.



1.9 GLOSSARY

HRM: It is a process of bringing organization and people together so each other goals can be achieved effectively and efficiently;

Recruitment: It is a process of finding and scanning right candidate at the time for suitable positions as and when required in an organization;

Selection: It is a process of matching qualifications, skills, of the candidates with the profiles in the organization and inducting them into the system after choosing the most appropriate candidate.

Training: It is a process designed to impart knowledge based, behavioral, or skill based changes in an individual to upgrade himself/herself and become more suitable for the job and improve performance.

Job Analysis: it is a process of systematically identifying all the aspects of work related to a functional area and gather the information at one place.

Employee Development: It is a program where the focus lies on individual development of employees to identify their potential and making them work in right direction.



1.10 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q3. MCQs

(i) Identify the key managerial function of HR out of the following:

- a. Procurement
- b. Organizing
- c. Development
- d. Performance Appraisal

Answer: B

(ii) Human resource management isin nature.

- a. Reactive
- b. Proactive
- c. Combative
- d. None of the above

Answer: B

(iii) are the resources that provide utility value to all other resources in the organization

- a. Men
- b. Money
- c. Material
- d. Machinery

Answer: A

Q4. Fill in the Blanks with appropriate word or words.

- (i) The process of integrating the organizational needs with employee's needs and aspirations is called Career Planning.
- (ii) Productivity is the ratio of an organization's output to its input.
- (iii) A method by which an organization collects, maintains, and reports information on people and jobs is called Human Resource Information System.

Q5. True / False Questions

- (i) FALSE..... Competent employees will remain competent forever.
- (ii) TRUESelecting and retaining good people in the organization is critical to organization's success.
- (iii) TRUE.....Higher productivity is what makes an organization grow.
- (iv) TRUE.....Until last few years, organizations were never concerned about the personal issues and problems of its employees.
- (v) FALSE.....Human resources have never been central to the organizations.



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1.13 TERMINAL QUESTIONS

1. Explain how Human Resource Management is related to management process?
2. Discuss the nature and scope of Human Resource Management.
3. Why Human Resource Management is becoming important for companies to manage their competitive edge? Explain with example how HR department is contributing towards it.



1.14 CASE LET

Radha Iyer was appointed as one of the new Board of Directors for a leading nationalized bank. She was introduced to all the employees in Mumbai Corporate office. She was introduced to Sanjay Agarwal, and on listening to his introduction she became curious to know about his work, and about the machine, he was using for the work. Sanjay replied, it's been only two months he is working in the system, he is not aware of machine's name and its work. Sanjay said, he definitely knows how to run the machine, and so far he is doing a good job.

While visiting the branch office in Mumbai, she remembered at one of the branch one supervisor spoke to her confidentially that "something was wrong", but she did not know what was that. She also realized that employee turnover is pretty high, and people

are leaving jobs so quickly. Supervisors were getting little time to work with new employees as they came and went so quickly.

In this bank, all branches hire their own employees without communicating with the corporate office. It's only supervisor's job to look into the vacancy and quickly fill it up. Radha took a tour of almost 40 + branches and found the similar problems in many of the branches and she was wondering, is there something corporate office can do about it? The bank is doing good having fair growth in last few years. Radha was becoming puzzled. She could sense the problem, but do not know the exact source of the problem. She wasn't also sure about whether she should report this to the president?

1. What according to you are cause of some other problems in Bank's corporate and branch offices?
2. Do you think corporate office needs an independent HR system?
3. What specific functions are to be performed by the HR department and what functional roles should be played by the supervisors?

UNIT 2 HRM- SIGNIFICANCE AND OBJECTIVES

2.1 Introduction

2.2 Objectives

2.3 Significance of Human Resource Management

2.4 Objectives of Human Resource Management

2.5 Functions of Human Resource Management

2.6 Responsibilities of Human Resource Manager

2.7 Human Resource Challenges in a Changing Environment

2.8 The Changing Role of Human Resource Management

2.9 Summary

2.10 Glossary

2.11 Answer to Check Your Progress

2.12 Reference/ Bibliography

2.13 Suggested Readings

2.14 Terminal & Model Questions

2.15 Caselet

2.1 INTRODUCTION

People are the most important assets for any organization. An organization is as good as its people are. People are an inimitable resource and a source of competitive advantage. With the realization that people are important assets for an organization, organizations are playing very strategically to attract the best talent and this has led to a more than ever attrition rate in organizations. This has created a huge challenge for HR managers to attract and retain talent. Organizations have to be employee centric in order to acquire and retain the best of people. If an organization has a well functioned HR system, appropriate policies and procedures they can recruit best talent and nurture them to the organizational need and accomplish their goals and deliver the best results. After reading this unit one will understand the significance and objectives of HRM.

2.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the concept of HRM and its significance;
- Understand the objectives of HRM;
- Understand the functions of an HR specialist;
- Understand the role of HRM in a dynamic environment;
- Understand HRM activities are integrated with the overall functioning of an organization.

2.3 SIGNIFICANCE OF HUMAN RESOURCE MANAGEMENT

We don't work in isolation and vacuum-this is especially true in an organizational context. An organization is an aggregation of human beings to achieve some pre-decided organizational outcomes. Interdependence and integration is thus a pre-requisite for survival in an organization. Human resource management also involves managing relations for people, with people, by the people at the workplace. The concept of HRM assumed significance in the era of 1980s. It is an inter-disciplinary function drawing heavily from sociology, psychology, anthropology and economics to some extent.

HRM is primarily concerned with People Management. Modern day organizations have realized that the most inimitable resource for an organization is its people, its employees. A competitor can copy the product, price, place, promotion, design, engineering –almost anything to say, but it cannot copy its people. People are thus differentiators for any organization. This thought has gained currency with the top management and thus HR function in the Indian organizations has seen a shift from a backstage and inexistent job to an upfront an important function.

An HR manager typically performs the following functions:

- Job Analysis
- Manpower planning
- Recruitment
- Selection
- Induction
- Training need analysis
- Training and Development
- Compensation Management
- Counseling and Mentoring
- Performance Appraisal
- Career Advancement

- Employee Welfare
- Employee Engagement
- Grievance Handling
- Succession planning
- Team Building
- Labor Law Compliance

If an organization has a well functioned HR system, appropriate policies and procedures they can recruit best talent and nurture them to the organizational need and accomplish their goals and deliver the best results.

Good HR practices can help in:

- Attracting and retaining the best talent from the industry;
- Training and developing people for challenging roles and responsibilities;
- Developing skills and competencies;
- Promoting team spirit among employees;
- Developing sense of loyalty and commitment among workforce;
- Increasing workplace productivity and profits;
- Improving job satisfaction of employees;
- Enhancing standard of living;



Check Your Progress-A

Q1. Why is it important for a company to make its human resources into a competitive advantage? How can an HR manager make this happen?

Q2. Choose the correct alternative.

(i) HRM acts towards problem solving of the employees at work through systems and policies. This feature of HRM is;

- a. Action Oriented
- b. Pervasive
- c. People Oriented
- d. All of the above

(ii) Human resource management isin nature.

- a. Reactive
- b. Proactive
- c. Combative
- d. None of the above

Q3.State true or false

- a. Higher productivity is what makes an organization thrive.
- b. Getting and keeping good people is critical to success of every organization.
- c. People are a source of competitive advantage for any organization.
- d. Human capital can be managed the way organizations manage jobs, products and technologies.
- e. People have never been central to organizations.

2.4 OBJECTIVES OF HUMAN RESOURCE MANAGEMENT

Key objective of HR department in any organization is to induct and train competent workforce under various functional departments. Some of the primary objectives include:

1. **Managing Human Capital:** Right number of employees to be recruited matching with right profiles, appropriate compensation at right time.
2. **Fostering Organizational Culture:** HR managers strive towards fostering and building a positive work culture in the organization as well as creating an environment where abilities and skills of the workforce can be efficiently utilized.
3. **Effective Job Design:** providing all possible amenities and facilities for efficient work performance and improving productivity and also ensuring suitable job designs by providing adequate training.

- 4. Harmonious Work Relationships:** HR managers create employee engagement activities and also give platform for relax, rejuvenate and develop informal relationships which instil harmonious work environment.
- 5. Creating Safe & Healthy Workplace:** Ensuring workplace is followed by all health and safety standards and policies are in place is also one of the primary concerns of HR manager.
- 6. Employee Engagement Initiatives:** Social, Physical, and Psychological well-being of employees is equally important in an organization. If employee is fit and happy, they in turn will work towards betterment of organization. Its HR manager's job is to create that conducive environment for employees.
- 7. Compliance with Legal Aspects:** All legal compliance comes under preview of HR department which includes factory act, wages act, human rights, unions, health and safety, industrial relations etc. and it is quite essential for them to abide by them and disseminate the timely information.
- 8. Training and Employee Motivation:** HR manager's key role revolves around training employees round the corner and taking efforts to boost morale of its workforce.
- 9. Other Aspects:** Some other objectives also include providing job satisfaction to employees, maintaining ethical work standards, and improving quality of life of its workforce.

HR manager basically takes care of personnel, functional, organizational, and social objectives during their work and take initiatives for smooth functioning of the organization.

Objectives of HRM can be divided into four categories:

1. Personal Objectives
2. Functional Objectives
3. Organizational Objectives
4. Societal Objectives

Societal Objectives

This means that an organization should be a socially and ethically organization. It should be high on all socio-legal compliances. For example, not producing products that are harmful for the society, not hiring child labor and not harming the environment by its activities. Also should it not exploit its employees and be an equal opportunity provider and not discriminate on the basis of race, caste, creed or religion while hiring for the organization.

Organizational Objectives

HRM brings about the best in organizations by helping it attain its objectives. Hiring the right set of people with the right skill set is the first step towards achieving organizational objectives. HR function is auxiliary in nature and exists to assist the organization with its primary objectives. The HR department exists to serve the rest of the organization. It fulfills the organizational objectives by:

- Human Resource Planning
- Employee Relations
- Training and Development
- Performance Appraisal
- Placement

Functional Objectives:

HRM exists to integrate all departments of the organization and assists all the organizational divisions. Placement and Performance appraisal are two important functions that HRM performs for all organizational divisions.

Personal objectives

An organization cannot grow if its employees do not grow. Individual goals must be aligned to organizational goals. Individuals need to be assisted in meeting their personal goals so that they feel motivated to contribute and values add to the organization. This is typically achieved through

- Compensation
- Training and Development
- Motivation
- Employee engagement
- Performance Appraisal and
- Placement

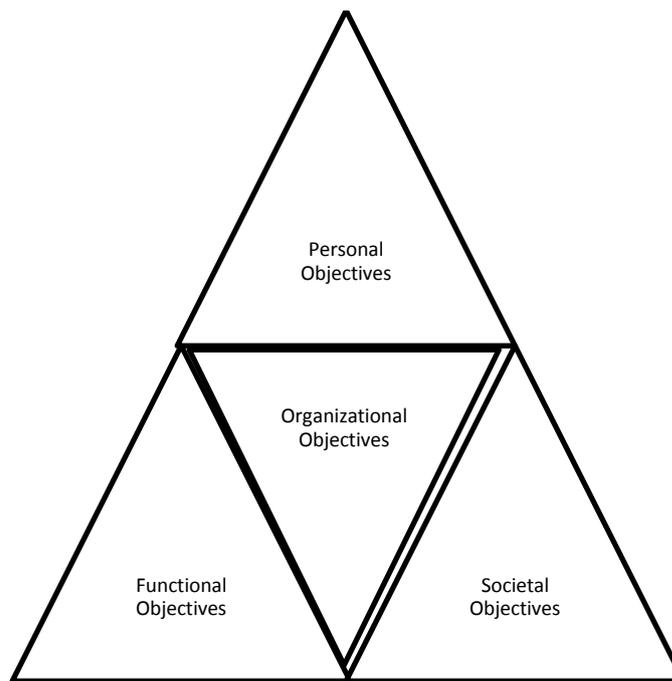


Figure 2.1: Objectives of HRM

<i>HRM Objectives</i>	<i>Supporting Functions</i>
<i>1. Personnel Objective</i>	<ul style="list-style-type: none"> • <i>Training & Development</i> • <i>Employee Appraisal</i> • <i>Compensation</i>
<i>2. Functional Objectives</i>	<ul style="list-style-type: none"> • <i>Recruitment & Selection</i> • <i>Employee Placement & Assessment</i> • <i>Job Assessment</i>
<i>3. Organizational Objectives</i>	<ul style="list-style-type: none"> • <i>Human Resource Planning</i> • <i>Employee Welfare</i> • <i>Training & Development</i> • <i>HR Policy Formulation</i>
<i>4. Societal Objectives</i>	<ul style="list-style-type: none"> • <i>Legal Compliance</i> • <i>Employee Benefits</i> • <i>Health & Safety Standards</i> • <i>Environmental Balancing</i>

Source: William & Davis, HR & Personal Management, p.15

Table 2.2.: HRM Objectives & Functions

2.5 FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

HRM has basically two sets of functions to perform-Managerial Functions and Operative Functions.

Functions of HRM	
Managerial Functions	Operative Functions
Planning	Procurement functions
Organizing	Development functions
Directing	Motivation and Compensation
Controlling	Maintenance functions
	Integration functions
	Emerging issues

Figure 2.3: Functions of HRM

Managerial Functions are actually the usual functions that any manager is expected to perform.

- Planning
- Organizing
- Directing
- Controlling

Planning: It is related to a future course of action to be followed. It involves manpower planning keeping in view the requirements in future. Here the manager performs the function of recruitment, selection and training of employees.

Organizing: This includes putting similar activities in groups and assigning different groups to different individuals and giving them the authority to manage. It is a very important function of management.

Directing: It is about supervision and guiding the employees. It is about directing the employees by motivation and leadership and creating winning teams. The concerns and expectations of employees need to be taken care of while performing the function of directing.

Controlling: It is about achieving the plans by measuring the employee performance and taking a corrective action if any deviation is observed. Feedbacks, appraisals, reports, one-on-one meetings are control mechanisms to see that things happen as per plans.

Operative Functions of HRM

These functions are very specific to an HR manager. However, they happen along with the managerial functions.

These functions can be divided into:

- I. Procurement functions
- II. Development functions
- III. Motivation and Compensation
- IV. Maintenance functions
- V. Integration functions
- VI. Emerging issues

I. Procurement Functions

This means procuring people with the right set of knowledge, skills and attitude for the job. This head includes the following sub-functions to be performed by an HR manager:

- a. **Job Analysis**-It means an analysis of operations and responsibilities needed for a particular job.
- b. **Human Resource Planning**-It is about making sure that the organization does not face a shortage of qualified employees at any point in time and the employees thus hired employees would do the job satisfactorily.
- c. **Recruitment**-This means looking for prospective employees and making them apply for the jobs available with the organization.
- d. **Selection**-This is about appraising the suitability of a candidate for a job by measuring her skills, attitude and knowledge during a structured screening and interview process.
- e. **Placement**-It is about putting the right person on the right job. It is basically about finding a person job fit.
- f. **Induction and orientation**-It is about acquainting a new employee to the organization's people, processes and policies. The mission, vision, rules, norms and organizational protocols are made known to the employee during the process of induction.
- g. **Internal mobility**-Some employees move on due to transfers and promotions. This is called as internal mobility. Other reasons of movement could be retirement, termination and resignation. This is known as external mobility. An HR manager has to manage both internal and external mobility.

II. Development Functions

- a. **Training and Development**- Training and development is the core of HR functional area. It is about finding out the training needs of employees, find out the skill gaps, and impart training to fill the gap in needs so that the employee can perform the job well and fulfill the organizational needs. Training is a continuous function. It intends to create a more developed employee, who is better equipped to do the job with upgraded skills and knowledge. Training bridges the gap between current skills and required skills.

- b. **Career Planning and Development**-It includes chalking out a career plan for an employee and executing the decided career plan by education, training and giving the right opportunities. It also includes succeeding planning. Succession planning means identifying, tracking and developing key individuals for executive positions.
- c. **Human Resource Development**-It is about developing the entire organization. This can happen by creating an enabling climate and culture that brings out the best in an employee and thus helps meet both individual and organizational goals.

III. Motivation and Compensation Functions

- a. **Job Design**- HR Manager's job is to design the organization structure, planning levels of relationship within employees, reporting structure, and job responsibilities and roles of employees. It basically enlists job descriptions and job specifications.
- b. **Work Scheduling**-This means structuring work to motivate employees. Job rotation, job enrichment, shorter weeks, flexi timing, work from home are ways to schedule work and also keep the employees motivated.
- c. **Motivation**-Ability alone is not enough for performance. The employees should be motivated enough to perform. HR managers need to devise a reward system to motivate employees. The rewards could be both financial and non-financial.
- d. **Job Evaluation**-This is a process of determining the value of jobs. It is about finding out the relative importance of jobs in an organization in order to decide which job should be paid/compensated more than the others in the organization.
- e. **Performance Appraisal**- After hiring, the employees are trained to do the job. After a certain time frame, the performance of the employee is evaluated. Performance appraisal is thus the process of evaluating how the employees are doing on the job. It involves both the quantitative and qualitative aspects of performing the job. It is a structured way of appraising the potential and work related behavior of employees. It also involves a feedback and apprising the employee about his/her performance and chalking out a plan for improvement of performance.
- f. **Compensation**- It is about finding out how much should be paid to an employee. Compensation should be fair and equitable in order to ensure employee motivation and satisfaction.
- g. **Incentives and Benefits**-Besides a basic wage structure, organizations also have an incentives and benefits scheme in place. These include social security, insurance, welfare amenities, , employee stock options, foreign trips, paid holidays, gifts on birthdays and anniversaries, club membership, sodexo cards.

- IV. Maintenance Functions** – The maintenance functions focuses on protecting and preserving the psychological and physical health of employees by enforcing various welfare measures.
- a. Health and Safety** – Managers in the hierarchy are expected to understand and impose health and safety standards within the organization. They are expected to create an environment that promotes and improves the well – being of the employees, physically and psychologically, and protect them from unhealthy and hazardous work conditions.
 - b. Employee Welfare** – Employee welfare are the additional facilities and benefits offered to employees within or outside the organization. Employee welfare package includes housing, education, recreation, transportation and various other facilities offered to employees for their benefit.
 - c. Social Security Measures** – Social security is offered to the employees along with various fringe benefits by the management. Some of the social security measures offered by the management includes: (a) Workmen’s compensation to those workers (or their dependents) who are involved in accidents; (b) Maternity benefits to women employees; (c) Retirement benefits; etc.
- V. Integration Functions** – Integration function aims at integration organizational goals with the goals of the employees by implementing employee – oriented programs, like redressing grievances promptly, implementing disciplinary measures, etc.
- a. Grievance Redressal** – A grievance is a complaint against the employer due to various factors involving wages, compensation, hours of work, etc. Grievance redressal involves recognizing, diagnosing, and correcting the grievance to enhance employee satisfaction.
 - b. Discipline** – Discipline is a force that ensures that the individuals and group of individuals follow the code of conduct necessary to attain the objective.
 - c. Teams and Teamwork** – Teams and teamwork enhance employee involvement and promote positive synergy among the individuals. It encourages the individuals to keep the interest of group above their own individual interest leading to the achievement of the goals of the organization.
 - d. Collective Bargaining** – Collective bargaining is the process of agreeing on a satisfactory labor contract between management and union. Contract consists of terms and conditions related to the employment such as wages, hours of works, other benefits, etc. The contract is agreed by negotiating the terms and conditions between both the parties through proposals and

counter proposals. The contact is finalized with the consent of all the parties including unions, workers and management.

- e. **Employee Participation and Empowerment** – Employee participation involves including the employees in decision – making at all levels of the organization. Employee participation promotes employee empowerment which in turn leads to achievement of organizational objectives since employees start understanding the objectives and see the bigger picture and hence work towards achievement of the objectives.
 - f. **Trade Unions Association** – Trade union is an association of employees, employers or individual workers aimed at protecting the members from harassment and exploitation. Trade unions also provide economic and social benefits to their members.
 - g. **Industrial Relations** – Cordial and friendly relations between labor and management are important to achieve the goal of higher productivity and efficiency. There must be an environment of trust, openness and collaboration among them.
- VI. Emerging Issues** – Effective management of human resources depends on adapting HRM practices as per the changing environment and conditions. Hence, there is a need to look at other factors that can motivate individuals to give their best in the dynamic and changing environment.
- a. **Personnel Records** – HR policies and programs are formulated based on the personnel records such as papers, cards, cassettes, etc that provides an evidence of what is actually happening within the organization.
 - b. **Human Resource Audit** – Examination and evaluation of the policies, procedures and practices to determine the effectiveness of HRM is referred to as human resource audit. It helps in measuring the effectiveness of the programs and practices and modifying the practices or programs if needed.
 - c. **Human Resources Research** – Human resource research involves evaluation the effectiveness of human resource practices and policies and developing new and more appropriate practices and policies.
 - d. **Human Resources Accounting** – Human resource accounting is the analysis of the cost and value of human resources in the organization. Human resource management of an organization is considered to be effective when the value and contribution of human resource is more than there cost.
 - e. **Human Resource Information System** – Human resource information system is an integrated system designed to improve the efficiency with which the HR data is compiled and recorded.
 - f. **Stress and Counseling** – Employee counseling and development programs are implemented by companies to identify and reduce stress in the employees. Stress is a physical and psychological reaction to certain

life events or situations which may result in employee dissatisfaction, increased absenteeism and turnover in an organization.

- g. International Human Resource Management** – International business is important for every organization. It presents the organization with various challenges and opportunities. International HRM places a greater emphasis on functions and responsibilities like relocation, orientation and training of employees to help them adapt the new and changing environment.

2.6 RESPONSIBILITIES OF HUMAN RESOURCE MANAGER

HR manager is responsible for following major activities:

1. Providing Strategic Advice and Counseling: HR Manager often plays a role of in-house counselor to officers, supervisors, managers in an organization. They carry knowledge of internal employee data, workplace requirements, external standards in job market, legal issues etc. so they act as an important point in helping in decision making. They are one of the invaluable resources for strategic decision making in the organization.

2. Performing Service Activities: HR managers perform a bunch of services in an organization which includes recruiting, selecting, training, orientation, employee engagement and motivation, compensation, managing industrial relations etc. they hold technical as well as domain expertise, as they design and implement talent management programs. Interestingly they are a linking pin between staff and management as they serve both of them and play a dual role, keep both the sections of people happy and also face the challenges.

3. Formulation & Implementation of Policies: To have systematic and transparent approach in an organization HR managers in consultation with departmental heads and Top Management draft carefully written policies and procedures and implement them in the organization for the benefit of everyone. In some organizations all policies are rooted through HR department, in few organizations it is rooted from senior managers of respective departments. HR manager also keeps in mind industry standards, and rules while formulating company's policies. At the time of need, they also act as a resource for interpretation of policy clauses.

4. Employee Advocacy: Listening to employees, lending ear to their concern, empathizing with them, solving their problems, reaching out to management with employee's problems etc is a key job of HR manager. He / she acts as an employee advocate and acts as a linking pin between management and staff and also ensures that people's interest are aligned with organizational interest.

To perform these responsibilities it is also essential that an HR manager is master of his/her domain and understand the business well. He/she should be expert in understanding all HR functions and has an eye to detail. It is also required that HR

manager establishes personal credibility by establishing good relationships with people within and outside the organization.

Specific Responsibilities of HR Manager include:

- **Manpower planning:** Hiring the right number of employees with the right credentials, skillset and compensation at the right time.
- **Creating the right work culture:** HR managers strive towards fostering and building a positive work culture in the organization as well as creating an environment where abilities and skills of the workforce can be efficiently utilized.
- **Effective Job Design:** It is providing all possible amenities and facilities for efficient work performance and improving productivity and also ensuring suitable job designs by providing adequate training.
- **Fostering employee engagement:** HR managers create employee engagement activities and also give platform for relax, rejuvenate and develop informal relationships which instil harmonious work environment. Social, Physical, and Psychological well-being of employees is equally important in an organization. If employee is fit and happy, they in turn will work towards betterment of organization. Its HR manager's job to give creates that conducive environment.
- **Creating Safe & Healthy Workplace:** Ensuring workplace is followed by all health and safety standards and policies are in place is also one of the primary concerns of HR manager.
- **Legal Compliances:** All legal compliance comes under preview of HR department which includes factory act, wages act, human rights, unions, health and safety, industrial relations etc. and it is quite essential for them to abide by them and disseminate the timely information.
- **Training and Employee Motivation:** HR manager's key role revolves around training employees round the corner and taking efforts to boost morale of its workforce.
- **Counselling and Mentoring:** Many a time employees face stress and cannot strike a work life balance. It's here that the HR Manager acts like a coach and a mentor and helps the employee.
- **Employee Advocacy:** HR Manager is a connecting link between the employee and the management. He acts like an advocate and voices the employees' concerns to the top management.

- **Other Aspects:** Some other objectives also include providing job satisfaction to employees, maintaining ethical work standards, and improving quality of life of its workforce.



Check Your Progress- B

Q1. Discuss the objectives of HRM in detail.

Q2. Explain the managerial and operative functions of a HR manager.

Q3. Are people always an organization’s most valuable assets. Discuss with appropriate examples.

Q4. What are the key responsibilities of the HR manager to add more value to the HR function? Explain in detail.

Q5. To be a strategic business contributor, HR manager must enhance organizational performance, expand human capital and be cost effective. Discuss how HR managers must balance the competing demand made on them.

2.7 HUMAN RESOURCE CHALLENGES IN A CHANGING ENVIRONMENT

HRM is confronted with many changes. A few have been discussed below:

Technological Effects: Technology and its use has been transforming the HR function in the following ways:

- a. Employees need to learn new skills to be able to work with new technology like internet based distribution network, online payment system, or exchanging notes, Use of PDA, Scanners, Printers, and Virtual Communities etc. People thus need to be trained to use the new technology and here HR has a role to play.
- b. Change management is needed to make employees adapt and adopt to newer technologies.
- c. Downsizing is a trend in the wake of new technology as lower end routine jobs are getting decimated due to automation. The HR manager has to manage the change too.
- d. More collaboration is needed to work with new technologies. Hierarchy is getting blurred. Team work is more important than working alone. Thus, designing teams, motivating teams and devising team based incentives is a new HR challenge.
- e. Internet has made recruitment and selection and also training a less costly affair with most things happening on internet. But, the change needs a change in the role of HR.
- f. Work from home has become easier in the age of telecommuting. Monitoring and managing this is also an added responsibility for an HR manager.

Globalization: Globalization has led to a borderless world. Apple, Nike, Zara, Sony, Dell, Ford, Tata, Videocon are some of those companies who have their global presence. Hiring and training is no longer a local function and has to be done even overseas. A competitive and world class workforce is needed in an organization. The borderless world is putting more pressure on the workers and reducing job security. Job outsourcing in the countries where cheap labor is available has become a new norm in today's time to reduce cost. People need to work hard and smartly in this globalized world. HR function needs to handle all these changes now in the wake of globalization.

Changing Demographics: Workplaces are becoming more dynamic and diverse. Creating diversity, managing diversity is a challenge. Moreover, a workplace is having both Gen X , Gen Y and Gen Z working together. The three generations need to be managed differently. This is an added HR challenges.

2.8 THE CHANGING ROLE OF HUMAN RESOURCE MANAGEMENT

With the change in external environment roles and responsibilities of HR manager has widened and become more strategic over a period of time. In the earlier roles they were primarily responsible for searching for right candidate and matching them to job with a right

compensation plan. With the change in time their role has been expanded to selection, training, and promotion. HRM function has been evolved over a period of time. Let us understand its aspects in detail:

Strategic Human Resource Management

To optimize and manage competitive advantage every organization today is working on its internal strength and weaknesses and also viewing what are the external opportunities and threats they possess and how can they balance the same. Making such strategic plans have become one of the core role of HR managers today.

Creating High Performing Team & Work System

Globalization and competitive environment has given a clear mandate to HR managers to reduce employment cost and increase the productivity. Today HR professionals have recognized the need to emphasize on employee's performance. Performance of the employees can be improved in the organization with more focus on technology, training, and high performance work system.

Many organizations today are having full-fledged HR Information System- a dashboard as one point solution for all employee needs. Technology has also made job of hiring, as well as outsourcing easy today and real time services can be availed from far flung locations. Some of the tasks getting outsourced these days includes payroll, reference checks, screening tests, training, exit interviews etc.

Effective HR practices also leads to improved performance of workforce. Training, facilities, employee engagement activities, scope for work life balance, incentives to perform better, giving space to employee's families, rejuvenation programs, taking care of health, education and safety of employees are the few things that takes organization on a happy journey.

Another important aspect is creating high performance work system, which is nothing but a set of policies, and procedures which are highly aligned to individual and organizational goals and match with industry standards leads to high employee performance. Some of the things it includes is employee security, selective and specialized hiring, high quality work, rigorous training, decentralized decision making, sharing of information on continuous basis, and performance based compensation structure with appropriate rewards etc.

Measuring Team Performance

Today is the world of performers, and in this performance based environment management expect quantifiable outcomes of their employee's performance. They measure their efficiency and effectiveness in terms of numbers. These numbers play an important role in measuring their work performance and identifying the gaps. This also acts as an important parameter for incentivizing, promoting and appraising an employee in the organization.

Managing with the HR Scorecard Process

HR scorecard is getting momentum in modern day organizations. It measures the effectiveness of HR function's and how effectively it leads to achieve organizational goals. Linking of such measurement tools and metrics provides clear picture to the management. It helps in identifying cause and effect relationship for every aspect of work. e.g. Introduction of new online selection test and measuring its impact. This also helps management to gauge employee behavior as well as organizational performance.

A hotel announced revised incentive plan, which in turn increased employee's customer service ratings, more happy customers, increased business. This is all linked together through a HR scorecard and presented in digital dashboard which can be used for further analysis and planning next course of action.

2.9 SUMMARY

The unit talks about a new but integral functional area of management for any organization which is known as Human Resource Management. HRM deals with various complex and strategic issues. This unit highlights the basic tasks that include understanding organizational requirements, staffing, training, drawing compensation plans, and employee engagement initiatives and handling manpower related workplace challenges. The unit focuses on basic goals, roles and responsibilities of HR manager, and how it is evolving in the changing times.



2.10 GLOSSARY

HRM: It is a process of bringing organization and people together so each other goals can be achieved effectively and efficiently;

Recruitment: It is a process of finding and scanning right candidate at the time for suitable positions as and when required in an organization;

Selection: It is a process of matching qualifications, skills, of the candidates with the profiles in the organization and inducting them into the system after choosing the most appropriate candidate.

Training: It is a process designed to impart knowledge based, behavioral, or skill based changes in an individual to upgrade himself/herself and become more suitable for the job and improve performance.

Job Analysis: It is a process of systematically identifying all the aspects of work related to a functional area and gathers the information at one place.

Employee Development: It is a program where the focus lies on individual development of employees to identify their potential and making them work in right direction.



2.11 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q3. Choose the correct alternative.

(i) ANSWER: a

(ii) ANSWER: B

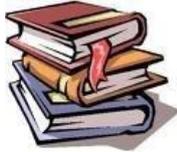
Q4. Say true or false

- i. True
- ii. True
- iii. True
- iv. False
- v. False



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2.14 TERMINAL QUESTIONS

1. Why has HR function become so important in organizations?
2. Discuss the roles and responsibilities of HR manager?
3. How do you think internet will change the way in which HR processes such as hiring and training will change?
4. In your opinion, what is the most important role of HR managers?



2.15 CASE LET

Case Study-1

Satish was a Sales Manager for Industrial Products Company in City branch. A week ago, he was promoted and shifted to Head Office as Deputy Manager - Product Management for a division of products which he was not very familiar with. Three days ago, the company VP - Mr. George, convened a meeting of all Product Managers. Satish's new boss (Product Manager Ketan) was not able to attend due to some other preoccupation. Hence, the Marketing Director, Preet - asked Satish to attend the meeting as this would give him an exposure into his new role. At the beginning of the meeting, Preet introduced Satish very briefly to the VP. The meeting started with an address from the VP and soon it got into a series of questions from him to every Product Manager. George, of course, was pretty thorough with every single product of the company and he was known to be pushy and a blunt veteran in the field. Most of the Product Managers were very clear of George's ways of working and had thoroughly prepared for the meeting and were giving to the point answers. George then started with Satish. Satish being new to the product, was quite confused and fared miserably. Preet immediately understood that George had possibly failed to remember that Satish was new to the job. He thought of interrupting George's questioning and giving a discrete reminder that Satish was new. But by that time, George who was pretty upset with the lack of preparation by Satish made a public statement "Gentlemen, you are witnessing here an example of sloppy work and this can't be excused". Now Preet was in two minds - should he interrupt George and tell him that Satish is new in that position OR should he wait till the end of the meeting and tell George privately. Preet chose the second option. Satish was visibly angry at the treatment meted out by George but he also chose to keep mum. George quickly closed the meeting saying that he found in general, lack of planning in the department and asked Preet to stay back in the room for further discussions. Before Preet could give any explanation on Satish, George asked him "Tell me openly, Preet, was I too rough with that boy?" Preet said "Yes, you were. In fact, I was about to remind you that Satish is new to the job". George explained that the fact that Satish was new to the job didn't quite register with him during the meeting. George admitted that he had made a mistake and asked his secretary to get Satish report to the room immediately. A perplexed and uneasy Satish reported to George's room after few minutes. George looking Satish straight into his eyes said "I have done something which I should have never even thought of and I want to apologise to you. It is my mistake that I did not recollect that you were new to the job when I was questioning you". Satish was left speechless. George continued "I would like to state few things clearly to you. Your job is to make sure that people like me and your bosses do not make stupid decisions. We have good confidence in your abilities and that is why we have brought you to the Head Office. For everybody, time is required for learning. I will expect you to know all the nuances of your product in three months'

time. Until then you have my complete confidence". George closed the conversation with a big reassuring handshake with Satish.

Questions:

1. Was it at all necessary for George to apologise to such a junior employee like Satish?
2. If you were in Satish's place, how would you respond to George's apology?
3. Was George correct in saying that Satish is there to correct the "stupid mistake" of his boss and George?
4. Would you employ George in your company?
5. Did Preet make a mistake by not intervening during the meeting and correct George's misconception about Satish?
6. As an HR man, how would you define the character of George - bullying but later regretting? Does his attitude need to be corrected?
7. Would you be happy to have George/Preet as your boss?

Case Study 2

Adam, fresh from school was a newly recruited HR practitioner. During his one month into the job, he was asked to be in-charge of the orientation programme for the entire organisation. Being new, he followed closely to the processes. Recently, Roy joined the organisation and Adam was required to orientate him. On Roy's first day of work, Adam brought him around the organisation for introduction to the rest of the staffs. Unfortunately, Roy's assigned mentor was not around hence, Adam was unable to make an official introduction for Roy to meet up with his mentor. In the afternoon, during the HR briefing, Adam mentioned to Roy that there is a buddy system in place but it is only on an opt-in basis. Roy requested to opt for a buddy. Adam was rather surprised by Roy's request as according to Adam's manager-Jean, no one in the organisation has requested for a buddy. Hence, Adam checked with Jean on the criteria in getting a buddy for Roy and according to her, Adam found out that it needed to be someone preferably from Roy's department. Having clarified on the criteria, Adam was supposed to get a buddy for Roy, unfortunately, this issue was clearly forgotten by Adam due to his busy schedule as he was involved in other HR matters as well and he did not follow up with Roy's request promptly. One week later, Adam met Roy in a lunch gathering and Adam greeted Roy and asked him casually how is he doing and if he has adapted well to his job. Roy, asked Adam blatantly and angrily where is his buddy that he had requested. At that moment, Adam recalled on the existence of this request and unwittingly told Roy that he thought Roy was joking with him on the request for a buddy as he did not want to admit to Roy that he had clearly forgotten about the whole issue. Roy was very angered by Adam's response and told him off that he was very

serious in getting a buddy and that it's Adam's responsibility to do so. Adam, clearly embarrassed and guilty about his mistake, apologised immediately and promised to get him a buddy. On the very day, a buddy- Sam, was found for Roy. Roy was very unhappy with Adam and confronted Adam and his buddy when he was able to have an official meet up session with his mentor. Adam explained to Roy that the organisation has no current practice in place for meet up sessions to be arranged between mentors and mentees and it's a practice for mentees to take self-initiative to do so in arranging for meetings with their mentors and also that his mentor is currently out of town and will only be back the next day. Adam, himself being a new staff also was at that moment in time speaking on personal experience and also based on what Jean had told him. Sam, who was present agreed and helped to explain to Roy on the practice. Roy kept quiet and Adam unknowingly thought that Roy has understood the organisation practice. Hence, Adam did not continue to check with Roy on this aspect. The following day, Roy had a feedback session with his manager and Adam was called upon to sit in as a part of the orientation programme. Roy brought up the issue on Adam's failure to get him a buddy promptly and that he was not introduced to his mentor at all. He complained about the poor management of the HR mentor and buddy system and that it was not effective at all and that he expressed that he is very unhappy with Adam as he felt that he was not doing his job at all. Adam tried to explain to Roy and his manager about what happened and also reassured Roy that he will take his suggestions of improving on the system and was apologetic about the issue. He told Roy's manager that he will bring Roy to see his mentor after the session as his mentor is back in the office after being on leave for the past week. Roy was still very unhappy with Adam and continued telling Adam off in front of his manager.

Questions:

1. On an HR practitioner point of view, what should Adam do to resolve the issue?
2. Roy is very unhappy with Adam and holds it against him even though all has been done and followed up. What should Adam as HR do to resolve this and should Jean, as Adam's manager do something?
3. What role does Roy's manager play in this issue and should he be implicated?

UNIT 3 HUMAN RESOURCE PLANNING

- 3.1 Introduction
- 3.2 Objectives
- 3.3. Meaning and Definition
- 3.4 Features of HRP
- 3.5 Importance of HRP
- 3.6 Factors affecting HRP
- 3.7 Types of HRP
- 3.8 Benefits of HRP
- 3.9 HRP Process
- 3.10 Requisites for Effective HRP
- 3.11 Barriers to HRP
- 3.12 Applications of HRP
- 3.13 HRP in 21st Century
- 3.14 Summary
- 3.15 Glossary
- 3.16 Answer to Check Your Progress
- 3.17 Reference/ Bibliography
- 3.18 Suggested Readings
- 3.19 Terminal & Model Questions
- 3.20 Caselets

3.1 INTRODUCTION

After going through the objectives and significance of HRM in previous units, you now have pretty good idea about the role and functions that HRM play in the organisations. But before thinking about any of those there should be clear picture of its planning before the actual execution.

Therefore, Human Resource Planning(HRP), which is also termed as workforce planning or even resource planning, manpower planning or personnel planning becomes the topic of utmost importance. In fact, Human Resource Planning is the first step in the process of

recruitment and selection of employees after a job analysis has been completed. In a wider organisational perspective, HRP intends to achieve better customer satisfaction, quality improvement and enhanced employee morale.

In this unit we will deal with meaning & Definitions, objectives and Process of Human Resource Planning. Also the unit includes benefits of HRP, Factors influencing the HRP, requisites for effective HRP and the barriers that are faced by Human Resource Planning.

3.2 OBJECTIVES

After reading this unit you should be able to:

- understand the meaning of Human Resource Planning.
- list the factors affecting Human Resource Planning.
- explain the objectives of Human Resource Planning in an organisation.
- describe how managers forecast future demand and supply of human resources in an organisation.
- elucidate the process of Human Resource Planning.
- know how shortage and surplus of manpower at any given time are dealt with in an organisation.
- list the barriers to effective Human Resource Planning.

3.3 MEANING AND DEFINITION OF HRP

To put into simple words, Human Resource Planning (HRP) can be explained as the process of forecasting an organization's future demand for, and supply of, the right type of people in the right number.

It is a prerequisite before any HR department can initiate its recruitment and selection process

DEFINITION OF HRP

It includes the estimation of how many qualified people are necessary to carry out the assigned activities, how many people will be available, and what must be done to ensure that personal supply is in sync with personnel demand at the right point in the future.

Basically it's the process by which an organization ensures that it has the right number & kind of people, at the right place, at the right time, capable of effectively & efficiently completing those tasks that are going to help the organisation achieve its overall objectives

- According to **Wikstrom**, —Human Resource Planning consists of a series of activities, viz.,

(a) Forecasting future manpower requirements, either in terms of mathematical projections of trends in the economic environment and developments in industry, or in terms of judgemental estimates based upon the specific future plans of a company;

(b) Making an inventory of present manpower resources and assessing the extent to which these resources are employed optimally;

(c) Anticipating manpower problems by projecting present resources into the future and comparing them with the forecast of requirements to determine their adequacy, both quantitatively and qualitatively; and

(d) Planning the necessary programmes i.e selection, training, development, utilisation, transfer, promotion, motivation and compensation to ensure that future manpower requirements are properly met.

Few more definitions are given as below;

Workforce planning as — A process in which an organisation attempts to estimate the demand of labour and evaluate the size , nature and sources of supply which will be required to meet the demand – Reilly

Human Resource Planning is a strategy for the acquisition, utilization, improvement and preservation of an organisation’s human resource.– Y.C.Moushell

Human Resource Planning is a process of forecasting an organisation’s future demand for human resource and supply of right type of people in right numbers.– J.Chennly.K

Human Resource Planning is an integrated approach to perform the planning aspects of the personnel function. It ensures sufficient supply of adequately developed and motivated workforce to perform the required duties and tasks to meet organization’s objectives by satisfying the individual needs and goals of organizational members. – Leon C. Megginson

A strategy for the acquisition, utilization, improvement, and preservation of human resources of an enterprise. It is a way of dealing with people in a dynamic situation.– Stainer

The process of determining manpower requirements and the means for meeting those requirements to carry out the integrated plan of the organization. – Coleman

Human Resource Planning as the process by which management determines how the organization should move from its current manpower position to its desired position. Through planning, management strives to have the right number and the right kind of people, at the right places, at the right time, doing right things resulting in maximum long-run benefits both for the organization and for the individual receiving the maximum long range benefit – Vetter

Thus we can see the main purpose of human resource planning is to investigate, forecast, plan, control and match the demand for and supply of manpower.

3.4 FEATURES OF HRP

- Human resource planning is a double-edged weapon.
- If used properly, it leads to the maximum utilisation of human resources, reduces excessive labour turnover and high absenteeism; improves productivity and helps in achieving the objectives of an organisation.
- Faultily used, it leads to interruptions in the flow of work, lower production, decreased job satisfaction, high cost of production and constant alert for the management personnel.

Therefore, for the success of an enterprise, human resource planning is a very important function, which can be neglected only at its own risk.

3.5 IMPORTANCE OF HRP

The process of Human Resource Planning helps the organisation in following ways

1. *Assessing Future Personnel Needs*
 - Surplus or deficiency in staff strength
 - Results in the anomaly of surplus labour with the lack of top executives
2. *Coping With Change*
 - Enables an enterprise to cope with changes in competitive forces, markets, technology, products & government regulations
3. *Creating Pool of Talented Personnel*
 - HR manager must use his/her ingenuity to attract & retain qualified & skilled personnel

- Succession planning

4. *Protection of Weaker Sections*

- SC/ST candidates, physically challenged, wards of the socially crippled & physically oppressed and backward class citizens

5. *Formulation of International Strategies*

- Fill key jobs with foreign nationals and reallocation of employees from within or across national boundaries

6. *Laying Foundation For Personnel Functions*

- Provides information for designing & implementing recruiting, selection, personnel movement(transfers, promotions, layoffs) & training & development

7. *Increasing Investments In Human Resources*

- Human assets increase in value

8. *Overcome Resistance To Change And Move*

- Proper planning is required to do this

9. *Other Benefits*

- Upper management has a better view of the HR dimensions of business decision
- More time is provided to locate talent
- Better opportunities exist for the inclusion of women & other minority groups in future growth plans
- Better planning of assignments to develop managers can be made



Check Your Progress-A

Q1. State the meaning of Human Resource Planning?

Q2. Explain the importance of Human Resource Planning?

Q3. Choose the correct alternative.

- a) HRP is essential for
 - i) Succession Planning
 - ii) Forecasting human needs
 - iii) Both of the above
 - iv) None of the above

- b. Human resource Planning often leads to
 - i) Increases excessive labour turnover
 - ii) Minimum utilization of human resources

 - iii) Delays achievement of objectives
 - iv) Improves productivity

Q4. Fill in the Blanks with appropriate word or words.

- i) Human resource planning ensures proper ----- and ----- of human resources.
- ii) On the basis of time span Human resource planning can be ----- and -----
- iii) HRP includes ----- future manpower demand
- iv) Human resource planning provides----- for other personnel functions

3.6 FACTORS AFFECTING HRP

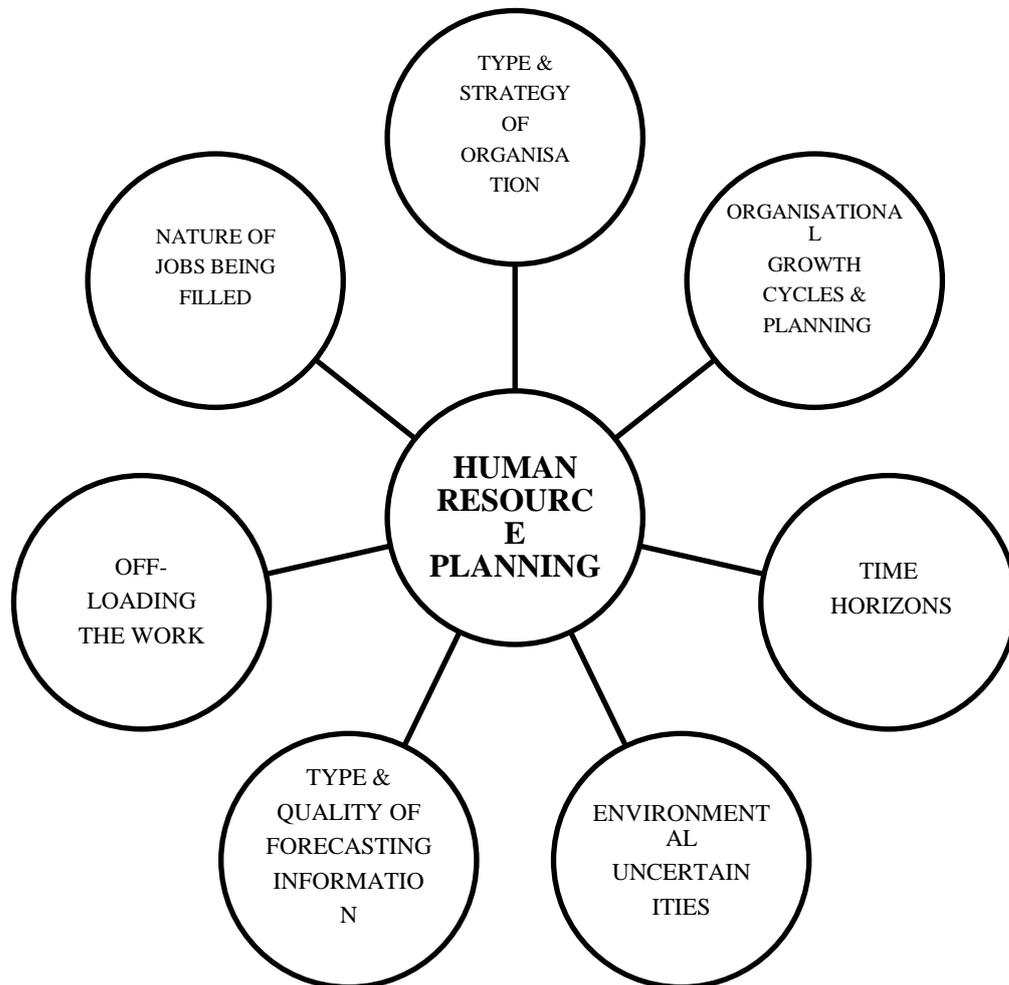


Fig 3.1 Factors affecting Human resource planning (Source : K. Ashwathapa, 2010)

I. TYPE & STRATEGY OF ORGANISATION

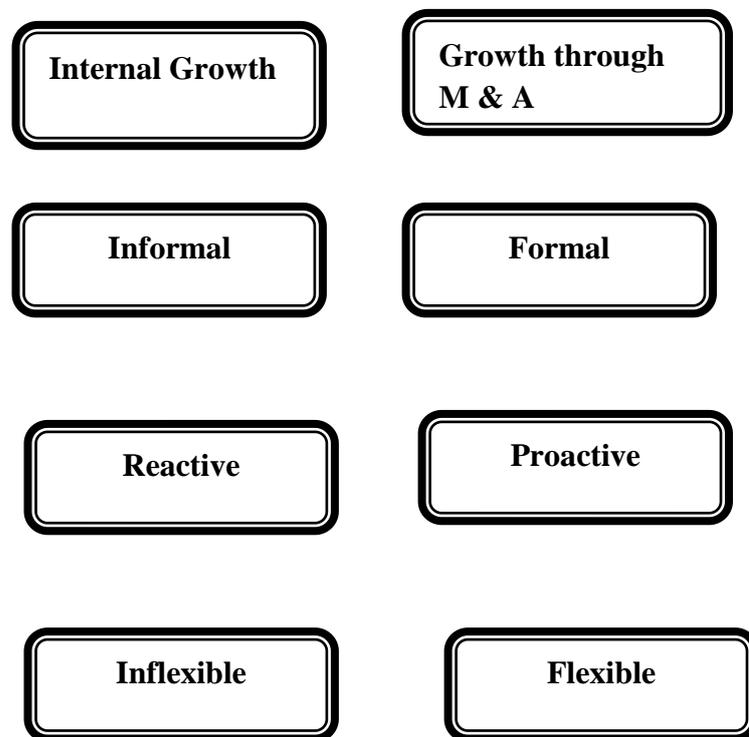


Fig 3.2 Strategic Choices in Human Resource Planning (Source : Adapted from Strategic Human Resource Management by William P. Anthony et al, p. 181)

II. ORGANIZATIONAL GROWTH CYCLES & PLANNING

- Embryonic stage – No personnel planning
- Growth stage – HR forecasting is essential
- Maturity stage – Planning more formalized & less flexible
- Declining stage – Planning for layoff, retrenchment & retirement

III. ENVIRONMENTAL UNCERTAINTIES

- Political, social & economic changes
- Programmes are decided in alignment with HRM programme through succession planning, promotion channels, layoffs, flexi time, job sharing, retirement, Voluntary retirement scheme, etc

IV. TIME HORIZONS

- Short-term & Long-term plan

V. TYPE & QUALITY OF FORECASTING INFORMATION

- Type of information which should be used in making forecasts

VI. NATURE OF JOBS BEING FILLED

- Difference in employing a shop-floor worker & a managerial personnel

VII. OFF-LOADING THE WORK

- Giving part of organisation's work to outside parties

3.7 TYPES OF HUMAN RESOURCE PLANNING

1. On the basis of time span, Human Resource Planning may be classified as;

a) Short Term Human Resource Planning:-

Short term Human Resource Planning is made for a short time , mostly for a period of not more than two years. These plans are more concerned with how to match the existing requirements of the workforce for the ongoing projects and assignments. It is possible to have a range of workforce from less capable individuals to the ones with unutilized potential. So the main challenge in short term Human Resource Planning is to strike the balance between jobs and individuals as best as possible.

b) Long term Human Resource Planning:-

Long Term Human Resource Planning is concerned with fulfilling future vacancies as opposed to matching the present set of jobs with the present workforce. It includes estimating future needs, matching it with current stock, and taking the actions accordingly. It should be made flexible to accommodate changes as per the business environment

2. On the basis of nature Michael Armstrong (2010) categorized Human Resource Planning as;

a) Hard Human Resource Planning:- It ensures that the right kind of employees are present in right numbers i.e. Hard HRP is based on quantitative analysis

b) Soft Human Resource Planning:- As specified by **Marchington and Wilkinson** (1996), —soft HRP focuses on creating and shaping the culture of the organisation so that there is a clear integration between corporate goals of employee values , beliefs and behaviors. They also pointed out that soft human HRP is actually synonymous with the whole human resource management.

3.8 BENEFITS OF HRP

Human Resource Planning is one of the most important dimensions of Human Resource Management. Few of its benefits are mentioned below

1. Since HRP helps in determining the shortages and/or surplus of manpower in anticipation, it helps in reduction of labour costs and saves from last moment panic
2. It leads to the optimum utilisation of available human resources in the organisation.
3. HRP helps in identifying the gaps between the existing and expected number and types of manpower and helps in filling the gaps by proper training and other methods.
4. HRP helps in evaluating the effectiveness of Human resource policies and programmes in an organisation.
5. It facilitates selection and training of employees with adequate knowledge, experience and aptitude so as to carry on and achieve the organizational objectives.
6. Along with succession planning, HRP aids in development of employees as well.
7. Planning about human resources helps in the improvement of overall Business Planning.



Check Your Progress-B

Q1. Mention the factors affecting human resource planning.

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Q2. Differentiate between soft and hard HRP with the help of examples.

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Q3. Enlist few benefits of planning human resources.

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.....

Q4. Match the correct pair of organizational growth cycles & planning.

- | | |
|--------------------|---|
| a) Embryonic stage | i. HR forecasting is essential |
| b) Growth stage | ii. Planning more formalized & less flexible |
| c) Maturity stage | iii. Planning for layoff, retrenchment & retirement |
| d) Declining stage | iv. No personnel planning |

Q5. Multiple Choice Questions-

a. Which of the following does not have any influence on the Human Resource Planning process?

- I. Time horizon
- II. Nature of Job
- III. Leadership style
- IV. Environmental Uncertainty

b. Which one of the following is a type of Human Resource Planning?

- I. Hard HRP
- II. Long term HRP
- III. Short term HRP
- IV. All of the above

3.9 HRP PROCESS

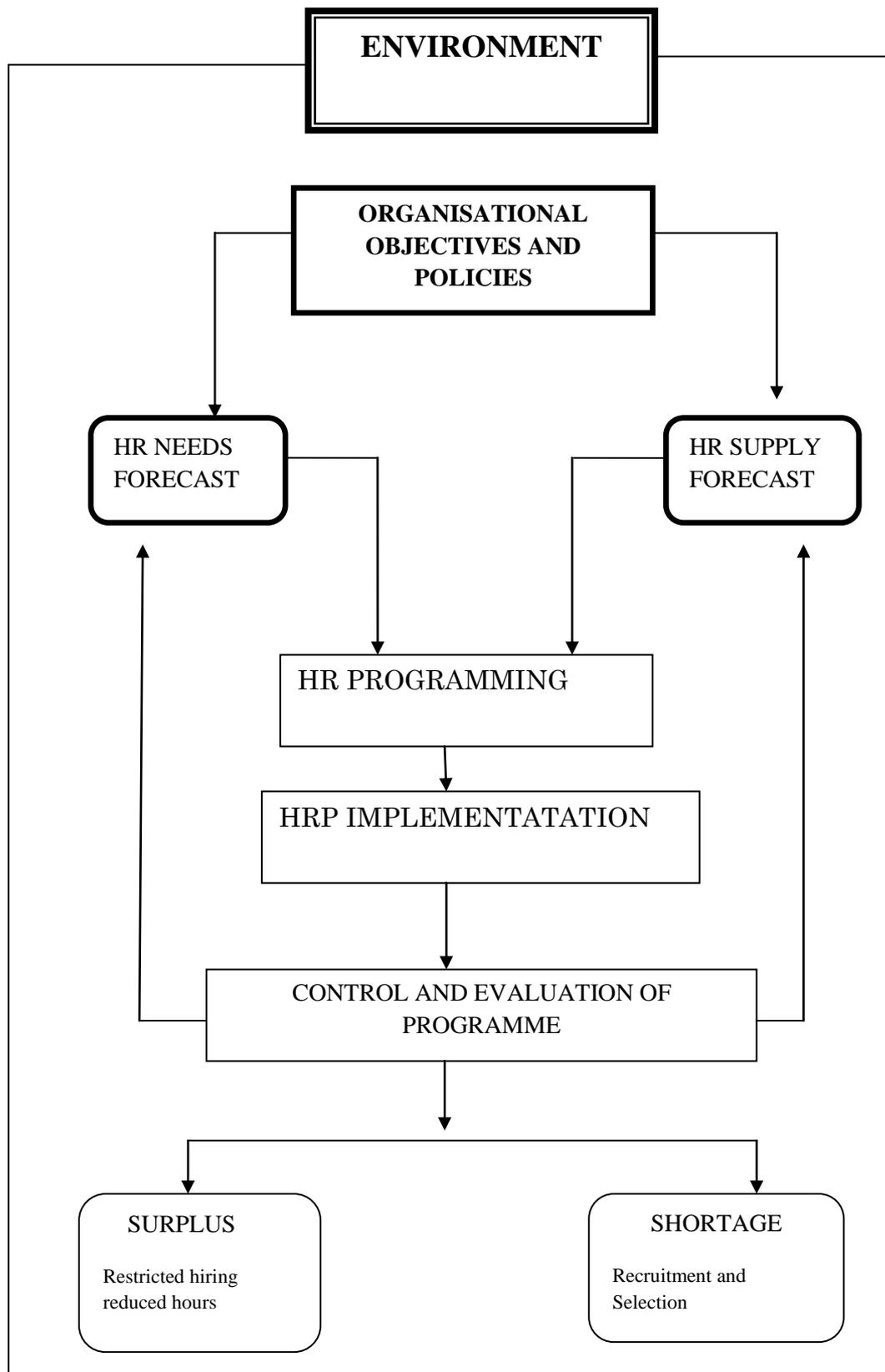


Fig 3.3 THE HRP PROCESS (Source : K. Ashwathapa, 2010)

(i) Organizational Objectives and Policies

- HR plans need to be based on Organizational Objectives.
- The role of HRP is to help in achieving the overall objectives by ensuring availability and utilization of Human Resources.
- In order to develop these objectives, specific policies need to be formulated to provide answer to the following questions:
 - Are vacancies to be filled from promotions from within or hiring from outside?
 - How do training and development objectives interfere with the HRP objectives?
 - What union constraints are encountered in HRP and what policies are needed to handle these constraints?
 - How to enrich employee's job? Should the routine and boring jobs continue or be eliminated?
 - How to downsize the organization to make it more competitive?

(ii) HR Demand Forecast

- Demand forecasting is the process of estimating the future quantity and quality of people required.
- The forecast must be based on the annual budget and long-term business plan, further translated into activity levels for each function and department
- Demand forecasting must consider both internal as well as external factors.
- Among external factors major ones are competition (both foreign and domestic), economic climate, laws and regulatory bodies, changes in technology and social factors.
- Internal factors include budget constraints, change in levels of production, addition of new products and services, reframed organizational structure and employee separation.

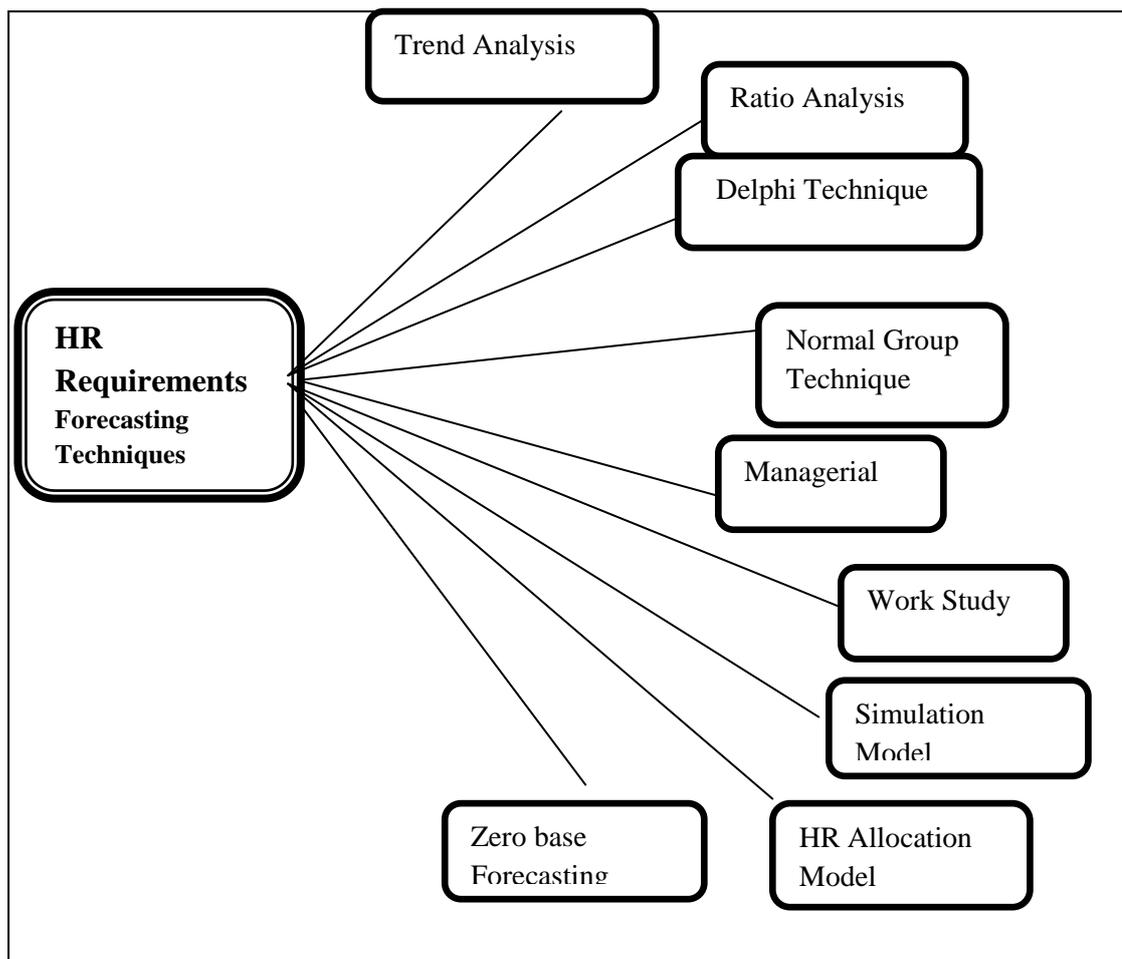


Fig. 3.4 Human Resource Forecasting Techniques (Source :Gupta & Joshi, 2016)

Trend analysis

- Simplest technique
- Based on past events
- Involves the comparison of any factor that influences HR requirements over a considerable period of time through a simple statistical analysis.

Ratio analysis

- This is the quickest forecasting technique.
- This technique involves studying past ratios, say, between the number of workers and sales in an organization and forecasting future ratios, making some allowance for changes in the organization or its method.

Work-study techniques

- Work study techniques are especially used when it is possible to measure work so that the length of operations can be calculated and also the amount of labour required.

Delphi technique

- This technique is the method of forecasting personnel needs.
- It estimates personnel needs with the help of a group of experts, usually managers.
- The HRP experts act as facilitators, summarize the various responses given by experts and then report the findings back to the experts for their review.
- These summaries and surveys are repeated till all the experts opinions begin to coincide

Nominal Group Technique

- Group forecasting technique.
- Interactive mode of decision making with a difference.
- Each expert independently develops HR requirements and presents it before other experts in the group.

Managerial Judgement

- Forecasts are made for the HR needs usually by the senior managers in the organisation.
- Based on managers' subjective views mostly based on experience and expertise.

Zero Base forecasting

- New entrant in the existing series of techniques to forecast Human requirements in the organisation.
- Requires line managers to justify the need to continue with the positions or jobs that fall vacant in their department.
- Zero Base forecasting requires managers to conduct a comprehensive study of the utility of each vacancy before seeking replacements

Simulation Model

Mathematics –oriented, software enabled technique.

- Team based approach towards HR Forecasting.
- Exclusive simulation models are available for HR forecasting.
- Involves asking several what- ifs questions

Human Resource Allocation Approach

- Method based on object oriented simulation model.
- This method has four components
 - i. employees, including their education, experience and competencies
 - ii. Functions, including job structure and the changes in them
 - iii. a matching model, and
 - iv. a formal rule structure comprising the policy of the organisation towards job allocation

This method allows comprehensive modelling of the interaction among these components

(iii) HR Supply Forecast

Supply forecasting measures the total number of employees likely to be available – both existing employees and those from outside, after making sufficient allowance for absenteeism, transfers & promotions, wastage and changes in hours and other working conditions.

- Makes quantitative estimation of people and positions expected in near future.
- Clarify the staff mixes.
- Prevent shortage of people.
- Assess present staffing levels in different parts of organization.

Supply Analysis

- Existing human resources
- Internal sources of supply
- External sources of supply

Existing human resources

- **Skill inventories** – info about non-managers.
 1. Personal data
 2. Skills
 3. Special qualifications
 4. Salary and job history
 5. Company data
 6. Capacity of individual

7. Special preference of individual

- **Management inventories**

1. Work history
2. Strengths
3. Weakness
4. Promotion potential
5. Career goals
6. Personal data
7. Number and types of employees supervised
8. Total budget managed
9. Previous duties performed

Internal supply and techniques

Replacement Charts

- Records that contain details about the currently serving employees and the possible replacements for the present job holders.
- Also contain information about the potentiality of existing employees regarding future promotions.

These are of two types, namely;

- Position replacement Chart (possible replacement for each position)
- Personnel Replacement chart (potential for promotion of the internal candidate)

Markov Analysis

- Shows the percentage (and actual number) of employees who remain in each job from one year to the next , thus keeping track of the pattern of employee movements through various jobs
- Results in composite matrix of supply.
- Staffing tables
- Pictorial representations of all organisation jobs, along with the number of employees currently occupying these jobs and future employment requirements.

Inflows and outflows (IS)

IS= current supply – outflow + inflow

Turnover rate = $\frac{\text{No. of separations during one year}}{\text{Average no of employees during the year}} \times 100$

Conditions of work and absenteeism.

Absenteeism is given by $\frac{\text{no of persons – days lost}}{\text{Average no of persons} \times \text{no of working days}} \times 100$

Productivity level

- Productivity and performance levels also influence the HR forecasting of an Organisation.
- When productivity level increases, it brings down the HR requirement of the organisation

Human Resource Information System

- Online software that meets the various HR needs.
- HRIS contains information regarding skills, abilities, qualifications, competencies, Job performance and job related behavior of the employees.

External supply

- New blood and new experience.
- To replenish old personnel.
- Organizational growth and diversification

(iii) HR programming

- After workforce demand and supply are forecast the vacancies are required to be filled at right time with right kind of employees.

(iv) HR Plan implementation

Translating HR plan into action. Action to be taken includes;

- Recruitment
- Selection & placement
- Training and development
- Retraining & redeployment
- The retention plan
- The redundancy plan
- The succession plan

Recruitment, Selection & Placement

If there is **shortage** of employees then

- Hire new full-time employees
- Offer incentives for postponing retirement
- Re-hire retired employees on part-time basis
- Attempt to reduce turnover
- Bring in over-time for present employees
- Subcontract work to another company
- Hire temporary employees
- Re-engineer to reduce needs

If **surplus** of employees is expected then;

- Do not replace employees who leave
- Offer incentives for taking early retirement
- Transfer or redeploy excess employees
- Use available slack time for employees training or equipment maintenance
- Reduce work hours
- Lay off employee

Training and development:

- It covers no. of trainees required.
- Its necessity for existing staff.
- Identification of resource personnel for conducting development programmes.
- Frequency of training and development programmes.
- Budget allocation

Retraining and redeployment:

- New skill should be imparted to existing employee

Retention plan:

- Compensation plan
- Performance appraisal
- Employees leaving in search of green pastures
- Employees leaving because of conflict
- The induction crisis
- Unstable recruits

Downsizing plan

- Who is to be made redundant and where and when.
- Plans for re-development or re-training.
- Steps to be taken to help redundant employees find new jobs.
- Policy for declaring redundancies.
- Programme for consulting with unions or staff associations

Managerial succession planning

- Analysis of demand
- Audit of existing executives
- Planning of individual career path
- Career counselling
- Accelerated promotions
- Performance related training and development
- Planned strategic recruitment
- Filling the openings

(vi) Control and evaluation

- Establish the reporting procedures
- Identifying who are in post and those who are in pipe line
- It should report employment costs incurred against budget allocated and observe trends in wastage

3.9.1 HR Planning Responsibilities

While going through the process of Human resource planning did you wonder who does this planning in an organisation?

Well, in most of the organisations, that do HR planning, the top HR executive and subordinate staff specialists have most of the responsibilities of this planning. However, other managers must provide information (See Table 3.1) for the HR specialists to analyse. In turn those managers need to receive data from the HR unit

Table 3.5: Typical Division of HR Responsibilities: HR Planning (Source –Mathis & Jackson, 2004)

HR Unit	Managers
<ul style="list-style-type: none"> □ Participates in strategic planning process for entire organisation Identifies HR strategies □ Designs HR planning data system Compiles and analyses data from managers on staffing needs □ Implements HR plan as approved by top management 	<ul style="list-style-type: none"> □ Identify supply and demand needs for each division/ department □ Review/discuss HR Planning information with HR specialists □ Integrate HR plan with departmental plans □ Monitor HR plan to implement changes needed □ Review employee succession plan in association with overall HR plan

Time Scale of HR Forecast

Table 3.6: Manpower forecasts (Source – Bhattacharya, Deepak, 2013)

Time Frame	Requirement Basis	Availability	Action	Plans to meet Requirements
Less than 1 year	Annual Budget (Operational Plans)	Existing manpower + Contractual Manpower	contractors, overtime recruitment, contractual restructuring and layoffs	, on terms, and
1-2 years	Forecasted budget or forward budget (Business Plans)	Current Manpower – Projected Attrition	Transfer, restructuring, redundancy, Training and development	promotion,
2-5 years	Long term plans	Projected Manpower	Succession plans, recruitment, Training and development, restructuring and redundancy	
More than 5 years	Perspective plans	Labour market, education system	Succession plans, management development, organisational development, redeployment, restructuring	job

3.10 REQUISITES FOR EFFECTIVE HRP

1. HRP must be recognised as an integral part of corporate planning.
2. Support of top management for HRP is absolutely essential.
3. HRP responsibilities should be centralised in order to coordinate consultation between different management levels.
4. Personnel records must be complete, updated and readily available.
5. The time horizon of the plan must be long enough to allow any remedial action.
6. The techniques of planning should be commensurate with the data available and the degree of accuracy required.
7. Plans should be made in accordance with the levels of skills.
8. Data collection, analysis, interpretation, techniques being used for planning and the plans themselves need to be constantly revised and improved in the light of experience

3.10 .1 Guidelines for Making Human Resource Planning Effective

1. **Adequate information system:** The main problem faced in Human Resource Planning is the lack of information. So, an appropriate Human resource database should be maintained or developed in the organisation for more accurate and better coordinated Human Resource Planning.
2. **Participation:** To be successful, Human Resource Planning requires active participation and coordinated efforts on the part of operating executives. Such participation will not only help to improve comprehension of the process but also reduction of resistance from the top management.
3. **Proper organisation:** Human Resource Planning should be adequately organised; a separate dedicated section or committee may be constituted within the HR department to provide adequate focus and to coordinate the planning efforts at various levels.
4. **Human Resource Planning should be balanced with corporate planning:** Human resource plans should be sync with the corporate plans of the enterprise. The methods and techniques used should match with the objectives, strategies and overall environment of the organisation.

5. **Appropriate time horizon:** The duration of manpower plans should be appropriate as per the needs and circumstances of the specific organisation. Of course, the size and structure of the enterprise along with the ever changing aspirations of the people should be considered

3.11 BARRIERS TO HRP

The following are the Barriers to Human Resource Planning;

- People may sometimes question the relevance of making HR practices future oriented and also role assigned to various HR practitioners in the direction of formulation of organizational strategies.
- HR practitioners are considered as expert in handling personnel matters only, and their calibre to manage business is often doubted.
- HR information often is incompatible with the information used in strategy formulation.
- Conflicts may exist when it comes to choose between short term and long term HR needs.
- Conflicts between quantitative and qualitative approaches to HRP.
- Non-involvement and lack of support of operating managers renders HRP ineffective.

3.12 APPLICATIONS OF HRP

The report given by Institute for Employment Studies, (Reilly P, 1996) highlights the kind of approach companies might wish to pursue. Most of the organisations are likely to go for HRP systems:

- which respond to change.
- where there is a provision to modify assumptions easily.
- that revolves around the total skills sets available in the organisation.
- where little bit of flexibility in supply is allowed.
- that are simple to understand and use
- Which are not too time demanding

To operate such systems organisations need:

- appropriate demand models.
- good monitoring and corrective action processes.

- comprehensive data about skill sets and attributes of present employees and the external labour market.
- An understanding how resourcing works in the organisation

If HRP techniques are overlooked decisions made might not avail the full benefit of understanding their implications. There are chances that management succession problems will develop unnoticed.



Check Your Progress-C

Q1. Name various steps of Human Resource Planning Process.

Q2. Enlist various factors that affect the supply of human resources.

Q3. Choose the correct alternative.

- a. The first factor in deciding the supply of labour
- i. developing staffing tables
 - ii. issuing advertisements
 - iii. analyzing labour markets
 - iv. auditing present employees

b. Replacement Charts:

- i. Show likely Terminations
- ii. Indicate the current performance of employees and their promotability
- iii. Display the weakness and strengths of employees
- iv. Point out future HR needs for each job

Q4. State whether true or false.

- i. Human Resource forecasts can be very accurate.
- ii. Only relevant labour markets should be analyzed to estimate supply.
- iii. Planners have little flexibility in dealing with short term shortages of employees.
- iv. The basis for human resource planning is the supply of employees.

3.13 HUMAN RESOURCE PLANNING IN 21ST CENTURY

As Cascio (2009) stated, where in the past Human Resource Planning used to be reactive as human needs were determined by the business needs. Today, Manpower planning needs to be integrated with overall strategic (business) planning in a long term proactive perspective in consonance with the demand of socio-economic business environment.

The change as well as the pace of change has been triggered. Instead of preparing HR plan as an annual ritual, companies these days are even preparing quarterly HR plan. Thus, along with long term human resource planning, short term planning holds equally important status. Now forward looking, Strategic job analysis is also being done to identify skills and abilities even for those jobs which does not exist at present but may be needed in future.

3.14 SUMMARY

Human Resource Planning, or HRP, is the ongoing, continuous process of systematic planning to achieve optimum use of an organization's most valuable asset — its human resources.

Human resource planning should be integrated with other business policies

The objective of human resource planning is to ensure the best fit between employees and jobs while avoiding manpower shortages or surpluses.

When developing HR plans, it is important for managers to scan the external environment to identify the effects of governmental influences, economic conditions, geographic and competitive concerns, and workforce composition and patterns

HRP is the responsibility of both Line and staff managers

The four key steps of the human resources planning process are analyzing present labor supply, forecasting labor demand, balancing projected labor demand with supply and supporting organizational goals.

The techniques for forecasting HR requirements are trend analysis, Ratio Analysis, Delphi technique, nominal group technique, managerial judgement, work study techniques, Zero base forecasting, simulation model, and human resource allocation approach.

The techniques for forecasting HR availability through internal sources are replacement charts, turnover rate, human resource information system, productivity level, overtime and absenteeism and succession planning

Management of HR surpluses may require downsizing, attrition, layoffs, early retirements and outplacements are commonly used

The overall goal of HR planning is to have the optimal amount of staff to make the most money for the company. Because the goals and strategies of the company change over time, human resource planning is a regular occurrence.

The barriers to the HR planning process are insufficient realisation of the importance of HR Plans, a glut in the labour market, union resistance, cost benefit misconceptions, the absence of coordination and future uncertainty



3.15 GLOSSARY

Delphi Technique: Estimates HR demands taking into consideration on the basis of experts opinion.

Demand Forecast: An estimate of the numbers and kinds of employees the organisation will require at a future date in order to realise its stated goals.

Downsizing: A reduction in company's workforce.

Dual Career Couple: A situation where a wife and husband both have careers.

Early Retirement: Retirement before the superannuation (attaining the age of 65 years).

Employee Leasing: Obtaining readymade pool of human resources from a leasing firm.

Environmental Scanning: Systematic monitoring of the major external forces influencing the organisation.

External Environmental Influences: The environmental forces outside the organisation, such as government, economic conditions, unionism etc

Hard Human Resource Planning: Based on quantitative analysis to ensure availability of right kind and number of people at right time

HR Audits: Conducted to record each member's skills, knowledge and abilities.

Human Resource Forecast: An attempt to predict an organisation's future demand and supply.

Human Resource Information System: Organised approach for obtaining relevant and timely information on which to base human resource decisions.

Human Resource Inventory: Describes the skills present within the company.

Human Resource Planning: Process that helps to provide adequate human resources to achieve future organisational objectives.

Long term Human Resource Planning: Concerns fulfilling future vacancies rather than matching the present incumbents to present jobs.

Management Development: Process by which managers acquire skills , experience and attitude for further growth.

Management Inventories: Audit of managers for the portrayal of their skills , knowledge and inventories.

Outplacement: Assistance provided by some firms to individuals whose services have been ceased. This assistance may be in the form of resume preparation, counselling or even training.

Outsourcing: The practice of hiring another firm to complete work efficiently and smoothly.

Ratio Trend Analysis: Carried out by studying past ratios.

Recruitment: the set of activities organisation uses to attract the right candidates needed to achieve organisational objectives.

Replacement Charts: A depiction of who will replace whom in the event of job opening.

Selection: The process by which the organisation chooses from a list of applicants the best candidates who meet all the standards set for a particular job.

Short term Human Resource Planning: Human resource planning done for a period not more than two years.

Skill Gap: Mismatch between the high skills demand of the job and lack of qualifications of the incumbents.

Skills Inventories: Auditing of skills and abilities of non managers.

Soft Human Resource Planning: Focuses more on creating and shaping the culture of the organisation to attain integration between corporate goals and individuals beliefs and values.

Staffing Table: A chart showing future employment needs for each type of job.

Succession Planning: Filling a vacancy through a well thought career planning program.

Supply Forecast: Determination of whether the firm will be able to secure employees with the necessary skills, and from what sources.

Training: Systematic process for altering the behaviour of the employees in the desired direction.

Trend Analysis: Studying variation in a firm's employment levels over the last few years.

Turnover Rate - Rate at which people leave an organisation.



3.16 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

3. a) iii
 b) iv
4. i) quantity, quality
 ii) long term , short term
 iii) forecasting or estimating
 iv) foundation

Check Your Progress –B

4. a-iv b-i c-ii d-iii
5. a-iii b-iv

Check Your Progress –C

3. a - iv b – ii
4. i - F
ii- T
iii - T
iv - F

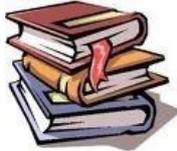


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3.19 TERMINAL QUESTIONS

- Q1. What do you understand by Human Resource Planning? State its significance.
- Q2. Critically evaluate the factors influencing the HRP process
- Q3. Discuss the steps involved in Human Resource Planning Process.
- Q4. Discuss the nature and principles of short term and long term planning.

- Q5. Enumerate the various techniques available to forecast the Manpower needs of an organisation.
- Q6. How are HR Supplies estimated?
- Q7. Differentiate between staffing tables and replacement charts.
- Q8. Define the term HRP. Also mention the features of HRP
- Q9. Explain the conditions required for the successful development and execution of HRP.
- Q10. What are the impediments to an effective Human Resource Planning?
- Q11. Why is HR Planning more common in bigger organisations as compared to small organisations?
- Q12. Discuss the problems in Human Resource Planning.
- Q13. “Human Resource Planning is a precondition for efficient management of human resources” Comment.
- Q14. “Due to globalisation of business, Human Resource Planning becomes more significant and complex” Analyse.
- Q15. Why must HR planning be seen as a process flowing from the organisational strategic plan?
- Q16. Assuming yourself to be the HR manager of company APCL , Prepare an HR Plan for the proposed merger and acquisition
- Q17. In a large organisation how are the demand and supply of human resource assessed?
- Q18. Assume that as a result of HR planning, a hospital identifies a shortage of physiotherapists but a surplus of administrative workers. Discuss the actions that might be taken to address these problems, and explain why they must be approached carefully.



3.20 CASE LETS

Read both the cases carefully and answer the questions given in the end. Both the cases are too simple to understand and easy to analyse for you so go for it !!!

(These cases have been adapted from a book on Human Resource Management by A.K.Singh et al , 2009)

CASE STUDY 1

To remain among the top performers in the region Dhruv Chem Limited planned for automation of its production, operations and control functions in the year 2000. Taking care of all resources including Human Resources in this computerisation drive the company was all set to see the changes it brings. The present inventory as well as the future requirements of human resources among various categories in the production department is mentioned below-

Workforce Category	Present Inventory	Requirement post computerisation	Surplus
Chemical Engineers (Operations)	15	8	7
Chemical Engineers (Maintenance and Control)	10	6	4
Mechanical Engineers (Maintenance)	2	2	0

Supervisors	10	2	8
Operators	30	10	20
Quality Controllers	5	1	4
	72	29	43

By the end of year 2001, the proposed computerisation was done. Finally when the production with the help of new computerised process started, to the management's shock very few employees were suitable to their new jobs and the information provided by the committee on Human Resource Planning did not match with the reality.

Questions

- Q1. What is the main problem in this case?
- Q2. Who is responsible for present state of affairs?
- Q3. What measures would you suggest to deal with the problem?
- Q4. How can the interests of surplus staff be protected?

CASELET 2

Vision Enterprises is into manufacturing and marketing Domestic appliances business in India since long. Recently the company entered into Joint Venture collaboration with a well MNC based in United States. The Main objective of the Joint Venture included technology upgradation and productivity improvement.

In a recent survey conducted, the company was not only rated to be over staffed but also inefficiencies of various orders were also noticed. More than 3000 employees of the company are also unionised.

Questions

Q1.State the main problem in the above case .

Q2. Would you suggest human resource planning at this stage to deal with the problem?

Q3. What steps should have been initiated to ensure the success of the joint venture?

UNIT 4 JOB ANALYSIS AND JOB DESIGN

- 4.1 Introduction**
- 4.2 Objectives**
- 4.3 Job Analysis**
- 4.4 Job Description**
- 4.5 Job Design**
- 4.6 Job Simplification**
- 4.7 Job Enlargement**
- 4.8 Job Rotation**
- 4.9 Job Enrichment**
- 4.10 Summary**
- 4.11 Glossary**
- 4.12 Answer to Check Your Progress**
- 4.13 Reference/ Bibliography**
- 4.14 Suggested Readings**
- 4.15 Terminal Questions**

4.1 INTRODUCTION

Human Resource Management process really begins with deciding what the job entails and ends with employee's welfare in an organization. The main purpose of this unit is to show how to analyse a job, write a job description, designing of a job and ultimately job evaluation. We'll see that analysing jobs involves determining in detail what the job entails and what kind of people the firm hire for that job.

4.2 OBJECTIVES

After reading this unit you will be able to understand:

- Job analysis and its process.
- How to write job description?
- Job designing.
- How to conduct job evaluation?

4.3 JOB ANALYSIS

Organizations consist of jobs that have to be staffed. Job Analysis is the procedure through which we determine the duties and skill required for a particular positions and the characteristics of the person who should be hired for it. Job Analysis procedure helps to produce information that is required to write Job Description (a list of what the job entails) and Job Specification (what kind of people to hire for the job).

The supervisor or HR specialist normally collects one or more of the following types of information via the Job Analysis:

- Work Activities,
- Human Behaviour,
- Machines, Tools, Equipment and Work Aids,
- Performance Standards,
- Job Context and
- Human Requirement.

Uses of Job Analysis Information

The information so collected through the process of Job Analysis is used for the following purposes:

- Recruitment and Selection,
- Compensation,
- Training and Development,
- Performance Appraisal,
- Discovering Unassigned Duties and
- Legal Compliance,

Steps involved in Job Analysis Process

Step 1: Determine how you'll use the information, since this will determine the data you collect and how you collect them. Some data collection techniques – like interviewing the employee and asking what the job entails- are good for writing job description and selecting employees for the job. Other techniques, like the position analysis questionnaire, do not provide qualitative information for job description. Instead, they provide numerical ratings for each jobs; these can be used to compare jobs for compensation purposes.

Step 2: Review relevant information such as organizational charts, process charts and job description. Organizational chart shows the organization-wide division of work, how the job in question relates to other jobs, and where the job fits in the overall organization. The chart

should show the title of each position and by means of interconnecting lines, who report to whom and with whom the job incumbent communicates.

A Process Chart is a more detailed picture of work-flow. In its simplest form a process chart shows the flow of inputs to and outputs from the job you're analysing. Finally, the existing job description, if there is one, usually provides a starting point for building the revised job description.

Step 3: Selection of representative position. There may be too many similar jobs, to analyse them all. For example, it is usually unnecessary to analyse the jobs of 200 assembly workers when a sample of 10 jobs will do.

Step 4: Actually analyse the Job by collecting data on job activities, required employee behaviours, working condition and human traits and abilities needed to perform the job. For this step, use one or more of the job analysis methods.

Step 5: Verify the job analysis information with the worker performing the job and with his/her immediate supervisor. This will help confirm that the information is factually correct and complete. This review can also help gain the employee's acceptance of the job analysis data and conclusions, by giving that person a chance to review and modify your description of job activities.

Step 6: Develop a Job Description and Job Specification. These are two tangible products of the job analysis. The job description is a written statement that describes the activities and responsibilities of the jobs, as well as its important features, such as working conditions and safety hazards. The job specification summarizes the personal qualities, traits, skills and background required for getting the job done. It may be in a separate document or in the same document as the job description.

Methods for Collecting Job Analysis Information

There are various ways to collect information on a job's duties, responsibilities and activities. There may be described as:

- Interview Method.
- Questionnaires.
- Observation.
- Participants Diaries/ Logs.
- Quantitative Job Analysis.
- Internet Based Job Analysis

Interview Method

Job analysis interview range from completely unstructured interviews to highly structured ones containing hundreds of specific items to check off.

Managers may conduct individual interviews with each employee, group interview with group of employees who are performing same jobs, and/or supervisor's interview with one or more supervisors who know the job. They use group interviews when a large number of employees are performing similar or identical work, since it can be a quick and inexpensive way to gather information. As a rule, the worker's line manager attends the group session; if not, you can interview the supervisor separately to get that person's perspective on the job's duties and responsibilities.

Whichever kind of interview you use, you need to be sure the interviewee fully understands the reason for the interview. There's a tendency for workers to view such interviews, rightly or wrongly, as 'efficiency evaluation'. If so, interviewees may hesitate to describe their jobs accurately.

Some of the typical interview questions are as:

- What is the job being performed?
- What are the major duties of your position? What exactly do you do?
- What physical location do you work in?
- In what activities do you participate?
- What are the job's responsibilities and duties?
- What are the basic accountabilities or performance standards that typify your work?
- What are your responsibilities? What are the environmental and working conditions involved?
- What are the job's physical demands? The emotional and mental demands?
- What are the health and safety conditions?
- Are you exposed to any hazards or unusual working conditions?

Interviewing Guidelines

To get the best information possible, keep several things in mind when conducting a job analysis interview.

- Quickly establish rapport with the interviewee. Know the person's name, speak in easily understood language, briefly review the interview's purpose and explain how the person was chosen for the interview.
- Preferably follow a structured guide or checklist, one that lists questions and provides space for answers. This ensures you'll identify crucial questions ahead of time and that all interviewers (if more than one) cover all the required questions.
- When duties are not performed in a regular manner- for instance, when the worker does not perform the same duties repeatedly many times a day- ask the worker to list his/her duties in order or importance and frequency of occurrence. This will

ensure that you don't overlook crucial but infrequently performed activities. Like a nurse's occasionally emergency room duties.

- After completing the interview, review and verify the data. Specifically, review the information with the worker's immediate supervisor and with the interviewee.

Questionnaires

Having employees fill out questionnaires to describe their job-related duties and responsibilities is another popular way to obtain job analysis information.

You have to decide how structured the questionnaire should be and what questions to include. Some questionnaires are very structured checklists. Here each employee gets an inventory of perhaps hundreds of specific duties or tasks. He or she is asked to indicate whether or not he or she performs each task and, if so, how much time is normally spent on each. At the other extreme, the questionnaire can be open ended and simply ask the employees to describe the major duties of your job.

Observation

Direct observation is especially useful when jobs consist mainly of observable physical activities- assembly-line workers and accounting clerks, are examples. On the other hand, observation is not usually appropriate when the job entails a lot of mental activities such as lawyer, designer or engineer. Nor it is useful if the employee is occasionally engages in important activities, such as a nurse who handles emergencies. And reactivity- the worker's changing what he or she normally does because you are watching- can also be a problem.

Managers often use direct observation and interviewing together. One approach is to observe the worker on the job during a complete work cycle. Here, you take notes of all the job activities. Then, after accumulating as much information as practical, you interview the worker. Ask the person to clarify point not understood and to explain what other activities he or she performs that you didn't observe. You can also observe and interview simultaneously, asking questions while the worker perform his/her job.

Participant Diary/Logs

Another method is to ask workers to keep a diary/log of what they do during the day. For every activity engaged in, the employee records the activity in a log. This can produce a very complete picture of the job, especially when supplemented with subsequent interviews with the worker and the supervisor. The employee, of course, might try to exaggerate some activities and under play other. However, the detailed, chronological nature of the log tends to mediate against this.

Diary/logs have gone high-tech. Some firms give employees pocket dictating machine and pagers. Then at random times during the day, they page the workers, who dictate what they are doing at that time. This approach can avoid one pitfall of the traditional diary/log method: relying on workers to remember what they did hours earlier when they complete their logs at the end of the day.

Quantitative Job Analysis Techniques

Qualitative method like interviews and questionnaires are not always suitable. For example, if your aim is to compare jobs for pay purpose, a mere listing of duties may not suffice. You may need to say that, in effect, 'Job A is twice as challenging as Job B, and so is worth twice the pay'. To do this, it helps to have quantitative ratings for each job. The position analysis questionnaire approach is used as quantitative methods for doing this.

Position Analysis Questionnaire (PAQ)

PAQ is a form of questionnaire used to collect quantifiable data concerning the duties and responsibilities of various jobs.

PAQ is probably the most popular quantitative job analysis tool, and consist of a detailed questionnaire containing 194 items. The items such as, 'written material', each represent a basic element that may or may not play a role in the job. The 194 items each belongs to one of five PAQ basic activities:

- i. Having decision making/ communication/ social responsibilities.
- ii. Performing skilled activities.
- iii. Being physically active.
- iv. Operating vehicles/ equipment.
- v. Processing information.

The final PAQ score shows the job's rating on each of these five activities. The job analyst decides if each of the 194 items plays a role and, if so, then to what extent. The job analyst can use an online version of the PAQ for each job he/she is analysing.

The PAQ's strength is in classifying jobs. With score for each job's decision making, skilled activity, physical activity, vehicle/ equipment operation and information-processing characteristics, you can quantitatively compare jobs relative to one another, and then assign pay for each job.

Internet Based Job Analysis

Methods such as interview and questionnaire present some drawbacks. For example, face-to-face interviews and observations can be time-consuming. And collecting the information from geographically dispersed employees can be challenging.

Conducting the job analysis via the internet is an obvious solution. Therefore, the use of online methodologies for surveys, including job analysis surveys has increased dramatically in recent year, and most companies choose to use the Internet or Intranet to collect this type of data. Most simply, the human resource department can distribute standardized job analysis questionnaire to geographically disbursed employees via their company internet, with instructions to complete the forms and return them by a particular date.

Of course, the instruction should be clear, and it's best to test the process first. Most importantly, without a job analyst actually sitting there with the employee or supervisor,

there's always a chance that the employees won't cover important points or that misunderstanding will could the results.

4.4 JOB DESCRIPTION

The employers almost always use the job analysis to produce a job description. A Job Description is a written statement of what the workers actually does, how he or she does it, and what the job's working conditions are. You use this information to write a job specification; this lists the knowledge, abilities and skills required to perform the job satisfactorily.

There are no standard formats for writing a job description. However, most description contains sections that cover:

1. Job Identification
2. Job Summary
3. Responsibilities and Duties
4. Authority of Incumbent
5. Standards of Performance
6. Working Conditions
7. Job Specification

Job Identification

Job identification includes several type of information. Such as, *job title* specifies the name of the job. *Date*, is the date the job description was actually approved. There may also be a space to indicate who approved the description and perhaps a space that shows the location of the job in terms of its facility/division and department/section. This section might also include the immediate supervisor's title and information regarding salary and/or pay scale. There might also be space for the grade/ level of the job, if there is such a category. For example, a firm may classify programmers as programmer II, programmer III, and so on.

Job Summary

The job summary of-course summarise the essence of the job, and include only its major functions or activities. Thus, for the job of material manager, the summary might state that the 'material manager purchases economically, regulates delivery of, stores, and distributes all material necessary on the production line'. For the job of mailroom supervisor, 'the mailroom supervisor receives, shorts, and deliver all incoming mails properly, and he or she handles all outgoing mail including the accurate and timely posting of such mail'.

While it's common to do so, include general statements like 'performs other assignments as required' with care. Such statements do give supervisors more flexibility in assigning duties.

Some experts, however, state unequivocally that ‘one item frequently found that should never be included in a job description is a cop-out clause like other duties, as assigned’, since this leaves open the nature of the job- and the people needed to staff it. To avoid any ambiguities, it’s advisable to make it clear in the job summary that the employer expects the job incumbent to carry out his or her duties efficiently, attentively, and conscientiously.

Relationships

There may be a relationship statement that shows the job-holders relationship with other inside and outside the organization. For a human resource manager, such a statement might look like this;

Report to: Vice president of employee’s relations.

Supervises: Human Resource Clerks, test administrator, labour relation director, and one secretary.

Works with: All department managers and executive management.

Responsibilities and Duties

This is the heart of job description. It should present a list of job’s significant responsibilities and duties. For instance, job’s duties may include ‘achieve quantitative sales goal’ and ‘determine sales priority’.

This section may also define the limit of the jobholder’s authority; including his/her decision making authority, direct supervision of other personnel, and budgetary authority.

Usually, the manager’s basic question here is, ‘How do I determine what the job’s duties are and should be?’. The first answer is, from the job analysis itself; this should reveal what the employees on each job are doing now. Second, the manager will turn to the various sources of standardized job description information.

Standard of Performance and Working Conditions

Some managers want the job description to contain a ‘standard of performance’ section. This lists the standards the company expects the employees to achieve under each of the job description’s main duties and responsibilities. It guides both the employee and manager in assessing how the former is performing.

Setting standards is never easy. However, most managers soon learn that just telling subordinates to ‘do their best’ doesn’t provide enough guidance. One straightforward way of setting standards is to finish the statement, ‘I will completely satisfy with your work when’. This sentence, if completed for each duty listed in the job description, should result in a usable set of performance standards. Here are some examples:

Duty: Accurately Posting Accounts Payable

1. Post all invoices received within the same working day.
2. Route all invoices to proper department managers for approval no later than the day following receipts.

3. An average of no more than three posting errors per month.

Duty: Meeting Daily Production Schedule

1. Produce no less than 426 units per working day.
2. Next workstation rejects no more than an average of 2% on units.
3. Weekly overtime does not exceed an average of 5%.

The job description may also list the working conditions involved on the job. These might include things like noise level, hazardous conditions, or less.

Writing Job Specification

The job specification takes the job description and answers the question, ‘What human traits and experiences are required to do this job effectively?’ It shows what kind of person to recruit and for what qualities you should test that person. The job specification may be a section of the job description, or a separate document.

Specifications Based on Judgement

Most job specifications come from the educated guesses of people like supervisors and human resource managers. The basic procedure here is to ask, ‘What does it take in terms of education, intelligence, training and the like to do this job well?’ There are several ways to get these ‘educated guesses’. You could simply review the job’s duties and deduce from those human traits and skills the job requires. You can also choose them from the competencies listed in various web-based descriptions.

Job Specifications Based on Statistical Analysis

Basing job specifications on statistical analysis is the more defensible approach, but it’s also more difficult. The aim here is to determine statistically the relationship between (1) some predictor (human traits, such as height, intelligence, or finger dexterity) and (2) some indicator or criterion of job effectiveness, such as performance as rated by supervisor.

This procedure has 5 steps:

1. Analyse the job and decide how to measure job performance.
2. Select personal traits like finger dexterity that you believe should predict successful performance,
3. Test candidates for these traits,
4. Measure these candidates subsequent job performance and
5. Statistically analyse the relationship between the human traits.

This method is more defensible than the judgemental approach because equal rights legislation forbids using traits that you can’t prove distinguished based on gender, race, religion, or age may have to be shown to predict the job performance.



Check Your Progress-A

Fill in the blanks.

1. A list consisting job duties and responsibilities is part of..... Job Description
2. Determining duties and characteristics of positions to be staffed is..... Job Analysis
3. Workflow detailed picture is called..... Process Chart
4. Determining type of people, which a company needs for job is referred as Job Specification

4.5 JOB DESIGN

Job design follows job analysis i.e. it is the next step after job analysis. It aims at outlining and organising tasks, duties and responsibilities into a single unit of work for the achievement of certain objectives. It also outlines the methods and relationships that are essential for the success of a certain job. In simpler terms it refers to the what, how much, how many and the order of the tasks for a job/s.

Job design essentially involves integrating job responsibilities or content and certain qualifications that are required to perform the same. It outlines the job responsibilities very clearly and also helps in attracting the right candidates to the right job. Further it also makes the job look interesting and specialised.

There are various steps involved in job design that follow a logical sequence, those that were mentioned earlier on. The sequence is as follows:

- What tasks are required to be done or what tasks is part of the job?
- How are the tasks performed?
- What amount are tasks are required to be done?
- What is the sequence of performing these tasks?

All these questions are aimed at arriving upon a clear definition of a specific job and thereby make it less risky for the one performing the same. A well-defined job encourages feeling of achievement among the employees and a sense of high self-esteem.

The whole process of job design is aimed to address various problems within the organisational setup, those that pertain to ones description of a job and the associated relationships. More specifically the following areas are fine-tuned:

- Checking the work overload.
- Checking upon the work under load.
- Ensuring tasks are not repetitive in nature.
- Ensuring that employees don not remain isolated.
- Defining working hours clearly.
- Defining the work processes clearly.

The above mentioned are factors that if not taken care of result into building stress within the employees.

Benefits of Job Design

The following are the benefits of a good job design:

1. **Employee Input:** A good job design enables a good job feedback. Employees have the option to vary tasks as per their personal and social needs, habits and circumstances in the workplace.
2. **Employee Training:** Training is an integral part of job design. Contrary to the philosophy of “leave them alone’ job design lays due emphasis on training people so that are well aware of what their job demands and how it is to be done.
3. **Work / Rest Schedules:** Job design offers good work and rest schedule by clearly defining the number of hours an individual has to spend in his/her job.
4. **Adjustments:** A good job designs allows for adjustments for physically demanding jobs by minimising the energy spent doing the job and by aligning the manpower requirements for the same.

Job design is a continuous and ever evolving process that is aimed at helping employees make adjustments with the changes in the workplace. The end goal is reducing dissatisfaction, enhancing motivation and employee engagement at the workplace.

Approaches to Job Design

Job design is the next step after job analysis that aims at outlining, and organizing tasks and responsibilities associated with a certain job. It integrates job responsibilities and qualifications or skills that are required to perform the same. There are various methods or approaches to do this. The important ones are discussed below

Human Approach

The human approach of job design laid emphasis on designing a job around the people or employees and not around the organizational processes. In other words it recognizes the need of designing jobs that are rewarding (financially and otherwise) and interesting at the same time.

According to this approach jobs should gratify an individual's need for recognition, respect, growth and responsibility. Job enrichment as popularized by Herzberg's research is one the ways in human approach of job design. Herzberg classified these factors into two categories - the hygiene factors and the motivators.

Motivators include factors like achievement, work nature, responsibility, learning and growth *etc.* that can motivate an individual to perform better at the work place.

Hygiene factor on the other hand include things like working conditions, organizational policies, salary *etc.* that may not motivate directly but the absence of which can lead to dissatisfaction at the work place.

Engineering Approach

The engineering approach was devised by FW Taylors et al. They introduced the idea of the task that gained prominence in due course of time. According to this approach the work or task of each employee is planned by the management a day in advance. The instructions for the same are sent to each employee describing the tasks to be undertaken in detail. The details include things like what, how and when of the task along with the time deadlines.

The approach is based on the application of scientific principles to job design. Work, according to this approach should be scientifically analysed and fragmented into logical tasks. Due emphasis is then laid on organizing the tasks so that a certain logical sequence is followed for efficient execution of the same. The approach also lays due emphasis on compensating employees appropriately and training them continuously for work efficiency.

The Job Characteristics Approach

The job characteristics approach was popularized by Hackman and Oldham. According to this approach there is a direct relationship between job satisfaction and rewards. They said that employees will be their productive best and committed when they are rewarded appropriately for their work. They laid down five core dimensions that can be used to describe any job - skill variety, task identity, task significance, autonomy and feedback.

Skill variety: The employees must be able to utilize all their skills and develop new skills while dealing with a job.

Task Identity: The extent to which an identifiable task or piece of work is required to be done for completion of the job.

Task Significance: How important is the job to the other people, what impact does it create on their lives?

Autonomy: Does the job offer freedom and independence to the individual performing the same.

Feedback: Is feedback necessary for improving performance.

These are different approaches but all of them point to more or less the same factors that need to be taken into consideration like interest, efficiency, productivity, motivation *etc.* All these are crucial to effective job design.

4.6 JOB SIMPLIFICATION

Job simplification is the technique of breaking down of a job into relatively smaller or easier sub-parts with the purpose of increasing productivity of an individual by minimizing the mental and physical efforts involved in the completion of a particular job.

4.7 JOB ENLARGEMENT

Job enlargement is a technique of job designing in which the numbers of tasks associated with particular jobs are increased. Job enlargement is process of horizontal expansion of a particular job in which the job is assigned with more duties and responsibilities while maintaining the job in the same level. This increases the challenges involved in accomplishing a particular job and thus enhances the level of satisfaction among the employees via removing boredom involved in performing a particular job having repetitive duties and responsibilities.

4.8 JOB ROTATION

Job rotation is the technique in which an employee is shifted between various jobs/ assignments in an organization on regular basis so that they can have a detailed exposure of various horizontal and vertical roles and responsibilities associated with a job. It is a well-planned exercise to provide an opportunity to the employee in identifying the skills and competency among them, similarly, the organization can identify the best-fit employee for a particular job. Thus, this is a win-win situation for both employee and organization.

4.9 JOB ENRICHMENT

Job enrichment is used by organizations to increase the satisfaction of employees in their respective jobs. This is done by increasing or delegating more responsibilities to an employee which were previously reserved for his line-manager or other senior positions. Thus, job enrichment provides more self-management to the employees. Job enrichment provides autonomy to the employees, which means that the employee do not have to report to his senior for his work-tasks. This allows him/her to focus more precisely on his/her work, design plan of action, take decisions, and work to accomplish individual and organizational goals. At the same time, Job enrichment is a way of boosting the morale the organization too. Through this, employees develop more sense of belongingness towards the organization, and became motivated to produce more results. Also, this allows the employees to learn more vertical skill, which will prepare them for higher level positions. Along with this, the

employees feel more mentally stipulated and takes decision with more authority. This keeps them focused towards organizational and individual goals.



Check Your Progress- B

Write True or False.

1. Moving employees from one job to another in a predetermined way is called Job Rotation.
2. The method that depends mainly on the ability and experience of the supervisors for gathering relevant information about the job is called the technical conference method.
3. The system of ranking jobs in a firm on the basis of the relevant characteristics, duties, and responsibilities is known as Job Enlargement.
4. The process of grouping of similar types of works together is known as Job Classification.

4.10 SUMMARY

- Job Analysis is the procedure of determining the duties and skill requirements of a job and the kind of person who should be hired for it.
- Job Description is a list of Job's Duties, responsibilities, reporting relationships, working conditions, and supervisory responsibilities- one product of a job analysis.
- Job Specification creates a list of Job's 'human requirements', i.e., the requisite education, skills, personality and so on- another product of a job analysis.
- Job design essentially involves integrating job responsibilities or content and certain qualifications that are required to perform the same. It outlines the job responsibilities very clearly and also helps in attracting the right candidates to the right job. Further it also makes the job look interesting and specialised.
- Job Questionnaire is used to develop a detailed information regarding a particular job.
- Diary/Log is used for daily listing made by workers of every activity in which they engage along with the time each activity takes.

- Position Analysis Questionnaire is used to collect quantifiable data concerning the duties and responsibilities of various jobs.



4.11 GLOSSARY

Job Analysis: The procedure of determining the duties and skill requirements of a job and the kind of person who should be hired for it.

Job Description: A list of Job's Duties, responsibilities, reporting relationships, working conditions, and supervisory responsibilities- one product of a job analysis.

Job Specification: A list of Job's 'human requirements', *i.e.*, the requisite education, skills, personality and so on- another product of a job analysis.

Job Design: Job design essentially involves integrating job responsibilities or content and certain qualifications that are required to perform the same. It outlines the job responsibilities very clearly and also helps in attracting the right candidates to the right job. Further it also makes the job look interesting and specialised.

Organization Charts: A chart that shows the organizations wide distribution of work, with titles of each position and interconnecting lines that show who reports to and communicates with whom.

Process Chart: A work-flow chart that shows the flow of inputs to and output from a particular job.

Diary/Log: Daily listing made by workers of every activity in which they engage along with the time each activity takes.

Position Analysis Questionnaire: A questionnaire used to collect quantifiable data concerning the duties and responsibilities of various jobs.



4.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

1. Job Description
2. Job Analysis

3. Process Chart
4. Job Specification

Check Your Progress –B

1. True.
2. True.
3. False.
4. True.



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4.14 SUGGESTED READINGS

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4. Arthur, M Career Theory Handbook Englewood cliff, Prentice Hall Inc 1991
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4.15 TERMINAL QUESTIONS

- Q1. Define Job Analysis.
- Q2. Elaborate the process of Job Analysis.
- Q3. Explain job design. Elaborate various approaches to job design.
- Q4. Define job description.
- Q5. Elaborate how to use Job questionnaire.

Block II
Recruitment and Selection

UNIT 5 RECRUITMENT AND SOURCES OF RECRUITMENT

5.1 Introduction

5.2 Objectives

5.3. Meaning of Recruitment

5.4 Sources of Recruitment

5.5 Recruitment Practices in India

5.6 Recruitment Process & Policy

5.7 Inferences from Recruitment Practices at Tata Consultancy Services

5.8 Summary

5.9 Glossary

5.10 Answer to Check Your Progress

5.11 Reference/ Bibliography

5.12 Suggested Readings

5.13 Terminal & Model Questions

5.1 INTRODUCTION

The process of recruitment starts just after manpower planning. After the organizations have listed out the demand for human resources, various avenues for hiring them are taken care of. The purpose of recruitment is to attract the qualified candidates who are competent to meet the company's expectations. This unit would give insights into recruitment and sources of recruitment.

5.2 OBJECTIVES

After studying this unit, you will be able to:

- Understand Recruitment
- Explain the Recruitment Process.
- Know the sources of recruitment.

- Evaluate the recruitment process in India

5.3 MEANING OF RECRUITMENT

Recruitment is the process of making people aware about the vacancy in the organization. It is usually deemed as a positive process as it invites all eligible prospective candidates to apply for a job. The purpose of recruitment is to attract the qualified candidates who are competent to meet the company's expectations. Organizations make use of various sources for the recruitment process but the objective is to hire the best talents available. A recruitment strategy should focus on giving all details regarding employment opportunities, company's work culture, growth prospects and enough information about the job so that the individuals may compare and apply for that job. Recruitment can be described as the process of finding and hiring the best candidate. The process also includes stimulation of prospective applicants to apply for that job. Thus, recruitment creates awareness among the masses that there is a vacancy in the organization and that everyone who is eligible shall apply.

Definitions

“Recruitment means attracting candidates, which is primarily a matter of identifying, evaluating and using the most appropriate source of applicants”.

Michael Armstrong

“Recruitment is the process of searching for prospective employee and stimulating and encouraging them to apply for jobs in an organization.”

Edwin Flippo

“Recruitment is a process to discover the sources of man power to meet the requirements of the staffing schedule and to employ effective measures for attracting that man power in adequate by numbers to facilitate effective selection of an efficient working force.”

Dale Yoder

5.4 SOURCES OF RECRUITMENT

The sources of recruitment can be classified in two categories i.e. internal sources and external sources. Organizations make use of both the sources depending upon the requirements and availability of the required set of skills and talent. However, the choice of source could be a policy framework decided by the organization to deploy best of the talents.

Internal Sources

Internal source of recruitment refers to filling the jobs with the existing employees in the organization.

Existing Employees-The most common sources of internal recruitment is through existing employees. Inventory of current employees is maintained in organizations. The inventory consists of details of employees which include their performance, educational qualification, upgraded skills, background and suitability. Job postings help in creating the pool of internal applicants. A job posting refers to the process of advertising available positions to the employees. They evaluate job opportunities relative to their skills, experience, interests, and career goals and indicate their interest formally to their immediate supervisor or through the HR department. Promotions and transfers from among the existing employees are examples of internal sources of recruitment.

Former Employees- Former employees are one of the internal sources of recruitment. These employees are preferred for the vacant posts whenever experienced and skilled employees are required. Moreover former employees are well versed with the organizational practices and policies and thus it is easier to recruit such employees. Employers rely on the credibility of former employees and it is now common to take back employees who left the firm for various reasons.

Employee Referrals- Referrals refers to the applicants who are referred by the existing employees in an organization. This method is widely popular among corporate to hire a reliable candidate. Since the existing employees have credibility in the system therefore organizations depends upon them to suggest good candidates for the vacant positions. Employee referrals have certain advantages over other sources of recruitment in a way that existing employees would prefer to work with their acquaintance rather than a stranger. This would certainly create congenial environment in the workplace.

Merits of Internal recruitment method:

- It helps the career development plans of employees.
- There is less need of training.
- Internal recruitment can act as a good motivator.
- It is economical and less time-consuming when compared with external sources.
- It can enhance loyalty among the employees.

Demerits of internal recruitment method:

- Recruitment from a diverse workforce is constrained by internal recruitment.
- Too much dependence on existing employees may lead to in breeding.

External Sources

The external recruitment refers to hiring the candidates from outside i.e. not within the organisation as in the case of internal sources. Organizations plan meticulously to tap the human resources from outside.

The following are the important external sources:

Employment Exchanges – Employment exchanges were set up in compliance with the Employment Exchanges (Compulsory Notification of Vacancies) Act of 1959. The Employment Exchanges Act stipulates that all industrial undertakings with not less than 25 workers should notify their vacancies to the employment exchanges before filling them up. Employment exchanges would find a match for these vacancies with the job aspirants who have registered their names with him/her.

Outsourcing/Consultancy- Due to several reasons organizations these days hire the outside consultants to take care of the recruitment process. Several employment agencies have mushroomed over a decade. These agencies undertake the entire process of recruitment right from advertising to finally selecting the suitable candidate. For rendering such services they charge a handsome amount from their clients (Organization & candidate). The organizations take the benefit of saving time and energy spent in the recruitment process thereby focussing on other pertinent areas.

Outsourcing recruitment has become popular in the country.

Advertisements – Advertisements have been a traditional and always preferred mode of recruitment method. Printed advertisements through newspapers, magazines are widely circulated among the masses. Newspapers like Times of India, Hindustan Times are quite popular in their circulation of vacancies among the masses.

Campus Recruiting – Campus hiring is also a popular method of recruiting. Usually the premier institutions fix an interview with the prospective students while they are in the last year of programmes. Companies visit these institutions and hire the best talent. This method is advantageous to both the students as well as the organizations. The organizations are able to tap in the fresh and the best talent from the institutions. Students are assured and motivated when they are recruited through campus placements.

Walk-ins – When the applicants directly walk in to the office for interview directly, it is called Walk-ins. Although walk-ins are advertised through newspaper or internet, the candidates visit the office with their resume in the hope to get selected. Walk-ins are quite popular among freshers who would like to seize the opportunity without waiting for long.

Internet Recruiting – Internet has become a medium to display skills in recruiter's domain. Number of companies have adopted internet as a medium of recruitment. There are several job sites in India which provides recruitment services to the clients.

Internet recruiting is economical and covers wide circulation of vacancy. The applicants can send their resume in a very short span of time and the same are filtered accordingly. It also helps in creating a database for future hiring prospects. A few popular ones among them are Naukri.com, MosterIndia.com, JobsAhead.com and Timesjobs.com.

Raiding or Poaching- Raiding or poaching refers to attracting the employees of the rival organizations with lucrative offers. Organizations may directly or indirectly contact the talented employees of their rivals and gradually persuade these employees to join them. Poaching is usually used for the recruitment of senior positions like CEO or Director. Although this method has been often criticised and bound the organizations to revisit the lessons of ethics on the part of organizations and commitment on the part of prospective applicant.

Gate Hiring – Gate hiring refers to the hiring of unskilled or semi-skilled blue collar workers which is mediated by a contractor. The workers are hired from the gates as and when required by the organizations. These workers are paid on the daily basis.

Career Fare- Career fares are yet another method of recruitment. The organizations participate in the fare where the pool of applicants appears in an interview. The advantage of career fare is that a good number of applicants can be tapped in the same place. Even it is convenient for the applicants because they have a choice of appearing in the various companies participating in the fare.

Advantages: The external sources of recruitment have certain advantages. Firstly it is possible to have large pool of applicants. A competitive selection procedure can be adopted to hire the candidates. Through external sources it is possible to bring in the fresh talent in the organisation. It is possible to hire innovative people. Not only this sometimes the organisations take advantage of labour market conditions.

Limitations – The external sources of recruitment suffer from a few disadvantages. The existing employees may feel demotivated when they are not recruited on a higher position in the organisation for which they were also capable. This creates a feeling of animosity against the management/employer. Not only this employees lack in morale and commitment to the organisation. The second limitation can be that the external sources are not cost effective. And rather they are time consuming. Whenever an outside candidate is hired there is always a possibility of raiding/poaching.



Check Your Progress-A

Q1. Define Recruitment.

Q2. Explain the various sources of recruitment?

Q3. Choose the alternative.

- (i) _____ is the hiring of relatives which will be an inevitable component of recruitment programs in family owned firms.
- a) Leasing
 - b) Nepotism
 - c) Loyalty
 - d) None of the above
- (ii) Rate which is used to represent that how much organization is successful at hiring candidates is classified as;
- a) selection rate
 - b) yield rate
 - c) success base rate
 - d) acceptance rate
- (iii) In recruitment costs, costs such as salaries of operating managers and public relation managers are classified as;
- a) direct costs
 - b) indirect costs
 - c) labor costs
 - d) marginal costs
- (iv) Individual hiring percentage from group of candidates is classified as;
- a) success base rate
 - b) acceptance rate
 - c) selection rate
 - d) yield rate
- (v) Recruitment is widely viewed as a _____ process.
- a) positive

- b) negative
- c) Both positive and negative
- d) None of these

5.5 RECRUITMENT PRACTICES IN INDIA

Since globalisation took its roots in India, the growth of competitive workforce can be witnessed. Moreover the way social media has interfered in almost all the functions of an organization, its role in recruitment cannot be overlooked. Infact there has been a drastic change in the recruitment practices adopted by organizations in the last decade. The companies are more technology savvy and cost effective than ever before. The rise in the outsourcing of various functions has also brought a wide change in the recruitment practices adopted today. The presence of consultancy has to a larger extent relieved the organizations from the cumbersome task of involving time and cost in the process of recruitment. Companies now use the combination of both traditional and modern methods while recruiting their employees. The companies can derive benefit of the well planned recruitment process by investing in highly skilled recruiters and continuously imparting training to them so as to hone their skills. Whenever a company ropes in the services of a consultancy for recruitment it should ensure that it maintains and build positive relationship with them. Introducing career websites is a new method of recruitment adopted by various organizations.

A recruitment policy of an organisation should focus on hiring the best candidates having best potential. Moreover, it should ensure that each candidate is treated equally with respect. The policy should be unbiased and should provide the opportunity to candidates to realise their full potential. A recruitment policy should also ponder upon task oriented selection. The policy should abide with the existing laws and legislations of that country. It should be concurrent with the personal needs of the candidate and the organisational needs. The recruitment policy of any organisation is governed by certain factors. These factors are:

Organisational Objectives: The objectives of the organisation play a vital role in deciding the recruitment policy. The organisation has to see its long term plans and vision before hiring the candidates. Of course every organisation wants to have the best candidates but the demand and supply of sills in the market also governs the process. Moreover, paying capacity of the organisation is also important here.

Competitors: The recruitment policy is governed by the competitors also. What prevails in the market is to be adopted by each organisation. The company has to take care of the latest trends before hiring the candidates.

Needs of the existing staff: The recruitment depends upon the type of people required by the company. For this the organisations can categorise the employees into skilled, semi - skilled, technical etc, categories. Accordingly the employees can be hired for the purpose. The

number of candidates to be hired should be decided beforehand. The department for which recruitment is to be done should also be decided. This enables to have clarity into the number and type of people required.

Recruitment Sources: The sources of recruitment should be pre decided. There are two sources of recruitment i.e. External Sources and Internal Sources. Adopting a particular source of recruitment for filling-up positions should be wisely and rationally decided by an organisation.

Government Policies: The recruitment policy should also keep into consideration the government legislations. Any policy cannot exist which does not meet the regulations of that country. Similarly this is important for the international organisations which are hiring the candidates in other countries. Following the norms of that country is essential.

Criterion for Selection: The recruitment policy should take care of the reservation on the basis of caste, gender etc. These issues must be dealt properly. Mostly the companies have guidelines to recruit a certain percentage of women candidates in the organisation.

Cost Involved: The recruitment policy should also consider the cost involved in advertisements and other methods of recruitment. The amount of expenditure involved in the process and the money at disposal for this purpose will decide the ways in which recruitment will be done.

Accurate job description: The core competencies required to perform the job shall be identified. The job descriptions will lead to clarification of roles and responsibilities in the organisation.

Reducing biasedness: A good recruitment policy reduces discrimination while hiring the managers in the organisation. The criteria for selecting the employees is chosen. During the interview each candidate is selected as per the already laid down criteria. The discrimination can be removed by evaluating each candidate against the same criteria. Thus, setting the criteria is significant step in the recruitment policy.

Equal Employment Opportunity: Equal employment opportunity act have been introduced in India to ensure that fair treatment and equal employment opportunity exists for every employee who is applying against the vacant positions in the organisation. The purpose behind this act is to provide equal terms of employment. There will not be any discrimination on the basis of gender, creed, colour, race or religion. This act has further strengthened the relationship between employer and employee. The equal employment opportunity infuses trust and loyalty in the candidates.

Credibility: The recruitment policy also establishes the credibility of the position and organisation in the eyes of the applicants. Whenever there is an advertisement the candidates believe that the concerned organisation will take utmost care in the recruitment process. They have faith in the procedure and the steps followed by the company. The candidates accepts the results of the recruitment process with utmost faith and this can only be achieved only when the company is able to establish credibility among the prospective applicants.

Transparency: Transparency refers to the clarity in the steps followed in the recruitment process. The candidates will know the results in time and will have faith in the system. The organisation also ensures that the candidate is aware of each stage through which his application passes through. It is the responsibility of the organisations to keep updated about the results and sequential steps to be followed in the recruitment process.

A good recruitment policy should have respect for diversity, as the candidates from any region are a part of the process. The organisation should also be ethical in its decision making process as wrong decisions leads to the closure of the business in the long run. But ethical decisions certainly win over the applicants and the existing employees in the organisation. The recruitment policy should also consider the selection of candidates strictly on the merit basis. There should not be any favouritism in the recruitment. Any candidate who is applying for the job should be treated fairly and equally. He must be given all the rights without discrimination. Procedural fairness in the process and recruitment policy is also very important. There should not be any loop hole in the steps and procedure followed for recruitment. Since the recruitment process, procedures and policies of any organisation establish the goodwill of the company in the market, it is important that these issues are dealt with carefully. The entire purpose of recruitment is to hire the best candidate for the organisation. Further, if the policies are weak then after even hiring the best candidate it will be difficult to retain him. Hiring the best candidate for the organisation is really challenging.

Thus it can be concluded that the organisation tries their level best for hiring the candidates and for this they invest both money and time. If the above mentioned factors are kept in mind before designing the policy for recruitment organisations can save a great deal of time and money. This also helps in creating a positive image in the minds of general masses. The recruitment process can turn out to be effective if the candidate matches the desired qualification and set of skill required for executing that job. If the right candidate is placed on the right job with the right set of skills it will raise the organisational productivity. This will ensure both effectiveness and efficiency. With this the organisation will be able to think into venturing new fields and diversification. Organisations can seize over the opportunity of expansion and diversification with the help of employees.

As it could be seen from the previous literature available, recruitment is an extensive process which incurs lots of money and time. Therefore, these days' organisations have started giving this job to the consultants. Consultants now recruit the candidates on behalf of the company. For this they charge certain amount from the organisation for which they are executing the process. In this way they help the organisation to concentrate on other key areas of the organisation. This outsourcing relieves the organisation from taking extra burden. Outsourcing has really eased the operations and the way businesses are run these days. Not only recruitment but the organisations are considering to outsource other pertinent functions of the organisations.

5.6 RECRUITMENT PROCESS & POLICY

The recruitment policy of an organization depends upon their specific needs, structure and skill sets required for a particular job. The combination of both internal and external sources of recruitment may be used by the companies. However, the organizations usually have a laid down policy of methods of hiring the candidates from various sources. The choice of sources depends upon various factors such as time, cost, availability of required workforce, market dynamics, available skill etc.

The process of recruitment usually starts with job analysis. Job Analysis is a process of analyzing the job in terms of job description and job specification. Job description is the core of a successful recruitment process. Though the recruitment process of an organization depends upon its need and structure but usually the following process is adopted in the recruitment process.

a. Developing Job Description Statement

Job analysis involves identification of the activities of the job, and the attributes that are needed for it. Job Description tells about the duties and responsibilities in a given job, overall details about the job, job title, working environment and job position. Job description statement has to be prepared very carefully because the same is used while advertising for a job.

b. Review the job description.

Once the job description has been created, it must be reviewed. Also, in cases where job descriptions are already in place, there is a need to revisit them and check their accuracy and applicability with respect to the status quo.

c. Setting Minimum Qualification

These are the basic requirements that applicants are required to have in order to be considered for the position. These are required for the employee to be able to accomplish the essential functions of the job. Therefore, they should be relevant and directly relate to the identified duties and responsibilities of the position.

d. Setting Salary Slabs

The job must relate to the different salary slabs so that it is commensurate with the duties and responsibilities involved in a job. For establishing the salary range the legal rates established under law such as Minimum Wages Act and the operational market rates should also be considered.

e. Screening of applicants

This is the most cumbersome work in the recruitment process. The applicants are tested against their skills and personalities so as to test whether they are fit for the given job. Screening of applicants requires preliminary screening, interview and selection.

f. Preliminary screening. This is required when the number of applicants are large. In order to filter the candidates the organizations may adopt different methods but the most popular method is application blank through which the candidates are shortlisted.

g. Initial interview. The candidates those who clear the preliminary round goes through initial interview. To conduct the initial interview the candidates are called to a fixed location or sometimes companies conduct this by telephone. The interviews can also be conducted through videos or skype facility available these days.

h. Conduct of various tests for recruitment. Various tests are employed to evaluate the skills of the candidates. Behavioral tests and personality assessment test are quite common.

e. Final interview.

Depending upon the number of candidates a series of interviews are conducted. Several rounds are intended to narrow down the list of candidates. Once all the preliminary rounds are over the candidate is called for the final interview. Mostly this is the last step in the selection process. Once the final interview is over the candidate is asked to wait for the result.

f. Selection. Once the scores of final interview are revealed the hiring managers selects the candidate. The best candidate is selected out of the pool of candidates who applied for the job.

g. Job Offer: Once the final selection takes place, the job is offered to the candidate. Usually a fixed time duration is given to the candidate within which he is supposed to accept the offer. Thus, job offer letter or e-mail is issued to the selected candidates. The candidates upon receiving the offer responds if they are interested to join that organization. This is followed by the job acceptance conformation mail which the candidate sends to the organization.



Check Your Progress- B

Q1. Discuss the recruitment practices adopted in India.

Q2. Write a short note on recruitment policy.

Q3. Discuss the merits of internal sources of recruitment.

Q4. Multiple Choice Questions-

- a) Recruitment policy usually highlights the need for establishing;
- Job specification
 - job analysis
 - job description
 - none of the above
- b) A prerequisite for a successful and efficient recruitment programme is to have a ;
- corporate policy
 - HR policy
 - Recruitment policy
 - Health and safety policy
- c) Advertisements through newspapers, TV, radio, professional journals and magazines are _____ methods of recruitment.
- Direct
 - Indirect
 - Third party
 - None of the above
- d) Internal recruitment has the potentiality to increase the _____ of the employees.
- Conflict
 - Misunderstanding

- c. Morale
- d. Income
- e) Which of the following is the most serious problem that might arise due to excessive reliance on internal recruitment?
 - a. Reduced job performance
 - b. High labour turnover
 - c. Lack of motivation
 - d. Internal resistance

5.7 INFERENCES FROM RECRUITMENT PRACTICES AT TATA CONSULTANCY SERVICES (TCS)

Tata Consultancy Services limited (TCS) is a software services and consulting company headquartered in Mumbai, India. It is the India's largest provider of information technology and business process outsourcing services. The company is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) of India. TCS is part of one of India's largest and oldest conglomerates, the TATA Group.

About Tata Group

The Tata Group is the India's largest and most esteemed business group. Tata Group's name is synonymous with India's industrialisation (www.tata.com). Today, Tata Group consists of companies in business sectors such as Information Technology and communications engineering, materials, services, energy, consumer products, and chemicals. Jamsetji Nusserwanji Tata is the founder of Tata Group. First, he started a private trading firm in 1868 and 1874; he set up the Central India Spinning Weaving and Manufacturing Company Limited and thus marked the Group's entry into textiles.

In 1887, he formed a joint venture firm, Tata & Sons, with his elder son Sir Dorabji Tata and his cousin Ratanji Dadabhoy Tata. His younger son Sir Ratan Tata joined the firm in 1896. In 1902, the Indian Hotels Company was incorporated to set up the Taj Mahal Palace and Tower, India's first luxury hotel, which opened in 1903. The Tata Iron and Steel Company (now known as Tata Steel) were established to set up India's first iron and steel plant in Jamshedpur. In 1910, Tata Hydro-Electric Power Supply Company, (now Tata Power) was set up. In 1917, Tata Oil Mills Company was established to make soaps, detergents and cooking oils. In 1932, Tatas entered aviation sector with the establishment of Tata Airlines. In 1939, Tata Chemicals, presently, the largest producer of soda ash in India, was established. In 1945, Tata Engineering and Locomotive Company (renamed Tata Motors in 2003) was established to manufacture locomotive and engineering products. In 1954, India's major marketing, engineering and manufacturing organisation, Voltas, was established. In 1962, Tata Finlay (now Tata Tea), one of the largest tea producers, was established. In 1968, Tata

Consultancy Services (TCS), India's first software services company, was established as a division of Tata Sons.

In 2000, Tata Tea acquired the Tetley Group, UK. This was the first major acquisition of an international brand by an Indian business group. In 2001, Tata entered into insurance business in joint venture with Tata AIG. In 2007, Tata Steel acquired Corus the fifth largest steel company in the world. In 2008, Tata Motors acquires the Jaguar and Land Rover brands from the Ford Motor Company.

Since its inception in 1968, TCS has invested in new technologies, processes and people in order to help its customers succeed. With inputs from its innovation labs and university alliances, TCS keeps clients up-to-date with new technology. This has helped the company meet various benchmarks of excellence in software development. (www.tcs.com)

Tata Consultancy Services (TCS) delivers real results to global businesses by ensuring a level of certainty that no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled services delivered through its unique Global Network Delivery Model, recognised as the benchmark of excellence in software development.

As part of the Tata group, TCS has over 130,000 of the world's best-trained IT consultants in 42 countries; its clients include seven of the top ten corporations in the Fortune 500. The company generated consolidated revenues of USD5.7 billion for the fiscal year ended 31 March 2008.

Industry verticals that TCS serves are;

Banking and financial services, Insurance, Telecom, Media and information services, Government, Healthcare and life sciences, Energy and utilities, Retail and FMCG, Travel, transport and hospitality, Manufacturing, High-tech and professional services .

Awards

TCS has bagged recruiting and staffing best class awards (RASBIC) for the year 2008-2009 in two of its categories- 'Best use of Technology in Recruiting' and 'Most Innovative Program/Initiative in Recruiting'. The RASBIC awards aim to recognise and honour organisations for their exemplary practices in recruiting and staffing. TCS wins this honour in the former category for the second year in a row. The award was presented on 5th of February 2009 in Mumbai, India. And the company was chosen from among more than 50 participants across industry sectors. The jury for the award included leading experts and practitioners in human resources across India with expertise in workforce management and talent acquisition.

Talent Acquisition has traditionally taken centre stage in TCS with recruitment teams across the globe chasing an ambitious target of over 30,000 people to support the growing business needs of the organization. This year-on-year industry-wide recognition is a testimony to its healthy recruitment policies, processes and methodology as well as its demonstrated ability to deliver certainty to all the key stakeholders. (Annual report www.tcs.com)

During the last few years TCS is striving to grow in a competitive, globalized scenario. The Corporation continues its mission for good quality products and customer delight to meet the challenge. In such a situation, human resources and their competency play an important role as the real strength of organization depends on strengths and abilities of its human capital. Recruiting and selecting is the first line of defence, in bringing the right people to the organization.

Determining who the right people are, should not limit to experience and education, but with personality, attitude, communication abilities, and other behavioural characteristics that fit the organization. The overall aim of the recruitment & selection practices should be obtained at minimum cost the number and quality of employees required to satisfy the human resource needs of the company. To select the “Right person for the right job” is one of the most important and most difficult responsibilities of the executives. Using interviews, reference checks sometimes-even personality tests, they try to infuse logic and predictability into hiring still, success remains elusive.

In view of above, it becomes imperative to study the effectiveness of the existing recruitment and selection policy.

(This study is retrieved from <https://www.ukessays.com/essays/business/recruitment-methods-at-tata-consultancy-services-business-essay.php?vref=1>)

5.8 SUMMARY

Recruitment can be understood as a process of making general masses aware of the vacancy in the organisation and attracting the prospective candidates towards it. Basically two types of sources are used in recruitment-internal sources and external sources. An organisation can have a fixed recruitment policy according to which it recruits the candidates.



5.9 GLOSSARY

Recruitment- It is the process of making people aware about the vacancy and inviting them to apply against that vacancy/position.

Sources of Recruitment- There are two sources of recruitment-Internal and External. **Internal source** refers to hiring the candidates within the organization.

External sources refer to hiring the applicants outside the organization i.e. general masses through advertisement and other external methods of recruitment.



5.10 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q3. Choose the correct alternative

- (i) b
- (ii) d
- (iii) b
- (iv) c
- (v) a

Check Your Progress –B

Q4. Choose the correct alternative

- (i) b
- (ii) c
- (iii) d
- (iv) c
- (v) a



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5.12 SUGGESTED READINGS

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5.13 TERMINAL QUESTIONS

- Q1. Describe the general recruitment practices adopted by the organizations. Give examples.
- Q2. Describe the benefits of external and internal sources of recruitment.
- Q3. Technology has affected the recruitment process of organization to a large extent. Do you agree? Justify your answer.
- Q4. Explain in detail the steps in Recruitment Process.

UNIT 6 SELECTION-PROCESS AND METHODS OF SELECTION

6.1 Introduction

6.2 Objectives

6.3. Meaning of Selection

6.4 Process of Selection

6.5 Methods of Interview

6.6 Steps in interview process

6.7 Medical Examination & Reference Checks

6.8 Job Offer

6.9 Selection Practices in India

6.10 Summary

6.11Glossary

6.12 Answer to Check Your Progress

6.13 Reference/ Bibliography

6.14 Suggested Readings

6.15 Terminal & Model Questions

6.1 INTRODUCTION

In the previous unit you learnt about the recruitment process and sources of recruitment in detail. Selection can be defined as a process of filtering the candidates so as to find the best candidate for the job. Therefore, every organization should establish a certain selection policy for effective selection process. In this unit you will learn about another important function of human resource management, i.e. selection.

6.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the meaning of term selection.
- Explain the purpose of selection.

- Know the process of selection.
- Learn the methods of selection in organization.
- Bias/Errors in selection.

6.3 MEANING OF SELECTION

Once the organization invites the application against a vacancy, a pool of applicants is created. The next step is to filter the prospective candidates from this pool. Thus, selection can be defined as a process of filtering the candidates so as to find the best candidate for the job. It can also be defined as a process of choosing the best candidate out of the total applicants who have applied against a vacancy.

Various definitions have been given for selection. They are given below:

According to Dale Yoder, “Selection is the process by which candidates for employment are divided into two classes- those who will be offered employment and those who will not.”

According to O’Donnell ‘ “Selection is the process of choosing from among the candidates, from within the organization or from the outside, the most suitable person for the current position or for the future position.”

Hence it can be concluded that selection is a systematic process of identifying suitable candidates for the prospective job.

It is often said that recruitment is a positive process and selection is a negative process. Actually, it refers to the approach used in both the processes. Recruitment invites all eligible candidates to apply against any advertised vacancy thereby providing opportunity and hope to all the prospective applicants. Hence it is a positive process. On the other hand, selection process includes steps by which the applicants are filtered at every stage thereby reducing the chances of being selected for the advertised job, hence it is referred to as a negative process.

Good selection requires a methodological approach to the problem of finding the best person for the job.

6.4 PROCESS OF SELECTION

The selection process entails various stages starting from application blank and ending with the job offer. Though the process of selection may differ from organization to organization but the common method of selecting the employees in the organization almost remains the same. There are five stages in the selection process which are described below:

STAGE I: Application Blank

The first stage in the selection process is collection of application blank. It is also known as application form. The technique of application blank is traditional and widely accepted method of retrieving information about the prospective candidates. Application blanks are also used as a preliminary selection tool for shortlisting the candidates. The companies often formulate the application blank according to the required information. A simple application blank consist of details about personal data, Educational Details, Experience details, extracurricular activities and references.

STAGE II: Selection Test

The second stage in the selection process is selection test. This is usually adopted by the organizations when the applicants are in large number. This is a psychological test for comparing and contrasting the behavior of two or more persons on the basic of a standardized measure in order to predict their likely job performance, if selected.

Although, few organizations only depend upon the tests to shortlist the best candidate for their organization. A test is an instrument designed to measure various traits of a candidate which are not disclosed by the application blank. The use of test is prevalent and widespread in the organization and can be classified in various ways. Each test has its own objective and attribute to measure. These are described below:

- A. **Performance Test:** It is also called as an achievement test. It is concerned with what one has achieved. These tests are based on the job analysis data and fulfill the requirement of job relatedness. The claim of a candidate to know something is usually tested through these tests. For example, a typing test may measure the typing performance of a typist in terms of speed, accuracy and efficiency. There are two types of performance test-work sampling and assessment centres.
- B. **Psychological Test:** These tests are standardized measure of a sample behavior. Here validity and reliability of a test is very important. If the tests are reliable and valid it promise to deliver the consistent and authentic results.
- C. **Psychometric Tests:** These are the very popular tests being used during the recruitment process. This test measures intelligence, skills and personality of a candidate. Every organization now constitutes a panel in which experts are responsible to conduct psychometric test for applicants. The reason behind this test is to check the suitability of a candidate for a particular job. Psychometric tests are also used to assess the overall personality of a candidate and how well he can go along in team work. Certain specific traits are measured with the help of this test.

These tests have been used since 20th century. They were originally used in the field of educational psychology. In 1905, Alfred Binet introduced the “first Intelligence test”. Since then these tests have been popularly used and became integral part of the

recruitment process. The focus of this test is on measuring the skills in the candidate rather than testing the educational qualification.

The term psychometric is derived from Greek word for mental and measurement. There are different types of psychometric tests.

- a. **Aptitude Test:** This test assesses the specific skill in a candidate. Numerical reasoning test is one of the types of this test. Basic mathematical abilities are tested in this test. Various graphs, reports and statistical information is given for interpretation by the candidate. He is assessed on the criteria how well he is able to comprehend and interpret the given data. Another test is called reasoning test. It consists of questions pertaining to logical reasoning.
 - (i) **Intelligence Tests:** These tests refer to the measurement of numerical ability in a candidate, his reasoning skills, data interpretation and basic language skills. Intelligence tests are significant as they are important in making crucial decisions in the organisations.
 - (ii) **Aptitude Tests:** These tests generally measure the competence of a candidate and suitability towards a particular job. Thus these tests basically test the potential of a candidate.
 - (iii) **Interest Tests:** Every individual has inclination towards a certain field. This test measures the individual's preference or inclination towards a particular area. To do this an interest inventory is designed. An **interest inventory** is a **testing** instrument designed for the purpose of measuring and evaluating the level of an individual's **interest** in, or preference for, a variety of activities; also known as **interest test**. Jones states, "Interest is a feeling of likening associated with a reaction, either actual or imagined to a specific thing or situation." Bingham defines: "Interest is a tendency to become absorbed in an experience and to continue it, while an aversion is a tendency to turn away from it to something else."
 - (iv) **Personality Tests:** Personality tests are conducted with the help of personality inventories. Personality inventories are a set of objectively scored questions to which the test taker responds. The personality test gives information on the traits such as extraversion, self-esteem, authoritarianism, neuroticism and conscientiousness. "Big Five" personality dimensions are quite popular among the analysts who are keen to know the personality types. The dimensions of Big Five Personality are given in the circular diagram given below:



Fig 6.1 Key point Process of Selection

Source: adopted from : <https://www.edrawsoft.com/personality-circular-diagram.php>

STAGE III: Selection Interview

A face-to-face conversation with the candidate is called interview. This conversation is essential to retrieve information which cannot be extracted through any other tool. An interview judges the candidate for the suitability of a job. Interview is the most widely used method of selection. It is also known as employment interview. It is a formal, in-depth, conversation conducted to evaluate the candidate for a job. Interview is one of the tools to have direct contact with the candidate. Through this, overall physical attributes of a candidate can be judged easily. Not only interview is a method of soliciting information about the

applicant, it is also a tool by which the details about the company and company expectations can also be given to the prospective applicant. Usually negotiation about the salary, job terms and conditions are decided during the interview. Actually, interview is a prominent tool to interact face-to-face with your prospective employee.

Types of Interview

There are different types of selection interview. Each type of interview differs on the basis of interaction pattern adopted for the interview process. The different types of interviews are described below:

- a. **Unstructured Interview:** In this type of interview the questions are not planned. The questions asked may be from different areas of core subject, attitude, psychometric testing. Unstructured interview have low inter-rater reliability and low validity. Still , these interviews are widely used in organizations but they do not promise to dig out all the relevant information about the candidate. In such interviews the candidate is encouraged to express himself fully.
- b. **Structured Interview:** This interview is highly structured and organized. This kind of interview is highly reliable. The approach is to plan the questions in advance and put them in logical sequence in such a way that each successive question has a link with the previous question. Usually same set of questions are asked from each candidate. It is also known as highly organized and patterned type of interview. There are two types of structured interviews- behavioral and situational. The behavioral interview focuses upon the past behavior of candidates, their past behaving patterns and situational interview emphasize upon the candidates' expectations about the future roles and activities on the job.
- c. **Depth Interview:** This interview digs out the considerable detail of a candidate so as to make right selection. Usually his interest area is examined and information is retrieved on that area only so that the candidate once selected does justice to the given job and takes interest in that job. Such candidates stay with the company for long period of time.
- d. **Stress Interview:** This interview is designed to test the candidate under conditions of stress. Usually the candidate is tested for his ability to cope up with adverse situations and ability to adjust to stressful work environment. Thus, these tests are also quite popular.

**Check Your Progress-A**

Q1. Define selection and describe the steps in selection.

Q2. Explain different types of interview in detail.

Q3. Choose the correct alternative.

- (i) Process of matching characteristics of job to skills, abilities and knowledge of individual is classified as;
- a. selection yield fit
 - b. success-acceptance fit
 - c. person-organization fit
 - d. person-job fit
- (ii) Purpose of selection for an organization is
- a. maintain records
 - b. administering tests
 - c. placement of employees
 - d. interviewing applicants
- (iii) Selection is usually considered as a _____ process.
- a. positive
 - b. negative
 - c. neutral

- d. None of the above
- (iv) The process of eliminating unsuitable candidates is called
- a. selection
 - b. recruitment
 - c. interview
 - d. induction
- (v) The purpose of an application blank is to gather information about the
- a. company
 - b. candidate
 - c. questionnaire or interview schedule
 - d. competitors

6.5 METHODS OF INTERVIEW

There are many ways to conduct an interview. Following are the methods of interview which are usually adopted by the organizations. These are described below:

1. One on one Interview:

In this interview, there is only one interviewer and one interviewee. It means that only one candidate is interviewed at one time by one interviewer. Once the interaction with one interviewer is over, he faces interview by another interviewer. For example, candidate has to face first interview with human resource manager, then with marketing manager and then with production manager, then finally with senior manager. Such method of interviewing takes more time than usual. But it also allows to have a detailed insight about the prospective applicant. The candidate can be judged on all the parameters. Such method is used to recruit key positions in the organisations or managerial positions.

2. Panel interview:

In this, a group of experts are called and clubbed together to form a panel. Each panelist is an expert/ specialist of his area. In this method the candidate take the questions from different experts. This way every minute detail of the candidate regarding his/her knowledge in his/her domain can be checked by this method.

3. Group interview:

In this method, a group of candidates are interviewed at a time. In this interview common questions/caselets are asked from each group. The group consisting of candidates is asked to discuss the questions in group and then they are supposed to give answers one by one. The

advantage of this method is that it takes less time to evaluate the candidates. On the other hand even the candidates find this method comfortable as they are assisted by each other to solve a common problem. Such methods are highly useful to identify leadership traits in individual, interpersonal skills, problem solving skills, team building ability and convincing power of a candidate.

6.6 STEPS IN INTERVIEW PROCESS

Interview is a selection process in which most capable candidates are identified on the basis of face to face interaction. It is based on oral conversation. The interview process should be rational and effective so that right candidate is hired. An effective interview has following stages:

1. Preparation for Interview:

The first step in the interview process is the preparation for interview. This step includes detailed planning about how the interview will be conducted?. What questions will be asked from the candidate?. Preparation is also done about the panelist or experts who shall be called for the interview. Moreover, preparations are done regarding the seating/interview room where it will be conducted. Not only this, interview schedule is prepared according to which candidates are called. The date and time is already fixed and the same is communicated to the shortlisted candidates. The method of interview is pre decided for instance whether there will be structured interview or unstructured. In case it structured a lot of preparation is done towards preparing the questions to be asked. The physical setting where the interview will take place should also be seen for proper lighting, ventilation etc. The brief resume of the candidates are also given to the experts so that they can have good idea about the candidate before s/he enters the interview room. Preparation of resume is done in this regard.

2. Conducting interview:

In this stage the interview is conducted as per the schedule already prepared. Usually the candidate is welcomed and a rapport is developed between the interviewer and the candidate. A comfortable atmosphere has to be created so that the candidate feels easy to share the things for which s/he has appeared. It should also be taken care that the candidate gets enough time to give his response. It is important to create congenial environment for the candidate.

3. Termination of interview:

In this step the interview comes to a closure. After the desired responses are received the interview comes to an end. It is good to close the interview by giving the opportunity to the

candidate to ask something about the organisation. The candidate is told that in case s/he is shortlisted s/he will be informed.

4. Evaluating interview:

In the evaluation phase the responses received from the candidates are evaluated. After termination of interview, interviewers must review the interview. The scoring sheets are used to record the points. Each candidate is given point for his performance. The candidates who receive higher points are selected for the job. The final list is declared and sent to the office to be kept in record.

Limitations of Interview:

Interview is the most significant step in the process of selection as it gives the opportunity to the employers as well as the candidates to know about each other closely and thus making the right choices. However there are certain limitations which make this process ineffective. The limitations are listed below:

1. Snap Judgment:

This refers to judging the candidate in first impression. Thus, when the interview forms perceptions about the candidate in the first look it is called a snap judgment. The interviewer may be sometimes wrong in giving early judgments.

2. Halo effect:

When the decision about the candidate is made on the basis of his/her single trait it is called as halo effect. Halo effect creates limitation in right selection of the candidate as it creates biasedness in the process of decision making. Hence the purpose of interview is defeated.

3. Contrast effect:

Contrast effect refers to the tendency of making decision on the basis of the previous candidate. Thus, if the previous candidate did not perform well in the interview then the present candidate who if is slightly better than the previous one has more chances of being selected in that interview. Thus, contrast effect can be very dangerous.

4. Pressure:

Another major limitation of an interview is pressure from the top management, bureaucrats, board of directors, and other peer pressure which affects the decision process. Due to this pressure sometimes the most eligible candidate is out and the one who is not deserving is in.

5. Personal biases:

Sometimes interviewers are alleged for personal biasness. This personal biasness affects the decision taken by the interviewer.

6. Lack of Knowledge:

When the interviewer does not have sufficient knowledge in his/her field then s/he is unable to gauge the performances of the candidates and s/he can thus make wrong decisions. They are unable to make out the right or wrong responses and gives wrong decision.

6.7 MEDICAL EXAMINATION REFERENCE CHECKS

STAGE IV: MEDICAL EXAMINATION

Medical examination is also called physical examination. It is the most significant step after interview. When the company has finalized the candidates for final placement, they are asked to get their physical check -up clearance certificate to the organization. The objective of medical examination is to ensure that the candidate is physically fit to perform the given job. Physical examination also prevents the organization from appointing candidates with ailment due to which the work would suffer. Medical examination is conducted after the candidates are shortlisted in the interview. The next step is Reference checking.

STAGE V: REFERENCE CHECKS

When the candidate applies for the job he mentions two to three references in his/her resume. These references are cross-checked during the interview process. There is a reference column in the application blank. These are asked by the organizations so that the information furnished by the candidate can be cross checked. Reference checking has become an important criteria for selection these days. Since the organizations can't rely on the information retrieved through interview, it is advisable to get the complete details through the references. Reference checks play a very important role in the selection process. Reference checking ensures that the candidate is well known to the people mentioned in the CV and that s/he will not be a troublesome employee. Background checking and the other traits of a person can be cross checked with the help of reference checking.



Check Your Progress- B

Q1. Define one-on-one interview.

Q2. What is panel interview?

Q3. Describe the steps in the interview process.

Q4. Multiple Choice Questions-

(i) In the context of selection methods, what is meant by validity?

- a. It refers to how ethical a particular method is.
- b. It refers to how well a process avoids direct or indirect discrimination.
- c. It is an assessment of how thoroughly a test has been evaluated in the past.
- d. It is a measure of the reliability of tests of personality traits.
- e. It refers to the match between the results of a selection test and subsequent job performance.

(ii) Choosing the right person to the right job is known as _____.

- a. Selection
- b. Recruitment
- c. Placement
- d. Induction

(iii) _____ are given to measure a prospective employee's motivation to function in a particular work environment

- a. Personality test
- b. Intelligence test
- c. Aptitude test
- d. Memory test

(iv) _____ used to measure an individual's activity preferences

- a. Interest test
- b. Personality test

- c. Aptitude test
 - d. Memory test
- (v) _____ is a test which helps to predict whether a person will be successful in a given job
- a. Validity
 - b. Reliability
 - c. Authenticity
 - d. None of these

6.8 JOB OFFER

This is the last step in the process of selection. A job offer is a document offering provisional job offer to a candidate. This means that the candidate if agrees to the terms and conditions laid down in the offer and agrees he accepts the job offer. These days usually a job offer is made through e-mail and the acceptance for the job is also reverted through e-mail by the candidates. Job offer is the offer of employment which consists of salary details, its break-up, allowances provided by the company, other terms and conditions. Instead of issuing an appointment letter, job offers are made so that only interested candidate joins the organization. When the candidate accepts the job offer, s/he mentions the date on which s/he will join the company. The day s/he joins the company, the HR manger issues the appointment letter being duly signed by the competent authority. The candidate also gives his/her joining in writing.

It can be summarized that selection is a very vital function of HRM. The mangers have to be careful in the final selection of the candidates. Right selection has a long lasting impact on the organization. Moreover wrong selection leads to wastage of resources like time, money, e energy etc. which is put in the selection process. These days the function of selection is also outsourced. Various consultancy firms take the responsibility of selecting the desired candidates on the behalf of the company. For this they charge a certain fees. Companies also shed off their burden by passing this responsibility to the consultants. In India there are various consultancy services which are functional and operative. Actual the outsourcing of selection process has also saved precious time of the organization which it can divert in thinking some revenue generating ventures.

The selection of candidate is a very tiresome and time consuming process. It involves lot of money and energy and then the organization succeeds in hiring the best candidate for its organization. Thus apart from selection, retention of employees in the organization is a challenge. These days with changing set of skills and the dynamic workplaces it becomes difficult to attract the employees. Even the candidates rush to those organizations which are able to meet their demands. In this complicated scenario imparting proper training to employees becomes essential. The organization cannot just focus on selecting the best candidate but has to also see for their proper training and growth prospects. These days

employees demand growth opportunities in the organization. Thus selection is very significant but retention of employees is also a crucial issue.

Selection Policy

Every organization should establish a certain selection policy for effective selection process. Few things which enable the organization to conduct the process smoothly are:

1. **Position Description:** For effective selection it is important that the accurate position description should be written at the recruitment stage. It is essential to identify the key competencies the organization is looking for in a person. Hence, at the time of interview and final selection these competencies can be tested and accordingly the final selection can be made.
2. **Pre-determined Selection Criteria:** It is essential that the organizations determine the selection criteria before the advertisement of the job. Each candidate should be evaluated against the set criteria to avoid any kind of biasedness. Doing this will also ensure the consistency in the selection process and the organisation will be able to manage fair selections.
3. **Privacy and Legality:** Confidentiality in the selection process is very essential. The applicants should feel safe regarding the document sharing and furnishing details about his or her candidature. Moreover, the selection process should not be discriminatory on the basis of caste, creed, colour or race. Equal employment opportunity should be provided to each candidate who has applied for the vacant post. The organisation should consider all the statutory regulation which deem and pertain to a particular country. Hence selection process should abide with the mandatory guidelines to be followed in a particular country. Usually this is the case when a company wishes to start its operations in the other country.
4. **Transparency:** The entire process of selection should be transparent at every stage. No kind of favoritism or biasedness should be allowed. With the introduction of Right to Information Act in India, it is possible to track the position of application in the organization and scores achieved in the selection process are also furnished by the companies. Thus in a way even the companies cannot easily manipulate the things.
5. **Diversity:** These days people from any region and culture usually apply against the vacancy. In this scenario it is important that the organization train its employees towards managing diversity. Also, the diversity issues must be handled carefully because it may lead to losing an efficient employee from being selected.
6. **Ethical Decision Making:** The selection process should ensure that any decision taken should be ethical. Being ethical motivates other employees also and this pays the organization always.
7. **Procedural Fairness:** The organization should adopt procedural fairness in its process. Each step should have clarity and transparency. The employees will have faith in such organization. This also enhances the credibility of the organization. People look forward to apply in such organizations due to this faith. Hence, the organization can benefit by having the pool of best candidates and they have best options available with them.

8. Selection on merit basis: The selection process should always consider merit as the basis of final selection. If the candidate is good in his/her merit he must be selected. There will not be any discrimination if the organization selects its employees in the merit basis. Each candidate is evaluated against the set criteria and scores are awarded to each candidate. The one who scores the highest reveals that he must be the one who should be given priority over others.

Thus, it can be concluded that if the above factors are considered in the selection process, the final selection made by the company would definitely be appropriate. The organization will also gain by adhering to these principles as it not only creates a positive image in the mind of general masses and employees but also leads to hiring best candidates in the organization. This way selection can be done effectively.

6.9 SELECTION PRACTICES IN INDIA

As far as selection practices in India are concerned there has been a shift due to technological advancement. Technology can be easily seen in assisting the companies to make right selections for the organization. The Corporate in India are frequently using Applicant Tracking Software to organize all the details and data bank of the prospective candidates. The tracking software helps in tracking the prospective candidates, maintain their details and connecting with them so that they can be filtered for final selections. The corporates are using social media to address the identification of candidates. The advertisement for new positions are displayed on the social media platform.

Besides this the use of internet and online recruitments have become more accessible and cost effective. Not only is this it saves time and a prospective candidate can be hired no matter he is geographically far away. Thus preliminary interviews can be conducted through Skype which saves time and incase the candidate is promising then only the company make efforts for the next step. Thus, the recruitment and selection practices in India have adopted technological advancements in making things easier for the candidate as well as themselves.

Though the methods of selection remain almost the same the only difference in present practices of selection is that technology has made the task of selection easier for the organizations. The organizations have ample scope of reaching to large number of applicants and prospective candidates and hence it increases its chance of selecting from the wide pool of candidates due to internet solutions. Thus, it can be concluded that the selections practices in India have changed leaps and bounds and it will continue to change in the presence of Artificial Intelligence and digitalization.

6.10 SUMMARY

Selection is a systematic process of identifying suitable candidates for the jobs available in the organization from the available application pool. The process of selection begins once the applicant pool is assembled through the recruitment process. Further, the various stages of the selection process are employment application forms/blanks, selection tests, selection interview, reference checks, physical examination and job offer. Employment application forms/blanks are used to collect biographical information, educational qualifications, work experience, pay and other perquisites, and other relevant information of the candidates and also a few references. You also studied that the selection test is a psychological test for comparing and contrasting the behavior of two or more persons on the basis of a standardized measure of behavior. However, the selection test must ensure objectivity, standardization and sample behavior. The types of tests are the ability test, intelligence (IQ) test, aptitude test achievement tests, personality test, interest test, and honesty or integrity test. You should also remember that a selection interview is a face-to-face conversation to collect information from a candidate to determine his suitability for a job. The kinds of interview are structured interview, unstructured interview, in-depth interview, stress interview, panel interview, and computerized interview.



6.11 GLOSSARY

Reference Check: A reference check is a process of cross-checking the information provided by the candidates in the different stages of the selection process.

Physical Examination: A physical examination is a medical test to ensure that the selected candidates meet the physical requirements of the job.

One-on-one Interview: In this interview, there is only one interviewer and one interviewee. It means that only one candidate is interviewed at one time by one interviewer.



6.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q3.

- (i) a
- (ii) b

(iii) c

(iv) a

(v) a

Check Your Progress –B

Q4.

(i) a

(ii) b

(iii) c

(iv) a

(v) a



6.13 REFERENCES

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6.14 SUGGESTED READINGS

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6.15 TERMINAL QUESTIONS

- Q1. What are the steps in a typical selection process?
- Q2. What types of errors are committed by interviewers. Explain.
- Q3. What is meant by structured interview? How does structure affect reliability and validity?
- Q4. Describe Application Blank with the help of a format.

UNIT-7 INDUCTION AND PLACEMENT

7.1 Introduction

7.2 Objectives

7.3 Meaning of Induction

7.4 Strategies to conduct effective induction

7.5 Meaning of Placement

7.6 Summary

7.7 Glossary

7.8 Answer to Check Your Progress

7.9 Reference/ Bibliography

7.10 Suggested Readings

7.11 Terminal & Model Questions

7.1 INTRODUCTION

In this unit you will learn about induction and placement in organisation. A meticulously planned induction programme is thus necessary for any organization to educate the employees about the various aspects of the organization. Orientation programmes are useful in acquainting the new employees with the organizational culture, work environment, policies and norms.

7.2 OBJECTIVES

After reading this unit you will be able to:

- Know the objectives of an induction programme.
- Understand the process of an orientation programme.
- Understand demotion, separation, absenteeism and turnover

7.3 MEANING OF INDUCTION

Induction is also called orientation. The process of induction starts immediately after selection. Induction is meant for the newly appointed employees. The newly appointed

employees get the first impression of the organization through the orientation programmes. Induction enables the employees to easily settle in the new environment and understand the work norms. The duration of an induction programme may last from one day to several months. The duration depends upon the job requirements. In orientation programmes, employees are usually briefed about the history of the organization, its culture, values and attitude, the expectations of the management, the job and department details, and the product or service information.

Employees are given information about the pay scales and incentive schemes, probationary period, the nature and duration of training, working hours, overtime rules, safety rules and procedures, promotion policies and opportunities, and leave facilities. A well-planned orientation usually reduces the likelihood of committing initial mistakes and achieves better understanding between the employer and the employees. As a result, it helps the organization in gaining substantial improvement in productivity, quality, cooperation, and industrial relations. In contrast, the lack of orientation programmes might lead to employee alienation and dissatisfaction, a higher rate of attrition, and an increased cost of recruitment and selection.

The term orientation has been defined by various authors. According to Michael Armstrong “Orientation is the process of receiving and welcoming employees when they first join a company and giving them the basic information they need to settle down quickly and happily and start work.”

Thus orientation may be defined as a process of disseminating pertinent information related to the work norms, organizational culture and authority responsibility relationships so that employees feel comfortable in the new workplace.

People involved in the induction process

There are many people who are involved in the process of induction. To name few HR managers, health and safety advisors, training officers, line managers, supervisors, trade union representatives.

There are three categories of employees who will benefit from induction process as follows:

1. **New Entrants:** New entrants are the new employees who receive training through induction.
2. **Promoted Employees:** Employees who have been transferred and promoted are the beneficiary of the induction training.
- 3 **Existing Employees:** Induction training is also beneficial for the existing employees. Information regarding new policies can be disseminated in the induction programme.

Significance and purpose of Employee Orientation

The significance of induction programme lies in retaining the employees for a long period of time. Proper induction of employees renders job satisfaction and leads to developing a committed employee. If the employee is under stress and anxiety on his/her very first day of job, s/he would never feel comfortable and satisfied. Moreover, s/he creates a wrong impression about the entire system which might result into high attrition rate and employee grievance. There is also a growing realization among the organizations that the process of orientation can sustain and improve the new employee's initial enthusiasm.

The purpose of employee orientation may be understood by the following points:

Welcoming New Employees

Induction is a way to formally welcome new employees in the organization. For this the HR manager plans and execute the programme ensure that each employee is inducted well.

Overcoming Initial Uneasiness and Exchanging Information

Negative perception and dissatisfaction may arise if the employees are not inducted. The anxiety and uneasiness can be removed through proper induction. Employees are able to adjust themselves in the alien environment.

Induction is a process in which the organizers shares information about the department, reporting authorities, work norms, information about organizational policies etc. The employees are also encouraged to satisfy their queries related to the organization. Thus an exchange of information is possible due to induction programme.

Controlling the HR Cost

When the employees are unable to relate themselves with the organisation they resign from the organisation. This in turn raises the cost of the company and it has to look for candidates afresh and start the hiring process.

Socializing Employees

When the employees socialise they are able to match their thinking process, develop beliefs and values are generated. They are able to understand each other in a better way. There are many advantages of socialisation. It creates sensitivity among the members and thus employees are in a position to work together. Socialisation also increases the chance o employees to stay for long time in the organisation.

There are various objectives of induction:

1. Induction helps in removing nervousness and overcoming any type of anxiety from the new comer.
2. The induction process helps the new comers by disseminating pertinent information about the location, workplace, duty rules and regulations etc.
3. Through induction process confidence is instilled in the employees.

4. It also helps in reducing the labour turnover and the rate of absenteeism.
5. The induction process helps in building cordial relations with the employees and the new comers.
6. Induction helps in removing any type of confusion related to the workplace.
7. Induction is also essential to bring the facts in front of the new comers on the very first day. This helps in removing or reducing any kind of negative impression in the minds of the new comers.
8. Sense of belongingness and loyalty towards the organisation can be achieved through proper and effective induction programme.
9. Inductions help in dissemination of the organisation policy in front of the new comers.
10. It helps in establishing two-way communication between the management and employees.
11. Proper induction helps in forming informal groups which will be beneficial to the organisation during team work.

Thus, a proper induction programme is very useful for the new comers in the organisation. It provides various information like –brief history of the organisation and how it executes its operations. The employees come to know about the organisation structure through a proper induction programme. The policies and procedures of the company are shared with the new entrants. Employees come to know about the products and services in which the company deals with. The induction programme also discusses about the location and different facilities available in the organisation. Safety is a vital issue in the manufacturing sector; hence all the safety measures and techniques are discussed and shared with the new comers. The employees are told about the grievance procedure adopted in the organisation so that the employees do not face any difficulty in venting his/her issue in the organisation. The new comers are told about the benefits and welfare facilities available for them in the organisation. Sometimes due to lack of providing information about the provisions employee is unable to take advantage of the same. The standing orders of the company are also shared with the employees. They are told about the promotion aspects, transfers in the organisation and various training programmes which are available for the benefit of the new entrants in the organisation. If the organisation is open to soliciting suggestion from the candidates, they are told about the same. This way organisation can take measures or positive steps to improve it.

Components of Orientation Program

Any organization before proceeding for orientation program has to make the following choices:

1. **Formal or Informal Orientation:** The organization may opt for both formal and informal ways to introduce employees to the work environment. In formal orientation a well-structured program is designed and the new recruits are inducted in a formal manner comprising of hierarchical flow of events and top-down communication. In case of informal orientation the employees are directly placed on work. It is assumed that they will acquaint themselves with the environment on their own.
2. **Individual and Collective Orientation:** This is the second type of organising the induction program. In individual orientation the employees are the focus of the program, the stress is on knowing about their expectations with the organizations. In collective induction the employees are inducted as a whole.
3. **Serial or Disjunctive Orientation:** In serial orientation the new entrants are inducted by experienced and old employees. But in disjunctive approach the process of induction takes place not necessarily by the experienced staff in the same field.

Ways to Evaluate the Induction Process

The evaluation of induction process can be done after six months. Various methods can be used to evaluate the induction process. These are mentioned below:

1. **Turnover:** The labour turnover is one of the methods to evaluate the induction process. Labour turnover refers to the number of employees leaving the company. The lesser the turnover rate, more effective is the induction process.
2. **Absenteeism:** The absenteeism rate in the organization is also an indication of effective induction process. If the rate of absenteeism is low it indicates that the induction has been done effectively.
3. **Exit Interviews:** Exit interviews are the best medium through which the employees reaction and perception towards induction process can be gauged. Usually the organizations conduct exit interviews to know the reasons for leaving the organization.

**Check Your Progress-A**

Q1. Define induction and briefly discuss the purpose of induction?

Q2. Define Placement.

Q3. Choose the correct alternative.

- (i) Teaching of current employees with skills needed to perform effectively on job is
- training
 - negligent training
 - both A and B
 - learning
- (ii) Formulating 'SMART' performance training objectives is included in
- need analysis
 - instructional design
 - implement
 - evaluate
- (iii) Providing new employees with basic information regarding background is
- employee orientation
 - employee training
 - both A and B
 - none of above
- (iv) Which of the following is not an objective of employee orientation?
- Preventing employee alienation
 - Developing team spirit
 - Acclimatizing the employees
 - Raising the salary of the employees

- (v) The process of finding an appropriate fit between the people and the positions in an organization is called
- a. Orientation
 - b. Placement
 - c. Socialization
 - d. None of the above

7.4 STRATEGIES TO CONDUCT EFFECTIVE INDUCTION

Corporates shall devise strategies to conduct effective induction for their employees. Since the models of doing businesses has changed these days there arises a need to organize effective induction for the employees. The introduction of artificial intelligence and data analytics in every function of business has also compelled the new comers to be proficient in these skills and knowledge of the same. Thus, induction may also ease the understanding of such skills for the candidates so that they are equipped with such skills in the coming years. Thus, through induction corporates should try to communicate their expectations from the newly appointed workforce so as to attain their goals.

Once the expectations are communicated, i.e. benchmarking are done the companies can further explain the available methods by which employees can attain the benchmarks. Thus, induction helps the employees in knowing the avenues and fulfilling the demands of the company.

Since the jobs have become very challenging these days required skills upgradation is also the responsibility of the companies. The companies may introduce the employees to various courses and programs so that the employees use them for organizational growth along with their personal growth.

It is the responsibility of the corporates to also take care of employee wellbeing these days. Else the employees will not stay for long period. Thus, company has to induct the employees in a way where they can elaborate the welfare activities being run by the company for their family and kids. Since, the employees looks for such jobs and stay in such jobs which take care of their well beings. Thus, it really a challenge for the corporates to strike the right balances between costs and revenues. It must not be forgotten that happy employees are productive employees; hence the corporates must devise such strategies so that it can make their employees happy.

Corporates use different techniques to make the employees feel at home. They take utmost care of their health by installing Gyms in the work premises itself. Once a year free health checkup is provided for the employees, the company has opened up crèches for its employees where they can bring along the kids and take care of them with work together. The aforementioned examples are just a glimpse of what not the corporates are providing these

days to remain competitive in the market and catering to the employees need. Thus, during the induction programme the employees are told about all the facilities which are available and thus in every way tries to satisfy the employees and make them feel that they have made right choice after joining their organization. Thus, it can be said that induction is the need of the hour and companies cannot just afford to neglect it.

Sometimes induction takes place for more than a week. In such induction the employees are placed under close training schedules so that they learn the methods of doing the business. After the employees undergo complete training they are placed at the places for which they are hired.

In the induction process it is essential that a scope for hearing the view points of the employees are also kept. Sometimes induction is just a one way communication and then everybody disperse. But the strategy should be to keep the communication two-way so that the new employees can be heard. It is essential to know the mindset of the fresh entrants because besides resolving their anxiety they also give suggestions how the organization can remain innovative. Innovation is the key to success. Only those employees are successful who think out of the box and keeps on doing innovative things in the organization. The corporates have to understand that these new comers can change the destiny of the organization. Thus they should focus on better induction.

It is usually seen that the organization just executes a formality by organizing the induction programs. And some don't even do that thinking that it is the wastage of time and that the employees have already joined them then what's the big deal. Gradually they will settle themselves. But this perception is completely wrong. The organizations run with the mindset that those who want to stay will stay back and those who want to leave the company will certainly leave but they do not realize that by properly inducting the new employees they can reduce the chances of losing good talent and moreover retaining committed employee which is the need of the hour.

Induction serves various purposes and should be considered as an important function of an organization like any other function. If the induction is properly planned it can do wonders. As it's said that first impression is the last impression therefore corporates should strive and take out time to focus on this activity.

As already discussed in the technological era and ever changing styles of doing business it is essential for the companies also how can they offer variation to the employees. Getting the skilled employees is difficult these days hence the corporates have to cautiously plan the entire event. With more of Generation 'Y' employees and less Generation 'X' employees the corporates are posed with the challenge of meeting the expectations of Generation 'Y' employees. It might sound difficult in the beginning but once the corporates are able to understand the expectations of the gen y it will be a smooth sail.

Various corporates like Microsoft, TCS, Reliance, Google etc. carefully chalk out the induction plan and always try to make the new comers feel that they are important asset of the organization. The company relies on them in its future journey and that they are ready to

reciprocate to the demands of the employees. Thus, today the relation between employees and employers is mutual and both are concerned for the welfare of each other. In such a way some of the corporates are really doing well in the market have build goodwill among the stakeholders. The stakeholders are also ready to invest such firms due to their quality services and products.

Proper induction is the need of hour. The corporates are now ready to face all the difficulties and challenges of doing business and remain ahead of competitors. In this journey the employees also play a very significant role. Thus, both the employers and employees together shape the destiny of the organization and together can make any organization a high performing organization. Visionary leadership and leadership in VUCA environment is assisting the corporates to overcome the obstacles.

7.5 MEANING OF PLACEMENT

Placement refers to the assignment of job to the candidate for which s/he is hired. Thus, it entails that right person is placed on a right job. The job offered is according to the expertise and area of specialization. The step of placement comes just after selection. When the candidate is selected he is placed in a particular department under a particular head and is explained about the standards and duties and responsibilities. The right placement is essential for employee commitment and his long term stay in the organization because if the employee is wrongly placed he will lose interest in the work and in the long run he might plan to leave that organization.

There are various advantages of adequately placing the new recruits in the organization. Firstly, proper placement helps to improve employee morale. The attrition rates can be lowered by proper placement. The accident rates and the grievances are also reduced.

Proper placement is also a challenging task. Several problems may creep up if the employees are not placed adequately. Some of the issues are given below:

- **Employee expectations from the job:** It poses a real challenge for the organization to meet up the expectations of the newly placed candidate.
- **Technological changes:** Due to technological changes there may be a mismatch between the job and the employee. However, the learning organizations know how to deal and cope up with the changing business environment.
- **Change in the organizational structure:** If there is a change in the organizational structure the job profiles and design tend to change accordingly. This may often create a gap between the skills brought by the candidate and the actual requirement at the workplace.
- **At the time of placement it is essential to follow** certain principles which enables to placing the right person on the right job. Few principles which should be kept in mind while placement are given below:

1. The job requirements should be considered before placing the person on job. Therefore, it is important to hire that candidate who fulfills the conditions and skills required in a job.
2. The right person with right qualification should be put on the job. The job offered should align with the qualification of a candidate.
3. A good placement includes sharing the tit bits involved in a job. In case of any carelessness the penalty is imposed but this must be known to the employee before s/he joins the position offered. S/he must also be made acquainted with the work environment.
4. Whenever a new employee is introduced to a job, it is the responsibility of the organization to induce the feeling of loyalty and commitment towards that job. This would enable the employee to take the job seriously and feel for it.
5. Before the new joining all preparation shall be made by the placement.
6. Sometimes placement initially puts the employee on a job considering his/her transfer or posting to another job depending on the training programme and the final positions left in the organization.
7. Right placement delivers good results in the long run. The employee will be motivated to work. If the employee is satisfied with his/her job there will be less turnover, the rate of absenteeism will also be low and moreover the employee will work hard voluntarily.

Thus, it can be seen that placement is a very important function of an organization and it should pay due attention to it. However, there are some problems which may creep in the process of placement. There can often be a problem at the time of selecting the candidate for a particular job. Usually the job is adjusted as per the qualifications of the employee which in true sense is not correct. Such incidents leads to poor work management in the organization. Another problem is that irrespective of the job description is available with the interviewers the candidates who apply for the job are the only ones out of whom the company is bound to hire. Thus, the candidate is selected independently on the basis of availability and not in alignment with the job requirements. Again this is not a fruitful situation. Hence, the right person being placed at the right place is quite significant from the perspective of the organizational growth as a whole.

Placement is an integral part of any selection process. It is the duty of the manager to see that the employee fits in the role given and is able to give his/her hundred percent to the organization. S/He finds the job comfortable and has sound knowledge in the area allotted to him/her. If these things are taken care placement automatically becomes effective.



Check Your Progress- B

Q1. What is meant by placement?

Q2. Write a short note on merits of proper placement.

Q3. Define absenteeism. What are the causes of employee absenteeism?

Q4. Multiple Choice Questions-

- (i) Which of the following is a reflection of poor induction?
 - a. High Morale
 - b. Indiscipline
 - c. Administrative convenience
 - d. Absenteeism

- (ii) Which of the following is not required for induction of employees?
 - a. Catering to Employee personal problems
 - b. Knowledge about the work environment
 - c. Acquaintance with the peers
 - d. None of the above

- (iii) What is the outcome of proper placement?
 - a. Employee turnover

- b. Resignation
- c. Employee Retention
- d. Discharge

7.6 SUMMARY

Orientation is the most significant function of HRM as it disseminates pertinent information related to the work norms, organizational culture and authority responsibility relationships so that employees feel comfortable in the new workplace. Placement refers to assigning a specific rank and responsibility to an individual.



7.7 GLOSSARY

Induction: Introducing the employees to the work environment and organization.

Placement: Assigning the task to the employees.



7.8 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q3.

- (i) a
- (ii) a
- (iii) a
- (iv) d
- (v) b

Check Your Progress –B

Q4.

- (i) d
- (ii) a

(iii) c



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3. Human Resource Management by Gary Dessler



7.11 TERMINAL QUESTIONS

1. What are exit interviews? How are they helpful for an organisation?
2. Define induction. What is the importance of induction in organisations?
3. Why placement is considered important step in the organisation? Give reasons?
4. What are the components of orientation program?

UNIT 8 PROMOTIONS AND TRANSFERS

(DEMOTIONS AND SEPARATIONS- ABSENTEEISM AND TURNOVER)

8.1 Introduction

8.2 Objectives

8.3 About Promotion

8.4 Promotion: Needs and Objectives

8.5 Principles of Promotion

8.6 Basis and Types of Promotion

8.7 Demotion

8.8 Transfer

8.9 Separation

8.10 Summary

8.11 Glossary

8.12 Answer to Check Your Progress

8.13 Reference/ Bibliography

8.14 Suggested Readings

8.15 Terminal Questions

8.1 INTRODUCTION

Performance of each employee measured against the standards by organization to evaluate level of performance given by an employee. The measurement defines the contribution's worth made by an employee against the responsibilities lies under their job profile. If employee performs above the standards, the outcome is received in terms of monetary or positional appraisal. On contrary to it, individual can receive outcome as decrease in position or monetary benefits. After absorbing individual in the organization different practices are carried by organization to attain its objective along with retaining employee and keep them motivated to get efficient performance.

For attaining organization objective and maintaining objective of the Human resource management different practices like promotion, transfer, demotion and sometime separation practices are performed by the organization. Promotion and transfer satisfy the maintenance objective of HRM, whereas demotion fulfils accountability of employee against the assigned duties and separation satisfy the requirement and employee loyalty concern of HR manager.

8.2 OBJECTIVES

After reading this unit you will be able to understand:

- The meaning of promotion, demotion, transfer, and employee separations.
- The types or methods of promotion, demotion, transfer and separation.
- The basis of promotion, transfer and demotions.
- The advantages and disadvantages of promotion, transfer and separation.

8.3 ABOUT PROMOTION

Practices to evaluate and reward an employee provides outcome in terms of changes in status, salary and responsibilities. Jobs are designed in any organization under the practices of job analysis. Analysis of job is carries under job description, job specification and job evaluation/standardization. Job standardization establishes the measurement standards for the organization to check the status of performance given by the employees. When an individual is being selected for defined job profile, duties and responsibilities are assigned against the selection. The performances given by an individual are measured under standards.

For a given performance when individual performance is higher than the level of job standard performance than the performance is said to be get rewarded. Promotion of individual is based on one's performance for the assigned responsibilities and duties (performance appraisal) and based on the competency whether an individual is potentially competent to be get appraise (potential appraisal). With consideration of performance and potential appraisal of an individual, one is provided with promotion in the organization. Thus promotion is outcome of effective and efficient performance exceeding or meeting job performance standards. This includes responsibilities, status and salary enhancement of an individual. Promotion can be defined as;

“A promotion is the advancement of an employee to a better job-better in terms of greater responsibilities, more prestige or status, greater skill and especially, increased rate of pay or salary.” - Pigors and Myres.

“A promotion involves a change from one job to another that is better in terms of status and responsibility.” - Edwin B. Flippo.

“A promotion is the transfer of an employee to a job that pays more money or that enjoys some preferred status.” - Scott and Spreigal.

Thus promotion provides employee salary enhancement, status appraisal and increase in responsibility. Thus an upward movement of employee according to competency and stay along with duties increment supported with enhanced monetary benefit is termed as promotion.

8.4 PROMOTION: NEED AND OBJECTIVES

8.4.1 NEEDS OF PROMOTION

Promotion needs are two dimensional as organizational needs and individual needs. Organization and individual requirements are furnished by promotion. Description of organizational and individual needs for promotion is as follows;

8.4.1.1 Organizational Needs

Human resource management consists obtaining, maintaining and retaining objectives. To maintain employees their active participation is major demand of the organization. Efficiency in performance attained through motivated employees and promotion serves this purpose. The very objective of retaining employees is fulfilled through promotion as it encourages employees to work within the organization.

Job satisfaction of employee is the current need of the human resource policy. Employee with their career enhancement and respectable monetary benefits attain through promotion creates a satisfied employee. Promotion of employee contributes in attaining job satisfaction among the employees.

Transparency in organizational policy makes working environment for the employees more fruitful. Promotion policy appreciating competent and efficient performance creates learning and motivating environment for the employees. To attain efficiency and learning employee's promotion policy is utilized as effective tool for the organization.

8.4.1.2 Individual Needs

Employees of an organization try to attain social, personal, organizational, and functional objectives. Organizational and functional objectives are accomplished thorough accomplishment of job responsibilities. Promotion policy of an organization guides individual employees for attaining target performance under the assigned job responsibilities. The functional and organizational objective of organization is attained with the transparent policy of an organization.

Work life balance or personnel objectives of individual employees get accomplished while maintaining the social level satisfaction and monetary requirement fulfilment. Promotion enables individual to attain monetary benefits and recognition in social groups through attainment of higher position in the organization.

8.4.2 OBJECTIVES OF PROMOTION

Promotion serves multiple objectives for an organization. The objectives accomplished through promotion for an organization are as follows;

- To utilize human resource effectively and efficiently, promotion provides opportunities of up grading in the organization hierarchy. Promotion policy pushes individual employee to perform as per the standard to be part of promotion.

- To meet challenges of new technology, learning attitude of employees can be enhanced using appropriate promotion policy. Appreciation of efficient performance encourages the employees to be more open for learning and coping up with the challenges.
- To ensure Career development and enhancement through proper channelization of promotion policy.
- Attainment of healthy work culture and belongingness among the employees with organization using promotion policy of the organization.
- Loyalty of employee for the organization is promoted through transparent practices of promotion and other policies of the organization.
- Coping up individual objective with organization's objective is possible through promotion policy evaluation favourably done by the employees.
- Performance management, knowledge management, career planning, competitive advantage and many other practices are enhanced under the proper practices of promotion policies in any organization.

8.5 PRINCIPLES OF PROMOTION

Promotion policies of any organization are based on the principles followed by the organization. To attain the objectives of promotion organizations must carry following principle practices in their promotion;

i) **Documentation of Promotion Policy:** Exhaustive written promotion policy on promotion need to be created. The written policy provides reference for future situation and work like guidelines for decision making for promotion. Different condition faced under promotion practices need to be documented for future referencing.

ii) **Identified Promotion Position:** Organization must practice pre identification of position for which individual employees get promoted. Replacement chart practice helps in identification of positions for promotion and creates targets for employees to attain through better conditions performances in their respective job responsibilities.

iii) **Defined Criteria of Promotion:** Job analysis defines the responsibilities, duties and performance standards for job profiles in the organization. Promotion position identifies the job profiles job descriptions whereas the job standards identify the competency required to fulfil these responsibilities. Along with job description working culture requirement for any position must be defined under the promotion criteria.

iv) **Objectivity of Promotion with Job Analysis:** Evaluation of employee for the promotion position must be free from personal bias of the evaluator. Promotion criteria must be designed objectively so as to promote the competent and right person for the position vacant for promotion.

v) **Coordination of Promotion with Training:** Promotion motivates individual employee to look forward for the competencies enabling them to be eligible and qualify promotion criteria. Thus the training program needs to coincide with promotion criteria.

vi) **Scientific Process of Promotion:** Cause and effect criteria need to be considerably effective in promotion policies. The promotion must be implemented in a manner to identify the scientific outcome from the implementation of promotion policy.

vii) **Transparency of Practices:** Promotion practices keeping scientific procedure and objectivity in implementation leads to transparency. Keeping transparency in practice generates loyalty among the employees and healthy working environment.

8.6 BASIS AND TYPES OF PROMOTION

Employee promotion is based on two dimensions as seniority and competencies merit of the employees. Different types of promotion based on these dimensions are of majorly of two types. The basis and types of promotion are discussed further;

8.6.1 BASIS OF PROMOTION: The two dimensions of seniority and competency are basis for promotion of employees in the organization.

8.6.1.1 Seniority Basis of Promotion: Tenure of stay in an organization identifies the loyalty of employee for any organization. Employees look forward for the reward against their loyalty for the organization. Thus in many organizations seniority is considering as base for promotion. Longer stay in the organization enhances the experience of the employees as well as makes them well versed with the organization practices. It also minimizes the efforts of socializing new employees in the organization. It is promoted by the employees as it does not consider the merits of employees in the organization functioning.

Contrary to the merit based competency evaluation seniority based promotion motivates majorly longer stay in the organization. Meeting the challenges of new technology and changing nature of the future organization is not supported under the seniority based promotion practices. Sometimes it creates condition where trade union practices overrule the organization functioning and hampers the growth and development. Competent employees may not get recognizes and generation of compromised performances takes place in seniority based promotion practices.

8.6.1.2 Competency Merit Basis of Promotion: Job standardization provides guidelines for evaluating the performance given by an employee. Competency of employees measures three dimensions as knowledge, skills and ability. The scientific measurement provides analysis of job objectives against the competencies possessed by an employee. Thus competency based merit of employee identifies most suitable employee for the promotional position available in the organization.

Merit based promotion encourages openness for learning to meet the standards set for the promotion. Along with learning it also helps organization to meet uncertain challenges of future faced by the organization in the course of its functions. It motivates employees to enhance their level of performance to attain the promotions in their employment.

Implementation of merit based promotion demotivates number of employee those are not capable to meet the competitive requirement get generate among employee to get promotion. Thus most of these employees feel low belongingness with the organization and their policy.

To ensure merit employees motivation and belongingness among rest of the workers with organization policies for promotion mixed method of promotion is adopted by the organizations. Seniority as well as competency of the employees being considered by the organization for its sustainable development containing competent as well as loyal employees.

8.6.2 TYPES OF PROMOTION: Decision of basis for promotion provides path for mode of promotion carried in the organization. Promotion as defined earlier provides changes in the status, responsibilities and salary of individual employees. On the basis of these three dimension types of promotion can be following;

8.6.2.1 Horizontal Promotion: While change in responsibilities and salary if the employee status remain constant within the organization such method of promoting an individual employee is called horizontal promotion. This type of promotion can be find in sales manager team where the team size , and corresponding field area get increases with some increase in the salary while position remain constant. This type of promotion keeps individual motivated due to the aid of financial and authoritative perspective.

8.6.2.2 Vertical Promotion: Changes in all the three dimensions viz. salary, status and responsibilities of an individual is said to have vertical promotion. In such method as individual's each dimension gets enhanced, the outcome received as enhanced contribution from employee. Every organization possesses such promotion method in their practice. For example a sale executive being promoted as senior sales executive, consisting increase in salary, status and responsibilities.

8.6.2.3 Dry Promotion: When individual employee status and responsibilities get increased while salary being constant such promotion is called dry promotion. For example a lecturer in a university is promoted to senior lecturer while increase in responsibilities but no change in the salary. Such type of promotion largely has an inverse effect on the performance of the employee.

Promotion practices may be carried as opportunities being open for the entire employee termed as open promotion or it may be restricted to some cluster of employees termed as close promotion. These promotion practices depend upon whether every employee is eligible for the vacant position of promotion or is reserved to some set of employee falling in the eligibility criteria.

8.7 DEMOTION

Demotion is an inverse of promotion. Change of responsibilities, salary and status in downward direction is termed as demotion. Individual for non-compliance of organization norms and not fulfilling the job criteria or non-performance against the given responsibilities leads to the decision of demotion. In case of lower level of business sometime organization to retain employees may opt for demotion policy for its employees. Demotion is a demotivating factor for employee thus they make their efforts to avoid such situation to occur in their career.

In context to understand demotion in practice Theory Z can be useful concept. Theory Z is combination of American and Japanese style of management. American style of management leads to removal decision of non-performer and promotion of competent performer in the organization, whereas Japanese style of management leads to demotion of employee even when they are not performing the standard outcome after providing sufficient time for performance improvement. Theory Z is combination of above both styles providing promotion to employees meeting performance and demoting others those are not able to meet the performance standards.

Thus non-performance, non-compliance to norms, downsizing decision, and lay off are certain causes and conditions for demotion of employees.



Check Your Progress-A

Fill in the blanks.

1. Remedial transfer is an example oftransfer.
2. Absenteeism for small time being responsible fortransfer.
3. Japanese style of management supports.....
4. Competency merit based promotion is supported by.....whereas seniority based promotion is supported by.....
5. VRS is an example ofseparation.

8.8 TRANSFER

Employees moved in the same status, salary and responsibilities within organization is termed as transfer. Transfer takes place in two forms as permanent or temporary transfers. Individual's temporary transfer may be due to time being absenteeism, change in the workload or may be vacations whereas permanent transfer may occur due to health concerns of employees, vacant position requiring skills available in the employee or may be change in the workload. Thus transfer can occur in two ways as temporary and permanent.

Transfer may be voluntary or involuntary. Voluntary transfer is requested by employee against their wish for the change in place or department within the organization. Contrarily involuntary transfer is caused under the decision action of the organization.

8.8.1 TYPES OF TRANSFER: Transfer of an employee leads to change in job while keeping status, salary and responsibilities being constant. Transfer may occur in four ways as;

8.8.1.1 Production Transfer: Due to specific requirement in some area of work or with a motive to retain the employee working in the area which required downsizing, production transfer takes place in the organization. In downsizing situation this method equips organization to retain employee and develop loyalty among them.

8.8.1.2. Remedial Transfer: Due to requirement of certain units of organization to meet remedial situation employees get transferred from one unit or place or department to another in similar capacity than the transfer is termed as remedial transfer.

This method provides facility to use the expertise of existing employees as well as minimizes the cost of new recruitment and selection for the organization.

8.8.1.3. Replacement Transfer: To retain the experienced and loyal employees in the organization, an employee can replace the in experience person within the same capacity to enjoy the expertise. Mostly new blood is replaced by experienced person so as to attain growing outcome in those areas.

8.8.1.4. Versatility Transfer: Individual get transferred to other job profile in similar capacity to have understanding in different job profiles available (at similar level), is termed as versatility. To provide understanding about different jobs of similar status, salary and level of responsibility is called job rotation.

Thus versatility transfer enhances employee overall to have understanding of each other's responsibilities and helps in developing coordination and healthy working culture in the organization. In banking sector employee are transfer to different jobs of similar level like in cashier or loaning etc. to have understanding of different profiles and job responsibilities.

8.8.2 ADVANTAGES OF TRANSFER:

- Transfer enhances employees' career skills and performance in job duties and responsibilities.
- It assists in solving the wrong selection concern i.e. putting right person at right place.
- Change in jobs helps to enhance job satisfaction as it assists in removing boredom.
- Future challenges can be mitigating easily by employees as transfer creates changing situation for them multiple time.
- Healthy work culture get develop through more interaction among employer and employee adhering different working situations.

8.8.3 DISADVANTAGES OF TRANSFER:

- Transfers breaks the routine working condition thus create inconvenience to the employees.
- Absence of individual's Expertise can be felt at place from where one is being shifted.
- Transfer policy implementation without transparency may create major concern and dissatisfaction among the employees.
- Employee transfer may lead to non-suitable candidate transfer and can cause damage to the current functioning situation in the organization.

8.9 SEPARATION

When employee ceases to be member of any organization, employee separation occurs. Agreement between employer and employee turn to end. Employee leaves organization either after completing their tenure or move to another organization to begin new responsibility under new agreement with other organization. Employee may leave the organization on their own willingness called voluntary separation and on contrary to it without willingness if employee leaves it is involuntary separation. Separation can add to motivation as well as demotivating factors among the employees.

Separation policy or exit policies are also formulated by the organization to have clarity of all working conditions. Do's and don'ts list also involves separation conditions communicated to the employees.

8.9.1 CAUSES OF SEPARATION: The reasons behind separation of employees are majorly divided on voluntary and involuntary basis. The division and detail description of separation causes are defined further;

8.9.1.1 Voluntary Separation: Employee when willing opt to leave the organization, the decision of separation is categorised under voluntary separation. It can take place in two conditions as;

8.9.1.1.1 Resignation: When individual employee quit the organization of their own that is termed as quit. The tool used is called resignation. Individual employee willingly state through resignation letter about the cause of leaving the organization. This method of separation has advantage for the organization and employee too. For organization the real scenarios for leaving the job opportunity is documented and for the employee proper procedure get followed.

Note: Resignation may get submitted in involuntary separation methods as well. In case of resignation submitted (voluntarily or involuntarily) notice period being served by the employee.

Voluntarily termination of services by an employee may be seeking other opportunities in different organization is called attrition. The rate at which employees leave organization within a year is termed as attrition rate and it reflects the loyalty and stability factor of an organization.

8.9.1.1.2 Voluntary Retirement Services (VRS): After completion of defined tenure majorly based on age factor or duration of service defined by the organization, if individual employee wishes to leave the organization as retirement from the job, is termed as VRS. To absorb new blood, VRS practices are appreciated by many organizations. A great amount of monetary and retirement benefits are provided by the organization to an employee are also termed as Golden Hand Shake. Golden hand shake practice motivates individual employee too, to seek VRS.

8.9.1.2. Involuntary Separation: As per employment agreement if employee does not fulfil conditions of employment or termination of employment occur due to completion of services

as per norms, separation from organization is termed as involuntary separation. Different other modes of involuntary separation are as follows;

8.9.1.2.1. Discharge and Dismissal: Discharge is the termination of services against notice or completion of contract after payment of wages as per the notice. Employees from any organizations get discharge;

- When business does not justify the work load and no of workers, it has to take downsizing decision then discharge takes place.
- When employee is not capable of fulfilling working criteria and it is not beneficial to keep the employee, discharge of employee may occur.
- In case of violation of basic policy by employee discharge decision can be taken by the organization.

On the other hand, dismissal is an outcome of misconduct as a reward of punishment. After misconduct information charge sheet gets created and procedure of enquiry takes place. Once the charges of misconduct get approved, dismissal decision is taken by the employer. Dismissal is not a simple termination after notice but a punishment against the misconduct. Misconduct means that employee has not followed the orders regarding work required to be fulfil by an employee while their stay in the work. Cause of dismissal is misconduct of an employee for which punishment of termination is the only solution available in the organization.

8.9.1.2.2. Retrenchment: Due to incapacity of business or shutting down condition of the organization employee's termination takes place. Such scenario of separation is termed as retrenchment. Industrial dispute act, 1947 under section 2(f) identifies compensation of 15 days' average pay is available to employee for such decision taken by the employer. The contract of services ceases when the retrenchment is called by the organizations. When organization replaces manpower with technology in such cases as well retrenchment takes place.

It differs from dismissal or discharge as it is neither a punishment against the misconduct nor disciplinary action of service termination.

8.9.1.2.3. Layoff: Layoff is a temporary separation of employee done by the employer. Industrial Dispute Act define it as "the failure, refusal or inability of an employer to give employment to a worker whose name is present on the rolls but who has not been retrenched". Layoff is for a defined period provided by the employer at the time of layoff after completion of which employee get recalled for their services.

Further under section 25 of Indian Dispute Act employer required to compensate employee equal to half of the wages that would have earned if they were not laid off. The compensation is paid for all the day for which employees are laid off.

It differs from retrenchment as it is temporary separation from the job after completion of layoff period employee re-joins the organization, whereas in case of retrenchment employee permanently terminates the service contract with the organization.

8.9.1.2.4. Retirement: Employment norms in an organization define the upper age limit at which an individual can serve in the organization. After attaining the age by individual's contract with organization get terminated such separation is called retirement. An individual retiring from an organization defines individual's loyalty. The retirement of individual while attaining the upper age limit of retirement is an involuntary decision.

Superannuation: An account where as per the number of year served monetary contribution for each year is made and at the time of retirement huge amount is provided, such amount at the time of retirement is called superannuation. It is different from gratuity, provident fund etc. Superannuation is not a compulsory policy to be adopted by any organization.



Check Your Progress-B

Write True or False.

1. Transfer is also a source of human resource supply.
2. Transparent promotion policy provides loyal employees to the organization.
3. Transfer is always non voluntary process.
4. Demotion consist downward movement in status, salary whereas responsibilities have upward movement.
5. Separation of employees from the organization is always not a demotivating process.

8.10 SUMMARY

Human resource management retaining and maintaining objectives comprise keeping the best human resource into work along with helping organization to grow even through employee removal decision. Promotion of employee serves the purpose of motivating individual along with rewarding the adequate and efficient performer. Deficiency (in numbers) of human resource can be internally removed through the decision of transfer. Thus reduces the cost of selection, simultaneously serves the retaining objective of the HRM.

Separation provides control over employee's function, limiting service age, removes the non-performing assets and assists in discipline maintenance. The execution of norms of conduct is possible only when separation practice is being equally valued as selection and maintenance practices.



8.11 GLOSSARY

Potential Appraisal: “Potential appraisal is a future-oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy.”

Performance Appraisal: “Performance appraisal is a formal and systematic process by means of which the relevant strengths and weaknesses of the employees are identified, measured, recorded and developed.” -Slabbert and Swanepoel

Incompetency Principle: Individual moves in the higher level of incompetency when he/she get promoted in higher level in the hierarchy.

Career Planning: It is a process to match individual competencies and goals with the available opportunities in the organization.

Job Description: An element of job analysis providing details of duties, responsibilities, authority and working conditions available in the job.

Competency domain: The knowledge, skills and ability level of an individual human resource is called competency domain.

Promotion Policy: Terms and conditions followed by an organization to promote individual in the organization.

Notice Period: At the time of separation according to the rule of organization conduct (defined at joining time), individual employee has to serve the organization for the defined period after acceptance of resignation.

Golden Parachutes: “A golden parachute consists of substantial benefits given to top executives if the company is taken over by another firm, and the executives are terminated as a result of the merger or takeover.”

Pink Slip: It is a notice regarding termination of employee services or he/she has been laid off.



8.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

1. Involuntary
2. Temporary
3. Demotion
4. Management, Employees
5. Voluntary

Check Your Progress –B

1. True
2. True
3. False
4. False
5. True



8.13 REFERENCES

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8.14 SUGGESTED READINGS

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2. Decenzo A.David, Robbins P. Stephen(2005).Personnel/Human Resource Management (3rd Edition). Prentice-Hall India.



8.15 TERMINAL QUESTIONS

Short Answer Type Questions

- Q1. What do you understand from potential appraisal? Explain.
- Q2. Explain incompetency principle using suitable example.
- Q3. What do you understand from transfer of employee as source of HR supply?
- Q4. Demotion is an outcome for non performing employees, comment.
- Q5. What is attrition rate? How it signifies employees' loyalty?

Extended Answer Type Questions

- Q6. Explain different basis for promotion. Elaborate their advantages and disadvantages over each other.
- Q7. How demotion and separation is necessary action of any organization? Explain different types of separation with suitable example.
- Q8. What do understand from the retaining and maintaining objective of organization? Evaluate promotion, transfer and demotion with reference to the above objective.
- Q9. Explain the importance of employee separation for an organization. How loyalty of employee can be enhancing with the use of separation policies of any organization?
- Q10. What do you understand from competency based promotion? Explain its advantages and disadvantages.

UNIT 9 HUMAN RESOURCE DEVELOPMENT

- 9.1 Introduction**
- 9.2 Objectives**
- 9.3 Human Resource Development**
- 9.4 Different Definitions of HRD**
- 9.5 The Concept of Human Resource Development**
- 9.6 Principles of HRD**
- 9.7 Features of HRD**
- 9.8 Nature / Scope / Characteristics of HRD**
- 9.9 HRD Functions**
- 9.10 Importance of Human Resource Development**
- 9.11 The Principles of Designing HRD System**
- 9.12 Outcomes of HRD**
- 9.13 Future Perspectives of HRD**
- 9.14 Summary**
- 9.15 Glossary**
- 9.16 Reference/ Bibliography**
- 9.17 Suggested Readings**
- 9.18 Terminal & Model Questions**

9.1 INTRODUCTION

In the previous unit we discussed about promotions and transfers. Promotions and transfers in most cases are assumed to be the growth factors in an employee's career. In terms of growth, human resource development plays a vital role.

This unit provides an understanding of the concept of HRD system, related mechanisms and the changing boundaries of HRD.

Human resource development is the basis in aiding the employees to improve their knowledge, skills, and abilities as well as their personal and organizational skills.

9.2 OBJECTIVES

On completing this unit, students will be able to:

- Differentiate between human resource development and other human resource management functions.
- Critically analyze significant concepts and theories underpinning strategic Human Resource Development.
- Explain the strategic importance of Human Resource Development and its contribution to organizational effectiveness, productivity and quality of work-life.
- Analyze and evaluate contemporary HRD policies and practices.

9.3 HUMAN RESOURCE DEVELOPMENT

Developing human resources is vital for any organisation that wants to grow and be dynamic. Human resources have potential capabilities that are unlimited. Thus it can be utilised only by creating a climate that identifies, encourages and utilises the capacities of people. Thus, Human Resource Development (HRD) fulfils that role. A lot of HRD techniques have been developed during the last few years in order to foster the growth and development of organisations.

The concept of HRD was first coined by Leonard Nadler in 1969 at a conference in United States. According to Leonard Nadler, “HRD involves those learning experience which are organized, for a specific time, and designed to bring about the possibility of behavioural change”.

Human Resource Development (HRD) is the basis in aiding the employees to improve their knowledge, skills, and abilities as well as their personal and organizational skills. Human Resource Development consists of employee training, career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development.

The aim of all the characteristics of Human Resource Development is to develop a workforce that is most efficient which contributes to the overall development of the organisation as well as the individual.

Human Resource Development can be achieved either by adapting formal methods or informal methods. Where formal methods include training in classrooms, courses in college etc and informal methods include coaching given by manager to employees. A good organisation focuses on Human Resources Development and covers all these aspects.

9.4 DIFFERENT DEFINITIONS OF HRD

Human Resources Development has been defined in various ways by many scholars. Some of the noted definitions of Human Resources Development are given below:

- According to Leonard Nadler, "Human resource development is a series of organised activities, conducted within a specialised time and designed to produce behavioural changes."
- According to Prof. T.V. Rao, "HRD is a process by which the employees of an organisation are helped in a continuous and planned way to
 - (i) Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles;
 - (ii) Develop their journal capabilities as individual and discover and exploit their own inner potential for their own and /or organisational development purposes;
 - (iii) Develop an organisational culture in which superior-subordinate relationship, team work and collaboration among sub-units are strong and contribute to the professional well-being, motivation and pride of employees".
- According to M.M. Khan, "Human Resource Development is the across of increasing knowledge, capabilities and positive work attitudes of all people working at all levels in a business undertaking."
- According to South Pacific Commission, "Human Resource Development is equipping people with relevant skills to have a healthy and satisfying life".
- According to Watkins, "Human Resource Development is fostering long-term work related learning capacity at individual, group and organizational level".
- According to the American Society for Training and Development "Human Resource Development is the process of increasing the capacity of the human resource through development. It is thus the process of adding value to individuals, teams or an organization as a human system".

9.5 CONCEPT OF HUMAN RESOURCE DEVELOPMENT

Human Resource Development (HRD) is an optimistic theory in dealing human resources. In order to run a business in long run it is important and profitable to invest in human resources. The main intention of HRD is to enhance the human resources which in turn contribute in the welfare of employee, organisation as well as the society. Among all the areas of management Human Resources is considered to be one of the most important areas of concern. Among the four M's of management i.e. men, machine, money and materials, managing men, i.e. human resources is the major and tedious job to be done. The effectiveness and efficiency of an organisation rights from the production side to the administering of various departments is purely dependable on human resources development.

The way of managing human resources have undergone various dimensions since its inception right from comparative advantage to a state of continuous innovation, intelligent framework and strategic intent for competitive advantage. At present employees are very challenging and are very ambitious. This requires the organisations to be updated regularly and have proper HRD policies.

Human Resource Development is developed on the belief that all the humans are good performers. HRD emphasis on the self-respect, hidden energy and intelligence of the people. According to HRD, people are the main assets to the business. Globalisation in the current era has made HRD as a multidisciplinary and incorporated approach for the growth of human resources. According to T.V.Rao, HRD is a constant method to:

- Acquire or sharpen capabilities required to perform various functions associated with present and future needs of the job.
- Develop their general capabilities as an individual and enable them to exploit their inner potential.
- Develop a congenial organizational climate in which dyadic relationship and team collaborations among sub-units are strong and contribute to the professional well-being of employees.

Human Resource Development is a verified and recognised concept which is believed to be contributing to the complete improvement of the organisation. The goal of HRD is to develop the technical know-how and abilities of the employees in organisation and to promote their talents to help them to be competent and defeat the competitive advantage.

Development involves refining the prevailing abilities of the human resources and assisting them to obtain essential skills for the accomplishing the goals of the business by incorporating them with the goals of individuals. HRD is a practise, not simply a set of mechanisms. HRD is gaining importance by due course of time. Many scholars have given their contribution towards HRD.

Thus, Development involves acquiring abilities and skills which are necessary to achieve the current employment or the forthcoming job in an efficient way.

9.5.1 HISTORICAL PERSPECTIVE OF HRD

In the early days human resources were just treated like any other commodity and weren't given fair pays or treated well. In the next period, the focuses of human resources were production oriented, i.e. people were treated like material, machine etc. which contributed to production. After which some care was taken in providing some basic facilities to the employees who included stipulated working hours, leave facilities and rest rooms. In recent years the focus towards human resources has undergone drastic changes. Importance was given to physiological and psychological needs of the people. Humans were considered to be the assets of the company. Human Resource Development is gaining importance in the recent years in India. The concept of HRD was introduced in United States and United Kingdom voluntarily, whereas in India, the HRD concept was introduced only due to the interventions

and obligations of the government. The main purpose of which is to produce quality workforce in order to gain a competitive advantage.

9.5.2 Concept of HRD

The concept of HRD was first introduced in American Society for Training and Development Conference by Prof. Len Nadler in 1969. Very soon the concept was adapted in India by Larsen and Turbo Ltd in the year 1975 among other private companies with the aim of helping the low level employees to grow. Bharat Heavy Electricals Ltd (BHEL) was the first among the government sector to introduce the concept of HRD in India.

The concept of HRD has undergone various changes. Let's take a look on the various concepts that shaped the concept of HRD are briefed below in chronological order.

Table 9.1 Evolution of HRD in a Chronological Sequence

Concept	Description
The Commodity Concept	Human resource was referred as 'a commodity' to be bought and sold. Wages were decided on the basis of demand and supply forces. Government also did not care much about the work force at that time.
The Factor of Production Concept	Labour is treated as any other factor of production, viz; money, material, land, etc.
The Goodwill Concept	Welfare measures like safety, first aid, lunch room, rest room etc. These measures proved to be a source of boosting up the morale of workers, and enhancing their performance.
The Paternalistic Concept	Management must assume a fatherly and protective attitude towards employees. Paternalism does not mean merely providing benefits but it signifies to satisfy various needs of employees just as parents meet the requirements of the children.
The Humanitarian Concept	To improve the productivity, physical, social and psychological needs of workers must be fulfilled. Elton Mayo and some other

	<p>along with him stated that money is less a factor in determining output, than group standards, group incentives and security. The Organization is a social system that has both economic and social dimensions.</p>
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Source: Rao, V.S.P (2005), Excel Books, New-Delhi

The concept of HRD evolved from various concepts. Starting with the Commodity concept, and then passed on to the factor of production, then going through the concept of goodwill and paternalism, which finally attained the concept of humanitarian and human resource concept and lastly attaining the concept of HRD.

9.5.3 ADVENT OF HRD

The concept of HRD is an evolving concept and attaining importance in the recent years. Recognizing which the Government of India has setup a separate ministry for Human Resources, with a cabinet of Ministers. Thus, the real strength of a country as well as an organisation vests with the human resources.

As human resources is the heart of any organisation it is essential to concentrate on the development of these resources in order to attain the goals and objectives of the organisation. Thus, the concept of HRD must be adopted by any organisation that wants to be vibrant and survive in the market in order to be successful in this competitive world. In the fast changing environment, organizations can attain growth only by using its human resources in an effective and efficient way.

Organisations must help their people to develop and grow in order to maintain the pace in the changing competitive world. HRD system is assumed a main system that interacts with other sub systems of an organisation.

Thus the necessity of HRD rises to enhance the quality of work life, to bring out the hidden capacity of the employees and to effectively use the human resources to achieve their potential by using the available opportunities for future growth. Thus, Human Resource Development is essential because:

- It aids in constructing a friendly atmosphere that develops the quality of working life of employees.
- It helps in improvising the effective communication among the employees that paves way for creativity.
- Through systematic process of development, to help the employees to attain self-actualisation.

- It encourages the creative skills of the employees and utilises it for the current and future need of the organisational development.
- It speeds up the development of employees by making them realise their weakness and strength.
- It also directs the employees to develop their abilities to become proficient in their area by using the available opportunities in an efficient manner.

9.5.4 OBJECTIVES OF HRD

Human Resource Development is a method of improving the skills and knowledge of the workforce by providing necessary training and assistance. The aim of HRD is to combine the aims of the individual along with the aims of the organisation. The first and foremost aim of Human Resource Development is to create an environment that puts people first. Few other objectives of HRD include the following:

Fair Treatment:

Human resource development must create a culture wherein all the employees are treated fairly irrespective of their caste, religion or creed and given equal opportunities to all the employees in promotion, training and development.

Employability:

The level of competency, skills and abilities of an individual to gain employment is known as employability. Thus, the aim of HRD is to motivate the employees and enhance their employability skills.

Adaptability:

HRD emphasis on continuous training of the employees to develop their professional skills. Therefore it helps employees to adjust themselves according to the continuous organisational changes.

9.5.5 BENEFITS OF HUMAN RESOURCE DEVELOPMENT

The importance of Human Resource Development can be known from one of the pioneers in management. He stated that, “Take away all my resources like money, materials, machine and all the assets but leave my employees with me, I will once again rise as Henry Ford”. This shows the power of human resources. In order to compete in the current competitive market, human resource development is of utmost importance.

Human Resource Development is the principal area from where all other activities of an organization functions. HRD plays a main role in identifying and modifying the behaviour of employees. HRD also helps in attaining increased productivity, enhanced employee relations and higher profitability for an organisation. HRD provides various benefits to the organisation, few of them are listed below:

- Human Resource Development creates more proficient workforce.
- HRD helps in developing new knowledge, skill and attitude of the employees.

- HRD improves employee commitment.
- HRD also helps in the execution of organisational goals by understanding the employees better.
- HRD promotes employee commitment by communicating the values among them.
- HRD aids job enhancement by proper training and acquiring of new skills.
- HRD helps the employees in attaining awareness towards changes and adaptable to its consequences.
- HRD aids in enhancing the respect and trust in the organisational environment.
- HRD improves the problem-solving skills of the employees.
- HRD helps in improving the team spirit of the employees.
- It also leads the organisation to attain effectiveness by using the available resources effectively and achieve their goals.
- It increases the involvement of employees in the organisation. Thus, making the employees feel proud of their work and achievement.
- It facilitates better human resource planning.
- By implementing HRD policies in a friendly and an organized environment can be developed.
- HRD makes employees more confident in handling situations.
- HRD policies encourage sincerity in the approaches of the workers in the organization, which results in the overall growth of the employees.
- It enhances the participation rate of employees and also develops a sense of belongingness among the employees.

Therefore, it can be concluded that HRD gives lot of benefits to the organisation that helps to face the present and future challenges in the organisation.

9.5.6 PHILOSOPHY OF HRD

Be it a government organisation, an institution, business, hospital or any other entity human effort is needed to carry out any form of business or service. The philosophy of HRD is the fundamental part of planning HRD activities. The ideals, mission, beliefs of the management towards the development and growth of their human resources are represented by the means of planning. There are two main functions for a HRD philosophy.

- The first function is 'The management style' i.e. the method by which the management works is based on the type of philosophy adopted.
- The second function is to make the goals of the organisation more clear and specific.

The beliefs associated with the HRD practices are discussed below:

- Human resources are considered to be the most important advantage of the organization.
- The development of human resource can be done at any time to an infinite extent.
- The employees must have a 'sense of belongingness' which makes them more committed to work.
- When the organisation takes care of the need and welfare activities of the employees, employees will be more dedicated to their organisation.
- Employees are found to work more effectively when they are given autonomy in their work and when there is less interference by their superiors.
- The main duty of the manager is to uncover the hidden potential from the employees and to use them in an effective way.
- A motivating, friendly and healthy environment must be created to give comfort to the workers.
- The authorities must be very alert in evaluating the functions of HRD in order to be effective.
- The organisation climate must be in a cohesive manner.
- The relationship between the management and the organisation must be perfect in order to make the organisation functions smooth.

Tata Jamshedji, owner of Tata Iron and Steel Co is an ultimate example of adopting ideal philosophy in the management. He believes discharging the obligations of the employees effectively in the organisation, can be achieved by following the below principles.

- i. By understanding the employees practically with open heart and by accepting their needs and rights.
- ii. By involving in social responsibility to make a societal difference.
- iii. By giving reasonable pay, proper working conditions and job security to employees.
- iv. By offering the employees with the opportunities for promotion and self-development which can be attained by building up a sense of belongingness, loyalty and trust among the employees by a kind and determined understanding of their wants and desires.
- v. By building and maintain a mutual relationship at various levels of the organization.

Thus, in order to be successful and to employ competent workforce, the organization must possess improved visionary to plan for the development of the workforce by taking good care of their working environment, by providing them better benefits and by treating them gently.

9.5.7 DIFFERENCE BETWEEN HRM AND HRD

As the human resource management function failed to address the new challenges of the current era, HRD evolved. In many organisations, personnel department are redesigned as HRD departments. But there are differences between HRM and HRD:

Human Resource Management (HRM) seems to a set of autonomous sub functions while Human Resource Development (HRD) seems to be a larger system in an organization.

HRM functions are service functions and rise when there is a necessity whereas HRD is a proactive function and forecasts the future needs of the management and be ready for any sort of competition.

HRM is narrow in nature where its goal is to develop and administer the workforce. But HRD is wider in nature and not only aims at developing the whole of the organisation.

The primary goal of HRM is to enhance the skills and increase the efficiency of the employees in the organisation, but the concept of HRD is to build the perfect organisational culture that would uncover, strengthen and use the abilities of the employees in the best possible way.

Salary and incentives are the major motivators of HRM, whereas independent work groups, creativity and organisational climate are the primary motivators of HRM.

HRM is the exclusive duty of the Human Resource (HR) Managers and their respective department. But HRD is the responsibility of all the managers in an organization.

High morale and satisfaction is assumed to be the cause of improved performance in HRM. But, improved performance is seen as the cause of enhanced job satisfaction and morale of the workers.

9.6 PRINCIPLES OF HRD

The main principles that are to be considered while designing the principles of human resources are given below:

Principle of Development of Organizational Capability

A perfect HRD system must be built on the basis of the principle of developing the overall employees and the organization as a whole. The overall development includes the development of the human resources as a whole, in terms of technical, physical, moral and psychological knowledge development.

Principle of Potential Maximization

An ideal HRD system must let their employees identify their hidden potential and must make them proficient enough to exhibit their talent effectively in order to achieve the organisational goals.

Principle of Autonomy Maximization

A good HRD system must give autonomy to their employees at least to a certain level, to handle certain duties by themselves. Autonomy is the level of independence given to employees to handle things they can.

Principle of Maximum Delegation

HRD system must delegate authorities to their subordinates, so that they have a feel of responsibility and belongingness. Delegation is sharing of responsibilities with their peer members.

Principle of Participative Decision-making

HRD system must encourage their employees in order to make a comfortable working climate for the employees, so that they feel free to converse about their ideas and suggestions.

Principle of Change Management

Change is permanent in this competitive world. What seems to be important may not be so tomorrow. A good HRD system must enable both the organisation and its human resources to adapt to the changes in the society in order to keep themselves competent in the market.

Principle of Periodic Review

HRD functions like career planning, training and development, performance appraisal and counselling of human resources should be reviewed and renewed periodically.

In order to have a good and continuous growth, organisations must consider the above state principles while the Human Resource Development system.



Check Your Progress- A

Q1. How would you define HRD?

Q2. What is the scope of HRD?

Q3. What is the importance of HRD?

Q4. Distinguish human resource development and human resource management.

9.7 FEATURES OF HRD

The features of HRD are listed below:

Systematic approach:

HRD is a planned and systematic approach by which the effectiveness of workforce is enhanced. The objectives and goals for the future are set by the whole organization, which is being planned well at organizational and individual level.

Continuous process:

HRD is a permanent method for the advancement of employees by improving all types of skills such as managerial, technical, conceptual and behavioural. All these skills are to be improved until the retirement of the employee.

Multi-disciplinary subject:

HRD is a multifaceted subject which includes various disciplines like commerce, engineering, management, economics, medicine etc.

All-pervasive:

HRD is a vital area that exists almost everywhere from service industry to manufacturing organization.

Techniques:

HRD represents practices and procedures such as training, career planning, performance appraisal, management development, workers' participation, quality circles and counselling.

Improves Relationship:

HRD improves inter personal relationships. HRD promotes team spirit and gives importance for relationship thru help, confidence and trust.

Enhance Competence:

HRD improves competency at all levels like organisation level, group level, and individual level to meet the goals of the organisation.

Organisational Culture:

HRD aims at developing a good culture in the organisation in which there exists good senior-subordinate relationship, quality, motivation, and sense of belonging.

Quality Work Life:

HRD emphasises on quality work life and welfare of employees. It gives importance to identify the needs of the employees and to fulfil them in the maximum possible way.

Future Oriented:

HRD focuses on developing the human resources of the organisation. It helps in developing the capabilities of the employees that matches their current and future needs in the organisation.

9.8 NATURE / SCOPE / CHARACTERISTICS OF HRD

Human resource management (HRM) deals with finding, advancement, benefit, maintenance and utilization of human resources. Whereas HRD deals with effective use of human resources as it is a portion of HRM.

Training and Development:

HRD encompasses of training and development of human resources. It enhances their skills, quality and credentials. It makes the workforce more efficient in their performance. It also improves the workforce for the future requirements.

Organisational Development (OD)

HRD has also an important role in the organisational development (OD). OD aims at maintaining good relationship all over the organisation. It also sorts out the problems like conflicts inside the organisation, absenteeism, decrease in productivity and opposition towards change.

Career Development

HRD has a vital role in career planning and development of the human resources in a company. It aids the employees in developing their careers by informing them about future promotions and how to work towards it. Thus, HRD helps the workforce to grow and develop in the organisation.

Performance Appraisal

HRD also deals with performance appraisal. It helps the employees in identifying their strengths and weaknesses. It also gives them a feedback on how to maximise their strengths and minimise their weakness.

Multidisciplinary

HRD is a vast area such that it incorporates subjects like psychology, economics, education, management and communication. Thus, HRD is a multifaceted discipline.

Key element for solving problems

Organisations now-a-days face many issues due to the changes caused in technological, economic, and social changes. These issues can be sorted out with the help of creative skills, knowledge and expertise. HRD provides these skills and knowledge. Thus, HRD is the fundamental element for sorting out various issues in an organisation.

Continuous in Nature

HRD is a constant process and need regular updating. Human resources development never stops, as nonstop changes keep happening in the environment and the organisation.

Integrated use of sub-systems

HRD system is a combination of sub-systems like performance appraisal, career planning, potential appraisal and training.

Placement

HRD gives the right job to the right man. Placement of human resources takes place based on career planning, potential appraisal, performance appraisal and training. Appropriate appointment provides the employees with satisfaction which in turn increases their efficiency.

Promotions and Transfer

HRD provides the employees with promotions and transfers depending on their performance appraisals.

Motivation by Rewards

HRD motivates the human resources by giving financial and non financial rewards for performance and for good behaviour, for creative ideas.

9.9 HRD FUNCTIONS

The core of the idea of HRS is that of development of human beings, or HRD. The idea of development has to cover no longer most effective the man or woman but also other gadgets within the business enterprise. Further to growing the individual, attention wishes to take delivery of to the development of more potent dyads, i.e., two-person agencies of the worker and his boss. Such elements are the fundamental gadgets of working inside the organisation. Besides several corporations like committees, undertaking organizations, and many others require additional interest.

Development of such corporations needs to be from the factor of growing collaboration among people working in the agency, accordingly making for an effective decision-making. Finally, the whole branch and the complete organisation additionally must be included through development. Their development would contain growing weather conducive for his or her effectiveness, growing self-renewing mechanisms inside the enterprises so that they are capable of regulate and pro-act, and developing relevant approaches which contribute to their effectiveness.

Thus, the goal of the HRD system is to develop:

1. The abilities of each employee as a character.
2. The competencies of every man or woman on the subject of his or her present role.
3. The talents of every employee on the subject of his or her expected destiny role(s).
4. The dyadic dating between every worker and his or her supervisor.
5. The crew spirit and functioning in each organisational unit (department, organization, and many others.).
6. Collaboration among specific units of the company.
7. The agency's overall health and self-renewing competencies which, in flip, growth the permitting capabilities of people, dyads, teams, and the whole company.

HRD functions include the following:

1. Worker education and improvement,
2. Profession planning and development,
3. Succession making plans,
4. Performance appraisal,
5. Employee's participation in control,
6. Nice circles,
7. Employer exchange and organisation development.

9.10 IMPORTANCE OF HUMAN RESOURCE DEVELOPMENT

HRD is a system of introducing modifications inside the work subculture and environment without dislocating the functioning of the organization. The following factors spotlight its significance:

Equipped Employees

HRD allows in making people aware of the abilities required for overall performance. There's more readability of labour norms and requirements. This comes out in a more able work pressure.

Role Clarity

HRD encourages communication between teams. People not simply understand their roles better but additionally grow to be privy to the expectancies of the alternative participants of the crew.

Committed Work Force

Human beings grow to be more committed to the roles because rewards are administered more objectively through the HRD manner.

More Belief and Respect

With the aid of encouraging conversation, HRD allows in growing more agree with and appreciate for each different. Personnel emerge as greater open and proper and new values can be generated without difficulty.

Synergy Impact

Powerful communication, take part control and stress on teamwork produce synergy impact in the agency.

Breaks Resistance to Alternate

HRD makes humans better equipped with problem-fixing skills. This now not only makes them proactive however also brings readiness on their part to just accept exchange.

Enables HRP

HRD generates a whole lot of beneficial and objective facts on personnel that helps human resource planning.

Other Benefits

The overall effect of HRD is observed in phrases of higher productivity, cost effectiveness, boom enlargement, diversification and elevated income.

9.11 THE PRINCIPLES OF DESIGNING HRD SYSTEM

Designing a combined HRD system calls for understanding of the principles and models of human resources development

Focus of the system

- a. Focus on enabling capabilities
- b. Balancing adaption and change in the organizational culture
- c. Attention to contextual factor
- d. Building linkages with other functions
- e. Balancing specialisation

Structure of the system

- a. Establishing the identity of HRD
- b. Ensuring responsibilities for the functions
- c. Balancing differentiations and integrations
- d. Establishing linkage mechanism

Functioning of the system

- a. Building feedback and reinforcing mechanisms
- b. Balancing quantitative and qualitative decisions
- c. Balancing internal and external expertise
- d. Planning for the evolution of HRD

9.12 OUTCOMES OF HRD

Enforcing proper HRD programme is of paramount standing with a view to fit the individual wishes with that of the enterprise. It's far a manner of figuring out, nurturing and improving the capabilities, attitudes and perceptions of humans in any enterprise. Significance of HRD has been identified and acknowledged via managers and businesses at a worldwide degree now. It's critical for every enterprise to formulate and enforce HRD guidelines and practices for the improvement of their human useful resource and the agency each. There are positive consequences which have been assumed and determined at organizational level. Here these results have been mentioned:

- Education will increase competency level of personnel by way of updating their knowledge and upgrading their abilities.
- Comprehensive capabilities of the employees increases which enhances their horizons of vision and performance.
- Personnel become extra devoted toward the company and a sense of belongingness is evolved amongst them.
- Team-spirit among the personnel in the company goes up.
- With the proper implementation of HRD in a company, trust and openness is created among the employees and that they recognize every other employee which enables in developing a cohesive running surroundings,
- Collaboration and group-performance produces synergy effects.
- Employees feel capable of dealing with competition and turns prepared to accept changes. Useful and important data of the employees are generated which is helpful in human resource planning.
- Participation among employees is promoted so that they may also make a contribution of their share in decision making, leading to feel of delight and success of challenge.
- HRD entails human resource factors like skills, information, creative abilities and abilities which help in moulding components like values, beliefs, aptitudes and mind-set consistent with the converting needs and aspirations of individuals in conjunction with that of the organisation.
- Improves the knowledge and solving capability of employees.
- Feel of belongingness and dedication is advanced within the employees towards the corporation.

9.13 FUTURE PERSPECTIVES OF HRD

With the advent of globalization, industries and companies are bound to stand the demanding situations of the brand new times. To live on in this era of reduce-throat competition, companies requires ambitious, modern and dynamic body of workers in any other case, they're eased out of the primary circulation of control within the company international. It's the responsibility of the HRD strategists to have a farsighted vision in framing, formulating, and enforcing such strategies that can make the most the possibilities to be had in gift situation to overcome the competition. Looking one step beforehand is the sign of a smart thinker; therefore a HRD manager has to expand his/her horizons of creativity and innovations to hint out the higher potentialities for boom of HRD. Certain perspectives had been analyzed and discussed here as follows:

- Technological advancement
- Diversified and new customers.
- Changes in the financial resources and sources of raw materials.
- Corporate Restructuring.

- Modification in the structure of Industries.
- Changes in the regulatory framework of Government regarding corporate governance.
- Downsizing of organizations/enterprises.
- Mergers and acquisitions.
- New and revised corporate strategies.
- Work simplification methods/ processes.
- Exploration of newer markets and alteration of existing markets.
- Diversification of products and services (Swarajayalakshmi: 2005).

Human resource constitutes the most valuable asset in the context of development and growth perspectives in any organization. Relative performances of nations, regions of economy, Industrial Sectors as well as corporate enterprises are critically linked to the quality of human contributions. Hence, it is the utmost responsibility of the HRD managers to look after the desired areas of concern for the persistence of development of skills and knowledge of the work force by making arrangements to make sure that these needed developments took place in a well-organized and cohesive manner.

9.14 SUMMARY

Consequently, inside the present unit, the principles and the foundation of HRD had been discussed at length in conjunction with its critical perceptions and the sub-systems and philosophy of HRD. The Indian attitude entails the study of the existing conditions and also the targets related to the concept. In this unit, we have discussed the concept of HRD along with its objectives and benefits to the organisation. We also learnt the difference between HRM and HRD. Further, we learnt the Principles of HRD, Features of HRD and Characteristics of HRD. This unit also included the HRD Functions, Outcomes of HRD and Future Perspectives of HRD.



9.15 GLOSSARY

Human Resource Development (HRD) is the basis in aiding the employees to improve their knowledge, skills, and abilities as well as their personal and organizational skills.

Principle of Development of Organizational Capability: A perfect HRD system must be built on the basis of the principle of developing the overall employees and the organization as a whole. The overall development includes the development of the human resources as a whole, in terms of technical, physical, moral and psychological knowledge development.

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Principle of Autonomy Maximization: A good HRD system must give autonomy to their employees at least to a certain level, to handle certain duties by themselves. Autonomy is the level of independence given to employees to handle things they can.



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9.17 SUGGESTED READINGS

1. Fisher, Schoenfeldt and Shaw; Managing Human Resource
2. Gary Dessler, Managing Human Resource
3. Ivancevich, Human Resource Management



9.18 TERMINAL QUESTIONS

- Q1. What are the objectives of HRD?
- Q2. Explain the principles of HRD.

Q3. Briefly explain the principles of Human Resource Development.

Q4. Name some Human Resource Development Functions?

Q5. How you perceive future perspectives of Human Resource Development for India.



Uttarakhand Open University, Haldwani

MS 108

School of Management Studies and Commerce
Human Resource Management



Block III Training and Performance Management

Block IV Industrial and Labour Relations

Human Resource Management



Block – III

Block Title- Training and Performance Management

Block – IV

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**UTTARAKHAND OPEN UNIVERSITY
SCHOOL OF MANAGEMENT STUDIES AND COMMERCE
University Road, Teenpani By pass, Behind Transport Nagar,
Haldwani- 263 139**

Phone No: (05946)-261122, 261123, 286055

Toll Free No.: 1800 180 4025

Fax No.: (05946)-264232, e-mail: info@uou.ac.in, som@uou.ac.in

Website: <http://www.uou.ac.in>

Blog Address: www.blogsomcuou.wordpress.com

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Uttarakhand Open University, Haldwani

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Department of Management Studies
Uttarakhand Open University, Haldwani

Programme Coordinator

Dr. Manjari Agarwal
Assistant Professor, Department of Management Studies
Uttarakhand Open University, Haldwani

Units Written by	Unit No.
Dr.T.Dheepa Assistant Professor in Management Studies Kongu Engineering College Perundurai, Erode	10, 11 & 12
Dr Girish Shah, Assistant Professor Mahakal Institute of Management, Ujjain	13
Dr. P.Karthikeyan, Assistant Professor, School of Management Studies, Kongu Engineering College,Peurndrai Erode	14& 15
Dr. Prachi Pathak, Assistant Professor, School of Management, Doon University, Dehradun	16, 17 & 18
Dr. Pratibha Pant, Assistant Professor, DMS, Kumaun University, Bhimtal	19 & 20

Editor

Dr. Manjari Agarwal
Assistant Professor,
Department of Management Studies,
School of Management Studies and Commerce
Uttarakhand Open University, Haldwani

Dr. Sumit Prasad
Assistant Professor,
Department of Management Studies,
School of Management Studies and Commerce
Uttarakhand Open University, Haldwani

Mr. Somesh Pathak
Assistant Professor,
Department of Management Studies,
School of Management Studies and Commerce
Uttarakhand Open University, Haldwani

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Block III
Training and Performance Management

UNIT 10 TRAINING – NEED AND OBJECTIVES

10.1 Introduction

10.2 Objectives

10.3 Training – Need and Objectives

10.4 Training of Employees: Meaning

10.5 Training Needs Assessment

10.6 Assessment Methods: Advantages and Disadvantages

10.7 Types of Needs Analyses

10.8 Methods of determining training needs

10.9 Need of Training

10.10 Importance of Training

10.11 Objectives of Training

10.12 Limitations of Analysis of Training Needs

10.13 Summary

10.14 Glossary

10.15 Reference/ Bibliography

10.16 Suggested Readings

10.17 Terminal & Model Questions

10.1 INTRODUCTION

The previous unit discussed about human resource development which is the part of human resource management that specifically deals with training and development of the employees. HRD is a framework for helping employees to develop their personal and organizational skills, knowledge and abilities. Human resource development activities are intended to ensure that organizational members have the skills or competencies to meet current and future job demands.

This unit deals with Training needs and objectives which is a vital part of the human resource development. In the current unit, we will focus more on the emerging need of training and development, its implications upon individuals and the employers. Training is also necessary for the individual development and progress of the employee, which motivates him/her to work for a certain organisation apart from just money.

Training needs have to be assessed with proper care in order to make the training successful. Training typically involves providing employees the knowledge and skills needed to do a particular task or job, though attitude change may also be attempted.

10.2 OBJECTIVES OF THE UNIT

After reading this unit, you should be able to:

- Understand why training is necessary and the factors that lead to training needs
- Delineate the different steps in a Training Needs Assessment programme.
- Understand various Assessment Methods along with its Advantages and Disadvantages
- Recognise the need, importance and objectives of Training

10.3 TRAINING – NEED & OBJECTIVE

Changing work surroundings calls for employees to be skilled in performing complicated tasks in an efficient, powerful, and secure manner. Training is needed whilst employees are not performing up to a sure widespread or at an anticipated degree of overall performance. The distinction among actual stage of task performance and the anticipated stage of performance shows a want for Training. The identification of training is the first step in a uniform approach of tutorial design.

A Training needs analysis will identify people who want training and what sort of Training is needed. It's far counter-efficient to offer training to individuals who do not need it or to offer the incorrect sort of training. A Training need analysis allows to put the training resources to good use.

Effective training or development relies upon on understanding what's required -for the person, the department and the company as an entire. With restricted budgets and the need for fee-effective answers, all organizations need to ensure that the sources invested in Training are targeted at regions in which training and improvement is wanted and advantages over the funds is expected. Powerful Training Needs Analysis (TNA) is in particular vital in modern-day changing place of business as new technology and bendy working practices are becoming substantial, main to corresponding changes within the competencies and capabilities needed.

Analysing what the training needs are is a crucial prerequisite for any powerful training programme or occasion. Sincerely throwing training at individuals may additionally miss priority needs, or maybe cover areas that are not vital. TNA allows organizations to channel resources into the regions where they'll make contributions the maximum to employee improvement, enhancing morale and organizational overall performance. TNA is a natural

characteristic of appraisal structures and is fundamental requirement for the award of investors in human resources.

The evaluation of training needs isn't always a need for professionals alone. Managers today are regularly liable for many styles of humans management, together with the education and development of their crew, and must therefore have an understanding of Training needs analysis and be capable of enforcing it efficiently.

Powerful TNA includes systematic planning, analysis and coordination throughout the corporation, to ensure that organizational priorities are taken into account, that duplication of effort is averted and economies of scale are executed. All capable trainees should be blanketed in the system, in place of rely on the subjective evaluation of managers. Preferably, managers need to additionally acquire training within the technique of TNA itself, to make clear what they may be trying to gain and what their approach must be.

10.4 TRAINING OF EMPLOYEES: MEANING

Training is linked with growing the information and competencies of personnel for doing specific jobs, and improvement includes the growth of employees in all elements.

Therefore, training increases task, abilities improvement and shapes attitudes of the employees.

10.4.1 MEANING OF TRAINING:

- ✓ A Training need is a shortage of abilities or talents, which might be decreased or removed with the aid of training and improvement. Training needs avoid personnel within the achievement of their task duties or prevent an organisation from accomplishing its targets. They will be resulting from a loss of abilities, knowledge or information, or rise up from an alternate within the workplace.
- ✓ Training needs analysis identifies training needs at employee, departmental or organizational stage so that you can help the employer to carry out efficiently. The purpose of Training needs analysis is to make sure that training addresses existing troubles, is customized to organizational targets, and is delivered in a powerful and cost-efficient manner.
- ✓ Training needs analysis involves:
 - Monitoring contemporary overall performance, the usage of techniques inclusive of statement, interviews and questionnaires
 - Looking forward to destiny shortfalls or issues
 - Figuring out the kind and degree of Training required and analysing how this may pleasant be furnished.
- ✓ “Training is the act of increasing the knowledge and talents of a worker for doing a specific job.” — Edwin B. Flippo

- ✓ Training is an organized activity for increasing the technical competencies of the personnel to permit them to do particular jobs successfully. In different words, training affords the employees with facility to advantage technical know-how and to learn new skills to do particular jobs. Training is equally critical for the present as well as the new employees. It permits the new personnel to get familiar with their jobs and additionally gain growth in the job-related expertise and competencies.
- ✓ Training need identification is a device utilized to discover what instructional guides or activities have to be provided to employees to improve their productiveness. Here the focal point must be placed on desires instead of goals of the employees for an optimistic outcome.
- ✓ In order to emphasize the importance of training want identification we can concentrate on the following areas:-
 - To pinpoint if education will make a distinction in productiveness and the bottom line.
 - To determine what particular training every employee needs and what will improve his or her task overall performance.
 - To distinguish between the need for education and organizational issues and bring about a suit between individual aspirations and organizational dreams.

Identification of training needs (ITN), if executed nicely, affords the idea on which all different training sports may be taken into consideration. Also requiring careful thought and analysis, it is a process that needs to be carried out with sensitivity as people's learning is important to them, and the reputation of the organization is also at stake. Identification of training needs is important from each the organizational point of view as well as from a man or woman's factor of view. From a company's view it is essential because an organisation has targets that it wants to acquire for the gain of all stakeholders or individuals, along with proprietors, employees, customers, providers, and associates. Those targets may be done simple through harnessing the capabilities of its human beings, liberating capability and maximizing opportunities for development.

Therefore, human beings should recognize what they need to learn if you want to acquire organizational goals. In addition if seen from an individual's point of view, human beings have aspirations, they need to develop and with a purpose to examine and use new talents, human beings need appropriate opportunities, assets, and situations. Therefore, to satisfy human beings aspirations, the organization should provide effective and attractive gaining knowledge of sources and situations. And it's also vital to see that there may be a suitable fit among reaching organizational dreams and supplying appealing mastering possibilities.

Also to be able to bring synchronization between organizational and individual objectives people want to question the manner they do things. And that is precisely the hidden goal behind any Training need identification process. It need to preferably be a protracted-term procedure of encouraging employees to take an active involvement in their personal

improvement, as a consequence increasing their dedication to learning, to their work, and to the organisation as an entire.

10.5 TRAINING NEEDS ASSESSMENT

Needs Assessment is a method to pick out "gaps" between present day performance and organizational goals.

An evaluation system that serves as a diagnostic device for figuring out what education needs to take place. This survey gathers facts to determine what education needs to be advanced to assist individuals and the employer accomplish their dreams and objectives. This is an assessment that looks at worker and organizational information, abilities, and abilities, to become aware of any gaps or areas of need. Once the Training needs are recognized, then you need to decide/broaden objectives to be performed via the training. Those objectives will form standards for measures of fulfilment and software.

This evaluation may be performed by means of managers who are capable of studying their group of workers and make tips for Training primarily based on overall performance troubles or gaps among performance and objectives. This evaluation can also be performed on an enterprise-extensive degree via Training and development managers who survey the employer to discover wishes.

10.5.1 FACTORS THAT MAY LEAD TO TRAINING NEEDS

- Re-organization processes
- Business Process Re-engineering
- Process Improvements
- Reductions in Force
- Layoffs/Transfers/New Hires
- Staffing Changes/Promotions
- Re-locations
- New equipment/Technology
- Performance/Safety Issues
- Problems in Production/Safety
- New Systems/Procedures
- Changes in Laws/Regulations
- Succession Planning
- Career Paths/Growth

10.5.2 WHY TO CONDUCT A TRAINING NEEDS ASSESSMENT/ SURVEY?

A needs evaluation/survey facilitates an employer achieve its goals. It reduces gaps between worker skills and the abilities required by way of the job and department. The training desires evaluation survey also can form the basis (benchmark) for determining effectiveness of the Training administered. You can re-administer the training needs survey after the training turned into accomplished to peer if there has been a boom in overall performance/skills as measured by using the survey.

Training needs may be taken care of extensively into three sorts:

- Those you can anticipate
- Those that arise from monitoring
- Those which result from unexpected problems

10.5.3 ENSURE THE IDENTIFICATION OF TRAINING NEEDS IS INTEGRATED

Training wishes discovered in a single department are in all likelihood to exist in others. It's needless for person managers to throw their own restrained assets at every trouble because it arises, duplicating efforts and dissipating strength.

Most corporations have a personnel feature which organizes education shipping. You can now not be the person liable for coordinating the device, but you've got an essential role to play in amassing the best records you could on the training needs of the folks that be just right for you and passing it up the line. At the very least, liaise with other managers to aggregate training needs information, so that a range of appropriate training and development activities can be planned.

Anticipate future needs

Training needs regularly appear at the organizational or interest level. For instance, the advent of a new office or workshop equipment might also nicely have Training implications for everybody using it.

Instead, an employer who comes to a decision to decorate its level of customer service as part of a corporate strategy is aware of that a programme of education and improvement is critical for its fulfilment.

Develop monitoring techniques

Some training needs can go disregarded due to the fact they creep up at the business enterprise steadily. Active tracking systems are vital to spot those and may make a treasured contribution to the procedure of gathering information on performance gaps and training needs.

Variance analysis

It is one technique to monitoring. This sounds technical but is a simple device used by managers to screen budgets. It interprets smartly to the identification of training needs. While a budget is agreed, predicted month-to-month expenditure is particular. Any predominant variance from the forecast - upwards or downwards - triggers an investigation into why it came about and what the results can be.

Asking questions

Asking questions at appraisal interviews can act as a shape of survey, as the equal problems are being addressed throughout the organization. Identifying Training needs is one motive of appraisal.

Further to training wishes that emerge as an end result of an appraisal interview, a profitable approach to investigating one-off problems is to interview team of workers and clients. Frequently ask a random pattern of people for their perspectives at the identical set of questions relating to popular performance.

Investigate unexpected problems with care

Monitoring will imply wherein gaps and issues exist. But, it's far feasible to make the incorrect assumption whilst confronted with a selected set of instances. Monitoring technique has helped discover the trouble. On the other hand, it could be that:

- The behaviour of the section head is the root cause
- Errors at the recruitment stage mean that unsuitable people are being taken on.

In both of those instances there's a Training want - within the first case with the segment head and in the 2nd with the ones doing the recruiting.

Identify the level of need

It could be that a Training want is confined to a single character or pastime however it is much more likely to be applicable for a number of people, an entire branch or across the enterprise. As an example, if the organisation traditionally treats customers as a nuisance, it wishes to exchange its standard technique. In this case, giving humans Training would deal with the training need at the incorrect degree; organisation improvement is wanted as opposed to individual Training sessions.

Consider what type of training will be most appropriate

Bear in mind whether the training needs may be met by way of the usage of inner information or whether or not external help might be important. Will informal training be appropriate or a formal training required? Consider the number of humans to be trained and the assets to be had.

Take appropriate action

If the training needs are inside your personal span of manage or perhaps at activity stage, you can plan movement to satisfy the needs. If the wishes are broader, you'll need to make tips

and suggestions to the ones accountable for planning and imposing Training interventions for your organization. This will contain drawing up a report specifying the training needs you have got recognized, your recommendations for meeting them and the predicted benefits of the Training.

✓ How do you determine where Training is needed?

- Needs Assessment Questionnaire
- Needs Analysis
- Employee Interviews
- Employee Opinion/Climate Surveys
- Exit Interviews
- Employee Grievances/Complaints
- Customer Returns/Calls
- Accidents & Scrap
- New Equipment / Software
- Changes in Procedures
- Re-organization
- Job Re-design
- Performance Appraisal Results
- Promotions & Terminations
- Observations
- Assessment Centres
- Employment/Skills Tests
- Focus Groups

Gathering Employee Opinions for Training Needs

Schedule an assembly with personnel in a selected department or activity classification. For the duration of the assembly, collect ideas from the personnel approximately their desires and areas for expert improvement. Decide common issues and topics.

Ask the employees to check the records accrued and determine which regions/needs are most essential to receive education. Then determine the favoured results from the education to cope with those needs. Those outcomes should act as measures of achievement (validation) of the Training.

10.5.4 STEPS IN TRAINING NEED ASSESSMENT?

1. Needs Assessment (collecting and analysing data)
2. Design (program objectives, plan, measures of success)
3. Testing (prototype the instrument and process)
4. Implementation (collection measures and update as needed)
5. Analysis & Evaluation (review feedback and data collected)

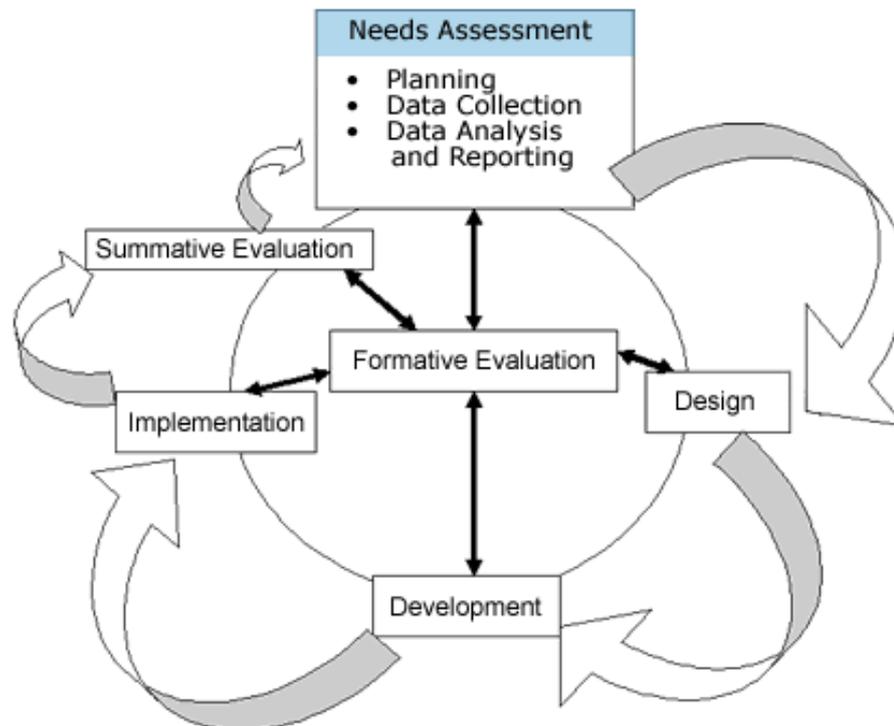


Fig 10.1 Steps in Training Need Assessment

10.6 ASSESSMENT METHODS: ADVANTAGES AND DISADVANTAGES

10.6.1 SURVEY QUESTIONNAIRES

Internet based or printed questionnaires disbursed to employees for finishing touch. This includes creation of surveys to include a couple of fixed or desired questions and unfastened or open-ended questions for textual content responses.

Advantages

- Survey a huge variety of personnel on the identical time.
- Do not require much time.

- Allow honest and open feedback.
- Gathers quantitative and qualitative facts easily.

Disadvantages

- Can be difficult to design questionnaires that permit for more complicated responses.
- May not pick out the unique causes behind employee moves/behaviours.

10.6.2 PERSONAL INTERVIEWS

Carried out with the aid of an educated "interviewer" who follows an interview define (or set of questions) to be requested at some stage in the interview.

Advantages

- More flexible in the ability to ask various questions.
- Able to immediately follow-up on items mentioned in the interview.
- Is not limited in scope or limited to only a certain set of questions.

Disadvantages

- Time consuming. Especially when it is an one on one interview.
- Calls for the interviewer to report conversations in detail. Any information no longer documented are lost or need to be gathered through next interviews.

10.6.3 PERSONAL OBSERVATIONS

It is the process of observing the employee at work. May be established (i.e., the worker performs particular obligations) or unstructured (i.e., the observer attempts to document the employees work without influencing what the worker does).

Advantages

- May reduce the quantity of interruption of the worker's productivity.
- Can be more realistic--observations are product of the worker actually at work.

Disadvantages

- Requires a skilled observer.
- Requires the observer to document the productivity in detail.
- Any info that is not documented is misplaced or wants to be gathered through next observations.

Training should be given where there's a Training need, it's an opening between current abilities of personnel and abilities requirement of the job. Ability deficiency of personnel can

fail the training needs. So, Training is furnished to employees to achieve human useful resource development intention. Training need is decided by the equation given below.

10.7 TYPES OF NEEDS ANALYSES

$\text{Training need} = \text{Expected capabilities in future} - \text{Existing capabilities}$
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Training needs are crucial due to the following motives.

- **Develop Training Objective:** Properly assessed Training needs are important for growing training goal. Such goal should comply with from organizational and human aid improvement objectives.
- **Identify training responding problems:** Training needs assessment helps to perceive the trouble in an effort to respond to Training.
- **Develop training problems:** Relevant education problem should be recognized for employees and enterprise. Training need assessment allows expanding appropriate
- **Evaluate training:** Training need assessment is essential to evaluate the effects of training similarly training needs is likewise determines while one's training effects are evaluated.

Many needs assessments are in practice in extraordinary employment contexts. The main sources that will let you decide which needs analysis is suitable in your situation are defined under.

Organizational Analysis

An analysis of the enterprise needs or different reasons the training is needed. An evaluation of the company's strategies needs and targets. What is the organisation attempting to accomplish? The important questions being answered by way of this analysis are: who determined that Training has to be carried out? Why a Training program is seen as the recommended strategy to a business problem? What were the records of the employer that has been with reference to worker training and different management interventions?

Person Analysis

Analysis dealing with ability of members and teachers involved within the technique. The critical questions being replied through this analysis are: Who will acquire the Training and their stage of existing knowledge? What's their mastering style, and who will conduct the training?. Do the employees have required competencies? Are there modifications to policies, tactics, software, or equipment that require or necessitate Training?

Work analysis / Task Analysis

This deals with the analysis of the tasks that is being achieved. That is an evaluation of the job and the requirements for performing the work. It is also termed as job analysis or task analysis, this evaluation seeks to specify the main duties and talent level required. This is to ensure that there is relevant links to the content of the job.

Performance Analysis

Are the personnel performing up to the hooked up preferred? If overall performance is below expectations, can Training help to improve this performance? Is there an overall performance lag?

Content Analysis

This includes evaluation of documents, legal guidelines, strategies used at the task. This analysis answers questions about what information or records is used on this task. These records come from manuals, files, or regulations. It's far crucial that the content material of the training does not contradict job requirements. A skilled worker can help in determining the perfect content material.

Training suitability analysis

This is used to analyse, whether or not training is the preferred solution. Training is one among several answers to employment issues. However, it cannot always be the quality solution. It is crucial to determine if training will be powerful in its usage.

Cost-Benefit Analysis

This is an Analysis of the return on investment (ROI) of training. Powerful training effects in a return of fee to the business enterprise this is more than the preliminary funding to supply or administer the Training.



Fig10.2 Training Need Analysis

10.8 METHODS OF DETERMINING TRAINING NEEDS

Figuring out training need is carefully and systematically assessed. Various strategies may be used for figuring out Training needs. Those techniques are as follows:

Management Audit:

This technique is used to decide training need in organizational degree. It's a scientific and complete evaluation of employer to assess Training needs. It's about analysing of management and its outside and internal environment. Surroundings may be political, criminal, socio-way of life, economic, technological and mental. Environmental adjustments are identified to decide education needs. Each and every Company has its own structure. It formulates different strategies and objectives. Management must conduct auditing of these elements and control audit facilities training need identification.

Task Analysis technique:

Task is analysed to decide Training need to the job level. Tasks are analysed to decide Training need to the job level. Job related records are to be gathered and that information is audited and the realization is drawn to decide training need. Underneath this technique, job related records are accumulated. On basis of this idea, the performance standard is fixed. And training need is determined for effective performance. Observation, questionnaire and interview questionnaire may be used to gain job related information.

Overall performance analysis technique:

This technique is used for worker level need evaluation. There must be a fit among people and overall performance within the organization. Training need is diagnosed through organizational overall performance analysis and personnel' overall performance evaluation. Organizational overall performance analysis may be overall performance, excellent control performance, sales overall performance, cost effectiveness performance, absenteeism, hard work turnover rates, grievances record performance and many others. It determines normal organizational training needs. Similarly, employees' performance evaluation may be personnel' performance appraisal opinions, career plans, exit interviews and performance test.

Training wishes survey:

Training need survey is also used for worker level needs identification. This technique is very essential approach of determining Training needs. Survey technique includes direct questioning to collect reviews on training needs. The survey may be of three types. They're a individual survey, group survey and competency survey.

Supervisory recommendation method:

This approach is used for employee level training need determination. Manager sees and guides the employees on a daily foundation. Supervisors advocate training need if there is a gap between the performance and capabilities and present performance and abilities. Supervisors remain very near to the personnel who can pin point the worker's qualification, experience and devotion in the task.

10.9 NEED OF TRAINING

The want for training of employees arises because of the subsequent elements:

Higher Productivity:

It is essential to increase productivity and decrease price of production in order to be successful in the market. Powerful Training can assist boom productivity of people by supplying the required talents.

Quality Improvement:

The customers have turn out to be conscious and their requirement keeps on converting. To satisfy the clients, great of products ought to be constantly advanced through training of workers.

Reduction of Learning Time:

Systematic training via skilled instructors is vital to lessen the Training period. If the people study through trial and mistakes, they'll take an extended time or even may not be capable of right strategies of doing the work.

Industrial Safety:

Trained people can manage the machines correctly. Additionally they understand the usage of various protection devices within the manufacturing industry. For that reason, they're less at risk of business accidents.

Reduction of Turnover and Absenteeism:

Training creates a sense of self belief in the minds of the people. It gives them a protection at the place of work. As an end result, labour turnover and absenteeism prices are reduced.

Technology Update:

Technology is converting at a quick tempo. The workers ought to research new techniques to improve production. Thus, training has to be treated as a non-stop method to replace the personnel inside the new methods and tactics.

Effective Management:

Training can be used as an effective device of making plans and manipulate. It develops talents amongst workers and prepares them for managing present and future jobs. It facilitates in lowering the expenses of supervision, wastages and commercial injuries. It additionally allows enhanced productiveness and quality which are the vital goals of any employer.

Training of personnel takes place after employee orientation takes place. Training is the technique of enhancing the abilities, competencies and know-how of personnel for doing a selected activity. Training system moulds the contemplating employees and ends in quality overall performance of personnel. It is continuous and never finishing in nature.

10.10 IMPORTANCE OF TRAINING

Training is crucial for organizational development and achievement. It's fruitful to both employers and employees of a business enterprise. An employee becomes more productive and efficient if he's trained properly.

Training is given on four basic grounds:

1. New candidates who become a part of an employer are given Training. This training will familiarize them with the organizational venture, imaginative and prescient, rules and regulations and the running situations.
2. The present employees are educated to refresh and enrich their know-how.
3. If any updations and amendments take place in era, Training is given to cope up with those adjustments. For example, buying new equipments for modifications in the technique of manufacturing. The employees are trained according to the use of recent equipment's and work methods.
4. Whilst promotion and profession growth is essential, Training is given so that employees are prepared to share the responsibilities of the higher level job.

The benefits of training can be summed up as:

Improves morale of employees

Training enables job security and job satisfaction to the employee. The more the employee satisfaction is the more is his/her morale, the more he will make contributions to organizational success and the lesser employee absenteeism and turnover.

Less supervision

A properly trained worker will be well familiar with the job and could need less supervision. Hence, there will be less wastage of time and efforts.

Fewer accidents

Mistakes are probably to arise if the personnel lack understanding and abilities required for doing a selected process. The more trained a worker is, the less are the chances of committing accidents in process and the employee turns more efficient.

Chances of promotion

Personnel acquire abilities and performance at some stage in training. They will become more eligible for promotion. They turn out to be an asset for the organisation.

Increased productivity

Training improves efficiency and productivity of employees. Well educated employees display both quantity and best performance. There's less wastage of time, cash and assets if personnel are skilled well.

**Check Your Progress- A**

1. Define Training.

2. Name some factors that lead to training needs.

3. Explain the Steps in training needs assessment.

4. What are the various assessment methods?

5. State three objectives of training.

10.11 OBJECTIVES OF TRAINING

The objectives of training are as follows;

- (1) To offer task related information to the people.
- (2) To impart skills among the workers systematically so that they may learn quickly.
- (3) To bring changes in the attitudes of the people toward fellow workers, manager and the corporation.
- (4) To enhance the productiveness of the employees and the employer.
- (5) To reduce the quantity of injuries by imparting safety training to the people,
- (6) To make the employees manage materials, machines and equipment successfully and thus to reduce wastage of time and resources.
- (7) To prepare employees for promotion of higher jobs through imparting them with superior competencies.
- (8) To ensure that sources get the proper priorities.
- (9) To assist individuals and businesses perform higher, making contribution to job satisfaction, morale and motivation.
- (11) The precise procedure of analysing Training needs complements the development of company towards the interest of their stake holders.
- (12) Training encourages discussions on what skills need to be progressed or incorporated and how.
- (13) To provide a positive base for boosting performance and efficiency.
- (14) Goals of the telling methods in training, supply an idea about the education location. Once in a while written parts also can be seen on this technique, but normally this technique offers an understanding about the training location.
- (15) Displaying methods of training create a picture in trainees mind and it facilitates to carry the trainee to real situations and that helps in decision making and better

understanding than telling approach. This approach also enables the growth of the creativity of the trainee.

(16) Role playing method of training generates leaders and decision makers. These types of factors assist the trainee to get a deep information about the training. These sorts of trainings can be used for junior control degrees and finally could make a competence, skilful employees. Process rotation reduces the person pressure while training personnel as generalists. By means of this training technique, organisation or management can assign the skilled worker to fill an internal vacancy, without giving education again. This can assist the clean glide of work at the business enterprise. These kinds of trainings are higher to stand absenteeism of an employee in any way.

(17) Technical training is specific for an activity. Most of technicians are specialized in their fields. So these technical trainings reduce wastage and injuries while maximizing the income of a company. Those types of trainings create efficiency within the organization.

Developing a training plan or lesson curriculum will include a number of picky information, depending on what is being taught. At the same time as the specific training steps are essential, establishing the training goals from the very starting will help to ensure a successful Training. The training goals must be clean and applicable, and most significantly, they must be communicated with the audience on the way to get hold of the training. Write training targets down, and encompass them inside the Training guide or curriculum.

10.11.1 PLANNING YOUR OBJECTIVES

Identify the overall purpose of the training.

Before doing something, you need to pick out the reason, or the expected outcome, of the training. Typically, training is designed to fill a performance or information gap in personnel. This gap is the distinction between the current capabilities or understanding of the employees and the competencies or understanding required by them. Perceive what you need from your Training and then go from there to fill out the rest of your training objective list.

- For example, imagine that your enterprise should train a bookkeeper to file a new kind of credit account being offered to clients. The purpose of the training is to educate the bookkeeper such that they may be capable of efficiently and correctly recording the new entries.
- The performance gap here might be that the bookkeeper already has understanding of all of the enterprise's different bookkeeping entries, but lacks the understanding and ability to make the new kind of entry.

Describe the expected performance

The task to be taught during the Training has to be defined in prior. A written objective must comprise an action verb that may be visible and measured. Use phrases that tell the trainees exactly what they should do, and avoid any language that is probably ambiguous or subjective.

- ✓ For the previous example, the assignment might be to record the new accounting entries.

Explain the conditions under which the task will be performed.

A goal has to encompass an outline of instances. Offer details that describe under what situations the project takes place. Encompass what equipment and aid might be used, including textbooks, bureaucracy, tutorials, and other conditions. If the mission is exterior, environmental conditions will want to be addressed.

- ✓ For the preceding instance, the conditions might be while a purchaser with the new account type makes a purchase. Similarly, every other condition is probably that the bookkeeper has to recognize how to document the entry inside the business's accounting software program.

Set standards.

Describe what the trainee can anticipate to gain with a purpose to have met the training goal. The minimal appropriate standards have to be communicated inside the written training goals. Define how the requirements might be measured and evaluated.

Standards will be overall performance desires, like doing a project in a set amount of time, getting a certain percent of obligations right, or finishing a sure wide variety of obligations in a given time or at a sure importance. Training requirements usually do not require a mastery or perfection of the venture.

- ✓ For the previous example, this will be now not just the employee has to report the entries, but need to achieve this in an accurate and expedient manner.

10.11.2 WRITING YOUR OBJECTIVES

Use clean, direct language.

Write goals such that there is a clean and measurable goal identifiable within the wording of the goal. That is, do not use oblique or passive word like "recognize" or "some." as an alternative, use direct wording that conveys precise figures or actions that needs to be discovered. Doing so will ensure that the rest of your Training, which includes substances, methods, and content material, is cohesive. In addition, this form of wording adds on your potential to subsequently degree your education successes.

Clean objectives offer the trainee the ability to comply with their own progress and to understand what to expect from the Training and its final results.

- ✓ For the bookkeeper example mentioned in the other elements, this would be something like, "the bookkeeper will be capable of effectively report credit score account entries."

Link objectives to real-world events.

Goals are understood well in the context of real-world activities. Always include what would occur first to make the employee or student perform the task in question. Then, link the task

itself to the favoured, real-world end result of that task. This enables the trainee to keep what they are learning in perspective.

- ✓ For the preceding example, this might be that the entry of the new form of credit score account can be made to account for a new carrier provided to clients, designed to boom sales with repeat customers. The proper access of the information need to be said as important to the economic fitness of the business.

Be unique approximately what constitutes the same old stage of performance.

The standard of performance should be a set number or figure. It is able to be a percent of accurate movements, a pace of undertaking performance, or some other, measurable metric of overall performance. In any case, it should be in numbers that can be measured.

- ✓ For the preceding instance, this could be that the bookkeeper must discover ways to make the entries with 100 percent accuracy. For other responsibilities, the percentage may be lower, but accounting tasks need to be as perfect as possible.

Make your objectives as concise as possible.

Preserve your objective to single sentence. This keeps your targets concise and understandable without problems. To any extent further or greater complicated duties can be broken into a couple of, smaller responsibilities. Any long, complicated tasks might be extra hard to educate and quantify.

- ✓ For the preceding example, keep on with the basics. Writing that the bookkeeper have to record the credit score account entries with one hundred percent accuracy, given the enterprise's present accounting software program, is sufficient.

10.11.3. MAKING OBJECTIVES QUANTIFIABLE

Use the SMART acronym to make sure the training objective can be evaluated

Smart stands for unique, measurable, possible, relevant and time-certain. This machine has been used by enterprise and authorities leaders and Training managers to institute and teach powerful Training programs.

- ✓ **Specific:** State exactly what the learner has to recognize the specific targets. All goals must be defined in reality and there exists no longer issue to debate or interpretation. Ex. The bookkeeper needs to be capable to file the credit account transactions.
- ✓ **Measurable:** Take a look at and quantify the behaviour with measurable objectives. The objectives have to be regular for each learner, and issue to conventional evaluation. Ex. The bookkeeper will file transactions perfectly.

- ✓ Attainable: Make certain the task or action is something which could simply be done with manageable goals. Placing unattainable goals will demoralize the employees. Ex. The bookkeeper's assignment isn't so different from his regular task.
- ✓ Relevant: Decide that this assignment is important and vital with applicable goals. There should be nothing arbitrary inside the goals. Ex. The bookkeeper's challenge is critical to the enterprise's accounting tactics.
- ✓ Time-bound: Set cut-off dates and management schedules with time-certain targets. There may be no open-ended duties in powerful goals. Set and enforce cut-off dates. Ex. The bookkeeper should discover ways to make the new entries before 1st of March.

Avoid using objectives that cannot be measured

Strive not to have goals which you can't measure objectively, which includes creating trainees "appreciate" or "be conscious" of something.

- ✓ For the preceding example, do not write a goal like, "the bookkeeper needs to be aware of how the new entries are made." Make the objective more direct with "they need to be capable of document the new entries."

Include an objective for evaluation.

Evaluate the trainees, and give them an opportunity to evaluate the training. Some part of the training need to be tested of the know-how gained in the course of the education. In the end, knowledge is useless without practice and experience.

- ✓ For the previous example, the bookkeeper will be given numerous hypothetical examples of this type of transaction and might be asked to report them efficiently.

10.11.4 FINALIZE YOUR TRAINING OBJECTIVE.

The usage of all the aforementioned standards, refine your training goal until it is precise in the manner you want it. Again, make sure all aspects of the objective are clean and measurable.

- ✓ For the preceding example, "the bookkeeper, given the enterprise's present accounting software program, must be capable of filing the new credit account entries with hundred percentage accuracy before the 1st of March."

10.12 LIMITATIONS OF ANALYSIS OF TRAINING NEEDS

There are no obstacles to the procedure of analysis of training wishes, but it does require:

- Time and energy to systematically plan and examine the outcomes, so that the priority areas can be chalked out and unimportant areas may be removed.

- Coordination of effects by using different managers to ensure that the priorities are considered throughout the whole corporation allowing for economies of scale and avoiding duplication of effort.
- Full involvement of and dialogue with potential trainees to research their strengths and weaknesses and that in their departments. This calls for departure from sole reliance at the subjective assessment of their managers.

10.13 SUMMARY

Eventually, the Training targets need to be shared among those engaging in the training and the learners, so as best to boost the communication and expectation. It'll help the trainee focus on the target, and ensure a higher chance of success. So, as you notice, in terms of organizational Training needs, evaluation is a key factor, but then you need to, certainly translate those needs into attainable objectives.



10.14 GLOSSARY

Needs Assessment: It is a method to pick out "gaps" between present day performance and organizational goals.

Organizational Analysis: An analysis of the enterprise needs or different reasons the training is needed.

Person Analysis: Analysis dealing with ability of members and teachers involved within the technique.

Work analysis / Task Analysis: This deals with the analysis of the tasks that is being achieved.



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10.17 TERMINAL QUESTIONS

- Q1. Why conduct a training needs assessment or survey?
- Q2. Explain in detail the various types of need analysis
- Q3. What are the various methods of determining training needs? Explain
- Q4. Explain the steps in choosing the objectives.

UNIT 11 TRAINING METHODS AND TECHNIQUES

11.1 Introduction

11.2 Objectives

11.3 Introduction to Training Methods

11.4 Training Methodologies

11.5 Implementing Training Programmes

11.6 Training Methods

11.7 On- The –Job Training

11.8 Off-The-Job Training

11.9 On the Job Training Vs. Off the Job Training

11.10 The Role of the Trainers

11.11 Summary

11.12 Glossary

11.13 Answer to Check Your Progress

11.14 Reference/ Bibliography

11.15 Suggested Readings

11.16 Terminal & Model Questions

11.1 INTRODUCTION

The previous unit consisted of training needs and objectives. It discussed about the need and importance of training. Training is the method for providing essential skills to the employee for making them effective and to perform their job skilfully. Training of employees isn't continuous process, but it has to be done periodical in order to keep them efficient. Because training and development of employees play a vital part not only in the individual growth but also results in the effectiveness of the organisations. Thus, Training results in increased productivity, health and safety at work and personal development.

This unit deals with the various training methods that can be used. The type of training depends on the skills needed by the employees as well as the type of job they do. Selection of appropriate training is again very essential.

Due to the economic changes and growth of technology, lots of training methods are available. In this chapter, we have discussed various techniques of training and examined their advantages and disadvantages.

11.2 OBJECTIVES OF THE UNIT

After completing this chapter, you will be able to:

- Factors to be considered for training.
- How to implement a training program.
- Understand various training methods.
- Pros and cons of various training methods

11.3 INTRODUCTION TO TRAINING METHODS

Inside the current past, extension Training applications have witnessed multi-various modifications in the training method. The antique days' training techniques like lecture are now being changed with one-of-a-kind multi-dimensional training techniques. With the introduction of present day communication strategies, the extension training has received numerous upgrades. Senders (1965) commented that to make a Training effective it need to be based totally at the basics that humans study by seeing with their own eyes, listening to with their own ears, pronouncing with their mouths and doing with their very own hands.

11.4 TRAINING METHODOLOGIES

The selection of Training methods need to be decided by using the meant Training effects and the design of the real coaching approach by awareness of the kind of codecs and other to be had sources. But, there will always be sure constraints on assets, inclusive of instructor availability, lodging, unique price range allocations, time to be had for Training and many others. Its miles essential to keep in mind these 3 points whilst selecting Training strategies:

- Publications need to be tailored to particular audiences – continually start from the angle of the actual members
- Participation – in place of passive reception – enhances their value of Training for inexperienced persons in addition to the satisfaction received by running shoes
- Newbies may be more worried inside the training if they can see the relevance of the Training and the possibility to apply the Training in exercise

It's also vital to take into account that the acquisition of expertise isn't the same as the purchase of abilities. It is commonly well-known that humans examine competencies;

- 65% by doing
- 25% by seeing

- 10% by hearing

Whilst however knowledge is usually received seventy five % by means of seeing

- 75% by seeing
- 15% by hearing
- 10% by doing (i.e. by experience)

11.5 IMPLEMENTING TRAINING PROGRAMMES

A legitimate Training programme needs to possess the subsequent traits;

- (i) Training programme ought to be designed with a view to obtain the predetermined targets, goals and desires of the enterprise. It must be less pricey.
- (ii) Training programme should be leopardess for all, within the corporation and no longer for a selected group.
- (iii) Training programme have to pre-planned and nicely organized taking in view, the targets of Training programme. For this cause the complete assignment must be divided in diverse sub-sports such sub-activities need to be organized in a scientific order.
- (iv) Training programme ought to be designed consistent with length, nature and economic role of the priority. A small scale corporation can't find the money for an awful lot to the Training programme.
- (v) Training programme have to be bendy sufficient.
- (vi) The programme has to be performed by means of senior and experienced officer of the concern. In big scale firms, training is performed through the Training director who is in charge of the Training segment beneath employees department. Such training director is nicely educated and experienced within the artwork Training.
- (vii) Theoretical and realistic aspects of training must take delivery of due concerns even as making ready a training programme.
- (viii) It has to be designed in this kind of style as to contain the latest traits developed inside the commercial field. Mental researches may manual the undertaking of a programme. The principle cause of the Training programme ought to be to permit the employee to pick-up the work as quickly as he completes the Training.
- (ix) Training programme ought to be designed taking in view the interests of each business enterprise and the employees. Their group interests need to no longer be suffered.
- (x) It isn't always crucial to observe a single technique of Training for all employees. The purpose of Training is to broaden the men and not the strategies, therefore, more than one technique maybe accompanied aspect by means of aspect for distinct corporations.
- (xi) The main motive of the training programme need to be to encourage the people to learn something to enhance is task performance and consequently, a praise must be to expected at the conclusion of the learning process such as promotion or a better job. The

above characteristics should be evolved in designing a legitimate Training programme.

11.6 TRAINING METHODS

There various forms of Training available are: On-the-job and Off-the-job techniques. The term Training refers to the acquisition of knowledge, talents, and abilities due to the coaching of vocational or practical abilities and understanding that relate to precise useful abilities. Further to the basic Training required for a change, profession or career, observers of the labor market recognise the importance of training to maintain it beyond initial qualifications: to hold, improve and update capabilities all through working life. People in many other professions and occupations refer that this sort of training is expert development.

11.7 ON- THE –JOB TRAINING

On-the Job Training is an essential manner in which humans gather applicable expertise and abilities at work. Here it is important to make the distinction among Training and learning. This is essential to the effective design and delivery of Training in businesses. The terms of the training had been defined as follows:

- Training is a trainer-led, content based intervention, leading to desired changes in behaviour.
- Mastering is a self-directed, work based process, leading to increased adaptive potential.

In a sense consequently, we're extra interested in selling on-the-process getting to know than on-the-job Training. However, the use of the well-mounted term, on-the-job training(OJT) can be defined as an interest undertaken on the administrative centre that is designed to improve an character's abilities or information. OJT is a properly-set up and well-used intervention designed to enhance individual skills and capabilities with the traits of:

- Being delivered on a one-to-one basis and taking place at the trainee's place of work.
- Requiring time to take place, including potential periods when there is little or no useful output of products or services.
- Being specified, planned and structured activity.

On-the job training typically takes place in the ordinary work station; the task will be contributing directly to the output of the department. The principle advantages of on-the -job strategies are that they're sensible, and employees do not lose running time even as they're gaining knowledge of. Strategies encompass orientations

- Job instruction training
- Mentoring
- Job rotation
- Apprenticeships,

➤ Coaching

11.7.1 JOB INSTRUCTION TRAINING

Job Instruction Training (JIT) is a logical outgrowth of the Job Hazard Analysis. It is a validated method for teaching new abilities, secure and healthful work behaviour quicker and fast. All new employees transferred to new jobs need to obtain JIT.

Job Instruction Technique (JIT) makes use of an approach with focus on expertise (genuine and procedural), abilities and attitudes development. JIT includes 4 steps:

11.7.1.1 Plan – This step includes a written breakdown of the work to be performed because the trainer and the trainee should keep in mind that documentation is need to and essential for the familiarity of labour. A trainer who is aware about the work well is probable to do much stuff and in the method might miss few things. Therefore, a structured analysis and proper documentation ensures that all the aspects are covered in the Training program. The second step is to find out what the trainee knows and what training should focus on. Then, the next step is to create a comfortable workplace for the trainees' i.e. proper orientation software, availing the resources, familiarizing trainees with the training application, and so forth.

11.7.1.2 Present – On this step, trainer presents the synopsis of the activity even as presenting the contributors the distinctive components of the work. Whilst the trainer completed, the trainee demonstrates a way to do the job and why is that achieved in that particular way. Trainee simply demonstrates the technique whilst emphasizing the key factors and safety instructions.

11.7.1.3 Trial – This step is actually a sort of rehearsal step, wherein trainee attempts to carry out the work and the instructor is capable to offer on the spot feedback. In this step, the main point is on enhancing the method of Training because a trainer considers that any mistakes if occurring may be a feature of Training not the trainee. This step lets in the trainee to see the after effects of the use of a wrong method. The trainer then facilitates the trainee via questioning and guiding to identify the correct procedure.

11.7.1.4 Follow-up – In this step, the trainer assess the trainee's process regularly after the Training program is over to prevent the trainees from developing wrong work habits.

11.7.2 MENTORING

Mentoring is an ongoing relationship that is developed between a senior and junior worker. Mentoring affords guidance and clean understanding of the way the employer is going to gain it's its vision and mission to the junior employee

Executive mentoring is typically done via a person inside the organisation. The executive can learn plenty from mentoring. by way of mingling with various mentee's, the executive is given the chance to develop professionally via growing management capabilities and gaining knowledge to work with people from various heritage, lifestyle, and language and characters.

Executives also have mentors. In cases in which the executive is new to the corporation, a senior executive might be assigned as a mentor to help the new executive settled into his/her

function. Mentoring is one of the crucial strategies for making them ready to be future executives. This approach lets in the mentor to decide what is required to improve mentee's performance. Once the mentor identifies the trouble, weakness, and the area that needs to be worked upon, the mentor can recommend applicable Training. The mentor also can offer opportunities to work on unique processes and tasks that require use of skill ability. Some key factors on mentoring

- Mentoring focus on attitude development.
- It is conducted for management-level personnel.
- Mentoring is done through someone within the organization.
- It's one-to-one interplay.
- It allows in identifying weaknesses and focus on the area that needs improvement.

11.7.3 JOB ROTATION

For the executive, job rotation takes on special perspectives. The executive is generally not virtually going to any other branch. Learning how the employer is perceived from the outside broadens the executive's outlook in the manner of the organisation. Or the rotation might be to an overseas office to offer a worldwide attitude.

For managers to move forward to executive roles, rotation is one of a kind feature in the business enterprise. This method permits the manger to function in numerous roles and recognize the distinctive issues that come up.

A prepared and beneficial way to broaden expertise for the management executive of the organization is task rotation. It is the system of making employees ready at a decrease degree to replace a person at the next higher level. It is generally carried out for the designations that are critical for the effective and efficient functioning of the business enterprise.

11.7.3.1 Benefits of Job Rotation

Some of the primary advantages of job rotation are:

- It presents the personnel with possibilities to expand the horizon of knowledge, capabilities, and competencies by working in exceptional departments, commercial enterprise units, functions, and countries.
- Identification of Knowledge, skills, and attitudes (KSAs) required.
- It determines the area in which development is needed.
- Evaluation of the employees who have the capability and quality for filling the location.

11.7.4 APPRENTICESHIP

Apprenticeship is a system of training a new generation of practitioners of a skill. This method of training is in vogue in those trades, crafts and technical fields in which a long period is required for gaining proficiency. The trainees serve as apprentices to experts for long periods. They have to work in direct association with and also under the direct supervision of their masters.

The object of such training is to make the trainees all-round craftsmen. It is an expensive method of training. Also, there is no guarantee that the trained worker will continue to work in the same organisation after securing training. The apprentices are paid remuneration according to the apprenticeship agreements.

11.7.5 COACHING

Under this method, the trainee is placed under a particular supervisor who functions as a coach in training and provides feedback to the trainee. Sometimes the trainee may not get an opportunity to express his ideas. Coaching is one of the Training methods that are taken into consideration as a corrective method for insufficient performance. Consistent with a survey conducted by International Coach Federation (ICF), more than 4,000 companies are using a trainer for their executives. Those coaches are specialists and outdoor consultants.

It facilitates in figuring out weaknesses and focus on the improvement for the people. It helps in locating out the executive's unique developmental needs. The needs may be identified through 360 degree overall performance appraisal.

11.7.6 THE ADVANTAGES OF USING OJT

- Training may be introduced at the surest time: as an instance without delay before a process is to be executed 'for real' in the place of business.
- The trainee can have opportunities to practice immediately.
- The trainee may have immediate feedback

11.7.7 THE DISADVANTAGES OF USING OJT

- There is flexibility in OJT as it is convenient for office routine rather than at the optimum time for learning.
- An excessive amount of Training can be introduced in a single session that leads to 'information overloads' and trainee fatigue.
- The instructor might not have enough know-how of the system or expertise in academic strategies
- If immediate practice isn't accompanied by using feedback the trainee can feel deserted after the initial reveal in.

11.7.8 THE ELEMENTS OF OJT

11.7.8.1 Preparation:

Good preparation is vital, and the OJT trainers have beneficial examples or practice physical activities prepared earlier.

11.7.8.2 Start with the learner:

Start by assessing how plenty the learner is aware already. The maximum straight forward questions will elicit the answers and save time.

Ex. Have you used spreadsheets in previous jobs?'

11.7.8.3 Pick the best time:

It may be very frustrating to spend Monday afternoon having the procedure for finishing time-sheets outlined to you whilst you will fill them in on Friday.

***Check Your Progress- A***

Q1. How you can implement training programme in your organisation.

Q2. Name few on-the-job training methods.

Q3. What is Apprenticeship Training Method?

11.8 OFF-THE-JOB TRAINING

Off-the-Job Training takes place away from everyday working conditions — implying that the employee does not count as a directly productive worker while such training takes place. Off-the-Job Training has the advantage that it allows people to get away from work and listen

greater at the Training itself. This kind of Training has proven powerful in inculcating principles and thoughts.

Off-the-job Training is performed away from the work situation and consequently is more frequently than not simulated and/or hypothetical. Strategies consist of

- Lectures
- Orientation
- Presentation
- Demonstration
- Field Trips
- Structured discussions
- Panel discussions
- Topical Discussions
- Question-Answer Panels

11.8.1 LECTURES

The lecture is a set of words spoken by the trainer. It's conducted in a verbal format presenting a fairly passive and un stimulating level in for learners.

The lectures should:

1. Talk loudly and sincerely enough to be heard. Amplification of the voice is done if there are a wide variety of listeners. A microphone is also used for this purpose.
2. A lecture needs to be targeted around a single theme or thesis.
3. Increase inherent, unique subjects of discussion.
4. Develop each area of discussion with a variety of evidence. This includes samples, statistics, and objects of show, illustrations, quotations, evaluation and concrete examples.

Visual aids can be used effectively. There may be short breaks inside the lecture. No regulation prohibits the lecturer from asking questions or pausing for dialogue. The inexperienced persons can be provided with a syllabus, a cautiously structured notepad on which they can take notes. A lecture ought to contain participation among the listeners.

11.8.1.1 Advantages of the Lecture

- Effective lecturers can communicate the intrinsic interest of a subject thru their enthusiasm.
- Lectures can give materials that are not otherwise available to students.
- Lectures may be especially prepared to fulfil the needs of particular audiences.
- Lectures can present large quantities of statistics.
- Lectures can be presented to large audiences.
- Lecturers can model how professionals work through disciplinary questions or problems.
- Lectures allow the trainer most control of the learning experience.
- Lectures enhance those who learn by listening.

11.8.1.2 Disadvantages of the Lecture

- Lectures fail to provide teachers with feedback about the extent of trainees gaining knowledge.
- In lectures students are often passive due to the fact there is no mechanism to make sure that they're intellectually engaged with the materials.
- Students' interest will fade quickly after fifteen to 20-30 minutes.
- Records tends to be forgotten fast when students are passive.
- Lectures presume that all students learn at the equal tempo and are at the equal degree of information.
- Lectures are not suited for teaching higher orders of thinking such as application, analysis, synthesis, or assessment; for teaching motor abilities, or for influencing attitudes or values.
- Lectures are not acceptable for teaching complex, abstract materials.
- Lectures calls for powerful speakers.
- Lectures emphasize getting to know through listening, that is a drawback for students who've other learning styles.

11.8.2 ORIENTATIONS:

Orientations are meant for new employees. The first few days on the task are essential in the success of new personnel. This point is clear via the fact that 60 percent of all personnel who leave their job in the first ten days. Orientation training ought to emphasize the following topics:

- The employer's history and assignment.
- The key contributors inside the business enterprise.
- The key individuals within the department, and the way the department allows to fulfil the mission of the employer.
- Personnel guidelines and policies.

Some groups use verbal presentations while others have written presentations. Many small companies carry those topics in one-on-one orientations. Irrespective of what method is used, it is essential that the newcomer apprehend his or her new place of employment.

11.8.3 PRESENTATION

The presentation of extension talks and the skill teaching plans by way of the participant's is one of the critical techniques followed in all of the courses. These presentations may also either be individual or a group activity. The extension talks brought with the help of the participants could continually be supported via a few types of visual aids which they would put together by themselves in session with the faculty members. The members are requested to offer their talk plans and skill plans, after planning & rehearsal.

11.8.4 DEMONSTRATION

The demonstration step offers trainees the opportunity to see and listen the information related to the skill being taught. The information consists of the important knowledge, the

steps or procedure, the nomenclature, and the safety precautions. The repetition step helps the average and slow learners and offers the trainees an extra opportunity to peer and hear the talent being taught. The overall performance step gives all the trainees the possibility to turn out to be proficient. In short, this approach is suggested as it has nothing negative.

This technique is a visible display of the way something works or how to do something. As an example, instructor shows the trainees the way to perform or the way to do the tasks of the process. So that you can be greater effective, demonstration technique need to be followed by the discussion or lecture approach.

To perform an effective demonstration, a teacher first prepares the lesson plan by breaking the project to be taught into smaller modules. Then, the trainer sequentially organizes the modules and prepares a cause of why that element is needed.

11.8.4.1 Good Demonstrators

- Examine the manner, breaking it into small sequential steps
- Have all their materials in place
- Take a look at the operation of all equipment just earlier than they begin the demonstration
- Position, or scale, their models so all the learners can see all of the elements all the time
- Provide an explanation for the goals of the demonstration at the start.
- Permit the earliest viable strive-out of the demonstrated talent
- The difference between the lecture approach and the demonstration approach is the extent of involvement of the trainee. Inside the lecture technique, the greater the trainee is involved, the more gaining knowledge of will arise.

11.8.4.2 Advantages of Demonstrations

- Humans are possibly to recollect what they have learnt, due to the fact they may be 'getting to know by using'.
- People can check out new strategies and methods and ask questions instantaneously for their queries.
- Demonstrations are convincing due to the fact they can take place inside the real scenario (e.g. the home or farm of community contributors).
- The nearby language can be used, and literacy isn't required.
- Demonstrations are appreciated by personnel who are not good in formal training establishments.

11.8.5 FIELD TRIPS

Field Trips or excursions can also be participative learning experiences. The trip motivates and instils the learning manner. The team is given a questionnaire and requested to discover the solutions on the field trip. These field trips tend to be more thrilling and informative than a classroom environment.

11.8.6 PANEL DISCUSSIONS

The panellists must work to put together some distinct material by analysing, and synthesizing it into a powerful presentation.

- Students must be given time to invite questions.
- Delegate the role of moderator. Then delegate the participant moderator. The connection of the subtopics, how to convey about the over-all design to the class, the ways to keep the communication moving and how to maintain a lively environment without uncomfortable war of words are all have to be planned.
- Choose as panellists those who have proven skills in acquiring and synthesizing records, those who can add 'enrichment' and a fine reinforcement for good work in the discussion.
- Don't pick out pairs of people who might reduce the dialogue to a two-dimensional debate. What you are trying to find is analysis of the several facets you have got assigned to each panellist. The criterion for selection is continually the ability to present and have interaction inside.

11.8.7 STRUCTURED DISCUSSIONS

The structured discussions are conversations between trainees, aimed toward precise learning targets. In structured discussions, the goal of the discussion has to be honestly introduced earlier, or during the primary parts of the discussion.

It's also useful to put up written statements of the goal in which all can see it throughout the discussion. Structure can be attained by means of using a syllabus or a publicly posted time table. Such agendas might also even encompass an estimate of the best quantity of time to commit to every subtopic.

The structured discussion is suitable whilst there are predefined objectives and whilst the trainees do not bring a bad view against those objectives.

11.8.8 QUESTION-ANSWER PANELS

In this Q-A section, trainers announce a subject and a reading project, plus key requirement, a listing of inquiries to be delivered to the session itself. When the time for Q-A section arrives, the trainer calls on the learners for their questions.

11.8.9 OPEN FORUM DISCUSSIONS

Open forum discussion is useful when the trainees can receive full responsibility for the content material of the discussion, or after they want to publicize their emotions and reviews. In the discussion board layout, any member of the group may additionally communicate to some other member.

11.8.10 INTERACTIVE DEMONSTRATIONS

Interactive demonstrations permit learner-trainees to do something in place of simply take a look at. Job Instruction Training (JIT) is an instance for this. Once the climate is ready, the

instructor tells and suggests the first step of the job, as learners do that first step properly in front of the trainer. This lets in cumulative repetition and which makes practices perfect.

11.8.11 BEHAVIOR MODELING

This approach tell what type of a model or ideal enactment of expected behaviour can be learnt by the trainees in order to discover what actions and standards are expected of them. Ordinary behaviour modelling would include managerial skills, as making assignments, delegating, counselling, declaring, or disciplining.

11.8.12 BRAINSTORMING

It's a sort of hassle solving scenario. It's used to educate beginners to suspend judgment until maximum numbers of thoughts were generated. It's also used to teach humans to listen positively to the thoughts of others, refraining from bad remarks.

Brainstorming calls for human beings of a group to think of ideas and exhibit them after suspending everything else for a while. The criteria for a brain storming session include the following:

1. Generate, don't evaluate. The more ideas, the better.
2. The thoughts that have already got been put forward ought to be amended. The amendment includes adding, deleting, consolidating, substituting factors or reversing.
3. There need to be arrangements for debating or analysing the concept by means of putting it to be used. The full brainstorm consists of idea generation, analysis and planning. The best concept is chosen as the best idea.

11.8.13 CASE STUDIES

The fictional or actual case studies can assist deliver an element of realistic utility to the training. But writing a case is not always easy, as we think and good care has to be taken. The god case research contains issues which are debatable both way, and therefore the final results can be open to real deliberation. Writing a good case study is difficult and time ingesting – it calls for certain knowledge of the relevant troubles.

When writing a case take a look at, the following:

- The scenario must be known to the trainees .
- The situation and the various authentic conditions with enough detail must be explained to the people.
- However all facts included in the case must be directly applicable to the issues which can be being discussed.

11.8.13.1 Real Case Studies

This can either be a situation which is familiar to the trainees or one that is new to them. The trainees need to be furnished with precise notes on the important statistics, except any info which are not applicable to the case.

The facilitator might also provide the trainees with the final results of the scenario and ask for a critique of this, and suggestions of what have to be occurred. This may be appropriate in which the situation, and the outcome, are widely known. the facilitator may additionally in any other case chose to no longer inform the trainees the final results and get them to suggest what must have come about (procedural steps, answers and so on).

11.8.13.2 Fictional Case Studies

Fictional case studies are useful tools to allow trainees to cope with relatively sensitive country wide issues by way of altering the problem sufficiently to dispose the truth, whilst keeping the issues of the countrywide problem alive.

Both of the two methods real case study and fictional case study are worthy. In traditional case research, individuals receive a description of the case. The outline contains enough elements so learners can propose appropriate actions. The quality case analysis depends on:

- The quantity of detail provided
- Time limits, frequently rather stringent
- The way the project is postulated, mostly an outline of the expected output, consisting of a recommendation, a decision, or the outline of an action plan;
- A list of questions for the organization to reply on their way.

11.8.14 ACTION MAZES

An action maze is truly a case which has been programmed. The contributors commonly get hold of a printed description of the case with enough elements to take them to the decision point.

11.8.15 INCIDENT PROCESS

It's a specialised form of case study. It's used for analytical competencies or techniques for unique problem –solving obligations consisting of worker grievances.

11.8.16 JIGSAWS

As name implies, jigsaws is participants put pieces together to complete an integrated “photograph”. When teachers are coaching a prescription, there may be most effective one way to bring together the portions properly and the evaluation makes that clear. Jigsaws are beneficial in coaching synthesizing skill, problem solving abilities or organizational ability.

11.8.17 IN-BASKETS

In baskets is a shape of simulation which gets the realities of a job through the paper symptoms of that job. In this process get all the substances one would possibly expect to discover in an “IN” basket on an average work –day. They must then process that paper work until all the items are in the OUT basket.

11.8.18 TEAM TASKS

Group responsibilities for buzz group results in some product, decision or advice to be shared with similar group in the class. Team mission can be time limited or open ended. Buzz

Groups are small teams of participants. Buzz groups are used to allow the contributors to generate an agenda for extremely andragogic packages.

11.8.19 ROLE PLAYS

Role play may be described as a way in which humans are offered with a real or artificial surroundings and they're given with some cases or scenario and that they need to show off the same in form of roles.

It's a spontaneous human interplay regarding sensible human behaviour under synthetic or inspired environment. It includes interviews or series of interview in which the contributors or the trainees are furnished with a quick role and a set of instances which they need to enact.

The trainee develops an approach on how to react or assume in a selected scenario and feasible suggestive answers for resolving the problem or analysing the situation. He also learns and forecasts what the opposite party or as per the case may be what may be the alternative reaction.

Objectives of Role play are:

1. It facilitates in developing better information of the job
2. It allows to manage a particular scenario in an expert manner.
3. It helps in developing higher understanding of the problem and better decision making
4. It enables anticipation of other possible solutions
5. It facilitates in developing communication, management development and leadership characteristics.
6. It helps in development of interpersonal relationship
7. It aids in understanding of behavioural patterns of others.

11.8.19.1 Salient Features of Role play as a training method for learning

a) Learning by doing – Due to the fact that the role plays give the opportunity to learn practically and the trainees are aware of the requirements essential to resolve or get the task done.

b) Learning through imitation – While playing the new or the predicted roles the participants get the feelings of the character that is being enacted and tries his great to encompass and accrue all characteristics of the given role. Consequently he receives a possibility to apprehend, examine and reflect the perception of others.

c) Learning through observation and feedback – This approach facilitates dual benefits. The trainee not only learns and reinforces the standards by way of self-mastering but additionally develops knowledge about a new role. This technique helps in building decision making capacity, management development and overall leadership.

d) Learning through analysis and conceptualization – The role performed by means of the trainee enables in reading the diverse skills contained in the roles that includes conceptual design or human skills and thus facilitates in designing a broader information and clean outlook of the job.

11.8.19.2 Reverse Role Plays

Reverse role plays are helpful methods for gaining information of any other person's view point. It really works well when the objective is to look how oneself is perceived by others. Reverse role-playing requires sensitive monitoring with the aid of the instructors.

11.8.19.3 Simulation

Simulations are mostly similar to action mazes being role-played. Simulations are training strategies that try to bring sensible decision making situations to the trainee. Probable troubles and alternative solutions are supplied for discussion. There's no better trainer than experience. Experienced personnel can describe actual global experiences, and may assist in and research from growing the solutions to those simulations. This technique is cost effective and is utilized in advertising and management training.

11.8.19.4 Games

T & D specialties feel that the gamed simulations increase the energy and commitment of the individuals. When people participate in games, their behaviors manifest themselves. A number of those behaviours may be defined as contributive behaviour or counterproductive behaviour to organization goals. Consequently games are often used in employer improvement packages as both diagnostic and training equipment. Games can be used to expand specific capabilities additionally.

11.8.19.5 Clinics

Clinics, in learning designs, are consultation in which trainees commit their anger to solving a given trouble. Clinics use a given trouble. They are useful in developing problem-fixing, decision making or group membership abilities.

11.8.19.6 Fishbowl

A useful way to access group process is the fishbowl method. It is done with two groups. Team A is assigned a topic which is to say, for half-hour. The group is unstructured and the group can choose a leader or it may discuss the subject in a free discussion. Team B seats around crew B and observes the discussion. Its members aren't free to interrupt the discussion, but whilst it is completed they are given approximately 15 minutes wherein to criticize and touch upon group A's performance. Group A does no longer have the right to reply or even to comment on any criticisms at this stage.

The roles of the two teams are then reversed, group B being given the topic to talk about and group A taking over positions round group B as observers. After group A has given its judgment, the 2 teams come together in a complete and notes are exchanged on the methods which had been observed.

11.8.19.7 Computer-Based Training

CBT- provides speedy decision-making and also reduces the training time. Workplace area and the whole device is underneath the person's control. Computers are used for the teaching and Training program

11.8.19.8 Groups

The T-group gives individuals with an opportunity to study themselves, their impact on others and how to function in organization and interpersonal conditions. It allows this learning by way of bringing together a small group of human beings for the explicit cause of analysing their personal behaviour when they have interaction within a small team.

11.9 ON THE JOB TRAINING VS. OFF THE JOB TRAINING

The following differences are identified between On the job Training and Off the Job Training;

ATTRIBUTES	ON THE JOB TRAINING	OFF THE JOB TRAINING
Meaning	On the job training refers to a form of training which is provided at the work place during the performance of the actual job.	When the employees are given training outside the actual work location, such a type of training is termed as off the job training.
Approach	Practical	Theoretical
Active participation	Yes	No
Location	At the workplace	Away from the workplace
Principle	Learning by performing	Learning by acquiring knowledge
Work disruption	No, because trainees produce the products during learning.	Yes, because first training is provided and it is followed by a performance.
Carried out by	Experienced employees	Professionals or experts.
Cost	Inexpensive	Expensive
Suitable for	Manufacturing firms	Non-manufacturing firms



Check Your Progress- B

Q1. List out some off the job training methods.

Q2. What is role play? Give an example.

Q3. Differentiate on-the-job training and off-the-job training.

11.10 THE ROLE OF THE TRAINERS

- To help the organization and individuals examine and analyse what's occurring inside the organisation. The trainer may draw attention to activities and behaviour inside the group and invite the group to take a look at its experience. At times the trainer can also offer tentative interpretations.

- To offer theory, model or research that seems associated with what the organization is asking for.
- To inspire the group to comply with norms that generally tend to serve the knowledge gaining method.
- To provide Training and Teaching abilities that generally tend to help the learning system,
- Does not provide structure or an agenda. To stay silent, permitting the organization to experience its anxiety reputation, effect, and so on.
- To be willing to reveal oneself, to be open with the group. Sometimes being inclined to provide feedback and task a player.
- To avoid turning into too directive, clinical, or concerned personally.

11.11 SUMMARY

In this unit we have discussed about the necessity of training, various methods of on the job training and off the job training. The importance of choosing the apt training and the difference between on the job training method and off the job training methods are also discussed.



11.12 GLOSSARY

On-the Job Training: It is an essential manner in which humans gather applicable expertise and abilities at work.

Job Instruction Technique (JIT) IT makes use of an approach with focus on expertise (genuine and procedural), abilities and attitudes development.

Mentoring: It is an ongoing relationship that is developed between a senior and junior worker. Apprenticeship is a system of training a new generation of practitioners of a skill. This method of training is in vogue in those trades, crafts and technical fields in which a long period is required for gaining proficiency.

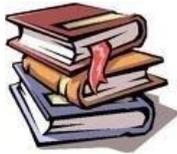
Behavior Modeling: This approach tell what type of a model or ideal enactment of expected behaviour can be learnt by the trainees in order to discover what actions and standards are expected of them

In baskets is a shape of simulation which gets the realities of a job thru the paper symptoms of that job.



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11.15 TERMINAL QUESTIONS

1. Explain on the job training methods
2. Explain off the job training methods
3. Explain implementation of training programmes
4. Write a detailed note on different types of training programmes.
5. What are the various Training and Development Methods followed in your organization or organisation you are familiar with?
6. Identify major driving force for organising Training Programme in your organization or organisation you are familiar with.

UNIT 12 EVALUATION OF TRAINING PROGRAMMES

12.1 Introduction

12.2 Objectives

12.3 Training Effectiveness

12.4 Measurement and Scales of Measurement

12.5 Monitoring Of Training

12.6 Evaluation of Training

12.7 Evaluation Effectiveness of Training and Development

12.8 Importance of Assessment

12.9 Management Development

12.10 Executive Development

12.11 Supervisory Development

12.12 Evaluation of Management Development Programmes

12.13 Summary

12.14 Glossary

12.15 Reference/ Bibliography

12.16 Suggested Readings

12.17 Terminal & Model Questions

12.1 INTRODUCTION

Management of training might no longer be successful without proper evaluation of training. Training is a costly and time ingesting technique. It is crucial to determine its effectiveness in phrases of success of precise education objectives. People want to recognize how they learnt or how nicely they're doing. The sooner the personnel understand the results of a test, the earlier they are able to examine their progress. The sooner employees acquire comments from the instructor, the much less time they'll waste. Self-graded assessments and programmed learning kits provide the necessary remarks to a person on his/her development on a specific challenge.

This precept does no longer always imply common testing; however the greater on the spot the comments on learning the extra motivating it's far likely to be.

12.2 OBJECTIVES

After reading this unit you will be able to;

- Understand importance of effective Training Assessment System.
- understand the techniques of evaluating the effectiveness of training.
- know about the considerations while designing training assessment process.

12.3 TRAINING EFFECTIVENESS

Training effectiveness is the degree to which trainees are capable to learn and follow the knowledge and competencies obtained in the course of the programme. The attitudes, hobbies, values and expectations of the trainees and the training environment have an effect on it. A training programme is likely to be extra effective whilst the trainees are concerned of their jobs and future profession plans. Contents of training programme and the capacity of trainers also decide training effectiveness.

12.4 MEASUREMENT AND SCALES OF MEASUREMENT

Measurement is the procedure of gathering information. It is the act of assigning numerals to process or occasions or objects, using a few consistent set of roles.

Advantages

- It reduces the possibility of disagreement among evaluator
- It gives concrete comments
- It provides continuous records about learning process
- It lets in comparisons of pre- and post problem status.

Scales of Measurement

Normally used measurement scales are nominal scales, ordinal scales, interval scales, and ratio scales.

12.4.1 PRE AND POST-TRAINING MEASUREMENT

Pre training evaluation:

It is a way of judging the worth of a programme earlier than the programmed activities begin. The goal of this assessment is

- (a) To determine the appropriateness of the context of education activity and
- (b) To help in defining relevant training objectives.

Post training evaluation:

It is an approach of judging the worth of a programme at the end of the programme. The focus is at the outcome. It tries to choose whether the transfer of training to the job has taken place or not.

12.5 MONITORING OF TRAINING

Monitoring is an intermittent series of observations in time, which is done to show the extent of compliance with a formulated standard or degree of deviation from an expected norm.

Monitoring is the process of observing and recording the activities of a program. It's a method of mechanically accumulating statistics on all elements of the venture.

Monitoring also entails giving feedbacks about the progress of the project to the donors, implementers and beneficiaries of the mission.

12.6 EVALUATION OF TRAINING

The method of examining a training program is known as training evaluation. Training evaluation assess whether training has had the favoured effect. Training evaluation guarantees that whether or not candidates are able to put in force their mastering of their respective places of work, or to the regular work routines.

12.6.1 PURPOSES OF TRAINING EVALUATION

The Five major functions of training evaluation are:

Feedback:

It enables in giving feedback to the applicants *via* defining the objectives and linking it to mastering results.

Research:

It facilitates in ascertaining the connection among obtained information, and its connection with job expertise on the work location, and training.

Control:

It allows in controlling the training program due to the fact if the training isn't powerful, then it could be treated therefore.

Power Games:

At instances, the top control (better authoritative employee) makes use of the evaluative facts to manipulate it for their own benefits.

Intervention:

It allows in figuring out that whether or not the real outcomes are aligned with the expected effects.

12.6.2 PROCESS OF TRAINING EVALUATION

Before training

The learner's abilities and expertise are assessed before the training program. In the course of the beginning of training, applicants commonly misunderstand it as a waste of assets due to the fact that candidates are ignorant of the goals and mastering consequences of the program. Once conscious, they're asked to provide their reviews at the methods used and whether or not those techniques confirm to the candidates preferences and learning style.

During Training

It's the section at which training is begun. This segment usually consists of quick exams at frequent intervals.

After training

It is the phase whilst learner's talents and knowledge are assessed again to measure the effectiveness of the training. This section is designed to decide whether training has had the desired impact at individual level as well as at and organizational tiers. There are numerous assessment techniques for this phase.

12.6.3 TYPES OF EVALUATION

Opinions are typically divided into, formative and summative;

(1) Formative evaluation:

It is a method of judging the worth of a program at the same time as this system activities are in progress. This part of the evaluation specializes in the procedure.

(2) Summative assessment:

Summative assessment is a way of judging the worth of a program at the end of the program. The focal point is at the final results.

12.6.4 TECHNIQUES OF EVALUATION

The diverse methods of training evaluation are:

- Observation
- Questionnaire
- Interview
- Self-diaries
- Self-recording of specific incidents

12.6.5 PRINCIPLES OF EVALUATION

- Training needs must be diagnosed and reviewed concurrently with the business and personal development plan technique.
- There should be correlation to the needs of the individual and the organisation.
- Organizational, group and individual level training needs must be identified and evaluated.

- Techniques of evaluation have to be appropriate.
- The evaluation must be in place earlier than the training takes place.
- The final results of evaluation must be used to inform the organisation and training procedure.

12.6.6 EVALUATION CRITERIA

According to Hamilan there are 5 criteria via which evaluation of training can take area;

- Reaction
- Learning
- Job Behavior
- Organization
- Ultimate Value

Reaction:

Examine the trainee's response to the program

Learning:

The trainer's potential and trainee's potential are evaluated on the basis of the quality content learned.

Job Behaviour:

This evaluation consists of the manner and the extent to which the trainee has applied his knowledge gained in training to the job.

Organization:

This evaluation measures the usage of training and elevated productivity like income, sales turnover etc.

Ultimate value:

It is the measurement of the end result of the training program to the organisation objectives like survival, growth and profitability and so on.

Evaluation Design

Designing a successful training program involves selection of human capital coordinating their efforts to gain the preferred outcome. Clients and end customers of this system can be interviewed to determine the real training necessities.

Academic designers will design and broaden this system. Directors will organize the training schedules and venue logistics. If the program includes e-studying components, data generation professionals can be concerned at a number of points.

For training program development, a phased systems technique is frequently referred to as the Instructional Systems Design (ISD) model. The advantage in using such a technique is that

the end product is much more likely to satisfy the real needs of different stakeholders of the company.

12.6.7 ADDIE MODEL

The most popular rendering of the particular stages the use of the ISD method is the ADDIE model. In ADDIE model there are 5 stages; Analyse, Design, Develop, Implement and Evaluate. Each section is characterized by means of a set of activities and a project output in the form of a tangible deliverable. Outputs and activities related to each segment may be summarized as follows:

Analyze

- Make organizational and training program objectives clear.
- Agree the scope of the training program.
- Articulate training management requirements.
- Decide strategies for transferring learned competencies to the place of job.
- Detail challenge risks, possibilities and assumptions.
- Look at constraints in imposing the program, together with technological, price range, timing and length.
- Listing trainer/instructor selection criteria.
- Decide the target individuals, program entry requirements, trainee characteristics and special needs.
- Decide the abilities of the training participants/skill evaluation required.
- Determine the tasks presently carried out by using target participants and the expected performance after training.
- Estimate program layout, development, implementation and evaluation charges, effort required and agenda.

Design

- Translate the program goals into terminal and studying objectives.
- Quantify program improvement, implementation and evaluation fees and efforts required.
- Determine program structure and sequence.
- Decide program length and tempo.
- Decide program layout and mode of delivery.
- Specify type of participant assessments and assessment conditions.
- Decide program evaluation method, data collection strategies, timing and reporting formats.
- Articulate transfer of training to job
- Outline implementation and training management requirements.

Develop

- Expand communication for program stakeholders.
- Develop session plans, instructor courses, learner courses and instructor and participant resources.
- Develop trainer and on-the-job aids.
- Increase coaching/mentoring guides and resources.
- Broaden technology infrastructure and software.
- Expand participant assessments.
- Develop program and program assessment instruments.
- Conduct pilot program to check that program meets trainee requirements.
- Review implementation and assessment costs, efforts required and agenda.

Implement

- Rollout program communications to stakeholders.
- Produce program contents and materials.
- Install technology infrastructure and services.
- Set up administrative databases and structures.
- Set up on-the-job aids.
- Put together coaches/mentors.
- Book venue, accommodation and travel arrangements.
- Set up venue and lodging.
- Schedule the trainees.
- Behavior training classes.
- Implement training switch techniques.
- Conduct assessments for participant.
- Collect feedback from participants.

Evaluate

- Gather evaluation data for training program.
- Acquire assessment data for training.
- Evaluate training performance (number of employee's skilled, percent participants got thru, participant satisfaction).
- Review overall performance (fee, schedule, scope, stakeholder satisfaction, program team satisfaction).
- Report training and overall performance consequences.

The levels of the ADDIE model also are iterative in that the consequences of the evaluation section are fed lower back in to the following project. On this way, each successive mission can also improve in its delivery of expected organizational advantages.

12.7 EVALUATION EFFECTIVENESS OF TRAINING AND DEVELOPMENT

Measuring the effectiveness of education packages consumes precious time and resources.

THE KIRKPATRICK MODEL

The maximum famous and used model for measuring the effectiveness of training is Donald Kirkpatrick model developed in 1950s. The fundamental shape of Kirkpatrick's 4-level model is shown here.

Kirkpatrick model for evaluating effectiveness of training programs

Level 4	What are the organizational benefits resulted from the training?
Level 3	To what extent did participants change their behavior in terms of knowledge, skills and expertise?
Level 2	To what extent did participants change their behavior in the workplace as a result of the training?
Level 1	How did the participants react to the program?

An assessment at each level answers whether or not a fundamental requirement of the training program has met or not. It's not that conducting an assessment at one level is extra essential than some other. All stages of assessment are vital. In truth, the Kirkpatrick model explains the usefulness of training reviews at each stage. Each stage gives a diagnostic checkpoint for problems at the succeeding stage.

So, if members did no longer analyse (level 2), participant reactions gathered at level 1 (response) will reveal the boundaries to learning. Now transferring up to the following level, if participants did no longer use the abilities as soon as they returned to the place of work (stage three), possibly they did no longer analyse the required competencies in the first region (level 2).

EIDesign
ELECTRONIC DESIGN

Measure The ROI of Online Training using Kirkpatrick's Model of Evaluation

ROI is the return on investment that an organization makes (ROI = Gain or Return/Cost). It can be determined through two factors namely the Investment made (or cost incurred) and Value/Gain accrued (or return).

A successful eLearning initiative should be able to demonstrate gains that are more than the investment

Using Kirkpatrick's Level IV evaluation data and Phillips' ROI calculation as level V, we can convert the results into monetary value and then we can easily compare them against the cost of the eLearning program and determine the ROI.

To give you a sense of how it can be practically used, let me summarize the approaches we typically adopt:

	Level 1: Reaction is measured by taking feedback from learners. We have used online surveys in the past but now we add features of "Like the course" and "Recommend the course" options within our eLearning course framework.	ROI
	Level 2: Learning can be easily measured through scoring patterns in the end of course assessments.	Business impact
	Level 3: Behavioral changes are certainly more difficult to assess. We use a combination of techniques to assess how much of the newly acquired learning is being applied on the job. This could be measured through improvements in efficiency or doing the same task with a new approach.	Behavioral changes
	Level 4: Business impact is generally measured through productivity gain, impact on quality measures through reduction in re-works, getting higher number of work assets first time right, and so on.	Learning
	Level 5: ROI is normally calculated by converting the business impact gains (as shown in level 4) to a monetary value.	Reaction



Fig 12.1 Quick Guide to Conduct a Training Evaluation

Level 1 (Reaction)

Completed participants feedback

Remarks from participants

Level 2 (Learning)

Pre- and post-test ratings

On-the-job assessments

Manager reports

Level 3 (Behavior)

Completed self-evaluation questionnaire

On-the-activity observation

Reports from customers, peers and supervisors

Level 4 (Results)

Financial Review

Interview with sales supervisor

Inspections

When considering what sources of records will be used for the evaluation, think about the value and time concerned in collection of data. Balance this against the accuracy of the source and the accuracy you really need. Will current resources suffice or will you want to accumulate new records? Data resources include:

- Hardcopy and on line quantitative reviews
- Production and job data
- Interviews with contributors, managers, friends, customers, providers and regulators
Checklists and assessments
- Direct Observation
- Questionnaires, self-rating and multi-rating



Check Your Progress- A

Q1. What is ADDIE MODEL?

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Q2. What do you mean by Measurement and Scales of Measurement?

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Q3. What is the Purpose of Training Evaluation?

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12.8 IMPORTANCE OF ASSESSMENT

Assessment of training is vital due to the fact it's the handiest way to justify the investments. Besides in some situations, the outcomes of training are not visible straight away. Training effectiveness is the degree to which trainees are capable to learn and practice the expertise and skills received during the programme. The attitudes, interests, values and expectations of the trainees and the training surroundings influence it. The standards to measure the effectiveness of training are based on the reactions, studying, behaviour and consequences. Post-training evaluation may be understood in phrases of on the spot, short-term and long-term consequences of training. It's not unusual to measure the instantaneous effects of training.

The common strategies for the evaluation includes post training assessments and tests, management briefing and debriefing, questionnaires, value determinations, surveys, repertory grids, remark etc. Post training assessments are often conducted straight away after the training programme and it is the maximum frequently used technique for comparing a training programme. Another effective approach is pre and post course checks. Questionnaire may be very useful instruments to gather records about the effectiveness of training and is commonly used. Grid analysis enables assessing the performance on two dimensions concurrently. In an unexpectedly changing state of affairs just like the present times, the human resources must be continuously up to date as more recent skills. Endured training is an important activity in most expertise-based industries. So, evaluation of the effectiveness of training is a critical element that is necessary for making plans and placing the training targets.

12.9 MANAGEMENT DEVELOPMENT

Management Development is described as the technique from which managers study and enhance their talents not only to make themselves effective but also make their employing businesses effective.

In organizational development (OD), the effectiveness of management is identified as one of the determinants of organizational achievement. Therefore, investment in management improvement could have a direct economic advantage to the company.

Managers are opened to learning opportunities even as doing their jobs, if this informal learning is used as a proper technique then it is regarded as management development.

What Management Development includes:

- Structured informal Knowledge Gaining of: Work-based methods aimed toward structuring the informal learning that usually takes place.
- Formal training guides of diverse types: From very particular courses on technical aspects of jobs to courses on wider control abilities.
- Training: Which would possibly range from publications for junior managers or group leaders?

TRAINING AND DEVELOPMENT

Training and development is the framework for supporting employees to expand their non-public and organizational capabilities, information, and abilities. Training is the subsystem that acquaints the people with the material and the technology. It also allows them to learn how to use the material in an accredited fashion that permits the agency to reach its favoured output.

Why employee Training and Development

- As a part of expert development plan.
- As a part of succession planning to assist an employee be eligible for a planned exchange in function within the employer.
- To imbibe and inculcate a new technology within the gadget.
- Because of the dynamic nature of the business world and changing technology.

HRD packages are divided into three predominant categories: training, development, and education.

Training is the systematic improvement of the attitude, information, ability pattern required by someone to carry out a given task or job accurately. It improves human performance on the job the worker is currently doing or is being employed to do. Additionally, it is given when new technology is introduced into the workplace.

Training is an activity that leads to professional behavior.

- It's not what you want in life, but it's knowing a way to reach it
- It's not in which you want to move, however it's understanding how to get there
- It's no longer how high you need to upward push, but it's understanding how to take off
- It is able to no longer be pretty the final results you were aiming for, however it'll be an final results.
- It's no longer what you dream of doing, but it's having the expertise to do it.
- It's no longer a set of dreams, but it's extra like a vision.
- It's not the intention you put, but it's what you want to gain it

Development is 'the growth of the person in phrases of ability, know-how and consciousness'. It allows workers to create better products, faster services, and more competitive organizations. It's mastering for growth of the person, but not associated with a particular gift or future job. Unlike training and education, which may be absolutely evaluated, development cannot always be completely evaluated. This doesn't suggest that we should abandon development applications, as helping human beings to grow and increase is what continues a company within the slicing edge of competitive environments. Improvement involves modifications in an organism which can be systematic, prepared, and successive and are idea to serve an adaptive characteristic.

Within a business enterprise all three are necessary with a view to:

- Increase employees to adopt higher-grade duties;

- Offer the traditional training of new and younger employees (e.g. as apprentices, clerks, and so on.);
- Improve performance and requirements of overall performance;
- Meet legislative requirements (e.g. health and safety);
- Inform humans (induction training, pre-retirement publications, etc.);

Development refers to those mastering opportunities designed to help employees develop. Development is not frequently abilities-orientated. As a substitute, it affords general expertise and attitudes, so that it will be helpful to employees in better positions. Efforts closer to improvement regularly depend upon personal force and ambition. Development activities, consisting of the ones furnished by way of management developmental programmes are generally voluntary.

12.9.1 OBJECTIVE OF MANAGEMENT DEVELOPMENT

- To stimulate innovative thinking.
- To enhance concept system and analytical wondering.
- To increase versatility of the management group.
- To provide professionals and standard view of the capabilities of an business enterprise.
- To discover personnel with the desired ability.
- To increase the morale of the participants of the management group.

12.9.2 NEED FOR MANAGEMENT DEVELOPMENT PROGRAMME

- Access of multinationals and transnational corporations.
- Emergence of new principles in control like TQM, ERP, BPRE etc.
- Human resource improvement of the managers in a couple of regions.
- Efficient functioning of public utilities, rely on professionalization of control.
- Techno managers need to be developed inside the areas of managerial skills, expertise and capabilities.

12.9.3 PRINCIPLE OF MANAGEMENT DEVELOPMENT

- The physical, social and mental climate for the programmes has to be conductive.
- The content of the programme must be need based totally.
- The management need to check the development.
- It needs to concentrate on the modern-day management principles and standards. Managers need to be recommended to go through programmes.

12.9.4 METHOD OF MANAGEMENT DEVELOPMENT

- There are mainly two types of techniques with the aid of which managers can accumulate the knowledge, competencies and attitudes and make themselves able managers.
- One is formal training and the other is thru on-the- job experience.
- On-the-job training is of maximum importance because the actual knowledge gaining takes place only while the learner makes use of what he has learnt.

- Class-room education or pedagogical techniques have additionally were given their own importance in gaining new information, gaining knowledge of new techniques and broader standards.

12.9.5 SELECTION OF TECHNIQUES

The achievement of any management development programme largely relies upon on the choice of the strategies.

- It ought to be remembered that no one approach can prove to be sufficient, however simplest the combination of techniques makes any management development programme effective.
- That is because all managers at all stages require all types of competencies however in numerous proportions.

12.9.6 ELECTRONIC MDPS

Rapid improvement of technology has additionally made an inroad in control improvement programmes through electronic media which can be effective, and of high quality with low price. The future trends in MDPs encompass: video conferencing, sharing networked assets and internet

Benefits of Multimedia

- Low fee
- Brief learning
- Learner has the ability of content material, getting to know comfort
- Increase in efficiency, increment and retraining are free
- No downtime and no touring of the individuals
- Members may be huge and geographically dispersed
- Unlimited quantity of overview and relearning

12.9.7 APPROACHES TO MANAGEMENT DEVELOPMENT

- Dysfunction analysis
- Mentoring
- Training
- Task rotation
- Professional improvement
- Enterprise workflow evaluation
- Upward feedback
- Government training
- Supervisory training

Coaching is a way of directing, instructing and educating someone or organization of humans, with the purpose to attain a few intention or develop unique skills. There are many approaches to teach, styles of education and techniques to training. It may include

motivational talking. Education might also consist of seminars, workshops, and supervised exercise.

Today, coaching is a diagnosed discipline utilized by many specialists engaged in personnel improvement. But, as a wonderful profession it's incredibly new and self-regulating. There are six self-appointed accreditation bodies for commercial enterprise and lifestyles training:

- The International Coaching Council (ICC),
- The International Coach Federation (ICF),
- The International Association of Coaching (IAC),
- The Certified Coaches Federation (CCF),
- The European Coaching Institute (ECI) and
- The International Guild of Coaches (IGC).

No independent supervisory board evaluates those packages and they're all privately owned. Those bodies all accredit diverse training schools as well as individual coaches, except the IAC and ECI which most effectively accredits individuals.

Job rotation is a method to control development in which an individual is moved via a schedule of assignments designed to present him/her the breadth of publicity to the complete operation. Job rotation is likewise practiced to allow certified employees to advantage extra insights into the processes of a company, and to reduce boredom and increase job satisfaction thru various job appointments.

The term job rotation can also imply the alteration of men and women in workplaces, specifically in public offices, prior to the quit of incumbency or the legislative duration. This has been practiced by the German green party for a while but has been discontinued. At the senior control stages, job rotation - often referred to as management rotation, is tightly connected with succession planning - growing a pool of humans able to entering into an existing job. Here the intention is to offer learning stories which facilitate modifications in thinking and perspective equivalent to the "horizon" of the level of the succession planning.

For lower management levels job rotation has usually one among two functions: promotability or skill enhancement. In many cases senior managers appear unwilling to risk instability in their devices with the aid of moving certified humans from jobs where the lower degree manager is being a successful one and reflecting definitely on the actions of the senior supervisor. Many army forces use the job rotation approach to allow the soldiers to increase a much broader variety of experiences.

Professional Development refers to skills and information attained for both personal development and career development. Expert improvement encompasses all forms of facilitated mastering possibilities, starting from university degrees to formal coursework, conferences and informal learning opportunities located in practice. It's been described as intensive and collaborative, preferably incorporating an evaluative stage there are a variety of techniques to professional development, consisting of consultation, coaching, groups of practice, lesson study, mentoring, reflective supervision and technical assistance.

Approaches to Professional Development

In a wide sense, expert development may also consist of formal types of vocational training, typically post-secondary or poly-technical training that helps to gain credentials required for employment. Expert development may come in the form of pre-service or in-service professional development programs. These applications may be formal, or informal, organization or individualized. Individuals may pursue professional development independently, or applications may be provided through human resource departments. Expert development on the job may also expand or enhance system abilities, every so often known as management talents, in addition to project competencies. Some examples for process abilities are ‘effectiveness abilities’, ‘team functioning competencies’, and ‘system thinking abilities’.

Professional Development possibilities can vary from a single workshop to a semester-lengthy educational route, to offerings offered with the aid of a medley of various expert improvement carriers and ranging widely with recognize to the philosophy, content material and format of the gaining knowledge of experiences. A few examples of techniques to professional improvement include: Session - to help a individual or organization of people to clarify and address instantaneous concerns by means of following a scientific problem solving method.

- Coaching – To enhance someone’s abilities in a specific talent thru observation, reflection, and action.
- Communities of Practice – To improve expert practice with the aid of undertaking shared inquiry and getting to know humans who have a common intention.
- Lesson Study – To solve sensible dilemmas associated with intervention or education via participation with different professionals in systematically inspecting practice.
- Mentoring – To promote an individual’s focus and refinement of his or her own professional development via supplying and recommending established opportunities for reflection and observation.
- Reflective Supervision – To guide, increase, and ultimately examine the performance of personnel through a method of inquiry that encourages their understanding and articulation of the rationale for their personal practices.
- Technical Assistance - To help individuals and their business enterprise to improve via offering resources and records, helping networking and change efforts.

Professional development is a vast term, encompassing a number of humans, interests and strategies. People who interact in expert development share a common motive of improving their capability to do their work. At the heart of expert improvement is the individual interest in lifelong gaining of knowledge and increasing their very own skills and expertise.

Business Workflow Analysis (BWA), occasionally called Business Management Systems, is a control tool that streamlines, automates and improves the efficiency of enterprise tactics. As a part of the pass towards the paperless office, BWA is a way allowing agencies to better recognize their modern-day needs and to establish destiny dreams. The lengthy- term targets

of BWA are those of reducing transaction prices and handling overall performance. BWA typically necessitates the participation of:

- Personnel whose ordinary position includes the processing, handling and sharing of files.
- Professionals with a vision of how their work needs to be achieved.
- It works with information about how the vision might be translated into a realistic solution.
- A 'facilitator' whose function it is to manage the challenge and keep to unique limits in time and expenditure.

12.10 EXECUTIVE DEVELOPMENT

Executive improvement is the activity aimed towards growing the talents and capabilities of these which have government positions in organizations. At the same time as "executive" and "manager" and "leader" are frequently used interchangeably, "executive" is commonly used to suggest the top 5% to 10% of the business enterprise. Similarly, "development" and "training" and "education" are often used as synonyms, however "development" is generally visible because the greater encompassing of the three in terms of activities that construct abilities and competencies.

Whilst it's typical to discover companies which have devoted company training & improvement of humans and processes, it isn't always the case that an enterprise may have a devoted executive improvement set of activities.

In some businesses, there's a separate executive development group, in other organizations executive development is treated as one in all many activities by the bigger corporate training group, and in yet different situations there's no executive development program to speak of.

Whilst executive development keeps coming to be enriched via many techniques, one technique, adult development and its subfield high quality adult improvement is starting to create possibilities for what has been basically reserved for educational research to end up an increasing part of executive practices.

12.11 SUPERVISORY DEVELOPMENT

Supervisors are taken into consideration to be managers, but they simply have one foot at the management side, and other foot on the rank-and-file workers side aspect. They occupy a completely unique area of interest because they link control and the employees in a single cohesive unit.

Supervisors occupy the bottom management strata. They have direct and ordinary touch with the employees, and impose authority on them without delay: they issue orders and instructions, and discipline personnel in conformance with guidelines, regulations, formulated by the top management.

On the same time, they have to gain their subordinates' loyalty and attractiveness and protect their interests. Organizationally, supervisors influence the productiveness of the employees underneath their supervision. So the manager could make a considerable influence on the gross domestic product of the country.

Supervisors have awesome traits that distinguish them from different managers:

1. Three out of four achieved their position by promotion from the lower rank of workers rather than by virtue of college education or high-level, specialized, or professional occupations, like most other managers.
2. Supervisors work with and via non-management personnel (or thru other lower-stage supervisors who work directly with the non-control employees) to meet organizational objectives.

Although the character of the manager's role has been strong for some time, there have been many modifications inside the variety and versatility of supervisory abilities. Their technical expertise abilities have elevated, as have their abilities in counselling, crew building, struggle resolution, data coping with, and variety accommodation.

A contemporary manager improvement program need to:

- Be based on a properly prepared enterprise strategic plan
- Be the premise for building unique capabilities
- Have contents based totally on certainly described skills
- Be flexible to contain pre examined new improvement method which are appropriate and effective
- Regular implementation of programs
- Screen out situation be counted that don't surely meet a competency want
- Have sensible and achievable standards of development
- Software effectiveness are frequently measured and evaluated.

12.12 EVALUATION OF MANAGEMENT DEVELOPMENT PROGRAMMES

In the end, the evaluation manner which determines the achievement or otherwise of the favoured programme and outcomes may be used for similarly enhancing the future programmes. The assessment effects have to be furnished to trainees, their superiors, subordinates and HRD department of the organization.

Assessment questions:

Management Development is described because the manner from which managers research and enhance their abilities no longer handiest to benefit themselves but additionally their using organizations

- Development is ‘the increase of the man or woman in terms of capability, know-how and consciousness
- Job rotation is a technique to management development in which employee is moved *via* a time table of assignments designed to present her or him a breadth of publicity to the whole operation.
- Professional development refers to abilities and expertise attained for both private development and profession advancement
- Executive development is the whole of activities aimed toward growing the capabilities and abilities of those that (will) have government positions in corporations

12.13 SUMMARY

Evaluation of training might offer useful statistics about the effectiveness of training as well as about the design of future training programmes. It will enable an organization to reveal the training programme and additionally to regulate its future programs of training. The evaluation of training provides useful data on the basis of which training and its integration with other functions of human resource management can be tested.



12.14 GLOSSARY

Pre training evaluation: It is a way of judging the worth of a programme earlier than the programmed activities begin.

Post training evaluation: It is an approach of judging the worth of a programme at the end of the programme.

Mentoring: It is an ongoing relationship that is developed between a senior and junior worker.



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12.17 TERMINAL QUESTIONS

- Q1. What is Kirkpatrick Model of Evaluation?
- Q2. What are the approaches to Management Development Programmes?
- Q3. Describe briefly evaluation effectiveness of Training and Development.
- Q4. Elaborate upon the process of Training Evaluation.

UNIT 13 PERFORMANCE APPRAISAL

13.1 Introduction

13.2 Objectives

13.3. Concept of Performance Appraisal

13.4 Advantages of Performance Appraisal

13.5 Methods of Performance Appraisal

13.6 Errors in Performance Appraisal

13.7 Performance Appraisal Interview

13.8 New Trends in Performance Appraisal

13.9 Summary

13.10 Glossary

13.11 Answer to Check Your Progress

13.12 Reference/ Bibliography

13.13 Suggested Readings

13.14 Terminal & Model Questions

13.1 INTRODUCTION

In this unit, you will study about the concept of Performance Appraisal, its objectives, scope and advantages. The traditional and modern both techniques of Performance Appraisal have been discussed along with suitable examples and their instruments. You will also come to know that what are the errors committed by managers while conducting Performance Appraisal. Guidelines for conducting Performance Appraisal Interview and New trends in Performance Appraisal have also been discussed.

13.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the meaning of Performance Appraisal.
- Explain different methods of Performance Appraisal.
- Explain the errors in Performance Appraisal.
- Know the guidelines for conducting Appraisal Interviews.

13.3 CONCEPT OF PERFORMANCE APPRAISAL

Definition

Performance Appraisal is defined as the evaluation of employees' performance. It is a tool for understanding the employees' abilities so that his growth and development can be charted and planned in the organization. Performance Appraisal does not end at evaluation it includes the development of the employee to ensure maximum contribution of the employee towards organizational development. It is an on-going process of obtaining, researching, analysing and recording information about the worth of an employee.

Purpose

The purpose of appraisal is to achieve better work performance from employees. A performance appraisal is a formal process used to assess an employee's productivity and effectiveness and serves both administrative and developmental purposes. As far as administration is concerned, it helps in decision-making regarding employment actions, employees planning and training. Developmental purpose improves employees' performance by providing positive and constructive feedback and strengthening his/her attitude towards work.

Performance Appraisal Objectives

Following objectives are kept in mind while conducting performance appraisal:

1. Helps in determining the compensation packages of the employees, their wage structure and also the salaries increments i.e. their promotions.
2. Helps in placing appropriate person at the right job by identifying his strengths, weaknesses.
3. Helps in assessing the true potential of an employee so that his growth and development requirements could be charted well in advance.
4. Helps in providing a feedback to employees. Such feedback even helps the employee to self-access himself/herself.
5. Helps in monitoring employees work habits and then strengthening the positive ones and sometimes modifying the negative ones.
6. Helps in planning training session according to the needs to the employees and also reviewing such programmes.

13.4 ADVANTAGES OF PERFORMANCE APPRAISAL

Performance appraisal is not only a process, it is an investment for an organization, as it helps the organization in developing the potential of their employees for future challenges as well as opportunities. Following are the advantages of performance appraisal:

1. **Ensuring promotion of deserving:** The efficient employees should get the promotion opportunity so that the talent can be retained in the organization, and performance appraisal also helps in demoted or terminated of inefficient employees or different training can be planned.
2. **Ensuring Right Compensation:** Through performance appraisal the human resource (HR) managers can plan an appropriate employee compensation package. While planning the compensation package the HR manager decides the basic salary, allowances, bonuses etc. and performance appraisal forms its base. Performance appraisal is like a reward for the merit and the talent of the employee.
3. **Ensuring Employees' Development:** Performance appraisal forms the base for all the future training programmes and policies. It acts as the process of training need identification. Through the appraisal procedure employees' strengths and weaknesses can be identified and training and development programs can be charted.
4. **Ensuring Right Selection Validation:** The process of performance appraisal requires job specification and job requirements to be stated clearly for appraising an employee. During the selection procedure the parameters performance appraisal can be used by the selection committee or the personal as eligibility criterion for candidate selection.
5. **Ensuring Effective Communication:** Performance appraisal strengthens the communication link within the organization in following ways:
 - a. Through performance appraisal, skills and the talents of subordinates can be identified and utilized by the managers.
 - b. Right and informed appraisal tool and procedure ensure building of trust and confidence among the subordinates and the seniors.
 - c. Cordial and congenial worker- management relationship can be ensured thorough a proper performance appraisal process.
 - d. The employees' morale and workmen spirit is automatically boosted when the efficient employees get right performance appraisal.
6. **Ensuring Motivated Work Force:** Performance appraisal is a motivation tool which motivates the employees to perform to their best. As the employees know that their performance is being evaluated they try to give their best and work for improvements in their work areas.



Check Your Progress- A

Q1. State the meaning of Performance Appraisal?

Q2. Explain the purpose of Performance Appraisal?

Q3. Discuss various advantages of Performance Appraisal.

Q. 4 Choose the correct alternative.

(i) Purpose of Performance Appraisal is to achieve better work performance of.....

- a. Employers
- b. Employees
- c. Organisation
- d. Suppliers

(ii) Performance Appraisal is undertaken to determine.....

- a. Compensation Packages
- b. Behaviour
- c. Punctuality
- d. Communication

(iii) Essential part of Performance Appraisal is

- a. Planning
- b. Control
- c. Feedback

d. Budget

(iv) Performance Appraisal helps in

- a. Employees' Development
- b. Employees' Wealth
- c. Employers' Development
- d. Employers' Wealth

(v) Performance Appraisal helps in bringing among employees.....

- a. Power
- b. Money
- c. Motivation
- d. Education

13.5 METHODS OF PERFORMANCE APPRAISAL

The methods of employees' performance appraisal can be divided into Traditional and Modern methods. Following are the appraisal methods used by the organisations:

We will be discussing only the important methods in detail.

Traditional Methods

1. Ranking Method

The first traditional method of performance appraisal is the ranking method. In it a person who is generally a superior is required to rank the overall performance of the subordinates. In this method the superior put all his/her subordinates in a rank order. The employees are ranked against each other and their relative position. The numerical rank states his/her comparative position against the other members of his/her own team or sometimes even against the member of other teams.

Advantages of Ranking Method

- a. The performance of the employees is ranked.
- b. The best and the worst performer get easily recognized.

Limitations of Ranking Method

- a. The individuals have different characteristics, skills and talents that is no man is same as the other. The process requires comparing one person with other which is a very misleading concept.

- b. This method shows only the order of every employee in the group, it does not tell the real difference among them. Only the best or worst does not specify that what parameters were taken into consideration.
- c. In case of a large group the ranking procedure becomes tedious.
- d. The ranking procedure adopted cannot be easily standardized the reason being that the parameters taken into consideration include possibilities of bias of the superior who is ranking the employees.

2. Forced Distribution method

In this method the manager has to evaluate the performance of the employees and has to rank them into specified categories. These categories can be excellent, good, fair etc. the categories are generally three but it can be increased on the basis of the requirement of the appraisal system.

The evaluator is forced to place the employee in any one of the stated categories. Clear cut format is presented to the evaluator in which the number of employees who can fall into a specific category is fixed. For example the employees in excellent category can be 20%, in good category can be - 30%, in fair category - 40 % and in poor category - 10 %.

Advantages of Forced Distribution Method

- a. This method tries to eliminate the bias of the superior who is evaluating the employee.
- b. By forcing the distribution according to pre-determined percentages, the problem of making use of different evaluators with different scales is avoided.

Limitations of Forced Distribution

- a. The method is difficult to use for salary administration and for salary increase.
- b. The problems which can occur due to forced distribution can be reduced morale of employees, reduced productivity and also sometimes high absenteeism.
- c. Employees who perceive that they are performing well and are productive but are placed in lower grades may get de-motivated may show reluctance to work over a period of time.

3. Critical Incident Technique

The critical incident techniques as the name suggest give the maximum importance to any specific behaviour of the employees. Critical behaviour which leads to efficiency or inefficiency is identified by the supervisor by preparing a list of statements of effective and ineffective employees' behaviour.

The supervisor maintains a log of the behaviour of the employees in which he marks the outstanding or poor behaviour at critical events. This log is periodically maintained, these records form the base for performance appraisal of employees.

The below is an example critical incident techniques used in an organization at the level of Customer Relationship Executive:

Date - January 10 2019

Critical Incident - Aggressive customer's complaints.

Way of Handling: The executive was prompt and polite. The executive tactfully handled the aggressive customer.

Advantages of Critical Incident Method:

- a. The employees' performance appraisal is done on an objective basis.
- b. As the supervisor is maintain the log of critical so all incidences despite of their occurrence time are given equal importance.

Limitations of Critical Incident Method:

- a. Being a human tendency more emphasis can be placed on negative incidences as compared to the positive ones.
- b. The supervisor during annual performance appraisal may include series of complaints related to a specific incident.
- c. As this appraisal method keeps 24*7 supervision on the employees, they may tend to behave differently or are likely to get more stressed.
- d. The supervisor is also burdens by the additional task of keeping record of each employee at every incident.

4. Check-List Method

The check-list method is used to reduce the evaluation burden from the supervisor or the senior. The human resource (HR) department of the organization creates check-lists for evaluation of the employees' performance. This check list contain series of statements which can be questions along with answers may be in form of 'yes' or 'no'. The superiors or the supervisors are given this check-list and are asked to tick appropriate answers which represent the performance of that employee.

The completed check-list is sent back to the HR department and final scores for the employees' performance are calculated. The questions are framed in a strategic manner so that the responses can be confirmed through asking similar questions twice but in a different form.

Limitations of the check-list method:

- a. The statements framed by the HR department might not always be enough to gather the information about every aspect of an employee.
- b. The characteristics or contributions of all the employees might not be gauged by a single check list.
- c. If there is a very divergent profile of employees the HR department have to create a check-list for every profile separately, which can be a very time consuming as well as may require more monetary resources also.

5. Checklists and Weighted Checklists

The difference between the check-list method and weighted check-list is that the statements in the list are associated with weights or scale. The weighted checklist is created with the help of a personal who is familiar with the job and is aware of all the specification of the jobs. He frames the statement for evaluation. These statements are further classified and then weights are assigned to these statements.

Large numbers of statements are framed that describe all the aspects of a job. The superior while appraising an employee checks all the given statements and given weights to the behaviour, performance, characteristics etc. The average of all the weighted scores of an employee is calculated to come up with a score of an individual employee.

Advantage of Checklists and Weighted Checklists method

- a. One of the most commonly used method for performance appraisal as every employee can be ranked on a scale and this helps in evaluating the performance of the employees at a very specific level. Weights are assigned which differentiate the performance of employees.
- b. The weighted checklist is prepared by person who is familiar with the job under evaluation.

Limitations of this method-

- a. For all job categories a separate weighted checklist is to be prepares and thus this method is both expensive and time consuming.
- b. The supervisor or the senior who is evaluating the performance may be biased while responding to positive and negative questions.
- c. It is a tedious task for the manager to respond to many statements related to employees' characteristics, performance and their behaviours.

6. Paired Comparison

The method of paired comparison requires comparing each employee with the other employees i.e. at a point in time two employees are compared with each other. Usually the employees are compared on a single trait or performance at specific time. In this process of performance appraisal the superior is aided with the names of two employees who are to be compared with each other and then he is asked to tick the better one. The process continues till all the employees whose performance is to be evaluated are valued among each other. The ranking of an employee is determined by the number of times an employee is marked as better.

Following formula is used for paired comparison:

$$n*(n-1)/2$$

In the above formula n stands for total number of employees whose performance is to be evaluated. The following example will give a clear view; Performance appraisal of five professors is to be done by the Dean of a University: Sharma (S), Malhotra (M), Verma (V), Jain (J), and Anang (A), the above formula gives-

$$5 * (5 - 1) / 2 \text{ or } 10 \text{ pairs}$$

Each and every professor's performance will be compared with every other. One of the major limitations of this method is that when the number of employees whose performance is to be evaluated increases to great extent this process becomes a tedious one.

7. Forced-Choice Method:

J. P. Guilford has developed the forced-choice method. Series of statement are presented in-front of the evaluator. S/he rate employees on the basis of how effectively each statement describes his/her performance.

Forced-choice method normally contains both positive and negative statements; following are the examples of positive statements for evaluation of customer relationship executive;

- a. Executive provide clear instructions to his subordinates.
- b. He is dependable and complete all job assigned.

The negative statements for evaluation of customer relationship executive;

- a. Is unable to keep his promises.
- b. Is biased towards some employees.

The HR department accomplishes the task of rating the employees on the basis of the response gather from the evaluator. One of the challenging tasks is to construct so many positive and negative statements for evaluation as it requires a lot of time and expertise.

8. Graphic Rating Scale Method

It is one of the simplest and used techniques for performance appraisal, also known as linear rating scale. The HR department of the organization provides a printed appraisal form to the manager for performance appraisal of employee. In the form characteristics and the traits are listed and the manager has to rate the employee on the stated traits on a scale which can be from extraordinary to fair.

Generally a five point scale is used. The evaluator keeps every employee on the scale against every given trait. The values obtained are then totaled and the score of an employee is made available and also further be used for comparison.

In the figure below a typical graphic rating scale is shown:

GRAPHIC SCALE RATING					
Employee Name					
Department					
Job Title					
Performance Level Work Dimension	Poor	Fairly Poor	Fairly Good	Good	Excellent
Attendance			✓		
Behavior towards Subordinates			✓		
Sincerity				✓	
Dependability					✓

Fig 13.1 Graphic Scale Rating

The Rating Scale is a form on which the manager simply checks off the employee's performance level. This is the oldest and most widely method used for performance appraisal. This method allows the evaluator to indicate an employee's performance on a variety of job behaviour. Still this method is not free from bias of the evaluator, if there is any ambiguity while designing the graphic scale the results will be biased.

9. Field Review Method

In order to eliminate the bias in the appraisal process, the field review method is used. When there appears exceptionally high rating in the appraisal process to any employees it is a signal of evaluator's bias. The HR manger uses the field review method in such situation in order to neutralize such high rates.

Following activities are involves in the field review method;

- a. The HR manager identifies the areas where the disagreement is seen.
- b. Then s/he tries to get the group consensus.
- c. Then s/he ensures that every evaluator understands the similarity of the standards used for performance appraisal.

The two major challenges faced during execution of this method are that firstly it is time consuming and secondly the managers might not like the interference of the HR department in the process of performance appraisal.

10. Confidential Report

The Government department generally uses the method of confidential report for performance appraisal. The immediate boss is the most powerful authority in this method; s/he is the one who is considered as appropriate as well as enough for evaluation of an employee. A structured format is used for collecting relevant information about the strength, weakness, characteristics, traits, presence etc. Such performance appraisal may lead to promotion or transfer, and thus it may be used to unevenly distribute the benefits or to give any undue advantage to an individual.

Modern Methods

1. Management by Objectives (MBO)

Peter Drucker propounded the idea of MBO, it is defines as a “process whereby the superiors and subordinates of an organisation jointly identify their common goals, define each individual’s major areas of responsibility in terms of results expected from him and use these measures as guides for operating the department and assessing the contribution of each of its members”.

2. 360 Degree Appraisal:

Generally known as GE method of appraisal, 360 degree appraisal was formally developed and adopted by General Electric Company, USA in the year 1992. Many Indian companies like Reliance, Wipro, Infosys, Thomas cook has adopted the 360 degree appraisal method. The companies use these methods to plan the promotions, increase in pay scale, finalizing the bonuses, planning transfers, and also for identifying the training and development needs.

As the name suggest the 360 degree appraisal is done at 360 degree level where the performance is appraised by the supervisor, subordinate, peers and all those with whom he interact during the course of his job and also by the person himself . That is 90 degree from all the evaluator groups. Information related to the employees skills, behavior, abilities etc. is collected.

The information is collected with the help of pre designed questionnaire specifically planned for the purpose of performance appraisal.

3. Cost Accounting Method

In the cost accounting method the employee’s performance is evaluated on the basis of the monetary benefits the company draws from the performance of the employee. This method work for establishing the relationship between the retaining costs of the employee and the monetary benefit s/he is provided with.

Following factors are to be calculated while employees’ performance appraisal:

- a. Calculating the unit wise average value of producing a good or rendering a service.
- b. Measuring the quality of product or services provided by the consumer .
- c. The cost incurred on keeping the employee in form of salary, bonus, or other incentives.
- d. Other associated costs such as damages, wastage, accidents or any other wear and tear.
- e. Cost incurred in supervision of employee.

All these costs are compared with the benefits derived from the performance of the employee, and the person whose benefits exceeds the cost get a positive performance appraisal and vice versa.

13.6 ERRORS IN PERFORMANCE APPRAISAL

Errors in the performance appraisal system are unavoidable, the managers many a times make “errors” when they evaluate the performance of the employees. These errors may occur unconsciously and can lead to an undue advantage or unfair disadvantage to the employees being evaluated.

1. First Impression Error

The manager while appraising the performance may evaluate the performance of an employee on the basis of the first impression that he/she might have carried while meeting the employee for the first time. In this the error occurs when rather than rating the overall performance of an employee the manager might rate him on the basis of his first impression.

2. Similar-to-me Error

The manager when while evaluating considers an employee similar to himself/herself, then the similar to me error occurs. A higher preference is always given to those employees who are considered as similar while the other might not get that advantage.

3. Influence of Halo Effect Bias

Halo effect leads to a more positive assessment of an employee. In this method, the rater might be influenced because of the performance or some traits of the employee earlier, this performance or traits will remain in the mind of rater. When rater actually rates the employee, he will give high score to that employee because of this impression.

For example, an employee who have always shown great skills while handling customers is to be evaluated more positively even in other areas even if it is not so.

4. Central Tendency Error

As the name suggests it is the tendency of lying in the center i.e. central tendency. It is an error that occur when the evaluator avoid making “extreme” judgments and rate the employee in the middle of the scale.

The manager may adopt this method to avoid conflict and avoids low scores to avoid dealing with behavioral issues.

5. Overemphasis on Attitude

Sometimes, a manager may give more weightage to positive or negative attitude of the employees. It is a common fact that employees who are agreeable and friendly will score high and on other hand many good workers have less social skills, lose their score.

It is important to mark that attitude of an individual employee or lack of his/her social skills can always be managed.

6. Unawareness of Negative Biases

The manager evaluation can easily and sometime even unconsciously be biased. The awareness of the bias automatically helps in solving the major issues related to performance review. The managers are typically biased on the basis of age, gender, religion or any other aspects of the employee's appearance.

7. Lack of Professional Development Plan

The performance appraisal might be used for promotions, salary increase or bonuses etc. but one of the major role is also to evaluate the training and development needs which is normally ignored.

8. Failure to Listen

It is an error that occurs when the evaluator fails to give his/her complete attention to the process of performance appraisal. The appraisal process requires the manager to take responsibility of employee appraisal by dealing with the process fairly and by listening to employees' feedback.

9. Focus on Single Deficiency

Over focusing on any specific single deficiency of an employee just as opposite of halo effect, the evaluator might just concentrate on negative aspect of employee rather than observing all his traits. A manager should not overlook these behaviour or skills and should not be stick on a particular deficiency of that employee.

10. Ignoring the Entire Timeline

While evaluating it is always possible to give more importance to the recent event rather than giving equal importance to all the events that had occurred during the complete process of evaluation. Managers normally tend to given more relevant to the recent events while rating performance.

11. No Baseline

It is important for creating measuring standards for performance appraisal of the employees. They should always be assessed against clear job description and specification and also specific performance trait. Even for the purpose of comparison employee belonging to similar job roles and positions should be compared. Thus for correct evaluation a clear baseline is required.

12. No Actionable

Sometimes after performing the performance appraisal the company might not use its result further. A good performance appraisal should be used to report the past performance and should offer direction for future action for improvement and skill development.

13.7 PERFORMANCE APPRAISAL INTERVIEW

The process of performance appraisal starts with performance appraisal interview, in which the employee and the manager interact face to face. They discuss all the aspects and factors related to the employee's performance and in the process they try to remove any differences in perception or evaluation.

It is an opportunity to eliminate the error that occur during the process of performance appraisal and the employee get the chance to clarify his/her position in case of poor evaluation and simultaneously the manager can also explain the reason for performance score.

Guidelines for conducting Appraisal Interviews

The following things should be kept in minds while conducting performance appraisal interviews:

Timely conduction of the interview

The performance appraisal interview should be conducted during the planned period. It is required that both employees the manager fixes time for the interview, and the time allocated should be used very specifically for the purpose of interview. Any hurry or non-preparedness on the part of employee as well as manger can negatively affect the whole process of appraisal.

An appropriate way to be chosen

There is no structured approach for conducting the performance appraisal interview. The best way is to allocate specific period only for the purpose of conducting interviews and ensuring the full proof follow-up.

The follow-up ensure that an unsatisfied employee have equal opportunity to discuss his point of view again in-front of the manager again. The HR managers have to make sure that the process concludes with complete satisfaction of employees as well as of manager.

Use of work data: While indulge in the process of appraisal interview, a manager should use of actual facts about productivity reports, leaves, orders, appreciation, previous feedback and so on.

Don't get personal: Negative sentences should be avoided that directly affects the employee. Employee's performance should be compared with a standard not with other people.

Value employee's opinion: The employee should be encouraged to talk. Ask his/ her opinion to improve the situation.

Don't tiptoe around: Make sure the employee gets to know what he is doing correctly or incorrectly, so that he can improve his performance in future.



A SURVEY SHOWS THAT AROUND 70% OF EMPLOYEES QUOTE BAD RATING AS ONE OF THE MAJOR REASON FOR QUITTING THE JOB. THE PERFORMANCE APPRAISAL INTERVIEW IS A STEP TOWARD SMOOTHING THE PROCESS OF PERFORMANCE APPRAISAL.

13.8 NEW TRENDS IN APPRAISAL INTERVIEW

Over the last year, the employee performance appraisal management evolve like never before. The common methods of performance appraisal today are:

1. 90° Appraisal

It is a single angled appraisal which is done by the employee himself/herself or is done by the superior. The employee is evaluated on his/her strengths and achievements.

2. 180° Appraisal:

This method consists of two elements viz. the employee and the superior. Evaluation is done by both employee himself/herself as well as his/her superior together. The superior evaluate the performance on a monthly basis.

3. 270° Appraisal

This method consists of three elements. Evaluation of an employee is done by three persons- by himself/herself, superior and his/her co-workers.

4. 360° Appraisal

360 degree appraisal system, a multi angled evaluation is conducted. It requires feedback from superior, co-worker, subordinated, and also by himself/herself and then a complete evaluation is conduction.

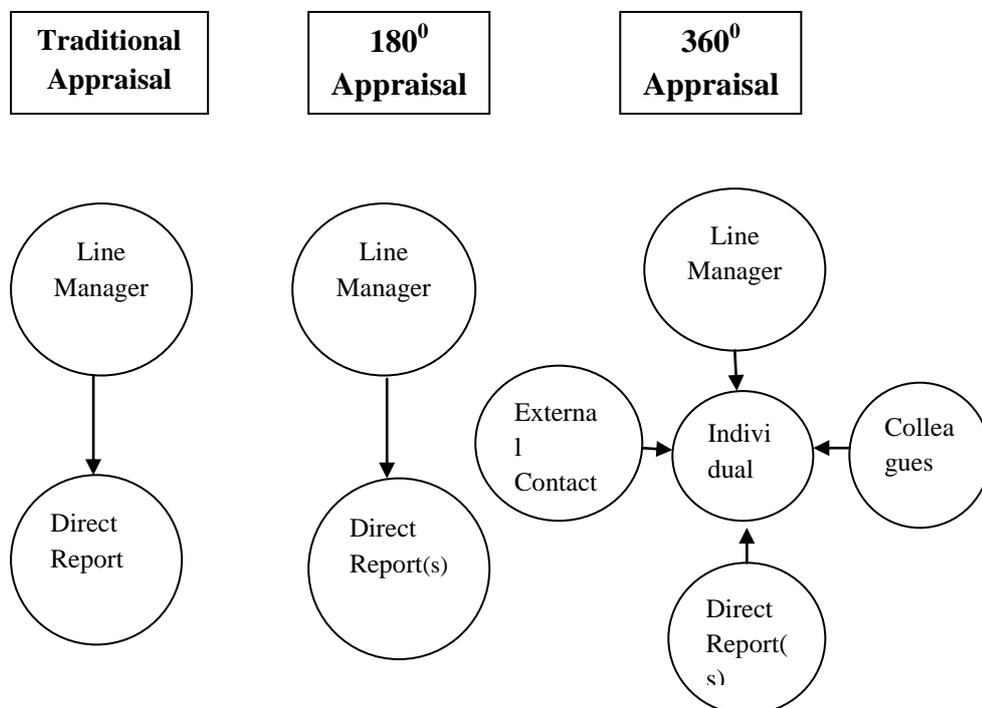


Fig 13.2 Traditional Appraisal Vs. 180° Appraisal Vs. 360° Appraisal

5. 720 Appraisal

It is an addition to the 360° appraisal, in it firstly the 360° appraisal is conducted and then again the done 360° appraisal is conducted in by the superior along with the employee to ensure that the feedback leads to better future performance of employee and they can achieve set targets.

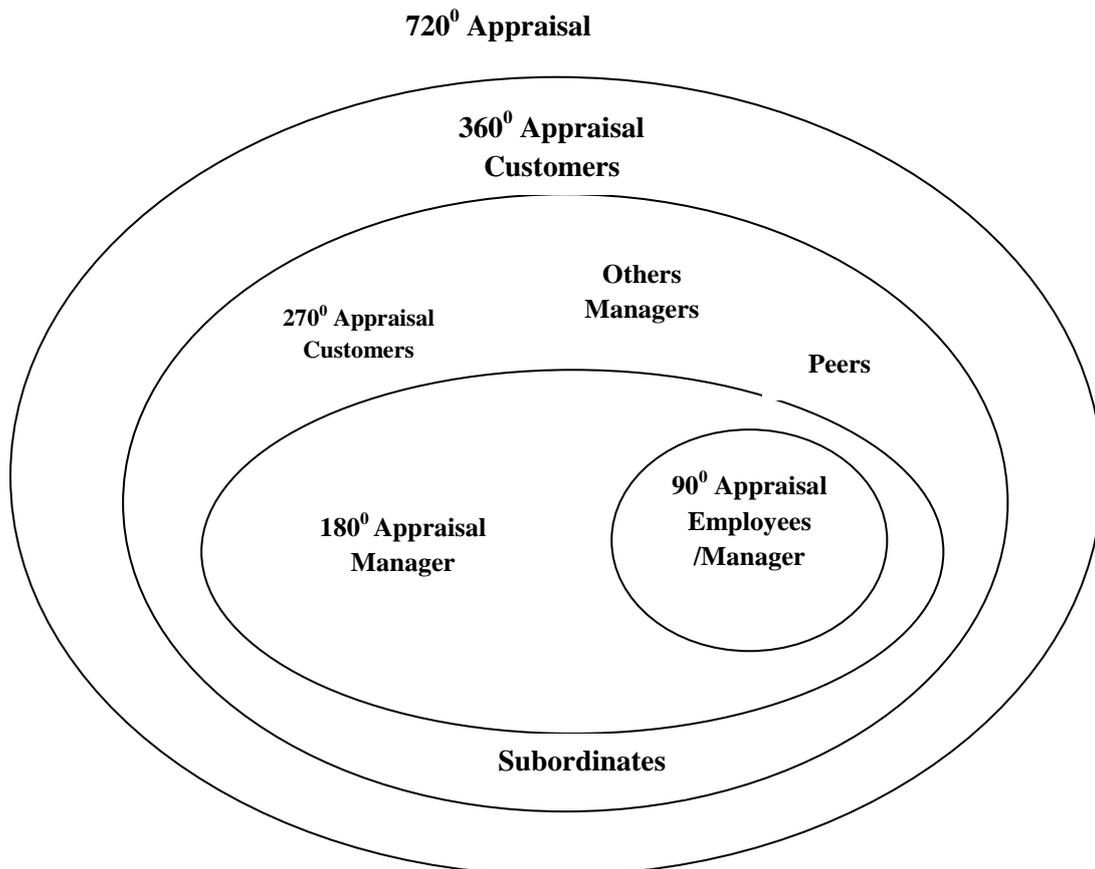


Fig 13.3 720° Appraisal

6. Rank & Yank Strategy:

Also known as 'in or out policy' the rank and yank strategy refers to the performance appraisal model in which the employees are first ranked from Best to Worst and these rankings are used to identify and separate poor performers from the good performers. Then the action plans for improvement of the poor performers are discussed and they are given a certain time to improve their performance, after which the appropriate HR decisions are taken. Some of the prominent corporations which follow this strategy are Ford, Microsoft and Sun Microsystems.

7. Finding the Leverage and Developing Trust

Companies are always looking for ways and techniques to improve employee productivity. According to research conducted by a company, the way companies construct their teams has a major impact on productivity. Apple and Google for example, dedicate 95 per cent of their top talent to key business functions, as opposed to spreading top talent across many areas. Some authors also pointed out that extending trust to employees improved productivity and supported employee growth and development at top companies.

8. Continuous Performance Management

Today's workforce desires authentic relationships between employees and managers, as well as opportunities for employee development and advancement. Organizations are realizing the old way of performance appraisal no longer fits the way of business today, therefore once in a while performance appraisal system will no longer work. In order to bring effectiveness and tightness in the organisation, a continuous performance appraisal system is being functioned in many organizations now a days.

9. Rethinking Job Roles will increase Employee Growth and Development

When employees are allowed to do what they do best, it makes team more innovative and productive. Research shows that 60% of employees want the ability to do what they do best, regardless of their role. They are driven by purpose and those types of managers who actively promote their development.



Check Your Progress- B

Q1. Explain important traditional methods of Performance Appraisal.

Q2. Explain important modern methods of Performance Appraisal.

Q3. Discuss possible errors occurs in conduction of Performance Appraisal.

Q4. Discuss about guidelines in conducting Performance Appraisal Interview.

13.9 SUMMARY

Performance Appraisal is defined as the evaluation of employees' performance. It is a tool for understanding the employees' abilities so that his/her growth and development can be charted and planned in the organization. The purpose of appraisal is to achieve better work performance from employees. Performance appraisal helps in determining the compensation packages of the employees, their wage structure and also the salaries increments i.e. their promotions and also helps in placing appropriate person at the right job by identifying his/her strengths, weaknesses. Performance Appraisal is advantageous to employees for many reasons like Promotion, Compensation, Employees Development, Selection Validation, Motivation and Communication etc.

There are many methods used by the organisations for employees' performance appraisal. These can be divided into Traditional and Modern methods. Traditional methods comprises of Ranking Method, Forced Distribution method, Critical Incident techniques, Check-List Method, Paired Comparison, Forced-Choice Method, Graphic Rating Scale Method, Field Review Method and Confidential Report are main among Traditional methods.

Management by Objectives (MBO), 360 Degree Appraisal and Cost Accounting Method are among important modern methods of Performance Appraisal.

In Performance Appraisal process, manager who undertakes the process may commit some errors which can dilute the purpose of (PA), these errors may be First Impression Error, Similar-to-me Error, Influence of Halo Effect Bias, Central Tendency Error, Overemphasis on Attitude, Unawareness of Negative Biases, Lack of Professional Development Plan, Failure to Listen, Single Deficiency Focus, Ignoring the Entire Timeline, No Baseline and No Actionable.

In this unit, some suggestions are also put forward for the managers who conduct the appraisal Interviews. These guidelines are- An appropriate way to be chosen, Use of work data, don't get personal, Value employee's opinion, Don't tiptoe around etc.

At last, some new trends in PA have been discussed like 360 degree and 720 degree appraisal. Continuous Performance Management has also been emerged as a new trend in PA.



13.10 GLOSSARY

Performance Appraisal – It is defined as the evaluation of employees’ performance. It is a tool for understanding the employees’ abilities so that his/her growth and development can be charted and planned in the organization.

Promotion- An elevation in the job regarding post or salary increase.

Compensation- A monetary remuneration earned for sacrifice time, health, skills, experience and performance by any individual for in the job.

Employees Development- Enhancement in the performance, skills, behaviour, attitude and aptitude of an employee through a systematic procedure.

Communication: An interaction between employees and employers.

Motivation: A tool or anything which stimulates conscious and subconscious efforts of any individual.

Critical Incident techniques- In this method, the evaluator focus his attention on that key or critical behaviour that employee exhibit while performing his duties.

Field Review Method- A technique of PA where appraisal and observation of an employee done on the basis of his assessment in the field or job area

360 Degree Appraisal - As the name suggest the 360 degree appraisal is done at 360 degree level where the performance is appraised by the supervisor, subordinate, peers and all those with whom he interact during the course of his job and also by the person himself .

First Impression Error - The manager while appraising the performance may evaluate the performance of an employee on the basis of the first impression that he/she might have carried while meeting the employee for the first time.

Similar-to-me Error - The manager while evaluating considers an employee similar to himself/herself, then the similar-to-me error occurs.

Central Tendency Error- In this error the evaluator normally avoids making “extreme” judgments about employees.

Overemphasis on Attitude- A manager may give more weightage to positive or negative attitude of the employees.

Single Deficiency Focus- In the process of PA, the manager only looks at a single weakness of an employee ignoring his other important qualities.

Ignoring the Entire Timeline- In this process of PA, the manager focuses only on the recent weeks or months' performance of any employee ignoring performance throughout the year.



13.11 ANSWERS TO CHECK YOUR PROGRESS

Check our Progress A

Q4.

- (i) Employees
- (ii) Compensation Packages
- (iii) Feedback
- (iv) Employees' Development
- (v) Motivation



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13.14 TERMINAL QUESTIONS

- Q1. 'Performance appraisal is key to create developed organization'. State whether it is true or not.
- Q2. What is the purpose with which the organizations conduct performance appraisal?
- Q3. How the process of performance appraisal can be advantages to the employees as well as the organization?
- Q4. Discuss the traditional as well as modern method of performance appraisal that organizations can use for retaining the talent.
- Q5. How performance appraisal interview can be useful for the firm?
- Q6. Discuss the new trends in performance appraisal adopted by the firms.
- Q7. What are the error that normally obstruct a manager in accurate performance appraisal of an employee in the organization?

UNIT 14 COMPENSATION MANAGEMENT

14.1 Introduction

14.2 Objectives

14.3 Definition

14.4 The Concept of Compensation

14.5 Components of Compensation

14.6 Objectives of Compensation Management

14.7 Principles of Compensation Administration

14.8 Process of Compensation Design

14.9 Job Evaluation

14.10 Summary

14.11 Glossary

14.12 Reference/ Bibliography

14.13 Suggested Readings

14.14 Terminal & Model Questions

14.15 Caselets

14.1 INTRODUCTION

Compensation of employees for their services is important responsibility of human resource management. Every organization must offer good wages and fringe benefits to attract and retain talented employees with the organization. If at any time, the wages offered by a firm are not competitive as compared to other firms, the efficient workers may leave the firm. Therefore, workers must be remunerated adequately for their services. In this unit you would be learning about various aspects of compensation, objectives and process of compensation design.

14.2 OBJECTIVES

After completion of the unit you will be able to ;

- know about concept of Compensation.
- learn Components of Compensation.
- comprehend various aspects of Compensation Management.

14.3 DEFINITION

Gary Dessler in his book Human Resource Management defines compensation in these words “Employee compensation refers to all forms of pay going to employees and arising from their employment.” The phrase ‘all forms of pay’ in the definition does not include non-financial benefits, but all the direct and indirect financial compensations.

According to Thomas J. Bergmann(1988) compensation consists of four distinct components: Compensation = Wage or Salary + Employee benefits +Non-recurring financial rewards+ Non-pecuniary rewards.

14.4 THE CONCEPT OF COMPENSATION

Compensation refers to a wide range of financial and non financial rewards to employees for their services rendered to the organization. It is paid in the form of wages, salaries and employee benefits such as paid vacations, insurance maternity leave, free travel facility, retirement benefits etc., Monetary payments are a direct form of compensating the employees and have a great impact in motivating employees. The system of compensation should be so designed that it achieves the following objectives. The capable employees are attracted towards the organization

- The employees are motivated for better performance
- The employees do not leave the employer frequently

14.5 COMPONENTS OF COMPENSATION

Basic Wages/Salaries

Basic Wages/Salaries Basic wages / salaries refer to the cash component of the wage structure based on which other elements of compensation may be structured. It is normally a fixed amount which is subject to changes based on annual increments or subject to periodical pay hikes.

Dearness Allowance

The payment of dearness allowance facilitates employees and workers to face the price increase or inflation of prices of goods and services consumed by him. The onslaught of price increase has a major bearing on the living conditions of the labour. The increasing prices reduce the compensation to nothing and the money’s worth is coming down based on the level of inflation. The payment of dearness allowance, which may be a fixed percentage on the basic wage, enables the employees to face the increasing prices.

Incentives

Incentives are paid in addition to wages and salaries and are also called ‘payments by results’. Incentives depend upon productivity, sales, profit, or cost reduction efforts.

- There are: (a) Individual incentive schemes, and
(b) Group incentive programmes

Bonus

The bonus can be paid in different ways. It can be fixed percentage on the basic wage paid annually or in proportion to the profitability. The Government also prescribes a minimum statutory bonus for all employees and workers. There is also a bonus plan which compensates the managers and employees based on the sales revenue or profit margin achieved. Bonus plans can also be based on piece wages but depends upon the productivity of labour.

Non-Monetary Benefits

These benefits give psychological satisfaction to employees even when financial benefit is not available. Such benefits are: (a) Recognition of merit through certificate, etc. (b) Offering challenging job responsibilities, (c) Promoting growth prospects, (d) Comfortable working conditions, (e) Competent supervision, and (f) Job sharing and flexi-time.

Commissions

Commission to managers and employees may be based on the sales revenue or profits of the company. It is always a fixed percentage on the target achieved. For taxation purposes, commission is again a taxable component of compensation. The payment of commission as a component of commission is practiced heavily on target based sales. Depending upon the targets achieved, companies may pay a commission on a monthly or periodical basis.

Mixed Plans

Companies may also pay employees and others a combination of pay as well as commissions. This plan is called combination or mixed plan. Apart from the salaries paid, the employees may be eligible for a fixed percentage of commission upon achievement of fixed target of sales or profits or Performance objectives. Nowadays, most of the corporate sector is following this practice. This is also termed as variable component of compensation.

Piece Rate Wages

Piece rate wages are prevalent in the manufacturing wages. The laborers are paid wages for each of the quantity produced by them. The gross earnings of the labour would be equivalent to number of goods produced by them. Piece rate wages improves productivity and is an absolute measurement of productivity to wage structure. The fairness of compensation is totally based on the productivity and not by other qualitative factors.

14.6 OBJECTIVES OF COMPENSATION MANAGEMENT

To Establish a Fair and Equitable Remuneration

Effective compensation management objectives are to maintain internal and external equity in remuneration paid to employees. Internal equity means similar pay for similar work. In other words, compensation differentials between jobs should be in proportion of differences in the worth of jobs. External equity implies pay for a job should be equal to pay for a similar job in other organizations. Payments based on jobs requirements, employee performance and industry levels minimize favouritism and inequities in pay.

To Attract Competent Personnel

A sound wage and salary administration helps to attract qualified and hardworking people by ensuring an adequate payment for all jobs. For example IT companies are competing each other and try their level best to attract best talents by offering better compensation packages.

To Retain the Present Employees

By paying competitive levels, the company can retain its personnel. It can minimize the incidence of quitting and increase employee loyalty. For example employee's attrition is high in knowledge sectors (Ad-agency, KPO, BPO etc.,) which force the companies to offer better pay to retain their employees.

To Improve Productivity

Sound wage and salary administration helps to improve the motivation and morale of employees which in turn lead to higher productivity. Especially private sectors companies' offer production linked compensation packages to their employees which leads to higher productivity.

To Control Cost

Through sound compensation management, administration and labour costs can be kept in line with the ability of the company to pay. It facilitates administration and control of pay roll. The companies can systematically plan and control labour costs.

To Improve Union Management Relations

Compensation management based on jobs and prevailing pay levels are more acceptable to trade unions. Therefore, sound wage and salary administration simplifies collective bargaining and negotiations over pay. It reduces grievances arising out of wage inequities.

Peace of Mind

Offering of several types of insurances to workers relieves them from certain fears, as a result workers now work with relaxed mind.

Increases Self-Confidence

Every human being wants his/her efforts to get acknowledgment. Employees gain more and more confidence in them and in their abilities if they receive just rewards. As a result, their performance level shoots up.

14.7 PRINCIPLES OF COMPENSATION ADMINISTRATION

- Compensation policy should be developed by taking into consideration of the views of employers, the employees, the consumers and the community.
- The compensation policy or wage policy should be clearly defined to ensure uniform and consistent application.
- The compensation plan should be matching with overall plans of the company. Compensation planning should be part and parcel of financial planning.



Check Your Progress- A

Q1. What do you mean by Compensation?

Q2. What are various components of Compensation?

Q3. List five objectives of compensation management.

14.8 PROCESS OF COMPENSATION DESIGN



14.9 JOB EVALUATION

In the area of job evaluation study, a certain amount of technical terminology is used in order to facilitate communication. It is therefore desirable to list and understand allied terms in the job evaluation, as well as some terms that are related to and often confused with job evaluation.

Objectives of Job Evaluation

The main objective of job evaluation is to ensure equitable remuneration for relative worth of a job. As per the ILO Report, the aim of the majority of systems of job evaluation is to establish, on agreed logical basis, the relative values of different jobs in a given plant or machinery, i.e., it aims at determining the relative worth of a job.

The objectives of job evaluation, to put in a more systematic manner are to:

1. Establish a standard procedure for determining the relative worth of each job in an organization;
2. Ensure equitable wage for a job and reasonable wage differentials between different jobs in a hierarchical organization;
3. Determine the rate of pay for each job which is fair and equitable with relation to other jobs in the plant, community or industry;
4. Eliminate wage inequalities;
5. Use as a basis for fixing incentives and different bonus plans;
6. Promote a fair and accurate consideration of all employees for advancement and transfer;
7. Provide information for work organization, employees' selection, placement, training and other similar purposes;
8. Provide a benchmark for making career planning for the employees in the organization and;
9. Ensure that like wages are paid to all qualified employees for like work.

Principles of Job Evaluation

The job evaluation has certain principles. These principles are supposed to be kept in the mind of the job evaluators. These principles are not only directives of proper job evaluation but also provide clarity in the process of evaluation. According to Kress, these principles are:

1. Rate the job and the jobber. Each element should be rated on the basis of what the job itself requires;
2. The elements selected for rating purposes should be easily explainable in terms and a few in numbers as will cover the necessary requisites for every job without any overlapping;
3. The elements should be clearly defined and properly selected;
4. 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;
5. Foreman should participate in the rating of jobs in their own departments;
6. Maximum co-operation can be obtained from employees when they themselves have an opportunity to discuss job ratings and;
7. Too many occupational wages should not be established. It would be unwise to adopt an occupational wage for each total of point values.

14.10 SUMMARY

Compensation to workers will vary depending upon the nature of job, skills required, risk involved, nature of working conditions, paying capacity of the employer, bargaining power of the trade union, wages and benefits offered by the other units in the region or industry etc., Considering that the current trend in many sectors (particularly the knowledge intensive sectors like IT and Services) is to treat the employees as “creators and drivers of value” rather than one more factor of production, companies around the world are paying close attention to how much they pay, the kind of components that this pay includes and whether they are offering competitive compensation to attract the best talent.



14.11 GLOSSARY

Compensation refers to a wide range of financial and non financial rewards to employees for their services rendered to the organization.

Basic Wages/Salaries refer to the cash component of the wage structure based on which other elements of compensation may be structured. Incentives

Incentives are paid in addition to wages and salaries and are also called ‘payments by results’. Incentives depend upon productivity, sales, profit, or cost reduction efforts.

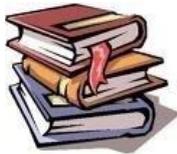
Commission It is always a fixed percentage on the target achieved.



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14.14 TERMINAL QUESTIONS

- Q1. Discuss the role of compensation management for the present organizations.
- Q2. Discuss the advantages of appropriate compensation management system for an organization.
- Q3. What are the various components of Compensation Management?
- Q4. Discuss the rationale of Job Evaluation for an organisation.

Q5. Explain the concept and types of compensation. What in your view are the objectives and criteria of compensation administration?



14.15 CASE LET

CASELET-1

An employer made alteration in the wages structure as a result of which certain allowances paid to an employee were stopped. His total wages however were not less than before.

- (a) Does stopping of these allowances amount to deduction from the wages?
- (b) Will an application under section 15 (2) of the payment of wages act 1936 lie for this? Comment.

CASELET-2

The case discusses the compensation management practices at Tata Consultancy Services Ltd. (TCS), one of the leading Indian IT companies. TCS' compensation management system was based on the EVA model. With the implementation of Economic Value Added (EVA)-based compensation, the salary of employees comprised of two parts – fixed and variable. The variable part of the salary was arrived after considering business unit EVA, corporate EVA, and also individual performance EVA. During the fourth quarter of the financial year (FY) 2007-2008, TCS announced its plans to slash 1.5 percent of the variable component of employee salaries since its EVA targets for the third quarter of FY 2007-2008 were not met. The announcement came as a jolt not only to TCS employees but also to the entire Indian IT industry. The company came in for severe criticism and it was accused of not being transparent with respect to EVA calculation. However, some analysts felt that the pay cuts were a result of the macroeconomic challenges that the Indian IT companies were facing — rapid appreciation of the rupee against the US dollar and the recession in the US economy (USA was the largest market for the Indian IT companies).

- a) Share your remarks about the compensation strategy of TCS.

Block IV
Industrial and Labour Relations

UNIT 15 INDUSTRIAL RELATIONS

15.1 Introduction

15.2 Objectives

15.3 Industrial Relations

15.4 Objectives of Industrial Relations

15.5 Importance of Industrial Relations

15.6 Nature of Industrial Relations

15.7 Scope of Industrial Relations

15.8 Factors affecting Industrial Relations

15.9 Summary

15.10 Glossary

15.11 Reference/ Bibliography

15.12 Suggested Readings

15.13 Terminal & Model Questions

15.1 INTRODUCTION

The term 'Industrial Relations' denotes relationships between management and workers in the industry. It has roots in the economic and social changes occurred from time to time. Therefore, the term should not be restricted to mean merely the relations between the union and the management, but a vast complex of relationship between the union and the management, management and employers, union and employees and between employees themselves. However, the major parties to Industrial Relations are the workers and the management. Both the parties have a common interest in industry, but many times they are found to be pulling in different directions, which lead to industrial unrest. Therefore, it has become necessary to secure co-operation of both the parties to improve Industrial Relation, which is a pre-condition to growth and stability of industry.

15.2 OBJECTIVES

After reading this unit you will be able to;

- Understand the meaning and objectives of Industrial relations.
- Identify and learn the different trade unions available in Industrial relations.

- Know the importance of collective bargaining.
- Identify the ways to solve the grievances among employees.

15.3 INDUSTRIAL RELATIONS

Industrial Relations (IR) is the study of the laws, conventions and institutions that regulate 'the workplace'. It is a fundamentally important aspect of our way of life, our culture and our society.

Industrial relations mean different things to different people. The following illustration depicts how IR shapes our working life, our society and the national economy.

Definition of Industrial Relations

Industrial relation is defined as relation of Individual or group of employee and employer for engaging themselves in a way to maximize the productive activities.

In the words of Lester, “Industrial relations involve attempts at arriving at solutions between the conflicting objectives and values; between the profit motive and social gain; between discipline and freedom, between authority and industrial democracy; between bargaining and co-operation; and between conflicting interests of the individual, the group and the community.

Concept of Industrial Relations

The term ‘Industrial Relations’ comprises of two terms: ‘Industry’ and ‘Relations’. “Industry” refers to “any productive activity in which an individual (or a group of individuals) is (are) engaged”. By “relations” we mean “the relationships that exist within the industry between the employer and his workmen.” The term industrial relations explain the relationship between employees and management which stems directly or indirectly from union-employer relationship.

Industrial relations are the relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.

The term industrial relations have a broad as well as narrow outlook. Originally, industrial relations were broadly defined to include the relationships and interactions between employers and employees. From this perspective, industrial relations cover all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labor) relations. Now its meaning has become more specific and restricted. Accordingly, industrial relations pertains to the study and practice of collective bargaining, trade unionism, and labor-management relations, while human resource management is a separate, largely distinct field that deals with nonunion employment relationships and the personnel practices and policies of employers.

The relationships which arise at and out of the workplace generally include the relationships between individual workers, the relationships between workers and their employer and the relationships between employees. The relationships employers and workers have with the organizations are formed to promote their respective interests, and the relations between those organizations, at all levels. Industrial relations also includes the processes through which these relationships are expressed (such as, collective bargaining, workers' participation in decision-making, and grievance and dispute settlement), and the management of conflict between employers, workers and trade unions, when it arises.

15.4 OBJECTIVES OF INDUSTRIAL RELATIONS

The primary objective of industrial relations is to maintain and develop good and healthy relations between employees and employers or operatives and management. The same is sub-divided into other objectives.

Thus, the objectives of IR are designed to:

1. Establish and foster sound relationship between workers and management by safeguarding their interests.
2. Avoid industrial conflicts and strikes by developing mutuality among the interests of concerned parties.
3. Keep, as far as possible, strikes, lockouts and gheraos at bay by enhancing the economic status of workers.
4. Provide an opportunity to the workers to participate in management and decision making process.
5. Raise productivity in the organisation to curb the employee turnover and absenteeism.
6. Avoid unnecessary interference of the government, as far as possible and practicable, in the matters of relationship between workers and management.
7. Establish and nurse industrial democracy based on labour partnership in the sharing of profits and of managerial decisions.
8. Socialize industrial activity by involving the government participation as an employer.

According to Krikaldy, industrial relations in a country are influenced, to a large extent, by the form of the political government it has. Therefore, the objectives of industrial relations are likely to change with change in the political government across the countries.

1. Improvement of economic conditions of workers.
2. State control over industrial undertakings with a view to regulating production and promoting harmonious industrial relations.
3. Socialisation and rationalisation of industries by making the state itself a major employer.

4. Vesting of a proprietary interest of the workers in the industries in which they are employed.

15.5 IMPORTANCE OF INDUSTRIAL RELATIONS

The significance of good industrial relation in any country cannot be ones emphasized. Good industrial relations are necessary for the following reasons.

1. To help in economic progress of a country. The problem of an increase in productivity is essentially the problem of maintaining good industrial relations. That is why they form an important part of the economic development plan of every civilized nation.
2. To help establishing and maintaining true industrial democracy this is prerequisite for the establishment of a socialist society.
3. To help the management both in the formulations of informed labour relations policies and in their translation into action.
4. To encourage collective bargaining as a means of self-regulation. They consider the negotiation process as an educational opportunity a chance both to learn and to reach.
5. To help government a making laws forbidding unfair practices of unions and employers. In climate good industrial relations every party works for the solidarity of workers movement. Unions gain more strength and vitality. There is no inter-union rivalry.
6. Employees give unions their rightful recognition and encourage them to participate in all decisions. Unions divert their activities from fighting and belligerence to increase the size of the distribution and to make their members more informed (workers education) on vital issues concerning them.
7. To boost the discipline and morale of workers. Maintenance of discipline ensures orderliness and Effectiveness as well as economy in the use of resources. On the other hand, lack of discipline means waste, loss and confusion. It also means in sub-ordination and non-co-operation.
8. Industrial relations are eventually human relations therefore, the same basis of human psychology prevails in the field of industrial relations therefore, and the efficiency of an industry is directly related with the quality of relationship, which is being built up amongst the individuals who work together.



Check Your Progress- A

Q1. What is meant by Industrial Relations?

Q2. Why Industrial relations is important?

Q3. Discuss the importance of Industrial Relations.

15.6 NATURE OF INDUSTRIAL RELATIONS

Essentially, IR is concerned with the relationship between management and workers and the role of regulatory mechanism in resolving any industrial dispute.

“More specially, IR is concerned with the systems, rules and procedures used by unions and employers. To determine the reward for effort and other conditions of employment to protect the interests of the employed and their employers, and to employment, regulate the ways in which employers treat their employees Specifically, IR covers the following areas:

1. Collective bargaining
2. Role of management, unions, and government.
3. Machinery for resolution of industrial disputes.

4. Individual grievance and disciplinary policy and practice'
5. Labour legislation.
6. Industrial relations training.

15.7 SCOPE OF INDUSTRIAL RELATIONS

The concept of industrial relations has a very wide meaning and connotation. In the narrow sense, it means that the employer-employee relationship is confined to the relationship that emerges out of the day-to-day association of management and labour.

In its wider sense, industrial relations include the relationship between an employee and an employer in the course of the running of an industry and may project itself into spheres which may transgress into the areas of quality control. However, the term industrial relations are generally understood in the narrow sense.

An industry is a social world in miniature. The association of various persons, workmen supervisory staff management and employer creates industrial relationships. This association affects the economic, social and political life of the whole community. In other words, industrial life creates series of social relationships which regulate the relations and working together of not only workmen and management but also of the community and the industry. Industrial relations are, therefore, inherent in an industrial life. These include:

- i. Labour relations, i.e., relations between union and management
(also known as labour-management relations);
- ii. Employer-employee relations, i.e., relations between management and employees
- iii. Group relations, i.e., relations between various groups of workmen; and
- iv. Community or public relations, i.e., relations between industry and society.

The last two are generally not considered for study under industrial relations, but form part of the larger discipline sociology. The two terms, labour-management relations and employer-employee relations are synonymously used. The main aspects of Industrial Relations are:

Promotion and development of healthy labour-management relations;

- i. Maintenance of industrial peace and avoidance of industrial strike; and
- ii. Development of industrial democracy.

15.8 FACTORS AFFECTING INDUSTRIAL RELATIONS

It can be affected, broadly, by the following factors-

Organizational Structure

The organizational structure formalizes relationship within the organization. It has geographical, hierarchical and operational dimensions. Those dimensions, depending upon the size and nature, complicate the relationship in terms of communication, conduct, control and coordination. The set of rules and procedures prescribed in the organization for harmonious working and warmth in climate helps canalize efforts and reduce discords/ conflicts. It provides roles for all the players in the organization and their norms of behaviors.

Leadership Style

Behaviors and functional styles of the leaders in the organization bear a great influence on the climate. Every leader, in his / her own unique way influences the functioning of the formal structures by informal and formal interventions. A leader having reverence for his followers will develop team spirit if he leads by example. Industrial climate is a very delicate factor that can be destroyed easily but built with difficulty. It is as fragile as a glass bangle. In the present times carrot is not so enticing and the stick not so threatening in public organizations in India.

Individual Behavior

Industrial relations ultimately depend upon the individuals constituting the organization because every individual is the creator of the climate around him/her. Individuals perceive situations differently at times as individuals and as groups. Experience, exposure, skills, orientation, background, achievement of individuals makes them behave differently in responding to situations or in creating situations.

Legal and Political Environment

Industrial relations in an organization is effected by the legal and constitutional framework which determine the rights and privileges, powers and immunities, roles and domains, territories and boundaries of the different players to Industrial relations.

In fact, rarely individuals or groups will give up their rights, and dominance or authority to someone else. All over the world and also in India, the system and structures for Industrial relations arose out of the political necessity of governments to develop a good social order and increase development and productivity.

Technical and Economic Environment

The changes taking place in the technical and economic field puts pressures on the organization and affects its operational and financial strategies and employment and IR policies.

As a result of such pressures and changes, organization redefine their work domains and costs, which in turn leads to changes in working conditions, hours, compensation etc. and also in the employers mindset of the degree of his/her willingness to accommodate the individual and collective interest of the workers/ employees *vis-a-vis* the interest of manager, employer and the organization as a whole.

Changes in technical and economic environment continuously affect the attitudes, mindsets, strategies, mannerisms, elasticity and accommodating spirit of the parties involved in Industrial relations.

15.9 SUMMARY

'Industrial Relations' denotes relationships between management and workers in the industry. Industrial Relations (IR) is the study of the laws, conventions and institutions that regulate 'the workplace'. It is a fundamentally important aspect of our way of life, our culture and our society. Industrial Relations are the relationships between employees and employers within the organizational settings. Industrial relations are the relationships between employees and employers within the organizational settings. In this unit, you learnt the importance, nature and scope of Industrial Relations. You also learnt that these relations between workers and employers mean fair and productive relations.



15.10 GLOSSARY

Industrial relation: It is defined as relation of Individual or group of employee and employer for engaging themselves in a way to maximize the productive activities

Trade Union: An association of workers who come together for their financial security.

Organizational Structure: The organizational structure formalizes relationship within the organization. It has geographical, hierarchical and operational dimensions.

Dispute: Differences between workers and management on any issue is called as a dispute.



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15.13 TERMINAL QUESTIONS

- Q1. What do you mean by Industrial Relations? What are the factors affecting industrial relations?
- Q2. What are the main factors which affects Industrial Relations?
- Q3. Discuss the significance of Industrial Relations.
- Q4. Discuss the scope of Industrial Relations.

UNIT 16 TRADE UNIONS

16.1 Introduction

16.2 Objectives

16.3 Trade Unions: Meaning and Nature

16.4 Importance of Trade unions

16.5 Types of Trade Unions

16.6 History of Trade Unions

16.7 Registration of Trade Unions

16.8 Problems of Trade Union Movement in India

16.9 Measures to Strengthen Trade Unions

16.10 Summary

16.11 Glossary

16.12 Answer to Check Your Progress

16.13 Reference/ Bibliography

16.14 Suggested Readings

16.15 Terminal & Model Questions

16.1 INTRODUCTION

In this unit, you will study about the trade unions, their evolution, importance and present status of trade unions in India. Trade union can be understood as an association of workers who come together to safeguard their interest and regulate healthy relations between employees and employers.

16.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the meaning of Trade Unions.
- Explain the significance of preparing Trade Unions.
- Evolution of Trade Unions.
- Status of Trade Unions in India.

16.3 TRADE UNIONS: MEANING AND NATURE

According Indian Trade Union Act 1926, trade union is defined as any combination whether temporary or permanent formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen , between employers and employers or otherwise for imposing restrictive conditions on conduct of any kind of trade/business. According to Webb,” Trade union is a continuous association of wage earners formed with the objective of maintaining and improving the conditions of workers. Therefore, Trade union can be understood as an association of workers who come together to safeguard their interest and regulate healthy relations between employees and employers.

16.4 IMPORTANCE OF TRADE UNIONS

Trade unions are significant to ensure industrial peace in organizations. The importance of trade unions can be understood in the following points:

1. **Tool for Collective Bargaining:** Active trade unions in organizations leads to effective and meaningful collective bargaining process. Trade unions negotiate with the employers for better and safer working environment and ensuring healthy workplace standards.
2. **Strengthen Workers’ Demand:** Trade unions help the workers in getting better medical facilities, welfare schemes, better living conditions and other necessary benefits.
3. **Protection against exploitation:** Trade unions help the workers in not getting exploited by the employers. The workers are aware of their rights in the organization and can raise their voice in case there is any breach or infringement of law by the employers.
4. **Economic welfare of workers:** Trade unions fight for the reasonable amount of compensation to be paid by the employer. When there are industrial accidents trade unions support the aggrieved and his family and fight for their due entitlement in the form of compensation.
5. **Job Security:** Trade unions ensure job safety of workers which would otherwise be vulnerable in the hands of employers. The management may not abruptly remove the workers at his wish rather existence of trade unions in organizations makes things systematic.

16.5 TYPES OF TRADE UNIONS

Types of Trade Unions

It is difficult to classify the trade unions on the basis of a few specific characteristics. However, the trade unions are classified into the following types:

I Occupational Unions

This type of trade union consists of members who belong to a specific occupational category. For instance, unions specifically for doctors, lawyers, teachers, engineers, journalists etc. Such unions usually ensure the protection of the status of members.

II. Industrial Unions

Industrial union members belong to a specific industry. For instance, when the workers belonging to the textile or steel industry form a trade union, it is commonly called an industrial union. The primary purpose of this type of union is to promote collective bargaining in a particular sector and the existence of such unions would impact the activities in a particular industry thereby strengthening the workers. Some examples of such trade unions are the All India Insurance Employees Association, and the National Federation of General Insurance Employees.

III. General Unions

General unions consist of members from different industries. Such trade unions become significant whenever there is a demand for a strike by the workers in order to turn the situation in the favour of workers. This is so because members from different industries are taken as a federation. The All India Trade Union Congress (AITUC) and the Indian National Trade Union Congress (INTUC) are some examples of the general unions in India. The International Trade Union Confederation of Regional Organization for Asia and Pacific (ITUC Asia-Pacific), which is a federation of unions belonging to countries in Asia and Oceania regions, is an example of an international general union.

IV. White-collar Unions

They are similar to occupational unions except for the fact that the uniting factor for the workers of such a union is the nature of their job and not their skills. The employees who perform non-manual jobs and belong to the salaried class often form white-collar unions. They normally engage in administrative activities of the organization. According to David Lockwood, the main reason for the growth of clerical unionization was the bureaucratization of the workplace, which paved the way for the collective representation of clerical-level workers. The growth in the number of white-collar employees in organizations and their increasing grievances has necessitated the formation of exclusive unions. The white-collar unions normally focus on employees belonging to a particular industry. In recent years, factors like technological development, the emergence of the services sector as an important

segment of economy, and globalization have all provided impetus to the growth of white-collar unions in the country.



Check Your Progress-A

Q1. Define Trade Unions and explain its importance?

Q2. Discuss the types of unions found in organizations?

Q3. Multiple Choice Questions.

State True or False.

(i) In a unionized firm, management should fight the union as hard as it can.

- a. True
- b. False

(ii) Even in a unionized environment, management remains responsible for employee relations.

- a. True
- b. False

(iii) National unions exert control over locals.

- a. True
- b. False

(iv) Management should always show sincere concern for the problems of workers.

- a. True
- b. False

(v) Human resource departments need to prepare for new challenges from unions as the industrial relations environment changes.

- a. True
- b. False

Q4. Fill in the Blanks with appropriate word or words.

- i) Trade unions are significant to ensure industrial _____ in organizations.
- ii) Trade unions are _____ of workers who come together to safeguard their interests.
- iii) _____ trade union consist of members who belong to a specific occupational category.
- iv) General Unions consist of members from different _____.

16.6 HISTORY OF TRADE UNIONS

In true sense industrialization and capitalism gave birth to trade unions. The first labour strike was reported in 1786 in America when the Philadelphia printers struck work, demanding wages hikes. The second strike was recorded in 1791, again at Philadelphia, but this time by the carpenters, who struck work for nearly ten days. Yet, there was no symptom of trade unionism before or after these strikes. The first trade union in America was established at New York on 14 August, 1833.

1850 witnessed the formation of Union by engineers to improve their bargaining powers. Similarly cigar workers in Germany began their activities in 1865. Trade unions as a concept gained momentum in 19th century, when they were viewed as an important force in the industrial as well as political arena. Since then, there was a mushrooming of trade unions in the world with the unions achieving success even in politics through their collective strength and actions.

Trade Union Movement in India

Formation of Bombay Mill Hands Association marked the beginning of trade union movement in India. In 1897, Amalgamated Society of Railway Servants, Printers Union of Calcutta in 1905, Madras and Calcutta postal Unions 1907 were the other associations formed in the beginning of this movement.

The First World War brought many industries to India as a consequence of the increased demand for goods, and this resulted in a vast expansion of the working class of the

country. The trade union movement gained momentum during and after World War I. The union gained momentum due to several factors like emergence of union leadership, rising nationalism, rise in the cost of living and economic hardships. During this period, the workers resorted to strikes at various industrial centers in the country, demanding increased wages to compensate for the surging inflation resulting from the World War. Strikes became wide-spread and successful and even turned violent in some places. These strikes attracted huge public attention and force the intervention of great leaders like Gandhi, Jawaharlal Nehru and others.

Since the conditions of working class was very miserable therefore numerous trade unions were formed such as Indian Seamen's Union at Calcutta and Bombay, Punjab Press Employees' Association, Madras Textile Labour Union, Railway Workers' Unions . Various nationalist leaders associated themselves with the trade union movement like C.R. Das, Moti Lal Nehru, Jawaharlal Nehru, Subhash Chandra Bose, V.V. Giri, S.A. Dange, S.V. Ghate.

Lala Lajpat Rai formed All India Trade Union Congress (AITUC) in 1920. Workers' and peasants' parties sprang up by 1926-27 and in 1928 various local units of these parties were united into All India Workers' and Peasants' party. The rise of left thinking is the result of formation of aforementioned unions and thus many unions opted for left- wing leadership.

AITUC got split and All India Trade Union Federation (AITUF) was formed under N.M. Joshi. In 1931 AITUC had another split and B.T.Ranadive and S.V.Deshpande formed Red Trade Union Congress (RTUC). In 1935 RTUC merged into AITUC. There were numerous unions which separated from AITUC due to sharing views of Indian National Congress and socialism and in 1947 Indian National Trade Union Congress (INTUC) was formed. Later Hind Mazdoor Panchayat (H.M.S.) by formed by socialists.

The Second World War (1939-45) brought another round of misery for workers as the government imposed a freeze on wages even as the inflation was soaring due to an acute scarcity of essential commodities. Unfortunately, there was no unity and cooperation among the unions as they stood divided on ideological grounds. Consequently, the efforts and agitations of the unions to improve the conditions of the workers failed miserably. The leaders of the major unions realized their mistake and decided to merge their unions to improve their bargaining power. Accordingly, the Indian Trade Union Federation merged with the AITUC, and the trade union movement was considerably strengthened.

However, in 1947, the trade union movement witnessed a major split for the second time on ideological basis. Due to their difference with the communists, the nationalist leaders formed a new union called Indian National Trade Union Congress (INTUC) in May 1947. After the split, the communists took complete control the AITUC operations as the split became complete and unbridgeable. After Independence, the number of unions multiplied due to factors like a simplified procedure for union registration and the political parties' preference to have their own unions. Today, the country has numerous unions, each with its own political and social ideology. The Hind Mazdoor Sabha, the Bharatiya Mazdoor

Sangh, the United Trade Union Congress, the All India United Trade Union Centre, and the Centre for Indian Trade Unions are a few examples of major trade unions in India.

16.7 REGISTRATION OF TRADE UNIONS

Registration of trade union is essential according to Trade Unions Act, 1926. There are procedures involved in the registration of trade unions. Basically the registration of trade unions involves four steps. These steps are as follows:

1. **Appointment of Registrar:** The appropriate government is empowered to appoint a registrar according to section 3 of the trade union act 1926. If it thinks fit for the purpose the state or central government can also appoint Deputy Registrar. The power is vested in the hands of Deputy Registrar and is entitled to discharge the duties of the Registrar. But the Deputy Registrar works under the supervision of Registrar.
2. **Mode of Registration:** For registration the applicants who are the members of the trade unions shall apply for registration. Thus, seven or more members may apply for such registration. The application is sent to the Registrar of Trade Unions and shall consist names of the members, their occupation and addresses. The proposed name of the trade union and address if its head office should also be written in the application. The application must contain the names of the office bearers and rules which will be followed by the trade union. The purpose of the trade union should also be specified in the application under objectives. Hence the above mentioned rules are essential for the smooth functioning of the trade unions. Without these rules it becomes difficult for the members to take decisions.
3. **Rights and Duties of Registrar:** The Registrar has the right to ensure that the application for registration is complete and fulfills all the criteria as laid down in the Act. Section 7 of the Act empowers the Registrar for exercising his rights. The registration letter is issued once all the rules are complied with.
4. **Legal Status:** Once the trade union is registered it assumes a form of corporate body with a legal status and proper name. It also has perpetual succession and common seal.
5. **Maintenance of Funds:** A registered trade union must maintain funds for its functioning. The purpose of maintaining these funds are as follows:
 - i. Salary disbursement, payment of allowances and expenses.
 - ii. Expenses incurred in auditing and administration.
 - iii. To resolve any kind of trade disputes.
 - iv. To compensate the members for any kind of losses incurred due to trade disputes.
 - v. To pay allowances to members on account of death, sickness, old age or accidents.

- vi. The provision of educational, social or religious benefits for members.
- vii. To spend funds on the welfare activities of the trade union.
- viii. To allocate funds for any political purpose.

16.8 PROBLEMS OF TRADE UNION MOVEMENT IN INDIA

i. Uneven Growth:

The uneven growth of trade unions has been a major factor for their rate of success. Successful trade unions are concentrated in large scale units. Moreover, the degree of unionism also varies from industry to industry, railways, cement, tobacco etc. The small scale sector witnesses a very little trade union activity.

ii. Low Membership:

Low membership is another significant factor inhibiting the growth of trade unions. Because of their small size, unions suffer from lack of adequate funds and find it difficult to engage the services of experts to aid and advise members in times of need. Such unions are not able to bargain effectively thus defeating their purpose.

iii. Weak Financial Position:

Most of the trade unions in India suffer from inadequate funds. This unsound financial position is mostly due to low membership and low rate of membership fee. Due to lack of adequate finance the unions are unable to undertake welfare programmes for their workers.

iv. Political Leadership:

Most of the trade unions in India are tools in the hands of politicians. Politicians use such unions for their vote counts. The interest and welfare of workers are often ignored. Strikes are organized to pressurize the employers but these strikes are politically induced rather meant for the benefits of the workers.

v. Multiplicity of Unions:

Multiple Unions in the industry cause unhealthy growth. Both at the plant level and industry level the multiple unions are responsible for unhealthy growth of trade union movement. The trade unions fight with each other usually in a large establishment where more than one trade union exists.

Small section of workers are encouraged to form a separate trade union. In order to influence trade unions political outsiders exerts pressure on the workers. Also, in order to reduce the bargaining power sometimes the employers also encourages the workers to form multiple unions in the organization.

vi. Inter-Union Rivalry:

Inter union rivalry is most common in multiple union. They try to play down each other in order to influence their members. Thus, the whole purpose of unionship is defeated as these

unions become tools in the hands of the employers because of their rivalry. The employers take advantage of this situation and exploit the workers further. Thus, the unions do more harm to themselves.

The employers take advantage of the multiple unions by avoiding the bargaining due to the absence of representative union. Thus, the rivalry weakens the workers and cut down the power of collective bargaining which is otherwise possible in large strength and employers always take the advantage of this.

vii. Problems of Recognition:

The employers refuse to recognize the unions due to less number of members. They also take benefit of refusing to recognize the union due to multiplicity of unions. Thus, workers remain deprived of their legitimate rights also which is still a problem in the organisation.

viii. Absence of Paid Office Bearers:

Every trade union requires to keep a office bearer who looks after the day to day functioning of the union but weak finances do not allow the unions to engage the services of full time paid office bearers. Due to political leadership also this is not possible and the unions are led without a proper office bearer. Consequently, the existing members are not able to devote sufficient time and energy to take care of the union day to day functions.

ix. Heterogeneous Nature of Labour:

Since the workers who join the unions belong to varying backgrounds, it is not possible to have a homogeneous group of members. Workers from different race, religion, language etc. works in the organization and it becomes difficult for the union to have a consensus. The employers again take advantage of this factor try to slit the unions.

x. Lack of Interest:

It is seen that initially the workers becomes members of the union but gradually they lose interest in the functioning of the union. Due to lack of interest the unions are not able to achieve their objectives and the entire purpose is forfeited. The attendance is always poor and the members don't attend the meetings. In these situations it becomes difficult to run a successful union. The political leaders overtake such unions and then they merely become tools in the hands of the political parties. The leaders force the members to work for the political agenda and then it becomes difficult for them to come out of their clutches.

xi. Limited Stress on Welfare:

Some trade unions focus only on the main agenda of salary and benefits. The other aspects of trade unions are not counted and taken into consideration. Thus, there is limited stress on the welfare activities. Also, due to shortage of funds the unions are not able to focus on the welfare activities of the workers. Thus, in the absence of such activities the workers are also not attracted to join the unions.

xii. Lack of Public Support:

Since the strikes and go slow policy is not like by the general masses, therefore they usually do not support the moves of the trade unions. It is also because these strikes hamper the day to day functioning and the general public also suffers due to this. Thus the trade unions do not get any sympathy of the people or any support of the people.

Thus, the trade unions should be ready and should be prepared to change their approach. The trade unions need to take care of the demand of the emerging situation, emerging issues and changing organization structures so as to cater effectively to the workers and organization as a whole.

16.9 MEASURES TO STRENGTHEN TRADE UNIONS

As discussed above, there are certain problems which are faced by the trade unions. However, if due measures are taken the position of the trade unions can be strengthened. Following are the ways by which the condition of trade unions can be improved:

1. **Improving Financial Stability:** Since the financial condition is poor, the trade unions are not able to certain activities as they require funds. Hence for improving the financial condition it is important that the unions invite more and more employees to become the member. For this the unions may increase the membership amount to raise funds. Sometimes the unions may also resort to asking donations from the philanthropists to compensate the financial crunch.
2. **Membership:** More and more employees should be motivated to join the trade unions. Employees must be enlightened about the strength of union in the organization. They must be convinced about the benefits of the unions. Thus, if the membership will increase automatically the unions will be strengthened.
3. **Freedom from political clutches:** In order to strengthen the trade unions it is also important that it should free itself from the clutches of the political parties. Since the political parties make use of unions for their votes and sometimes more personal benefits hence the actual decision making power of the trade unions goes into the hands of political parties. This weakens the situation of unions. Hence if the unions are free from political parties, it will be able to take its decisions independently.
4. **Multiple Trade Unions:** The existence of multiple unions in the organization lead to conflicts. Also, it reduces the bargaining power of employees and workers due to existence of many unions. Hence trade unions must try to get rid of multiple unions in the organization so that they can have strong bargaining power. The general interest and well-being of employees is also ignored because of multiple unions. Hence, the unions must try to collect and associate themselves with only one union. This way they will have more power and unity to put their demands in front of the management.
5. **Recognition of Trade Union:** For a strong and successful union it is essential that these are duly recognized by the management. Until the trade unions are recognized

they cannot be active and functional in the organization. Hence securing recognition is also an important step towards strengthening the position of trade unions.

6. **Leadership:** Outside leadership is the main cause of multiple problems of the trade unions. Management should encourage the workers to elect their leaders internally and management should support the workers in this.
7. **Paid Union Officials:** It has become important these days to hire a paid union official who looks after the affairs of the union. This way the unions will have systematic work environment and this way trade unions will be strengthened.

To conclude it can be said that since the small trade unions are weak in their strength and finance they must be amalgamated into one that can organise the labour welfare activities. For doing this it is important that the attitude of employees is also changed. Another way to enhance the strength of trade unions is to raise the membership fees. It is expected from all the members that they are depositing the fees in time. Also in case the members are not depositing the fees then their membership should be cancelled. The leaders should have knowledge about the legal rights of the unions. The leaders should promote the interest of the workers at all costs.



Check Your Progress- B

Q1. What is meant by multiplicity of unions?

Q2. Discuss the evolution of trade union movement in India.

Q3. Discuss the factors responsible for slow growth of trade unions in India?

Q4. Multiple Choice Questions-

(i) Disadvantages of unionization to a company include all but:

- a. less flexibility.
- b. total loss of management control.
- c. higher wages.
- d. strikes.
- e. higher benefit costs.

(ii) Which of the following is not an unfair labour practice?

- a. refusing to agree to a contract.
- b. refusing to bargain.
- c. firing union organizers.
- d. the company starting its own union.
- e. management telling workers that they will cut wages if a union comes in.

(iii) The challenge of unions can be met by:

- a. designing satisfying jobs.
- b. developing plans to maximize opportunities.
- c. evaluating performance fairly.
- d. rewarding actual performance.
- e. all of the above.

(iv) Which of the following is a reason for not wanting a union?

- a. peer pressure.
- b. high pay.
- c. desire for collective power.
- d. union shop.
- e. dislike of management practices.

16.10 SUMMARY

A trade union is defined as a formal association of workers for the purpose of protecting and promoting their rights and interests through collective bargaining and unions. The objectives of trade unions are: promoting the worker's economic well-being, protecting their employment, safeguarding their health and safety, protecting their life after retirement,

promoting industrial relations and peace, procuring political prowess and power and fostering industrial democracy and equity. The types of trade union are occupational unions, industrial unions, general unions and white-collar unions. The reasons for joining unions are creating a defense against exploitation, trade union clout, the fulfillment of social and esteem needs, compulsion to become a member, and peer group influence.



16.11 GLOSSARY

Trade Union: An association of workers who come together for their financial security.

AITUC- All India Trade union Congress

CITU- Centre of Indian Trade Unions

HMS- Hind Mazdoor Sabha

INTUC- Indian National Trade Union Congress

UTUC- United Trade Union Congress



16.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q3.

- i) b
- ii) a
- iii) a
- iv) a
- v) a

Q4.

- i) peace
- ii) group
- iii) Occupational
- iv) industries

Check Your Progress –B

Q4.

1.e

2.d

3.e

4.d



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16.15 TERMINAL QUESTIONS

1. Define trade unions. Discuss its importance in detail.
2. Describe the present status of trade unions in India.
3. Discuss the types of unions found in an organization.
4. Write short notes on:
 - a. Union-free organization
 - b. Problems of trade unions

UNIT 17 COLLECTIVE BARGAINING

17.1 Introduction

17.2 Objectives

17.3. Meaning of Collective Bargaining

17.4 Classification of Collective Bargaining

17.5 Collective Bargaining Process

17.6 Essentials of Collective Bargaining

17.7 Summary

17.8 Glossary

17.9 Answer to Check Your Progress

17.10 Reference/ Bibliography

17.11 Suggested Readings

17.12 Terminal & Model Questions

17.1 INTRODUCTION

Demands of the workers are to be addressed by the management for healthy and peaceful environment, but all the demands are fulfilled at the same time is quite unpractical, hence collective bargaining.

17.2 OBJECTIVES

After reading this unit you will be able to;

- Understand the term collective bargaining.
- Understand the classification of collective bargaining.
- Understand the process of collective bargaining.

17.3 MEANING OF COLLECTIVE BARGAINING

The term bargaining refers to negotiation. In organizational context bargaining is done collectively by the workers to convince the employer/management to fulfil their demands. Collective bargaining is a system of negotiation between employer and group of employees. The process of collective bargaining resolves the disputes between management and workers

thereby enhancing congenial relation between the two parties. Collective bargaining is also called as “good faith bargaining”. The term collective refers to both the employer and employees who are willing to reach a consensus and term bargaining refers to the process of arriving to a best solution which is beneficial to both the parties. The process of collective bargaining is viewed as a tool to develop harmonious relations between employers and employees. Through this process the employees also feel their stake in the organisation and believe that they are significant part of the organisation. They trust on the employers and works towards the accomplishment of organisational goals.

There are two types of collective bargaining between management and worker:

1. **Traditional Bargaining/ Distribution Bargaining:** This bargaining consists of issues like working conditions, wages, promotions, layoffs etc. The demands are made against which the management make offers on the basis of cost involved in fulfilling the demands. Both the parties reach to a consensus wherein the workers usually threaten the management for going on strikes and management threatens for lockouts until both the parties are satisfied with the demand and offer made by the workers and management respectively. It is also known as distribution bargaining.’
2. **Integrative Bargaining:** In integrative bargaining the approach of management and workers is to jointly make significant decisions pertaining to welfare of the workers. Workers may demand for a transparent and open policy of sharing the important information and may pressurise the management to adopt a system of joint problem solving approach in the form of quality circles.

Collective bargaining is also viewed as a mechanism for regulating the relationship between employer and employees. The International Labour Organization (ILO) has recognized collective bargaining as an instrument of social justice. According to (ILO), collective bargaining serves the purpose of protecting the fundamental rights of workers, providing them social protection and prompting sound industrial relations. Collective bargaining infuses a sense of participation among the workers as they feel themselves as a significant part of the organization. Organizations which allow the mechanism of collective bargaining certainly reap the advantages of employee loyalty and commitment because they are allowing the workers to have their say in the organization. Management has the opportunity to build cordial relations with the workers and vice versa. Even workers assume themselves as stakeholders in that organization and put forward their demand expecting them to be fulfilled by the management. This creates a strong bond between both the parties.

According to Michael J. Jucious, “Collective Bargaining is a process by which employers on one hand, and representatives of employees, on the other, attempt to arrive at agreements covering the conditions under which employees will contribute and be compensated for their services”.

According to Garry Dessler, “Collective bargaining is defined as the process through which representatives of management and union meet to negotiate a labour agreement.” In other words it is a process in which both workers and management negotiate upon the pertinent demands made by the workers and management counters the demand in away to reach to an acceptable agreement.

We may define collective bargaining as a free and voluntary forum that facilitates negotiation between employers and employees’ union on issues affecting the interests and rights of both parties so that an amicable settlement is reached in good faith.

The term collective bargaining evolved as a result of industrial conflict and growth of trade union in United States. In India, the term collective bargaining was used to regulate the labour management relations between the employers and workers of a textile industry in 1920. The term collective refers to group action and bargaining refers to negotiation. The process of collective involves an agreement which is evolved by the consensus of both the workers and the management. The National Institute of Personnel Management suggests that the following facts should be a part of any collective bargaining.

- i) The definition of important terms, the purpose of the agreement and its scope.
- ii) Trade Unions rights and responsibilities and of the management too.
- iii) The terms and conditions of service, retirement, leave etc.
- iv) Procedure to redress the grievance.
- v) Settlement of industrial disputes
- vi) The clause containing termination of agreement.

The collective bargaining practices involve a great deal of variation and consist of oral agreement which may result into written document. The process of collective bargaining includes give and take between workers and management. Though the process usually involves a lot of confrontation between two parties. When the struggle starts in accepting the demands by the management the actual process come into function. Because involvement of management is essential for the effective process of collective bargaining. If the management does not agree to any demands it will be futile to put forward the demands by the workers.

In a strict sense collective bargaining can be understood as a positive process of give-and-take between workers and management. There is a mutual trust and reliability which makes this entire process significant to both the parties. Both the parties defend their view points but reach to a general consensus which is a win-win situation to both. Though the prima facie collective bargaining seems to arise due to the conflict of agreeing and denial to the demands of the workers by the management. The negotiation takes place between the workers and the management to arrive at an agreement which is acceptable to both the parties. The management has to be supportive to execute the process of bargaining.

Collective Bargaining may assume the following forms:

1. The bargaining can be in the form of a single plant bargaining. This type of bargaining is between management and a single trade union. This type of bargaining prevails in India and United States.
2. When the bargaining takes place between a single factory or establishment which is having several plants and the workers employed in these plants. This kind of bargaining is called multiple bargaining.
3. The bargaining can be between all the trade unions in the same industry comprising of employees and employers. This can be in the form of multiple employer bargaining. This type of bargaining is possible both at local and regional level.

Categories of collective bargaining:

Collective bargaining can be classified under four categories:

1. Settlements under Industrial Disputes Act are the agreements which are negotiated by officers during the conciliation proceedings.
2. Collective bargaining ends up in the form of agreement which is arrived at through mutual consensus. Such agreements are sent to the appropriate government.
3. When the disputes are subjudice, the agreement is arrived through negotiation on a voluntary basis. These are also called as consent awards.
4. Agreements which are purely agreed on a goodwill and co-operation of both the parties. Such agreements are voluntary in character.

Collective Bargaining in India

Collective Bargaining has its roots in Great Britain and evolved by Industrial Revolution. In 18th century when trade unions came into existence, collective bargaining started evolving. The negotiations started at the plant level initially. Later the idea spread to France, Germany, USA and the term collective bargaining became the integral part of industrial relations. It was through collective bargaining that the organizations learnt to cope up with the conflicts. In India trade unions came into existence after 1900. In 1918, the resolution to industrial conflict through collective bargaining gained popularity. A large number of disputes were settled through collective bargaining. The agreements were the part of industries such as chemicals, petroleum, coal, oil etc. Out of these Ahmedabad industry level agreements were quite common.

The Trade Unions Act passed in 1926 provides for registration of Trade Unions of employers and workers and in certain respects, it defines the law relating to registered Trade Unions. The amended Trade Union Act 1926 provides for reducing multiplicity of Trade Unions, growth of Trade Unions and promotion of internal democracy. It can be observed that in spite of efforts to promote participation of workers in unionisation still the condition of the workers has not improved. The management is still considered as a body who believes in exploiting the workers. The condition of the workers since then has not improved to the fullest or it should have been. Reasons can be attributed to the unfair labor practices prevailing in the organizations. They are also not addressed by the government since they are in total control of private owners. Thus, workers do not believe in the management. Such distrust leads to further complications. When the management and the organization will realize that the welfare of the workers is at the priority the need for collective bargaining would not be there. Also, on the part of workers it is essential that they do not put forward unreasonable demand which becomes difficult for the management to address.

In India there are some important forms of collective bargaining which are concluded at various level:

1. Sectoral Collective Bargaining at National Level: Sectoral collective bargaining is dominant in industries which are purely under government control. These include banks and coal industry, steel and ports and docks.
2. Industry cum Region wide Agreement: Such agreements are found in cotton, jute, textile which are dominated by private player.

In the recent past, collective bargaining has been facing challenges like reduced trade union membership, high competitiveness etc. Since the trade unions are mostly dormant it becomes difficult for the workers to press their demands in the organization. For effective bargaining it is necessary to strengthen the trade unions and this comes from their recognition by the management. In India mostly the organizations do not recognize the trade unions or if they recognize they don't allow their full participation in the important matters of the company. This kills the very spirit of unionism and leave it just like a formality in the organization. Thus, as long as trade unions are not strengthened we cannot expect a true sense of collective bargaining process. If the management considers the bargaining process seriously, it can easily get more committed and loyal employees in the organization. It will be able to handle industrial peace and harmony in the organization. The workers will also be satisfied and will think that the management takes care of them. Workers will consider themselves as significant asset of the organization. They will feel a sense of belongingness towards the organization. Moreover, management and workers will have cordial relations with each other. Collective Bargaining will enable the management to solve the conflicts voluntarily and without the intervention of any third party. However, if the bargaining process does not succeed then there is need for third party to intervene. Intervention by the third party is called as arbitration. This arbitration is voluntary in nature. Since the demands not met by the management leads to frustration among the workers, it is essential that the management takes timely steps to solve the issues. The pending issues create an atmosphere of distrust. The

distrust in the employers leads to further aggravation of the problem and it becomes a never ending spiral. Such spiral should always be broken by the management. The management should try to seek the trust of the workers. Workers will be productive and committed. Not only this, a proper collective bargaining process lead to goodwill of the organization in the market. Workers seek to find employment in organizations which are employee friendly. Automatically the organization will grow. Not only this productive employee is a happy employee also but also happy employee will always work for the growth of the organization. This is an irony that why organizations do not consider collective bargaining a strong process of coming together and work collectively for the betterment of the company and society as a whole. When the workers will grow, the organization will also grow. The management should ensure about the growth prospects of the employees also. It must take care of other facilities to be provided which raise their wellbeing.

For effective collective bargaining following steps must be taken into account:

1. Employers and employees should change their attitude towards collective bargaining.
2. There must be a change in the attitude of employers and employees. They must understand that this is for their mutual benefit and both parties can gain through it. It is an approach where two parties are determined to resolve the problems and arrive at a solution with mutual consensus. Also, it is important that this approach should not seek an intervention by the third party rather it should be resolved mutually. Collective bargaining is best conducted at the plant level. The employers are represented by the management and the workers are represented by trade unions. Both the parties should be determined to solve through negotiation. The bargaining agents from both the sides should be well prepared in advance and have full knowledge of the matter on which demands are put forward. Here it should be emphasized that the trade unions should not put unreasonable demands in-front of the management. Any party refusing to proceed under collective bargaining should be recorded under unfair labour practices. Rigid attitude on part of any party is always discouraged as this will not serve the purpose.
3. Complete information about the agenda which includes facts and figures is essential for successful negotiation. The trade unions can take help from experts before coming on the negotiation table. This will enable them to present their case strongly in-front of management.
4. Unfair labour practices should be avoided and abandoned by both the parties. Doing this will ensure that the parties indulge in healthy negotiation and the true spirit of bargaining is possible.
5. When negotiation is over and both the parties comes to terms with each other , the solution shall be written down which is actually an agreement signed by both the parties. In case the parties are unable to reach an agreement they should agree for conciliation, mediation or arbitration. Still if the settlement is not arrived then the workers are free to go on a strike and employers have liberty for lock out.

6. Once an agreement is reached, it must be fulfilled by the management. Also a fair implementation of the agreement will result in more trust and reliability among the workers. Agreement if implemented properly will also lead to trust in the bargaining process and it will instill faith in the workers. They will be more committed to their organizations. The productivity will certainly increase and the management can take advantage of this win- win situation.
7. If there are any disputes which are arising out of an agreement, they should be referred to the third party. The idea here is that the decision given by the third party shall be binding on both the parties.

If the above steps are taken carefully, the successful bargaining takes place. Agreement thus arrived at will have the consensus from both the parties. Management now becomes committed towards fulfilling the agreement. It is significant to note that the management should abide with the written terms and conditions and resolve it within the stipulated timeframe. A good agreement is the one which is framed with agreement on the demands which are to be fulfilled by the management. Management becomes liable to fulfill the demands. Workers are also satisfied when their demands are met. Workers show more zeal towards their work. They support the management every time. The relations between management and workers also improve. This results into good industrial relations. Workers assume themselves to be the integral part of the organization. Workers are the assets of the organization. If the companies realize this, day is not far when people will start loving their work instead of avoiding it. Organizations should try to make their workplaces where employees willingly wish to come and work. This can be achieved only when healthy relations prevail between the workers and the management.

17.4 CLASSIFICATION OF COLLECTIVE BARGAINING

Distributive Bargaining

A bargaining process is described as distributive bargaining when the parties to the bargaining process have conflicting needs, interests and goals. In such a situation, the employers and employees normally adopt opposing positions. Normally, this type of bargaining is adversarial in character and a hostile environment prevails in the discussion. In this kind of bargaining, one party's gain is another party's loss as their needs are mutually exclusive. Economic issues like wages revisions, benefits, bonuses, leaves and workloads become the major agenda of distributive bargaining. Similarly, controversial issues like employee dismissal, discharge and other disciplinary actions can also be the subject-matter of distributive bargaining. This kind of bargaining is normally a distressing experience for both the parties since they have to bring in enormous pressure on the other party. For instance, the employee's union may hold the threat of a strike during the bargaining, while the employers may counter it with the threat of a lock-out and even disputing the union status as the real

representative of the employees. Depending upon the power equation, one party finally gains at the expense of another in distributive bargaining.

Integrative Bargaining

When there is a convergence of interests, needs and goals among the parties to the bargaining the bargaining process is usually described as integrative bargaining. In this type of bargaining, the employers and the employees have the same attitude towards the issues discussed in the bargaining and are equally concerned about its outcome. For instance, agreements regarding employee health and safety at the end of the bargaining process benefit both the parties. It is indeed a win-win situation for both the parties. Issues like promotions, productivity-linked incentives, job security, and training and development can be the agenda of this kind of bargaining. The entire discussion in the bargaining is oriented towards of this kind of bargaining, this method facilitates closer coordination and a better understanding between the employer and the employees.

Collective bargaining can also be classified into centralized and decentralized bargaining, based on the level at which the bargaining is conducted. These are being explained below.

Centralized Bargaining

When collective bargaining is conducted at higher levels like the national level or industry levels in a centralized manner, it is called centralized bargaining. This may be sectoral or central wage bargaining. Non-market institutions like the government and its agencies play a major role in determining the out-come of the centralized collective bargaining. The economic position and macro-level performance of the nation become important influencing factors in the centralized bargaining process. The chief merit of centralized bargaining is that the centralized wage agreements ensure equal pay increase for equal jobs, irrespective of all other factors. In fact, the individual strengths and weakness of each organization are never considered in centralized bargaining while fixing the wages. The other merits of centralized bargaining are: (i) wages are decided purely on the basis of the collective power of employers and unions; (ii) bargaining is usually done in a more systematic and professional manner; (iii) it ensures equal wages for equal jobs across the industry or region. However, on the negative side, the rigid wages structure may affect the ability of an individual organization to attract the best talents from the labour market. Further, centralized bargaining may fix minimum wages for the employees to the advantage of employers.

Decentralized Bargaining

In the case of decentralized collective bargaining, the bargaining is conducted at the enterprise level or even at the individual level. In fact, centralized collective bargaining is fast being replaced by decentralized bargaining. In many countries, there is a gradual shift from centralized to decentralized from of the bargaining. In decentralized bargaining, an organization can develop a tailor-made wage packet which best suits the interests of both the employer and the employees. Besides, decentralized bargaining provides an opportunity to the employees to participate in the decision-making process. It is also a simple, effective and

faster process for deciding the wages and other benefits for the employees. Moreover, it facilitates need-based revision of wage agreements and labour contracts.

However, the main drawback of this method is that this may act against the interest of the employees as their individual bargaining power is limited. It may also result in frequent industrial disputes and disturbances as the employers are the direct decision markers in organizational-level bargaining. The wage bargaining may not be conducted by professional and, as such, the techniques of effective bargaining may not be known to them.



Check Your Progress-A

Q1. Define collective bargaining?

Q2. Discuss the various classifications of collective bargaining.

Q3. Choose the correct alternative

- (i) Kind of bargaining, in which both parties make every possible effort to negotiate and communicate for an agreement, called;
 - a. good faith bargaining
 - b. distributive bargaining
 - c. descriptive bargaining
 - d. collective bargaining

- (ii) Collective bargaining items that are introduced by any other party must be bargained' considered as;
 - a. illegal bargaining items
 - b. mandatory bargaining items
 - c. voluntary bargaining items
 - d. involuntary bargaining items

- (iii) Traditionally, the concept of labour relations referred to the study of management and union relations, together with _____ affecting the relations between the two parties?
- Collective bargaining
 - Strikes
 - Labour laws
 - All of the above
- (iv) Collective bargaining is defined under the;
- National Labor Relations Act.
 - Occupational Safety and Health Act.
 - Civil Rights Act.
 - Fair Labor Standards Act.
- (v) Employer's refusal to bargain with the employees' representative is declared as a(n);
- economic strike.
 - executive proceeding.
 - unfair labor practice.
 - arbitration proceeding.

17.5 COLLECTIVE BARGAINING PROCESS

The Collective Bargaining Process

Cordial employer-employee relations is the primary purpose of collective bargaining. Collective bargaining is a kind of workers participation in the decision making process of an organization. Trade Unions occupy significant role in implementing the bargaining process. Moreover, the unions considerably influence the decisions while retaining well being and interests of the workers at all cost. The process of bargaining is almost similar in most of the organizations and undergoes the following steps:

I. Deciding the Negotiation Team

The first step in the bargaining process is to fix the members who will negotiate in the process of collective bargaining. The employers and employees both have to firstly choose the best members as a team of negotiators. Such members should be loyal and good in communication skills. They must be knowledgeable and should be able to influence each

other during the bargaining process. Both the parties are free to choose chief negotiator who will start the negotiation but it completely depends upon the procedure to be followed and other requirements and composition of such teams as laid down in the company's rules and regulations. The team members selected for executing the process of negotiation should have complete information about the demands which are to be raised and the solutions which are possible to reach a consensus.

II. Planning for Negotiations

The next step in the bargaining process is doing one's homework properly. This is applicable both to the employers and the trade unions. No party can afford to stumble at the negotiation table. The negotiators of each side must be fully equipped to present their case effectively and defend their positions strongly in the bargaining. They must have prior meetings among themselves to evolve a strategy for a successful initiation and completion of the negotiation process.

The management must have a solid database to support its bargaining positions. It must gather sufficient data about the existing compensation packages and other benefits. To strengthen its arguments, it should also have information about the industry pay averages and the pay scales of the rival companies in the same industry. It must also compute the probable labour cost for different compensation packages. Besides, it must use its experience gained from the earlier bargainings to decide its strategy for the future.

As for the trade union, it must gather comprehensive information about the need and desires of the employees. It must clearly know what the employees expect from the next collective bargaining. It must also prioritize the demands for presentation and bargaining. Finally, it must predict the likely attitude of the other side to the collective bargaining on the basis of its past experience. Accordingly, it must devise its strategy for the bargaining.

As far as possible, each side must keep alternative proposals to offer in the event of the original proposal falling through in the negotiation. Finally, each side must be aware of the culture, climate, history, general economic conditions and laws concerning wages and other benefits and salary structure of similar organizations.

III. Presentation of Demands

Once the framework and the ground rule for the bargaining process is agreed upon by both the parties, each party would make a detailed presentation about its demands and the issues concerning them. The issues may relate to wages and salary, incentive, paid holidays, bonus payments, profit-sharing plan, sick leave, pension plan, promotions, grievance procedure, lay-offs, transfer, work assignment, work schedule, workloads, rest period and employee health and safety. Prior to making this presentation, both sides may exchange their views and opinions about the execution of earlier agreements. They may also discuss the additions, deletions and modifications required in the earlier agreements or contracts. After both parties complete their presentation, the stage is set for bargaining.

IV. Bargaining over the Demands

This is the most significant step in the bargaining process. Both the parties try to adopt the strategies to settle issues in its favour. Obviously the attitude towards bargaining also largely determines the course of action taken by both the parties to reach to a conclusion. In integrative bargaining both the parties do not pressurise each other. This may be because they know that the final agreement would be beneficial to both of them. But in case of distributive bargaining the parties adopt strategies which benefit them in the final settlement which also mean that winning of one party is the loss of the other party. However, when the negotiation doesn't reach any settlement the parties may go for third party intervention.

V. Closure

When the process of bargaining ends, an agreement stating the settlement of the issues and the demands promised to be fulfilled by the management is signed by both the parties. Actually this is the last step in the process. The union representative is supposed to disseminate the agreed issues among the workers and get the agreement signed by the office bearers. Similarly the employers would also sign the same so that the agreement may be operationalised and implemented. Once the agreement is signed by all the parties, the agreement becomes operationalised.

VI Administration of the Agreement

Merely signing the agreement does not solve the purpose of bargaining. For that it must be implemented also. The technical difficulty in executing the contract is that the decisions or the agreement reached and signed by both the parties is not binding on both the parties. Hence even after entering into such contract the management may create undue pressure on the workers to remain quiet and satisfied with whatever has been given by the employers and on the other hand workers may still continue to threaten the employers for strikers and stoppage of work. Hence, in practicality proper implementation of the contract and success of the bargaining is to a large extent a mutual process where both the parties trust each other and works for mutual welfare. Moreover, union leaders play a crucial role in convincing the workers to accept the final contract and cooperate in the implementation of the same. Similarly the employers have the responsibility to ensure that proper work climate is created in which employees feel secured and motivated to work.

17.6 ESSENTIALS OF COLLECTIVE BARGAINING

Collective bargaining is an effective way to ensure cordial relations between management and workers through an agreement. Both the parties are benefitted through this process. On one hand employees are able to fulfil their demands on the other hand employers are able to infuse loyalty among the workers by fulfilling their demands. Moreover management may expect complete support from the workers and can depend upon them in times of need. Not

only this, collective bargaining improves the industrial relations. Therefore, it is important to know the factors which can enhance the effectiveness of collective bargaining.

1. Presence of Strong Unions

The successful collective bargaining may take place in the presence of strong trade unions and effective leadership. A good control over the workers would enable the union leader to bargain with the management and settle the demands in a manner that the workers are also convinced along with the management. If the union leadership is not strong it would merely be a formal process as the workers won't be able to press upon their demands effectively and the management may take advantage of this situation.

2. Recognition of Trade Unions

Another important factor for making the process of bargaining effective is the recognition of Trade Unions by the management. If the unions are not recognised by the organization it would not solve the purpose and workers won't be able to put forward the demands with impact. Therefore, the organizations must recognize the unions within their organization and then invite the process of bargaining so that the purpose is not defeated and workers get full opportunity to express their demands.

3. Support from Top-Management

The process of bargaining actually takes place in the organizations where the management is willing to execute the same. At some places this exercise is merely a formality where the decision of management supersedes and the worker's demands are not fully met. In such situations the relations between both the parties are also likely to be affected. Thus, support of top management to invite the process of bargaining in good faith is very essential for the effective bargaining.

4. Win-Win Approach

The parties to bargaining should adopt the win-win approach so that both the parties have something to win. To adopt this approach the attitude of management should be open and flexible so that the chances of positive outcome are greater. Both the parties should adopt an accommodative approach and should be ready to lose for the win of other party. This way both the parties would be benefitted and would be able to reach an agreement. The attempt should be to make the approach integrative so that both the parties have something to win at the end of the process.

5. Adopting Fair Labour Practices

To make bargaining process effective, it is essential that the fair labour practices are adopted. The management must refrain from unfair labour practices such as the victimization of union activists through unfair disciplinary actions and even unfair dismissals of union members. The other unfair labour practices which management must avoid are; (i) obstructing and undermining the employee's collective bargaining rights; (ii) preventing the formation or administration of unions through unfair means; (iii) discriminating against the unionized employees and discouraging them from joining unions.

Similarly, the unions should also avoid unfair labour practices like (i) making unreasonable demands on the employers through coercive techniques like strike, picketing and gherao; (ii) preventing the employees from exercising their rights on matter relating to collective bargaining; (iii) discriminating against the non-union members and penalizing those who do not participate in the union-sponsored strikes; (iv) refusing to bargain collectively with an employer; and (v) forcing the employees to participate in strikes and picketing against their will.



Check Your Progress- B

Q1. Discuss the process of Collective Bargaining in detail.

Q2. Write a short note on administration of agreement in the process of bargaining.

Q3. What are the factors that determine the effectiveness of collective bargaining?

Q4. Multiple Choice Questions-

- (i) The National Labor Relations Board issues a “bargaining order” directing the party to:
- conduct an election in the bargaining unit.
 - establish a bargaining unit.
 - begin to negotiate in good faith.
 - conduct an election.

- (ii) Those matters that are neither mandatory nor illegal; the parties may, but are not required to, bargain over such subjects is known as a bargaining subject of a:
- permissive nature.
 - mandatory nature.
 - persuasive nature.
 - miscellaneous nature.
- (iii) The parties engaged in a collective bargaining process involve a(n):
- An employee and the employer.
 - employee representative and the employer.
 - employer and the labor inspector.
 - labor inspector and an employee.
- (iv) Employer's refusal to bargain with the employees' representative is declared as a(n):
- economic strike.
 - executive proceeding.
 - unfair labor practice.
 - arbitration proceeding.
- (v) Are employers obliged to provide information to trade union representatives for collective bargaining purposes?
- No, because it would be unfair on the employer in the negotiations.
 - No, because there might be a lot of sensitive information included which the employer might not wish to be known.
 - Yes, if it is information that the employee representatives need to carry on collective bargaining.
 - Yes, but only if the union representatives agree to keep it secret.

17.7 SUMMARY

Collective bargaining is a process in which representatives of two groups meet and attempt to negotiate an agreement that specifies the nature of future relationship between the two. The process of collective bargaining involves renegotiation phase, negotiator and negotiation, strategy of bargaining, tactics of bargaining and contract.



17.8 GLOSSARY

Bargaining- It refers to the negotiation of demands being put forward by the workers and fulfilled by the employer.

Win-Win approach- An approach in which both the parties are willing to win something and ready to lose something so as to reach an agreement.

Distributive Bargaining -A bargaining process is described as distributive bargaining when the parties to the bargaining process have conflicting needs, interests and goals.

Integrative Bargaining -When there is a convergence of interests, needs and goals among the parties to the bargaining the bargaining process is usually described as integrative bargaining.

Centralized Bargaining -When collective bargaining is conducted at higher levels like the national level or industry levels in a centralized manner, it is called centralized bargaining.

Decentralized Bargaining -In the case of decentralized collective bargaining, the bargaining is conducted at the enterprise level or even at the individual level.



17.9 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q3

1.d

2.c

3. a

4. a

5. c

Check Your Progress –B

Q4.

1.c

2. a

3. b

4. c

5.c



17.10 REFERENCES

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- www.businessmanagementideas.com/human-resource-management-2/collective-bargaining-human-resource-management-2/collective-bargaining-in-human-resource-management/18534



17.11 SUGGESTED READINGS

1. Managing Human Resource by Gary Dessler
2. Human Resource Management by K.Aswathapps
3. Human Resource Management by Seema Sanghi



17.12 TERMINAL QUESTIONS

- Q1. Discuss the process of collective bargaining in detail. What are the essentials of effective bargaining process?
- Q2. “Preparation is a very important step in the bargaining process”. Discuss.
- Q3. Collective bargaining is a process leading to healthy industrial relations. Do you agree? Why?

UNIT 18 MANAGEMENT OF GRIEVANCES AND INDUSTRIAL DISPUTES

18.1 Introduction

18.2 Objectives

18.3 Meaning of Grievances

18.4 Causes of Grievance

18.5 Grievance Redressal Mechanism

18.6 Industrial Disputes

18.7 Causes of Industrial Disputes

18.8 Settlement of Industrial Disputes

18.9 Summary

18.10 Glossary

18.11 Answer to Check Your Progress

18.12 Reference/ Bibliography

18.13 Suggested Readings

18.14 Terminal & Model Questions

18.1 INTRODUCTION

This unit would give insights into the grievance procedure adopted by the organizations, idea about industrial disputes and causes of industrial disputes.

18.2 OBJECTIVES

After studying this unit, you will be able to:

- Understand Grievances
- Know the reasons of grievances.
- Understand the meaning of industrial disputes.
- Examine the process to prevent and settle industrial disputes

18.3 MEANING OF GRIEVANCE

The term grievance refers to any dissatisfaction or discontentment arising out of something which is related to the workplace. It can also be understood as a complaint on the grounds of wages, leaves, working conditions, bonus etc. Whenever an employee has any discontentment or dissatisfaction he finds ways to resolve it. Thus, he may put forward his complaint either orally or in written to the authorities concerned. He expects from the employer that the problem faced by him and the complaint lodged by him shall be addressed and he would find a solution to the same. Whether the complaint will be oral or written depends upon the nature of grievance. However, in most of the cases a grievance is a written complaint lodged by an unsatisfied employee about unfair treatment.

Definitions

“A grievance is any discontent or dissatisfaction whether expressed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable.”

Michael Jucius

Tata Consultancy Services has created a dedicated platform for employee dispute and grievance resolution. The application enables organizations to efficiently handle unpredictable and complex grievance cases with transparency and control. Contextual content and smart analytics ensure faster grievance resolution.

Significant features of a Good Grievance Procedure:

- a. **Fairness:** The procedure should be fair and transparent. The principle of natural justice should be always involved. If employees feel that the procedure is only a formality they will lose trust in the system.
- b. **Representatives:** There should be the facility for representatives for the workers. Sometimes the workers feel themselves weak in putting up the case. In such situations there should be facility for union leaders to intervene and assist the aggrieved employees to put forward his case.
- c. **Duration:** The procedure should be simple consisting of few steps in which the decision is giving to the party. The long procedures make the system tiring and the workers feel that it is better not to complain. This will further give rise to low morale and employees will feel like quitting the organisation. There will be not be harmony in the organisation. Also if the grievances are not resolved in time it will lead to industrial dispute or grave issues which will become later to be solved by the management and hence it is advisable that the issues are addressed timely.

Pre-Requisites of a Grievance handling Procedure:

1. **Legislation:** The grievance procedure should confirm with the statutory guidelines so that there are no gaps.

2. **Clarity:** The procedure should be very clear. The rules and regulations should be very clear. The workers should be clear about the authorities to be approached to resolve the issue. The time in which the grievance shall be resolved should be fixed. There should not be any delay.
3. **Short:** The grievance procedure should be short and simple. Unnecessary long procedures will discourage the employees.
4. **Speedy Resolution:** The grievance should be solved in a fixed time. Prompt decision and actions helps in gaining the trust of the employees. They will be more loyal and committed. The productivity will also raise if there is a timely resolution of conflicts or grievances in the organisation.
5. **Skills:** The union representatives and the management representatives should have the required skills to redress the issue. In case they require any type of training, it should be imparted so that the members of the grievance redressal committee are able to solve the issues timely.
6. **Feedback:** It is the responsibility of the organisation to take feedback and follow up of the matters which are resolved by the committee. Any gap in the procedure or execution should be handled and ways to improve the process should always be the priority of the management.

A grievance procedure has typically the following elements:

1. The proper channel for addressing the grievance is essential. The aggrieved shall know the steps in which s/he should address the complaint to the authorities.
2. The procedure should be simple. It should make prompt decision. If the procedure is vague it will lead to dissatisfaction and aggravation of the problem. It can result into unrest.
3. The steps should involve a definite period of resolving the issue. Each step should be time bound.

Since grievance procedure is designed in such a way that gives speedy resolution to the problem, following ways can help in minimizing the errors which creep in the process. They are described below:

- a. Having supportive and helpful attitude towards management.
- b. Infusing belief and trust in the employees towards the system and procedure.
- c. Getting full support from trade unions and workers and winning their trust.
- d. Adopting a simple and transparent procedure to settle the grievance.
- e. A proper delegation of authority to all the concerned parties is essential. And this should be done with complete agreement and consensus.
- f. A procedure should be such that it gives clear guidelines to the members so that they are not confused.

- g. The procedure should be such that it respects decisions at all the levels.
- h. There should be timely review of the procedure.
- i. There should be timely evaluation of the procedure.

In a nutshell the idea is to process the grievance systematically with complete transparency.

According to Jackson (2000), the objectives of a grievance handling procedure consist of following:

1. Enables the employee to vent out his/her grievance and put it forward to his/her immediate boss. The idea is that the procedure enables him/her to share his/her problem.
2. It clarifies the nature of the grievance also.
3. The grievance procedure should handle the investigation of the problem and find out reasons for dissatisfaction.
4. The grievance procedure should be such that a speedy solution is given to the problem.
5. There should be a provision for adequate action.
6. In the event of unsuccessful resolution the grievance procedure should inform the employees about their right to proceed to the next level to attain justice and solution.
7. The employees are able to raise their concerns without any fear.
8. The procedure involves fair and speedy resolution for the aggrieved parties.
9. A good grievance procedure helps in curbing more serious disputes in the organization.
10. It saves time and money and helps in the overall development of an organization.

18.4 CAUSES OF GRIEVANCE

Grievances may occur due to a number of reasons:

1. Wages/Bonus:

The employees may sometimes feel that they are underpaid or not equally treated. In such cases employees may demand rational wages, bonus or overtime pay. They may also demand for the performance related pay as prevailing in the organizations. Thus economic reasons may be a factor of grievance and may lead to dissatisfaction among the workers.

2. Work Environment:

Work environment refers to the physical conditions prevailing at the workplace. This refers to facility of lighting, tools and equipment, space provided for work, heat or other conditions of work. If the work environment is not appropriate it may become a reason of grievance.

3. Supervision:

Generally employees may have a grievance about the type of supervision and perceived notion of bias and favoritism in the organization. Employees generally build their assumptions on the basis of the treatment they get from the supervisors. If the treatment is not fair they land up having a feeling of dissatisfaction towards the supervisor as well as the type of supervision under which he is working.

4. Organizational change:

Any change in the organizational policies can result in grievances. For example, the implementation of revised company policies or new working practices.

5. Employee relations:

Sometime the interpersonal relations among the employees and their peer group are not congenial and this leads to discontentment in the workplace. Peers are always seen as a source of support and when employees are unable to adjust with their colleagues they usually suffer from feelings of neglect and victimization and become an object of ridicule and humiliation, or other inter- employee disputes.

6. Miscellaneous:

These may be issues relating to certain violations in respect of promotions, safety methods, transfer, disciplinary rules, fines, granting leaves, medical facilities, etc.

***Check Your Progress-A*****Q1. Define grievance.**

Q2. Explain the various sources of grievance?

Q3. Choose the correct alternative.

- (i) In organizations, employee dissatisfaction is indicated by;
- a. complaint
 - b. employee ownership

- c. grievance arbitration
 - d. grievance strike
- (ii) Situation in which disputes arose from labour's contract and different interpretations are settled by third party is called
- a. grievance conciliation
 - b. grievance procedures
 - c. grievance arbitration
 - d. grievance ratification
- (iii) Formal written complaint of employees is called
- a. grievance arbitration
 - b. grievance strike
 - c. grievance
 - d. employee ownership
- (iv) The management should redress only those grievances that are
- a. Real
 - b. Imaginary
 - c. Real or imaginary
 - d. None of the above
- (v) Find the odd man out among the following fundamental principles governing any grievance procedure
- a. settlement at the lowest level
 - b. Settlement in favor of management
 - c. Settlement as expeditiously as possible
 - d. Settlement to the satisfaction of the aggrieved.

18.5 GRIEVANCE REDRESSAL MECHANISM

The procedure for grievance redressal varies from organization to organization. Timely resolution of grievances may prevent industrial disputes. Companies also ensure that there is a mechanism to redress the grievance so that employees are satisfied and can be retained for a longer period of time.

Model Grievance Redressal Procedure

The grievance redressal procedure drafted in Indian Labour Conference consists of time bound series of steps . These steps are:

Stage 1

In the first stage, the aggrieved employee makes a written/oral submission to his/her immediate supervisor about his/her grievance. S/He may go alone to file the complaint or Union representatives' may accompany the aggrieved employee to the supervisor. After ascertaining the facts of the complaint, the supervisor takes the necessary action to settle the issue and informs the employee of his decision. The supervisor has to give decision within 48 hours. If the employee is satisfied with the given decision the matter is resolved but if s/he is not satisfied with the decision of the supervisor s/he can proceed to the next stage or authority in the mechanism so established.

Stage 2

If the aggrieved employee is not satisfied s/he goes to departmental head or any other competent person for the settlement of his/her grievance. At this point, the employee is normally accompanied by the union leaders. After analyzing the grievance in detail the concerned head arrives at a decision and communicates it to the aggrieved employee. The head of the department is supposed to give his/her decision within 3 days. If the employee is still not satisfied, s/he may approach the next higher authority in the grievance mechanism established in organization.

Stage 3

At this stage, the employee grievance becomes the union grievance and it is referred to the grievance committee consisting of members representing both the management and the labour union. The committee would discuss the issue in detail and reach a decision for settling the grievance. The committee is bound to give decision within a period of 7 days. It is also possible that the committee may refer the matter to a higher level, if it could not resolve it.

Stage 4

If the aggrieved employee is still not satisfied with the decisions of the grievance committee, the third party intervention is solicited to resolve the case. In such cases third –party or arbitrator is a person who is neutral to both the aggrieved employee and the employer. The arbitrator is called to listen to the case and give solution to both the parties.

Stage 5

Arbitration is the final step of any model grievance procedure. The decisions of the arbitrator are quasi-judicial in nature. The decision given by the arbitrator may or may not accepted by the aggrieved party. However, it is advisable that the issue is resolved within the peripheries of the organization itself.

If the aggrieved employee still feels that justice has not been given to him/her s/he is free to file a case in the court against the employer.

Dealing with the complaints:

Corporates have to realize that if the complaints are not dealt properly it may create adverse circumstances both for the employers and employees. Therefore, it is essential that the complaints lodged by the complainant shall be addressed properly to create congenial environment in the organisation.

Below are mentioned certain steps by which the managers can tackle the problems easily:

1. Setting a Committee:

A proper committee must be set up which consists of representatives of employers and employees. Besides this it is important these days that the aggrieved is not scared of filing a complaint in the organization. Rather the system should be so enabling that the complainant may file a complaint or grievance through e-mails or message. The procedure to handle the grievance should be clearly laid down and communicated to the employees so that they are aware of this channel of addressing their issues.

2. Provision of verifying the facts:

It is also essential that once the complaint has been filed a proper system laid down should probe and cross check the details of the grievance to verify the truth. Moreover verification is one aspect the emphasis should be on quick redressal of grievances.

3. Notification of Grievance Processing

Once the complaint is lodged by the aggrieved employee it is the duty of the HR Manager or the concerned manager in this regard to inform the aggrieved about the status of his/her application. The authority which is involved in handling the grievance should be made known to the aggrieved also. In case the issues is minor and can be settled at the first level only then the managers should try to resolve the issues mutually by calling both the parties. If the grievance is related to issues related to workplace other than people then the manager should try to solve the problem and the aggrieved should be satisfied with the given solution. In case the case requires involvement of higher level officials then the same must also be informed to the complainant.

18.6 INDUSTRIAL DISPUTES

Any dispute or differences between employers and employees is called as industrial dispute. The differences or disputes may be due to several reasons. However, prevention of disputes is essential for maintaining industrial peace. Industrial disputes typically manifest in the form of strikes, lockouts, picketing, go-slows and gheraos. Hence, they require the development of

appropriate strategies for prompt identification of employee grievances and their resolution. In fact, a timely resolution of grievance can prevent them from becoming industrial disputes.

The term industrial disputes is wider in its meaning as it is concerned with the demand or problems of many and not just one. Thus it is usually said that if a grievance is not addressed on time it may lead to broader issues in the organisation and the workers are bound to revolt against the management. Over the years both the workers and management has realised that the strikes from the side of workers and lock-outs from the side of employer is not beneficial to both the parties. But one thing is also clear that there always remain a block between the workers and management in agreeing or fulfilling the demands. Obviously, the employers concentrate on more and more profits and workers demand better compensation and since both the objectives are competing each other it becomes difficult to strike a right balance.

The menace of Suzuki Plant in Manesar, Gurgaon in the recent past is the example of poor industrial relations between workers and management and that it burst out in the form of violence, distress and even death of personnel working in the organisation. Thus, industrial disputes will always remain an area which should be handled with carefully and sensitively.

According to Industrial Disputes Act, 1947 industrial dispute is defined as “any dispute or difference between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person.”

Characteristics of Industrial Disputes

Based on the definition of the term industrial dispute given in the Industrial Disputes Act, its characteristics have been identified as follows:

- An industrial dispute is a collective dispute between employer and employees. Any dispute between two individuals like employer and employee shall not be deemed as dispute. Hence the issue of dispute shall be raised by collective employees.
- The parties to industrial dispute shall be related to each other either as employer or employee or workmen and workmen.
- The terms of employment like wages and salary, incentives and benefits, workloads, may be the cause of disagreements between employers and employees .

Objectives of the Industrial Disputes Act, 1947

The primary purpose of the Industrial Disputes Act, 1947 is to protect organizations from all form all forms of disputes irrespective of their sources, magnitude and implications. The objectives of the Industrial Disputes Act, 1947 are:

- To preserve the peace and harmony of an industrial enterprise.
- To ensure better utilization of the available human resources by avoiding dispute-related manpower loss in the organization.

- To provide a mechanism for the resolution of industrial disputes and assure industrial justice, which is an essential element of enduring industrial peace.
- To avoid illegal strikes and lock-outs and the consequent disruption to work and also production and income losses.
- To offer financial relief to the employees in the event of a lay-off or retrenchment.
- To encourage collective bargaining as a dispute resolution forum.

18.7 CAUSES OF INDUSTRIAL DISPUTES

Causes of Industrial Disputes

There are various reasons due to which industrial disputes arises. Broadly the causes may be divided into two categories-Economic Causes and Non-Economic causes. The economic causes are poor salary and financial benefits given by the organisation and non-economic causes are poor work environment, poor interpersonal relations etc. The main causes of industrial disputes are listed below:

Wage Demands

This is the main cause of industrial disputes in almost every organization. The demand for higher wages has never been fully met. The workers are seen to raise concerns for higher wages. Because of the miser attitude of the management the workers remain deprived of reasonable wages irrespective of certain wages act prevailing in the country. Few work on an adhoc basis, few are on the rolls and majority are outsourced. Thus, the conditions of workers in terms of good wages has never improved and there is a continuous demand for the same.

Inter-Union Conflict

Since the large organizations consist of multiple trade unions therefore there exists a rivalry between these unions. The union leaders compete with each other to have maximum workers in tier union and to raise funds for its functioning. Thus, due to this rivalry the main purpose for which unions are created is defeated. Due to this rivalry the employers usually take advantage of the situation.

Political Interference

Trade unions and their political affiliation are not peculiar to our country alone. Politicisation of labour is being viewed as rule rather than exception. Hence the variation in the ideologies of union creates further problems in organizations. The multiplicity of unions divides the workers on the basis of political party's ideology and the purpose of unity and putting collective demands in front of employers is defeated. The trade unions are not able to meet its very purpose of existence i.e. worker's welfare.

Unfair Labour Practices

The unfair labour practices in organizations lead to industrial disputes. Usually this situation arises when the management does not listen to the workers or tries to divide the members so

that workers can be exploited. In such situations the workers comes together to oppose the very intention of the management. Hence industrial disputes take place.

Pay and Benefits Hike

Often the cause of disputes is attributed to increase in pay benefits and denial of the same by the management leads to conflict. On the one hand, the rising cost of living, improved social statues and lifestyle changes often force employees to seek increase in their monetary compensation at periodic intervals. On the other hand, survival, prestige and growth needs drive the employers to retain the major share of the profit. When both employers and employees adopt an intransigent stand on financial issues, it ultimately paves way for an industrial dispute.

Working Conditions

The employee's insistence of good and safer working conditions may also form a ground for an industrial dispute. Specifically, the employee's demand for a proper physical environment adherence to statutory safety measures and measures and workload-related issues can causes industrial disputes in an organization.

Labour Welfare and Social Security

The employee's insistence on improvements in welfare facilities such as transport, housing, education, recreation, and canteen, insurance, e-commuting and flexi time can also cause industrial disputes. Similarly, the need for better social security's like retirement benefits, medical facilities and compensation facilities may also act as ground for industrial disputes.

Recognition and Appreciation

Besides the primary needs like wages, incentives, benefits, health and safety, the employees may also demand the fulfilment of social needs like recognition, self-expression, appreciation and scope for personal achievements. When these demands are denied or delayed by the employers, it may provide a ground for industrial dispute.

18.8 SETTLEMENT OF INDUSTRIAL DISPUTE

Industrial disputes are settled through preventive and settlement machinery. Preventive machinery aims at preventing any dispute by deploying various methods like collective bargaining, workers participation in management, grievance committee, tripartite bodies, code of discipline and standing orders. While the settlement machinery involves the interference of labour courts, industrial tribunal and national tribunals whose decisions are binding on the both the parties i.e. workers and management.

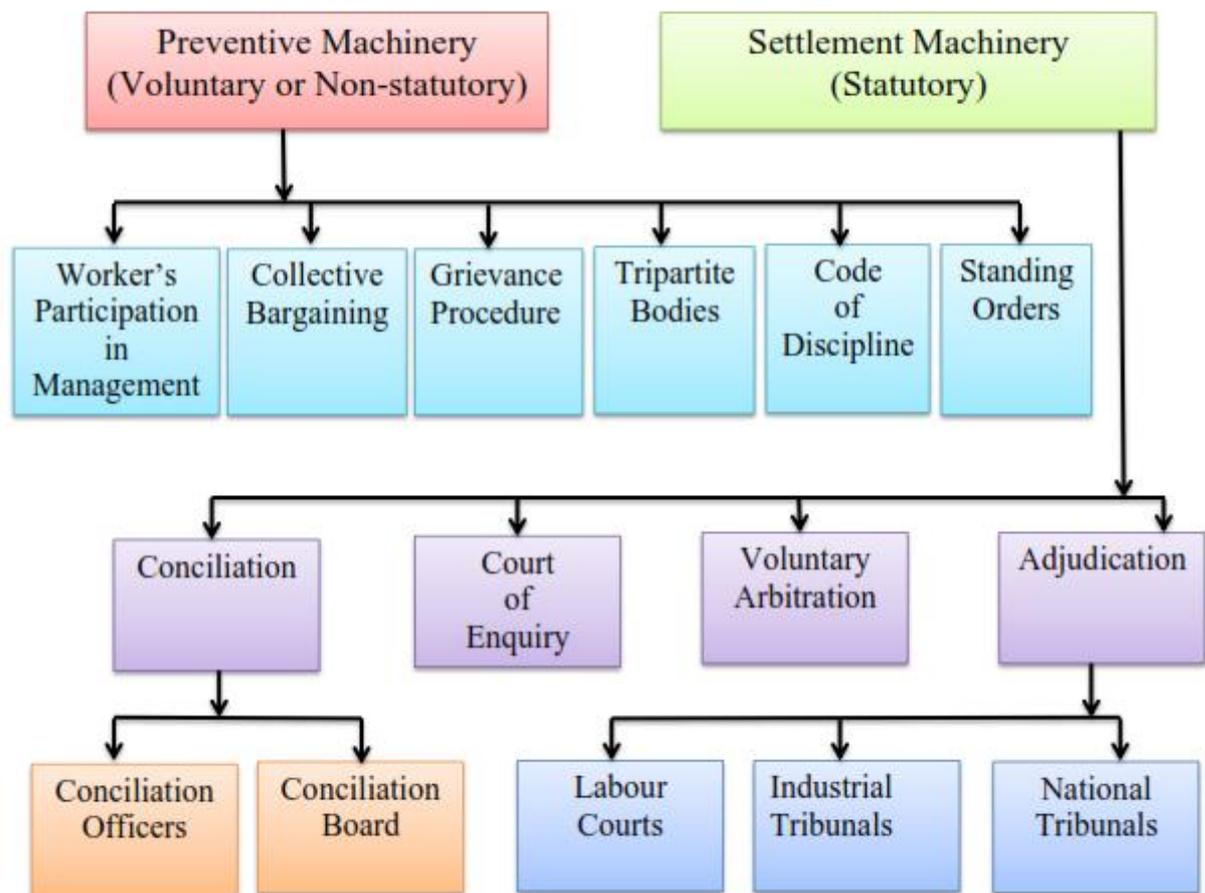


Figure 18.1 Machinery for handling Industrial Disputes (adapted from: <http://www.simplynotes.in>)

A. Prevention of Industrial Disputes

The preventive machinery has been set up with a view to creating harmonious relations between labour and management so that disputes do not arise. It comprises of the following measures:

1. **Worker's participation in management:** One of the methods to prevent disputes is through workers participation in management (WPM). WPM refers to the process in which the workers are allowed to participate in the decision making process of the organization. This is done to ensure employee commitment and to make them feel that they are the significant part of the organization and that whatever policies are made for the workers are duly approved together by both the management and workers representatives.
2. **Collective bargaining:** This refers to the process of negotiation between employees and employers to settle the demands raised by the workers and duly

agreed to be fulfilled by the employer. The process of collective bargaining aims at bringing consensus between the management and workers. The aim is that both the parties have win-win situation and that the workers' demands are also fulfilled thus the smooth functioning of any organisation is guaranteed.

3. **Grievance Redressal:** The grievance redressal mechanism helps in timely settlement of grievance felt by the worker. The purpose of grievance machinery is to solve the problem quickly so that it does not stretch and takes broader shape and becomes a problem of many. Thus to prevent any kind of industrial disputes is essential that the grievances are resolved in a quick and timely manner.

4. **Tripartite Bodies:** The tripartite bodies are formed which consist of the representation from both the employers and workers. Indian Labour Conference (ILC) and Standing Labour Committee (SLC) have been constituted to suggest ways and means to prevent disputes. ILC performs the following functions:
 - a. To promote uniformity in labor legislation
 - b. To lay down a procedure for the settlement of industrial disputes
 - c. To discuss matters of All-India importance as between employers and employee

5. **Code of Discipline:**

Discipline is essential for effective management of enterprises. Thus, to promote harmonious relations between workers and management and to promote industrial peace code of discipline is essential. The purpose of code of discipline is to maintain law and order in the company premises. It also takes care that there is no stoppage of work in the industry. It ensures that the trade unions are duly given their rights and are strengthened.

6. **Standing Orders: Standing Order is also called as Industrial Employment Act, 1946.** According to Section 2(g) "Standing orders" means rules relating to matters set out in the Schedule. It also refers to the rules of conduct for workmen employed in industrial establishments. The object of the Act is to formally define conditions of employment under the employer and is prepared by the employer.

Machinery for settlement of Industrial Disputes

According to Industrial Dispute Act 1947, the following machinery is considered to resolve the disputes.

Works Committee: In any establishment employing 100 or more workmen requires the constitution of works committee. The works committee consists of equal number of representatives both from the management and workers. The purpose of this committee is to resolve day to day conflicts arising in organisations. Also the purpose is to promote industrial peace and harmony within the organization.

Conciliation Officers: Conciliation refers to settlement of issues with the help of third party. As per International Labour Organization (ILO) conciliation is defined as “the practice by which the services of neutral third party are used in a dispute as a means of helping the disputing parties to reduce the extent of their differences and to arrive at an amicable settlement or solution”. Conciliation officers are appointed to settle the disputes.

Court of Enquiry: The proceedings of the court of enquiry are quasi - judicial in nature as per section 193 and 128 as per Indian Penal Code. The court of enquiry is supposed to submit its report in six months. This enquiry is facilitated by the government to reach an early solution.

Voluntary Arbitration: The industrial disputes can be resolved through voluntary arbitration. Voluntary arbitration can be defined as a process by which a third party which is neutral to both the management and workers is called to mitigate the dispute. However the decision or solution given by the arbitrator is not binding on both the parties and they are free to move to court which is referred as adjudication. In voluntary arbitration both the parties agrees to call the third party to interfere in their dispute so as to reach any consensus or solution. That is why the term is voluntary. Because both the parties are willing to find a solution this method is adopted. Moreover, voluntary arbitration saves the time and money of both the parties as they won't be going to court to settle the problem. Thus, it is an easy and cost effective method to find a solution without any delay. If this method works out nothing like that but if not then the only tool left in the hands of management and workers is to abide with adjudication.

Adjudication: The term adjudication refers to file a suit against the opponent to seek justice. Thus, the workers are free to move to labour courts as mentioned in the Act. Usually there are three important bodies which takes the cases of the employers and workers and they are labour courts, industrial tribunals and national tribunals. The subject matter of the case as laid down in the Act decides that which court is supposed to make the hearings and award decisions. The difference between arbitration and adjudication is that in adjudication the award or decision given by the court has to be obeyed by both the parties while in case of voluntary arbitration this is not the case.



Check Your Progress- B

Q1. Discuss the ways by which industrial disputes may be prevented.

Q2. Discuss in detail the machinery for settlement of industrial disputes.

Q3. Distinguish between arbitration and adjudication.

Q4. Multiple Choice Questions-

(i) Which one of the following is not a machinery for settlement of Industrial Disputes under the Industrial Disputes Act, 1947?

- a. Conciliation Officer
- b. Board of Conciliation
- c. Collective Bargaining
- d. Labour Court

(ii) Which of the following is machinery for settlement of industrial disputes?

- a. Indian Labour Conference
- b. Joint Management Council
- c. Industrial Tribunal
- d. Standing Labour Committees

(iii) Grievance Handling Machinery is given in

- a. Industrial Disputes Act
- b. Factories Act
- c. Both (A) and (B)
- d. None of the above

(iv) List of unfair labour practices on the part of the trade unions and employers was included in

- a. Factories Act
- b. Industrial Dispute Act
- c. Trade union Act
- d. None of the above

(v) Which of the following is an illegal industrial action as per law?

- a. Mutual Insurance
- b. Collective Bargaining
- c. Lock out
- d. Gherao

18.9 SUMMARY

The term grievance refers to any dissatisfaction or discontent arising out of something which is related to the workplace. It can also be understood as a complaint on the grounds of wages, leaves, working conditions, bonus etc. Any dispute or differences between employers and employees is called as industrial dispute. The differences or disputes may be due to several reasons. However, prevention of disputes is essential for maintaining industrial peace.



18.10 GLOSSARY

Grievance- It refers to any discontent or dissatisfaction, whether expressed or not and whether valid or not, arising out of anything connected to the workplace that employee thinks, believes or even feels, is unfair, unjust or inequitable.

Dispute- Differences between workers and management on any issue is called as a dispute.



18.11 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

1. a
2. c
3. c
4. a
5. d

Check your progress –b

1. c
2. c
3. a
4. b
5. d



18.12 REFERENCES

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18.13 SUGGESTED READINGS

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2. Human Resource Management: Text and Cases by K. Aswathappa
3. Handbook of Human Resource Management Practice by Michael Armstrong
4. Human Resource Management by VSP Rao
5. Dynamics of Industrial Relations by C B Matoria



18.14 TERMINAL QUESTIONS

1. Explain the causes of industrial disputes in organizations.
2. What are the causes of grievance? How can grievance be redressed in organization.
3. “Timely redressal of grievance may prevent a dispute to take place”. Do you agree?
4. Write short notes on :
 - a) Industrial tribunal
 - b) Labour court
 - c) National tribunal

UNIT 19 INTERNATIONAL HUMAN RESOURCE MANAGEMENT

- 19.1 Introduction**
- 19.2 Objectives**
- 19.3 Stages of Internationalization**
- 19.4 Global Recruitment**
- 19.5 Global selection approach**
- 19.6 Concept of Expatriate: Confusion in Usage**
- 19.7 International Human Resource Management**
- 19.8 Domestic v/s International Human Resource Management**
- 19.9 International Adjustment**
- 19.10 Compensation in Global Companies**
- 19.11 Women in International Business**
- 19.12 Summary**
- 19.13 Glossary**
- 19.14 Answer to Check Your Progress**
- 19.15 Reference/ Bibliography**
- 19.16 Suggested Readings**
- 19.17 Terminal & Model Questions**

19.1 INTRODUCTION

Globalization of business, consequent upon the erosion of national political borders for the purpose of business, along with information technology, resulted in the formation of global village. The concept of global village resulted in exchange of cultures across the globe, location of manufacturing centres in various countries by treating the entire globe as a single country, producing the components in one country, assembling the product in the second country, market the product in the third country, the banks in the fourth country finance the operations, insurance companies in the fifth country provide insurance facilities, all the countries provide human resources and so on, so forth. Thus, the global business employs the people from various countries and manages the people of multi-cultures and multi-skills.

19.2 OBJECTIVES

- To understand various concepts often referred as in international HRM.
- To know the meaning of Expatriate, understood the confusions over the term and analyze the clarity over the concept.
- Define and analyzing the term IHRM.
- To discuss the difference between the term domestic and international human resource management.
- To know the role of women employees in International human resource management.

19.3 STAGES OF INTERNATIONALISATION

These are four stages of internationalization viz., international company, multinational company, global company and transnational company.

- **International Company:** International companies export the products manufactured in the home country.
- **Multinational Company:** Multinational Company establishes its branches/subsidiaries in various countries and operates like a domestic company in each foreign country.
- **Global Company:** Global Company produces globally and markets locally or produces locally and markets globally. Dr. Reddy's Lab designs and produces drugs in India and markets globally.
- **Transnational Company:** Transnational Company produces, markets, invests and operates across the world. It is an integrated global enterprise which links global resources with global markets at profit.

We use these terms interchangeably in this unit.

Human resource management policies and practices vary from a domestic company to a multinational company/transnational company. Globalization of business across the world increased the significance of HRM across the national boundaries, in addition to HRM in the subsidiaries of MNCs operating in India. We now discuss the distinctive HRM practices in MNCs and TNCs.

19.4 GLOBAL RECRUITMENT

MNCs and TNCs mostly use the following techniques of recruitment.

- Head-hunting
- Body shopping

- Tele-recruitment.

Sources of Global Recruitment Include;

- **Parent Company Nationals:** These are those employees who are the citizens of that country where the headquarters of the company's is located. Parent company nationals in international business normally are top level managers, helping technicians, problem solvers etc.
- **Host Country Nationals:** These are those employees of the company's subsidiary who are the citizens of that country where the subsidiary of the company is located. Employing host country nationals is both advantageous and disadvantageous.
- **Third Country Nationals:** These are those employees of the company which neither belongs to home country nor they are from the host country, they are from some other country of the world.

19.5 GLOBAL SELECTION APPROACH

Selection approach contributes for the achievements of the strategic goal of a global business i.e., "thinks globally and act locally." There are three types of approaches followed in selection process in global business viz., the ethnocentric approach, the polycentric approach and the geocentric approach.

- **The Ethnocentric Approach:** Under this approach, parent country nationals are selected for all the key management jobs. This approach was widely followed by Procter and Gamble, Philips, Matsushita, Toyato etc.
- **The Polycentric Approach:** Under this approach, the positions including the senior management positions of the subsidiaries are filled by the host country nationals.
- **Geocentric Approach:** Under this approach, the most appropriate candidates are selected for jobs from any part of the globe. Global and transnational companies prefer this approach as they can have the best human resources.

Business implications: MNCs with very limited geographic scope in culturally related countries can adopt the ethnocentric approach, whereas the companies with wide geographic scope in culturally unrelated countries may adopt polycentric approach. However, the transnational companies, whose geographic scope is very wide, may adopt geocentric approach. Geocentric approach is appropriate for Coca Cola, P&G, etc.

Selection Techniques for Global Jobs

Global companies require the human resources adaptable not only to the job and organizational requirements, but also to the cultural requirements of various countries. As such, the selection techniques for global jobs vary from those of domestic jobs. These techniques include:

- Screening the applicant's background
- To check the candidates potential to cope up with the new environment.
- To test the ability of spouse and other member of the family of candidate to the new environment.
- To forecast the adjustment level of the candidate.
- The job description and other responsibilities of the candidate.
- Technical competency
- Human relations skills
- Ability to adjust to new organizations, work places, group norms etc.



Check Your Progress- A

Q1. What are the four stages of internationalization?

Q2. What are the various sources of Global Recruitment?

Q3. What do you mean by Global Selection Approach?

19.6 CONCEPT OF EXPATRIATE: CONFUSION IN USAGE

There has been a wide confusion over the usage of the term EXPATRIATE; it means the person who leaves his motherland and work in other country.

Global companies after selecting the candidates, place them in various countries. Hence, the employees work in foreign country and their family members too live in foreign country.

In terms of global HRM the word expatriate means the person who works and also lives in some other country apart from his/her homeland. Therefore expatriate includes

- i. Foreign employee working in domestic company
- ii. Parent country nationals working in MNCs subsidiary.
- iii. Third country nationals working in MNCs.
- iv. Host country nationals working in parent country of the MNCs/TNCs.

Inpatriates: Some companies have started using the term inpatriates to denote those employees transferred from subsidiary to headquarters, Employees thus transferred include PCN, HCN and TCN.

19.7 INTERNATIONAL HUMAN RESOURCE MANAGEMENT

The term “International Human Resource Management” creates an anxiety to know what it is?, how does it differ from HRM, is it a synonym to cross cultural management etc. Hence, we should know what is IHRM at the beginning itself.

It is not a new concept and in fact it is not the emergence of recent phase of globalization. it is as old as the first phase of globalization . It is not the same with the management of cultural diversity. However; one should realize that the significance, popularity and complexity of international human resource management have been due to current phase of globalization.

Meaning of IHRM

IHRM means to perform the HRM and all the activities related to HRM and also arranging for the required cultural and immigration facilities required for the current employees and future employees by those organisations which operates at international levels.

Therefore, it’s clear that the IHRM deals with all functions of HRM in addition to performing other functions exclusively for expatriates. However, certain additional functions like resolving the disputes between domestic and foreign employees cross cultural management at

varying levels and collaborating domestic and foreign employees are also to be performed under IHRM.

SIGNIFICANT IHRM ACTIVITIES AND ISSUES

- Human resource planning.
- Recruitment and selection
- Performance management
- Training and development
- Knowledge Transfer
- Leadership
- Team building
- Salary and benefits
- Global labour law standards and ethics
- Trade unions and negotiations
- Women in HRM
- Strategic Issues
- Industrial Relations
- Cultural context
- Managing diverse human resource.
- Organizational structural issues

19.8 DOMESTIC VERSUS INTERNATIONAL HRM

International HRM is performing HRM activities by a domestic organization that employs foreigners along with nationals and by internationals /global/multinationals/ transnational's organizations.

Internationals HRM differs from domestic HRM six major dimensions explained below:

1. **Wider nationalities:** IHRM deals with those employees who are recruited from various nations in contrast with domestic HRM where employees are drawn only from one country. Employees comes from different nations comes with lot of varieties in their cultures, value system, ethnical values, caste belief and the like. North Americans are individualistic, low in power distance, medium in uncertainty avoidance. Japanese respect authority, Chinese tend to collectivism and lay emphasis on tradition and custom.
2. **Broader relation and complexities:** Organizations seek the information on broader aspects of employees, and their family members while recruiting and selecting employees from foreign countries. These aspects include age, health,

educational qualifications, driving skills criminal record of employee and his/her family members. Organisations arrange for work permit for employee, visas, resident permit or different kinds of visas for employees. Thus IHRM is different from domestic HRM in terms of relationship among employees and between employer and employees in the organizations.

3. **Influence of International environment:** International environment has become complex, highly competitive, dynamic, vibrant, intertwined and interdependent. The emergence of WTO, increased phase of globalization of all facets of business, widening scope of regional integrations and strides in information technology transformed the domestic environment of most of the countries into international environment.

4. **Enduring complexities of IHRM activities:** IHRM deals with the expatriates and nationals. Expatriates in case of MNC's comprise of home country nationals, host country nationals and third country nationals. Expatriates in case of a purely domestic company include foreigners. Thus, IHRM deals with expatriates and nationals whereas domestic HRM deals with exclusively nationals.

A number of critical complexities arise when organizations employ both expatriates and nationals. These complexities are to some extent due to the practice of different HRM policies and Practices for nationals and expatriates. Some of them are:

- Discriminative remuneration and employee frustration.
- Counselling to reduce frustration.

5. **Varieties of functions:** International human resource managers perform some other additional functions as compared to the Domestic Human resource managers as indicated earlier while defining the term IHRM, these functions includes:

- Additional information.
- Additional techniques of recruitment.
- Checking the records of Terrorist and criminal activities.
- On line selection.
- Immigration information.
- Fulfilling immigration formalities.
- Arranging for receiving the candidates.
- Introducing the employee and their family members to the facilities available.
- Conducting language classes.
- Designing attractive pay package within the tax law of the country.
- Full details of pay package.

- Special Training.
- Close relation with the immigration officials.
- Translations facilities.

6. Different approaches to domestic HRM functions:

HR managers in purely domestic companies perform various functions namely:

- Inviting pool of candidates i.e. recruitment, screening them i.e. selection, orientation and finally their placement.
- Arranging for their Training and their Development.
- Compensation and other benefits.
- Working on Retention management.

Multiple approaches:

In fact in international HR managers perform the above functions from the different approaches and magnitude compare to the pure domestic HR managers. The different approaches include performing the same function from the point of PCN, HCN and TCN.

Remuneration Function:

Exchange rate neutralization, international market allowance and tax adjustments need not be incorporated in salary function for the nationals, but these functions need not to be performed in case of expatriates. In fact, all of these functions need not to be performed for all expatriates as employment terms and conditions incorporated in the contract vary from one country nationals to other country nationals.

Home country nationals may be relocated on 'deputation' basis while third country nationals have to be some times selected and placed in the host country. Even the motivational and retention management techniques may vary from one country nationals to other country nationals. The laws of employment, compensation management and industrial relations may have different provisions for different nationals.

19.9 INTERNATIONAL ADJUSTMENT

The meaning of international adjustment means the level to which the expatriate feels comfortable in living and adjusting in the foreign country.

The following points describe the level of international adjustment:

- **Stage 1:** Expatriate and also the family members of the expatriate enjoy the fascinating culture of the host country and other facilities. This stage goes for 2-3 months' time period.
- **Stage 2:** The organisation also takes care of the new arrivals in the company and totally neglects the previously arrived employee and also his family members after stage one.
- **Stage 3:** The expatriate here in this stage starts learning the values, behaviour, of the people, their culture etc. He tries to adjust himself to the culture of the foreign country.
- **Stage 4:** finally in this stage he adopted the foreign environment and starts acting as the citizen of the host country.

Cross-cultural Training

Cross-cultural Training enables the expatriates to learn the cultural norms, values, aptitudes, attitudes, beliefs, behaviours, practices of the host country.

The expatriate, after training can use this cross-cultural knowledge to behave according to the cultural requirements of the host country. The adage "Do in Rome as Romans do" holds good here. The trainee expatriate can transfer the knowledge gained in the training programme into new cognitive and physical behaviors. This process given the trainee more satisfaction in their foreign assignment. See the box below.

Cross Cultural Training at P&G

Procter and Gamble trained their selected candidates for their company in Japan regarding the Japanese culture that Japanese like more of informality, they hesitate to say no and they finalise more of their business dealings outside the office and mostly in restaurants in the evenings. The employees transferred this knowledge into their cognitive and physical behaviours and became successful in dealing with Japanese. Thus, they became efficient in doing their jobs and interacting with the host country's nationals.

19.10 COMPENSATION IN GLOBAL COMPANIES

Compensation is the amount of remuneration paid to the employees. The two issues involved in compensation management are: national economic differences and payment practices. The second issue is the mode to payment to expatriate managers. There are significant differences in the compensation levels and structures among different countries. This is because, the firms pay the executives of various countries based on the local compensation levels.

- **Expatriate Pay:** Expatriate pay is most based on the balance sheet approach. Under the balance sheet approach, the compensation package enables the expatriate employees in various countries to maintain the same standard of living. This approach also provides for offsetting quantitative differences among employment locations.
- **Gratuity:** Expatriate employees are paid gratuity at a fixed rate for every year of completion of service in the foreign country. Gratuity is the inducement to the expatriates to work for quite longer period in the foreign country.
- **Allowances:** Expatriate employees are paid various allowances like car allowance, resettlement allowance, housing allowance, hardship allowance, cost-of-living allowance, education allowance, medical allowance etc.
- **Taxation:** Some countries pay tax-free salary and/or tax-free gratuity. Most of the countries pay taxable salary and gratuity.

Compensation for Overseas Personnel

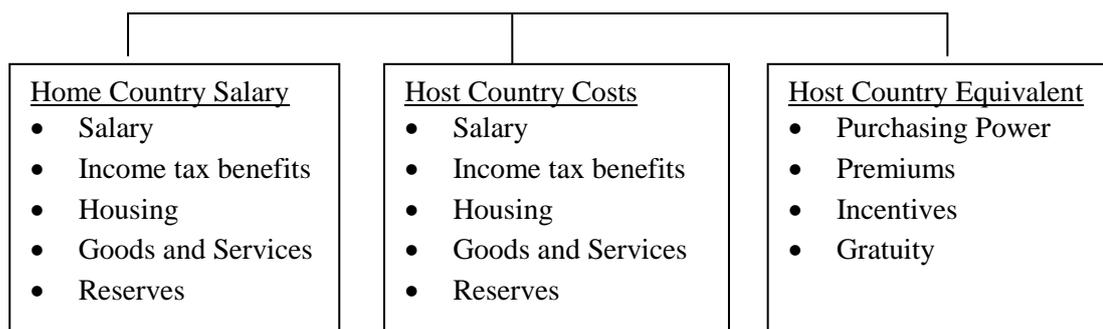


Fig 19.1 Compensation to Overseas Personnel

19.11 WOMEN IN INTERNATIONAL BUSINESS

Women recently started playing vital role in international business. However, the role of women is not equal to that of men even today. The role of women in economic activities varies from country to country. The following examples indicate the role of women in different countries:

- In Saudi Arabia restrictions on women's freedom to move around make it difficult for women to work. For example, women are not permitted to drive, to travel on an airplane alone, or to stay in a hotel without a male family member.
- In Japan women seldom work after marriage, consequently, women are unlikely to progress far within organizations.
- In the U.S., women have attained a degree of equality in business, but they are seldom found in top management positions.
- In Ireland, the constitution has been interpreted to mean that a woman should only join the workforce if her husband is not able to look after the family economically.
- In St. Vincent, a West Indies island country, the minimum wage for women is lower than for men, regardless of the work performed.
- In Canada, the great majority of nurses and secretaries are women while the majority of fire fighters, construction workers, and foresters are men.
- In the People's Republic of China women hold many of the same positions as men, but they are required to retire at an earlier age.

International business managers should understand the role of women in economic activity and in business in various countries they operate. They have to consider various issues in employing women. Understanding working with women is more complicated than working with men. Therefore, managers should understand the role of women in business in various countries.



Check Your Progress- B

Fill in the blanks

1. Host country is one where the subsidiary branch ofis located.
2. Expatriate is the an employee working and living in a foreign country where he/she is a
3. country is the one where the headquarters of an MNC or TNC is located.
4. Domestic HRM is different from IHRM due to various such as.....

5.country nationals are employees of an MNC/TNC or their subsidiaries branch who are the citizens of those countries other than the MNC/TNC and or host country.

True and False

6. Host country is the one where the subsidiary branch of an MNC/TNC is located.
7. International HR manager has to follow different approaches for different Nationals.
8. IHRM deals with all the functions of DHRM with some additional functions which make it IHRM.
9. Foreigners with distinctive and rare skills are invited to perform certain activities during a specified period .such employees are known as “Guest Employees”.
10. TNC is an organization that produces, markets, invest and operates within the country.

19.12 SUMMARY

In this unit we have covered the concept of globalization and its association with HRM. Though it was difficult to define the term IHRM due to the complexities involved and verities in operations and functions. In fact the terms used to denote the foreign employees are also confusing as different institutions/MNCs/TNCs use variety of terms. IHRM is define as performing the additional activities apart from the domestic HRM by the organisation which operates globally.

IHRM is different from domestic HRM.

IHRM differs from domestic HRM in six major dimensions namely i) wider nationalities of employee, ii) varieties of activities and function which has to be performed.iii) effects of internationals environment iv) deeper and broader relationship. v) various approaches for the domestic functions and vi) enduring complexity of domestic HRM activities.



19.13 GLOSSARY

MNC (Multinational Corporations): is an organization which has its operations in more than one country.

TNC (Transnational Corporations): is the company which operates across the globe in terms of production, markets etc.

Expatriate: is the one who leaves their own country and work in some other country for some work reasons.

Host Country Nationals: In an international firm, an HCN is a person whose nationality is the same as that of the country in which the company is operating: for example, a UK manager working for a UK-based subsidiary of a Japanese company.

Parent country nationals (PCN): are employees of MNC/TNC who are citizens of home country /parent country of that MNC/TNC.

Third country nationals (TCN): are employees of their MNC/TNC or their subsidiaries and are citizens of those countries other than the MNC/TNC of home country or host country.



19.14 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress-B

Fill in the blanks

1. MNC/TNC
2. Non citizen.
3. Parent country
4. International Environment
5. Third.

True and False

6. True
7. True
8. True
9. True
10. False



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19.17 TERMINAL QUESTIONS

- Q1. What are the different activities involved in IHRM?
- Q2. Elaborate the difference between International HRM and Domestic HRM.
- Q3. Discuss various terms and concepts related to Global Human resource management.
- Q4. What are the different approaches for the domestic functions of HRM?
- Q5. Discuss the role of Women in international business?

UNIT 20 CONTEMPORARY ISSUES IN HUMAN RESOURCE MANAGEMENT

20.1 Introduction

20.2 Objectives

20.3 Contemporary issues in HRM

20.4 Current issues in HRM

20.5 How to cope with HR challenges?

20.6 Fundamental Meaning of Quality of Work Life

20.7 Problem Associated to Quality of Work Life

20.8 Quality of work Life and Productivity

20.9 Quality of work life and Human Resource Development

20.10 Summary

20.11 Glossary

20.12 Answer to Check Your Progress

20.13 Reference/ Bibliography

20.14 Suggested Readings

20.15 Terminal & Model Questions

20.1 INTRODUCTION

Human resource managers face challenges now a days due to several factors. Changes in demographics, amendment of laws and sophisticated technology are some of the common challenges, to which HR managers have to deal with. There is so much difference in the way HRM department works today as compare to decades ago. The changes in market, demands and other issues have forced HR Managers to become efficient partners in the development of a an organization. Business owners need to understand the issues that are faced by the HR Managers now a day, so that they can realize how to manage the resources of the organization to derive the best benefits possible.

20.2 OBJECTIVES

After reading this unit one would be able to understand the following;

- Contemporary issues in HRM.
- Current challenges in the field of HRM.
- Quality of work life.
- Relationship between the quality of work life and productivity.
- And most importantly what are the core areas where HR Managers needs to focus as per the changing environment.

20.3 CONTEMPORARY ISSUES IN HRM

The contemporary issues of HR are several. The function is on the threshold of a major shift in its evolution. From its early days of Personnel Management in the industrial age - responsible for Industrial Relations, statutory compliances and wage administration, it evolved into HR in the knowledge economy. This was due to rise in Services Economy in which customer contact skills became more important. The focus shifted to talent development and engagement of employees for higher productivity. Hiring, engaging, retaining and providing a career path became business critical for companies to succeed. As things stand today, the function needs to reinvent itself to address the following issues:-

- Striking a balance of fixed and contract employees based on specialized skill and flexible scaling option for the business.
- Hiring top quality talent in numbers.
- Getting present day leadership to follow leadership style more conducive to the millennial workforce.
- Higher level of analytics to make talent, pay and compensation decisions more scientific. Also allow experimentation and innovation based on analytics to try new initiatives.
- Due to talent obsolescence, HR has to contend with compliance and regulatory issues such as VISA to trade unionism.
- Innovative ways to foster Diversity and Inclusion - not as a compliance ritual but as a critical driver of business outcomes.
- HR has to facilitate learning agility across levels as a culture of survival and better adaptability to change.
- They need to enable the Executive team to redesign organization structure for faster response to changing market conditions. Experiments like network of teams as opposed to functional silos may be needed. Therefore structural and process changes may be central to this function.

- Overall, they need to be more hands on than routine administrators using MS Excel to check mark daily tasks.

20.4 CURRENT ISSUES IN HUMAN RESOURCE MANAGEMENT

To look at HRM more specifically, it is an approach consisting of four basic functions: Staffing, Training and Development, Motivation and Maintenance. In less academic terms, we can say that HRM is made up of four activities: Getting people, preparing them, stimulating them and Keeping them.

Clearly HRM has a significant role in today's organizations. Forward thinking is required for HRM. Employees can help the organization to gain and maintain competitive advantage. Attaining and retaining such employees require adapting policies desired by such employees.

HRM is the part of the organization that is concerned with the "People" dimension. It can be viewed in two ways:

- HRM is a staff support function.
- It is a function of every manager whether or not works in formal HRM.

It is important to note that achieving organizational goals cannot be done without human resources. What becomes more important is that to manage them effectively so as to work according to predetermined goals.

The working environment is rapidly changing. And HRM as a part of organization must be prepared to tackle the consequences of changing world of work.

If we talk about the current scenario, the main issue now a days is retention of human resources. An organization can have large number of human resources according their requirement but until or unless the requirement of HR is not fulfilled or not focused on, then one can suffer from the problem of turnover of employees.

Human resource management (HRM) is adopted by many companies because of its benefits. But at the same time, various challenges and issues may emerge in front of managers of human resource department while performing their duties.

Any capable HR manager would work on these issues and challenges to prevent the organizational activities from being obstructed. But they must first identify these issues. Such issues and challenges are:

1. Recruiting new staff
2. Training
3. Retention
4. Productivity
5. Health and safety

6. Workforce diversity
7. Payroll
8. Globalization
9. Discipline
10. Advancement in technology
11. Management of information

20.5 HOW TO COPE WITH HR CHALLENGES

There is a wider scope of human resource management which can deal so many functions of the human resource. However, the evolution of human resource management is contemplating the possible courses of action for improving sense of belongingness and working environment. So long as it would be possible definitely a bridge can be established between needs and value system of human resource in order to enhance the productivity of the organization. In order to achieve the objectives and goals of the organization human resource are supposed to have good thoughts, tremendous words, excellent habits, pleasant behaviour and value system. Most of the organizations are facing menace to retain their best employees and best talents. In order to retain them organizations are required to opt feasible and appropriate kinds of strategies otherwise adverse repercussions cannot be minimised. Therefore, it would be required to read the mind of those talents so that they can be retained them for a long term. They are supposed to provide both types of stimulus like financial and non-financial like salary, incentives, compensation etc and recognition, participation in decision-making, training and development, performance appraisal etc. Another important point should be noted here that in the competitive market situation a balance between employee and employer is needed. In order to get the positive outcomes employer must be included the effective and efficient path to handle the talented human resource.

It is expedient and necessary to overcome these challenges. In this regard following discussion is made:

- The one of the most important menace for HR managers is to understand the demographical profile of the human resource. In order to understand the profile of the human resource requires proper planning, execution and implementation. There would always be need to understand the ideologies, personalities, life styles and the behaviour of the human resource. These are important ingredients and involve a very high degree of risk. In order to ensure the adaptability among talents HR managers are required to influence them by positive attitude and appropriate kind of HR techniques.
- It is always the way of questioning to make changes in the working style or ideologies of the human talents. Who should take this type of responsibility in any organization? In order to ensure this kind of responsibility there is always the requirement of strong HR practices, procedures and techniques and their proper execution and implementation in real sense.

- As far as the Globalization is concerned human talents have an opportunity to work anywhere in the globe. Once they are getting the best opportunity in their career, most of the smart professional are trying to build the harmonious relations to the talents and also trying to maintain them by offering such type of work environment which ensures the adaptability.
- In this regard resolution of the conflict plays an important role to manage differences between employee- employee, employee-employer. It requires significant conflict management. This would be more meaningful if it is to be resolved smartly. Emotions, gestures and feelings not to be played. HR managers are required to assimilate the problems of affected party tactfully and they must develop such type of strategies through which possibility of future conflicts can be minimised and proper utilizations of these talents can be ascertained.

20.6 FUNDAMENTAL MEANING OF QUALITY OF WORK LIFE

There has been much concerned about decent wages, convenient working hours, and conducive working conditions etc. quality of work life deals with various aspect of work environment, which facilitates the human resource development efficiently. Thus quality of work life helps for development of human resources. Although quality of work life provides an opportunity to the employees to understand the intricacies of present and expected roles in future to be performed by them.

Basically the term quality of work life is just the state of mind. If we tried to develop the purity in mind definitely positive circumstances with regard to jobs can be ascertained. Impurity in mind even no healthy effort can provide the favourable events with regard to jobs.

J. Richard and J.Loy defined QWL as “the degree to which members of a work organization are able to satisfy important personnel needs through their experience in the organization.”

There is need of an hour to improve the quality of work life in each and every aspect of organization concern. It can be made possible if human values, human dignity and human growth are given the highest priorities. Because these attribute leads to effectiveness of the organizations and would be the true effort of the stakeholders of the organizations. Here it is to be noted that together we will be succeed. Organization should develop such type of path in which employees, unions and stakeholders can work amicably.

In order to establish relevant and purposeful quality of work life following ingredients must be inculcate:

- ✓ Organisations must provide healthy and strong compensations for their employees. Because this is one of the most significant financial factor may influence the quality of work life of the employees.

- ✓ Organizations are supposed to develop such type of infrastructure in which safety of the employees can be ascertained and healthy working conditions can also be provided to them.
- ✓ Another important ingredient is to provide the autonomy to the employees. If autonomy is provided them definitely they can work freely. They can facilitate the functions of the organizations freely. Free decisions can be ensured which can be important aspect of the growth of the organization.
- ✓ It would be imperative if the organizations are providing opportunities to their employees in order retain smart manpower in the organization. Their career advancement must be ensured. They should be given the promotions and healthy remunerations on the basis of their skills, knowledge, experience and exposure.
- ✓ Organizations should feel proud to provide them social integration in order to ensure support from primary work groups, community and interpersonal freedom.
- ✓ Organizations must provide them protection in their services, functions of the job and tenure of the job by enforcement by legal practices and ordinances. In other words constitutional provisions must be made in this regard.
- ✓ There should be such type of inter-play or equilibrium kind of interdependence among working conditions, non-working conditions and family life. It does mean that working and social life never be merged. Both should be treated two aspects of the coin.
- ✓ It is also the social responsibility of the organization to look after the needs of the surroundings and the society. In this regard it would be necessary to assign the tasks to the employees with regard to social relevance so that employees they feel pride and they also ensure high degree of self- esteem.

20.7 PROBLEMS ASSOCIATED TO QUALITY OF WORK LIFE

To improve the quality of work life is not an easy task. So many problems are associated to the quality of work life. If the quality of work life is to be improved then only betterment and healthy consequences of the organization can be expected and this would only be way to retain the human talent in the organizations. The genuine kind of the problems are written below:

- The main issue is about the stability and remuneration about the employment. If the salary and other compensation package are mould in such a manner that employee still working in the organizations this leads the job satisfaction of the employees. To some extent these variables including cost of cost of living index, increase in levels and rates of income tax and profession tax ensures the stability of employment.

- One of the important other issue is the stress which occurs in occupation. Stress is the condition of a type of strain in the emotions of a human being, thought of the person or we can say the kind of strain in physical condition. Such a stress can also occurs in occupation in the form of hyper excitation, behaviour fatigue, psychometric pains, smoking and the abuse of drug. And the stress affects the productivity level of employees. So it becomes the duty of HR managers to find the reasons of the stress and how to tackle with it.
- Another aspect on which focus is to be placed is the health programme of organisations which aims at educating the employees about health programmes. In which how to maintain the health and how to improve it is being focussed.
- The other thing is the alternative work schedule. Here, the alternate method of doing work can be used like work at home, reduced work time, work in shifts, online work, part time employment etc.
- Workers participation and the controlling of work is another thing which can provide the sense of belongingness to employees and thereby enhance their productivity levels. And in a manner the work can also be controlled.
- The other very important aspect is focussing on the recognition part of employees. If we want our employees to repeat the good work again and again then it becomes very necessary to recognise their great deeds and motivate them to the same in future also.it can be done in the form of monetary as well as non-monetary incentives.
- The friendly relation among the workers and the supervisor too helps in enhancing the productivity as well as the efficiency levels of the employees in the organisations. Finally it leads to the better quality of work life.
- Grievance settlement in the justified manner also necessary in the organisations to maintain good relations in the organisations. And this too helps in gaining the confidence of employees in the company which motivates them to do the work according to the expectations of the organisations.
- Availability of resources should be in accordance with the stated objectives; otherwise the employees won't be able to achieve the predetermined targets by the organisations. And it will bring dissatisfactions in employees and lower the quality of work life balance.
- The combinations of seniority and merit in promotions should be fair enough to satisfy the employees and maintain the QWL.

20.8 QWL AND PRODUCTIVITY

There is a general tendency that if the organisation will try to improve the QWL then it will costly affair for the organisation. But in reality it won't be such as when the presence of QWL will be there in the organisation the employees will be more satisfied and work with more zeal and enthusiasm, which will bring more benefits to the organisations. But the continual increase in QWL won't be able to increase the productivity after a certain level rather it will reduce the per unit productivity of employees.

Hence, the proper decision making regarding the enhancement of QWL should be done to get the expected results.

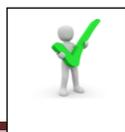
Thus, we can say that the improved QWL will eventually improve the performance but the focus should be to also bring the positive changes in the behaviour of employees which includes working in harmony with each other and also helping others when required.

20.9 QUALITY OF WORK LIFE AND HUMAN RESOURCE DEVELOPMENT

The QWL has broader place than the motivation though they looks similar. All human resources related activities affect QWL.

Some examples are:

HR ACTIVITY	EFFECT ON QUALITY OF WORK LIFE
Job analysis	Analyse the job in such a way that human needs like freedom, challenging work, autonomy can be satisfied.
Selection	Selecting the right man and placing him in the right position. This satisfies his needs for reward, interesting work etc.
Job Enrichment	Satisfied higher order needs like pride , ego etc.
Job Evaluation	Equitable wages.



Check Your Progress- A

Fill in the blanks:

1. Improved quality of work life leads toperformance.
2. To recognise the employees as a human being in place of labourers enhance the
3. To look at HRM more specifically, it is an approach consisting of four basic functions: Staffing, Training and Development, Motivation and
4. The stress is like a condition of the strain on human emotion, his thought process and
5. If we talk about the current scenario, the main issue now a days isof human resources.

True and False

6. Due to the limited openings at the higher levels the opportunities of promotions are limited in the case of all categories of employees.
7. The general tendency is that if improvement will be done in QWL then it will be a costly affair for the organisation.
8. For the trade-off in relationship among the work group, non-work group and the family related aspect of life QWL is necessary.
9. QWL provides for the balanced relationship among work, non-work and family aspects of life.
10. Forward thinking is required for HRM.
11. Selecting the right man and placing him in the right position. This satisfies his needs for reward, interesting work etc.

20.10 SUMMARY

Contemporary business environment brings new challenges affecting many aspects of management including one of its crucial facets – Human Resource Management. Most frequently mentioned challenges of modern HRM are: globalization, economic and legal environment, and workforce diversity resulting from globalization and demographic change, technological development, changes in educational background of employees and in their expectations regarding working conditions. These factors directly and indirectly determine human resource management strategies and the possibility of their implementation.



20.11 GLOSSARY

Job enrichment: Job enrichment can be described as a medium through which management can motivate self-driven employees by assigning them additional responsibility normally reserved for higher level employees.

QWL: means the condition in which the employee is seen not only as a worker but also as a family person.

Productivity: is an economic measure of output per unit of input.

Work force diversity: Workforce diversity is the bringing together of a variety of people to one workplace. This workplace would be comprised of people with a wide range of experiences, backgrounds and characteristics.

Contemporary issue: A contemporary issue can be defined as any event, idea, opinion or topic in a given subject that is relevant to the present day.

Conflict management: is the process of limiting the negative aspects of conflict while increasing the positive aspects of conflict.



20.12 ANSWERS TO CHECK YOUR PROGRESS

Fill in the blanks

1. Improved
2. Quality of work life.
3. Maintenance
4. Physical condition.
5. Retention

True and False

6. True
7. True
8. True
9. True
10. True

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20.14 SUGGESTED READINGS

1. C.S. Venkat Ratnam & B.K.Srivastava, Personnel Management & Human Resource, TMH.
2. V.S.P. Rao, Human Resource Management, Excel Books.
3. W. F. Cascio, Managing Human Resources, TMH.
4. D. Bhattacharya, Human Resource Management, Excel Books.
5. Aswathapa, Human Resource & Personnel Management, TMH.
6. Gomez Mejia, Balkin & Cardy, Managing Human Resources, Pearson.
7. Mathis and Jackson, Human Resource Management, Thomson.
8. C.B Matoria, Personnel Management, Himalaya.
9. P. Jyothi & D.N. Venkatesh, Human Resource Management, Oxford.



20.15 TERMINAL QUESTIONS

- Q1.** Discuss the meaning of contemporary issues in HRM.
- Q2.** What is Quality of work life? Explain the different conditions, criteria of QWL.
- Q3.** Explain the specific issues in quality of work life.
- Q4.** What is the impact of QWL on productivity?

Q5. What are the challenges and issues faced by HR Managers now a day? What are the tactics to deal with such challenges?

Q6. What are the barriers of QWL? Explain the strategies for the improvement of quality of work life?

