



**KARPAGAM ACADEMY OF HIGHER EDUCATION**  
 (Deemed to be University)  
 (Established Under Section 3 of UGC Act 1956)  
 Pollachi Main Road, Eachanari Post, Coimbatore - 641021  
 (For the candidates admitted from 2017 onwards)  
**DEPARTMENT OF COMMERCE**

17CMP206	HUMAN RESOURCE MANAGEMENT	Semester – II			
		<b>L</b>	<b>T</b>	<b>P</b>	<b>C</b>
		<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>

### Course Objectives

- ❖ To keep students informed about the role of HR Manager
- ❖ To inculcate knowledge among students on various aspects of Job analysis and evaluation methods
- ❖ To instill HR qualities to the students to make them employable

### Learning Outcome

- ❖ Course assist students to mould themselves and to enrich their HR Qualities to become employable

### Unit -I

Evolution of HRM: Role of Human Resource in Management - Human Resource Philosophy- Organization of HR Departments- Line and Staff functions- HR Planning – factors affecting HR Planning. Changing Environments of HRM- Strategic Human Resource Management- Using HRM to attain Competitive Advantage- Trends in HRM- Qualities and Role of HR Managers.

### Unit - II

Job analysis and Design: Job evaluation- Computerized Job Evaluation. Recruitment and Selection Process: Employment Planning and Forecasting- Building Employee Commitment: Promotion from within- Sources. Developing and Using Application Forms. IT and Recruiting on the Internet - Employee Testing and Selection process.

**Unit - III**

Orientation and Training: Orienting the employees, The Training Process, Need Analyses, Training Techniques, Special Purpose Training, Training via the Internet. Performance Appraisal- Traditional and Modern Techniques of Performance Appraisal- 360° Feedback

**Unit - IV**

Establishing pay plans: Basics of Compensation- Factors determining Pay Rate- Current Trends in Compensation - Pricing Managerial and Professional Jobs- Pay for Performance and Financial Incentives - Benefits and Services-Promotion – Rewards and Punishment.

**Unit - V**

Auditing and HR functions: Future of HRM function – International HRM. Industrial Relation and Collective Bargaining - Discipline Administration- Grievances Handling - Managing Dismissals and Separation-Trade Union activities and Workers Participation in Management

**SUGGESTED READINGS****Text Book**

1. Rao, V.S.P. (2016). *Human Resource Management*. New Delhi: Vikas Publishing

**Reference Books**

1. Badi, R.V. (2016). *Human Resource Management*. Bangaluru: Himalaya Publishing House
2. Rao, VSP. (2011), *Personnel Management Concepts*. Bangaluru: Himalaya Publishing House
3. Bhattacharyya, D.K. (2012). *Human Resource Development and Planning*. New Delhi: Excel Books
4. Rao, P.L. (2009). *Methodology of Training and Development*. New Delhi: Excel Books
5. Singh, B.D. (2008). *Industrial Relations Management*. New Delhi: Excel Books



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**Coimbatore – 641 021.**

**LECTURE PLAN**  
**DEPARTMENT OF COMMERCE**

**STAFF NAME : Dr.R.Velmurugan**  
**SUBJECT NAME : Human Resource Management**  
**SEMESTER : II**

**SUBJECT CODE: 17CMP206**  
**CLASS : I M.Com.**

**UNIT-I**

Sl No.	Lecture Duration (Hour)	Topics to be Covered	Support Materials
1	1	Evolution of Human Resource Management	R1: pp.13-14
2	1	Role of Human Resource in Management	R1: pp. 14-15
3	1	Human Resource Philosophy	T: pp.8-9
4	1	Organization of HR Departments	T: pp.21-22
5	1	Line and Staff Functions – Managerial Functions	T: pp.24-25
6	1	Line and Staff Functions –Operative Functions	T: pp.25-30
7	1	Human Resource Planning, Factors affecting HR Planning	R2: pp.66-70
8	1	Changing Environments of HRM	T: pp.10-13
9	1	Strategic Human Resource Management, Using HRM to attain Competitive Advantage	T: p.13-14
10	1	Trends in HRM	T: pp.16-20
11	1	Qualities of HR Manager, Role of HR Manager	R1: p.17 T: pp.30-32
12	1	Recapitulation and Important Questions Discussion	
<b>Total No .of Hours</b>			<b>12 Hours</b>
<b>UNIT –II</b>			
1	1	Job Analysis– Methods of Job Analysis	T: pp.37-40
2	1	Job Evaluation – Process of Job Evaluation	T: pp.157-160
3	1	Job Evaluation Methods	T: pp.160-165
4	1	Computerized Job Evaluation and	T: pp.165-166
5	1	Recruitment, Constraint and Challenges, Selection Process	T: pp.46-47

6	1	Employment Planning and Forecasting, Importance	T: pp.47-48
7	1	Process of Human Resource Planning	T: pp.48-53
8	1	Building Employee Commitment	T: pp.57-59
9	1	Sources, Developing and Using Application Forms, IT and Recruiting on the Internet	T:pp.59-63
10	1	Employee Testing	T:pp.66-69
11	1	Selection Techniques	T:pp.74-80
12	1	Recapitulation and Important Questions Discussion	
<b>Total No .of Hours</b>			<b>12 Hours</b>
<b>UNIT –III</b>			
1	1	Orienting the Employees, Objectives of Orientation, Induction Programme Steps	T: pp.88-90
2	1	The Training Process	T: pp.90-91
3	1	Need Analysis	T: pp.91-93
4	1	Training Techniques	T: pp.93-98
5	1	Special Purpose Training, Training Via the Internet	T: pp.98-99
6	1	Performance Appraisal – Functions, Objectives	R3: pp.65-66
7	1	Traditional Methods of Performance Appraisal	R3: pp.69-71
8	1	Traditional Methods of Performance Appraisal	R3: pp.69-71
9	1	Modern Methods of Performance Appraisal	R3: pp.71-74
10	1	Modern Methods of Performance Appraisal	R3: pp.71-74
11	1	360 <sup>0</sup> Feedback	R3: pp.74-75
12	1	Recapitulation and Important Question Discussion	
<b>Total No .of Hours</b>			<b>12 Hours</b>
<b>UNIT –IV</b>			
1	1	Establishing Pay Plans – Basis of Compensation, Factors Determining Pay Rate, Current Trends in Compensation	T: pp.154-157
2	1	Pricing Managerial Professional	T:pp.164-165
3	1	Pay for Performance – Features of Incentive Plans	T:pp.171-172
4	1	Individual Incentives	T:pp.172-177
5	1	Organization wide Incentives	T:pp.178-182
6	1	Benefits and Services – Significance and Objectives	T:pp.185-187
7	1	Classification of Employee Benefits	T:pp. 188-192
8	1	Non-statutory welfare Provisions	T:pp. 195-197
9	1	Promotion – Basis of Promotion	T:pp.144-146
10	1	Transfers – Purpose of Transfer	T:pp.146-148
11	1	Punishment – Demotion, Employee Separations	R4:pp.169-173
12	1	Recapitulation and Important Question Discussion	
<b>Total No .of Hours</b>			<b>12 Hours</b>
<b>UNIT –V</b>			
1	1	Auditing HR Functions – Need for Personal Audit	T: pp.254-256
2	1	Need for Personal Audit Future of Human Resource Management, International HRM	T: pp.256-259

3	1	Industrial Relation –Trade Union, Objectives, Functions	T:pp.206-209
4	1	Collective Bargaining, Features, Types, Process	T:pp.214-221
5	1	Discipline Administration	T:pp.222-224
6	1	Grievance Handling- Features, Forms	T:pp.229-230
7	1	Managing Dismissals and Separations	T:pp.231-237
8	1	Trade Union Activities and Workers Participation in Management	R5:pp.240-244
9	1	Recapitulation and Important Question Discussion	
10	1	Discussion on Previous ESE Question Paper	
11	1	Discussion on Previous ESE Question Paper	
12	1	Discussion on Previous ESE Question Paper	
<b>Total No .of Hours</b>			<b>12 Hours</b>
<b>Total Planned Hours</b>			<b>60 Hours</b>

**Text Book**

1. Rao, V.S.P. (2016). *Human Resource Management*. New Delhi: Vikas Publishing

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**UNIT – I**

**SYLLABUS**

**Evolution of HRM:** Role of human resource in Management - Human Resource philosophy- Organization of HR departments- Line and staff functions- HR Planning – factors affecting HR Planning. Changing environments of HRM- Strategic human resource management- Using HRM to attain competitive advantage- Trends in HRM- Qualities and role of HR managers.

**MEANING OF HUMAN RESOURCE MANAGEMENT**

- ❖ Human Resource Management deals with the management of people in an organization. It is assessed and accepted that human resources are the main component of an organization and the success or failure of the organization depends on how effectively this component is managed

**DEFINITION OF HUMAN RESOURCE MANAGEMENT**

- ❖ According to Dale Yoder, HRM is the function of aiding (help) and directing working men and women in maximizing their contributions and satisfactions in employment
- ❖ George Terry has succinctly (briefly) stated that HRM is concerned (relate to) with the obtaining and maintaining of a satisfied work force. He further clarified that HRM is concerned with maximizing the effectiveness of the work force through application of sound and proved personnel policies and practices.

**EVOLUTION OF HRM**

- ❖ In Western countries HRM had its primitive (ancient) beginning in 1930s. Not much (little) thought was given on this subject in particular and no written records or documents existed on this subject even as a philosophy in the Western ancient literature. The philosophy of managing human being, as a concept was found developed in ancient literatures in general in Indian Philosophy in particular
- ❖ In ancient times, the laborers were looked down upon. It was considered menial (unskilled / basic) to work for a livelihood (income / source of income). But gradually the factory system came into existence and later industrialization followed by urbanization. This led to greater

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**COURSE CODE: 17CMP206**

**UNIT: I (Evolution of HRM)**

**BATCH-2017-2019**

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emphasis on 'labor management'. Earlier it is known as 'Personnel Management', then 'Human Resource Management' and in recent times as 'Human Resource Development'

- ❖ In 'Personnel Management', the employees were treated as mere laborers who required constant supervision. The human element was not given due importance. Later Elton Mayo's "Hawthorne Experiments" gave rise to "Human Resource Management". Here the 'Human Element' was emphasized. The workers were treated not merely as 'cogs (device / moving parts) in the machine' but as human beings, as individuals and as a social being. In HRM, the main aim was to encourage and motivate the employees to identify their capabilities and use them efficiently
- ❖ But the buzz word today is 'Human Resource Development'. Unlike HRM, here the main objective is not just identifying an individual employee's existing potentials but also those capabilities innate (inbuilt) in him. HRD aims at bringing out the hidden potentials of an employee and help him develop as an individual

## **ROLE OF HUMAN RESOURCE IN MANAGEMENT**

- ❖ Human Resource Management plays a critical (significant) role in an organization. It plays a crucial (central) role in process of converting inputs into outputs, product design, quality maintenance, rendering services and many other functions depend largely on the human efficiency. HR also plays significant role in managing finances and managing information systems.
- ❖ HR Manager also plays a vital role. His roles include role of conscience (sense of right or wrong), of a counselor, a mediator, a company spokesman, a problem solver and a change agent

### **The Conscience Role**

- ❖ HR manager plays an important role of reminding the management its morals and obligations towards its employees

### **The Counselor**

- ❖ An important role of the HR manager is that of a counselor. Whenever an employee is dissatisfied with the job he approaches the HR manager for counseling and guidance. An employee can also approach the HR manager for counseling for other problem related to his /

her personal life which is likely to influence his performance like, health, children education or marriage, mental and physical problems etc. The HR manager listens to their problems and offers suggestions to solve those problems

### **The Mediator**

- ❖ In any organization, there are times when there are differences of opinion and misunderstanding between the management and the employee or between employees themselves. Here, HR manager acts as a mediator, a peace-maker and a communication link between them

### **The Spokesman**

- ❖ HR manager acts as a spokes person within the company, as well as representative of the company

### **The Change Agent**

- ❖ Change is something always resisted (oppose) by the employees. HR manager acts as a change agent in order to bring about a change on the existing system or an introduction of a new system

### **The Problem Solver**

- ❖ HR manager acts as a problem solver with respect to the issues that involve human resource management and over all long range organization planning

## **HUMAN RESOURCE PHILOSOPHY**

- ❖ Human Resource Management is a process of bringing people and organisation together so that the goals of each are met. It tries to secure the best from people by winning their wholehearted cooperation. In short, it may be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organisation in an effective and efficient manner. It has the following features:
- ❖ **Pervasive Force:** HRM is pervasive in nature. It is present in all enterprises. It permeates (spread through) all levels of management in an organisation.
- ❖ **Action Oriented:** HRM focuses attention on action, rather than on record keeping, written procedures or rules. The problems of employees at work are solved through rational policies.



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- ❖ **Individually Oriented:** It tries to help employees develop their potential fully. It encourages them to give their best to the organisation. It motivates employees through a systematic process of recruitment, selection, training and development coupled with fair wage policies.
- ❖ **People Oriented:** HRM is all about people at work, both as individuals and groups. It tries to put people on assigned jobs in order to produce good results. The resultant gains are used to reward people and motivate them toward further improvements in productivity.
- ❖ **Future-Oriented:** Effective HRM helps an organisation meet its goals in the future by providing for competent and well-motivated employees.
- ❖ **Development Oriented:** HRM intends to develop the full potential of employees. The reward structure is tuned to the needs of employees. Training is offered to sharpen and improve their skills. Employees are rotated on various jobs so that they gain experience and exposure. Every attempt is made to use their talents fully in the service of organizational goals.
- ❖ **Integrating Mechanism:** HRM tries to build and maintain cordial relations between people working at various levels in the organisation. In short, it tries to integrate human assets in the best possible manner in the service of an organisation.
- ❖ **Comprehensive (Complete) Function:** HRM is, to some extent, concerned with any organizational decision which has an impact on the workforce or the potential workforce. The term 'workforce' signifies people working at various levels, including workers, supervisors, middle and top managers. It is concerned with managing people at work. It covers all types of personnel. Personnel work may take different shapes and forms at each level in the organizational hierarchy but the basic objective of achieving organizational effectiveness through effective and efficient utilization of human resources, remains the same. "It is basically a method of developing potentialities of employees so that they get maximum satisfaction out of their work and give their best efforts to the organisation". (Pigors and Myers)
- ❖ **Auxiliary Service:** HR departments exist to assist and advise the line or operating managers to do their personnel work more effectively. HR manager is a specialist advisor. It is a staff function.
- ❖ **Inter-disciplinary Function:** HRM is a multi-disciplinary activity, utilizing knowledge and inputs drawn from psychology, sociology, anthropology, economics, etc. To unravel (find an answer) the

mystery surrounding the human brain, managers, need to understand and appreciate (be aware) the contributions of all such 'soft' disciplines.

- ❖ **Continuous Function:** According to Terry, HRM is not a one shot deal. It cannot be practised only one hour each day or one day a week. It requires a constant alertness and awareness of human relations and their importance in every day operations.

## **ORGANIZATION OF HUMAN RESOURCE DEPARTMENT**

- ❖ The internal structure of a HRM or personnel department depends on various factors such as nature and size of the organisation, managerial preference to structure operations clearly, external forces etc. Small firms have only a single section, headed by a personnel officer taking care of everything. Medium sized firms may create a separate personnel department having experts in the personnel field supported by administrative staff. In large firms the structure of a personnel department may take various shapes, depending on organisational resources, competitive pressures and total employee strength.

### **HRM Department in Line Organisation**

- ❖ Line structure is more common in small firms. In this structure authority flows in a direct line from supervisors to subordinates. Each employee knows who his superior is and who has the authority to issue orders
- ❖ Managers have full authority (line authority) in their areas of operation and are responsible for final results. Line authority implies the right to give orders and to have decisions implemented. The "one-man- one-boss" principle is observed strictly. Authority relationships are clear and there is strict discipline as persons working at lower levels can have access to higher level officers only through their immediate bosses.

### **HRM Department in Functional Organisation**

- ❖ In any functional organisation, all activities of an organisation are divided into various functions such as production, marketing, finance etc. Each functional area is headed by a specialist who directs the activities of that area for the entire organisation. Every employee, therefore, is

required to report to various functional heads. The functional head has line authority over subordinates in his own functional area. Additionally, he has functional authority over activities in other functional areas. The term 'functional authority' thus is a limited form of line authority given to functional experts in an area where certain specialised activities are carried out under the normal supervision of managers belonging to other departments.

- ❖ Functional organisation has the great advantage of clarity. Every body has a home. It provides economy of scale within functions. It reduces duplication and waste. Functional heads can specialise and focus energies on a narrow area as they gain experience, expertise and competence over a period of time. The 'effort focus', however, puts managers in a race. They tend to fight for power, resources and benefits. Every one tries to glorify his own field at the cost of others. Overlapping of authority and divided responsibility further complicates the scenario.

### **HRM Department in Line and Staff Organisation**

- ❖ The line and staff structure combines the benefits of both line organisation and functional organisation. Staff positions are created to assist line managers. Thus the personnel department offers help and advice on personnel issues to all departments without violating the unity of command principle.

### **HRM Department in a Divisionalised Organisational Structure**

- ❖ The role of a personnel manager attached to the divisional office/branch office or factory of a decentralised organisation is particularly a difficult one. The Personnel manager at divisional/branch level is responsible to the local divisional/branch manager in a line sense and subordinate to the Manager-Personnel at head office in a staff or functional sense. Personnel manager at divisional/branch level has to help the divisional/branch manager in developing personnel programmes and in the management of personnel of the division/ branch concerned. The deputy manager personnel at the divisional level may contact the manager-personnel at the head office to gain acceptance of the personnel programmes. In case of rift between divisional manager and deputy manager, they may report their difficulties to their common superior who in turn consults higher management for correct decision. Similarly, the personnel officer at

branch level may contact the deputy divisional manager-personnel at divisional level to gain acceptance of the personnel programmes and to get clarifications about personnel issues. In case of the rift between the branch manager and branch personnel officer, they may report their issues to their superior at divisional level. The branch personnel officer and branch manager may get the assistance from the personnel manager at the head office, in solving the problems of crucial and strategic nature as also those which cannot be solved at the branch/divisional level.

### **HRM Department in a Matrix Organisational Structure**

- ❖ In a matrix organisational structure, employees have two superiors, in that they are under dual authority. One chain of command is functional and the other is a project team. Hence, matrix structure is referred to as a multi-command system (both vertical and horizontal dimension). Thus, the team of employees which comprise the personnel department have two superiors, i.e., Personnel manager (vertical dimension) and Project manager horizontal dimension. Both dimensions of structure are permanent and balanced, with power held equally by both the functional head and a project manager.

### **LINE AND STAFF FUNCTIONS**

- ❖ For any dynamic and growth-oriented organisation to survive in a fast-changing environment, HRD activities play a very crucial role. Recent economic restructuring in India at the macro level influenced the need for production restructuring at unit level and production restructuring necessitated labour restructuring vis-a-vis restructuring of HRD activities in organisations. The primary goal of HR manager is to increase a worker's productivity and a firm's profitability as investment in HRD improves a worker's skill and enhances motivation. The other goal of HR manager is to prevent obsolescence at all levels.
- ❖ In a sense, all managers are HR managers as they all get involved in activities like selecting, training, compensating employees. Yet most firms, now a days, have the HR department headed by a person with requisite qualifications in behavioural sciences. How do the duties of this HR manager relate to the line managers' HR duties would be an interesting question to answer. Line managers have the final responsibility for achieving the organisation's goals. They also have the authority to

direct the work of subordinates. Staff managers usually help and advise line managers in achieving organisational goals. HR managers are staff experts. They assist line managers in areas like recruiting, selecting, training and compensating. Managing people, in a broader context, is every manager's business and successful organisations generally combine the experience of line managers with the experience of HR specialists while utilising the talents of employees to their greatest potential. HR managers have to win the hearts of employees working alongside line managers and deliver results in a cost-effective manner. HR managers as indicated earlier are assuming a greater role in top management planning and decision making-a trend that indicates the growing realisation among executives that HRM can make significant contributions to the success of an organisation.

### MANAGERIAL FUNCTIONS

- ❖ **Planning:** This function deals with the determination of the future course of action to achieve desired results. Planning of personnel today prevents crises tomorrow. The personnel manager is expected to determine the personnel programme regarding recruitment, selection and training of employees.
- ❖ **Organising:** This function is primarily concerned with proper grouping of personnel activities, assigning of different groups of activities to different individuals and delegation of authority. Creation of a proper structural framework is his primary task. Organising, in fact, is considered to be the wool of the entire management fabric and hence cannot afford to be ignored.
- ❖ **Directing:** This involves supervising and guiding the personnel. To execute plans, direction is essential for without direction there is no destination. Many a time, the success of the organisation depends on the direction of things rather than their design. Direction then consists of motivation and leadership. The personnel manager must be an effective leader who can create winning teams. While achieving results, the personnel manager must, invariably, take care of the concerns and expectations of employees at all levels.
- ❖ **Controlling:** Controlling function of personnel management comprises measuring the employee's performance, correcting negative deviations and industrial assuring an efficient accomplishment of plans. It makes individuals aware of their performance through review

reports, records and personnel audit programmes. It ensures that the activities are being carried out in accordance with stated plans.

## OPERATIVE FUNCTIONS

- ❖ The operative functions of P/HRM are related to specific activities of personnel management, viz., employment, development, compensation and industrial relations. These functions are to be performed in conjunction with managerial functions.
  - ❖ **Procurement function:** The first operative function of personnel management is procurement. It is concerned with procuring and employing people who possess necessary skill, knowledge and aptitude. Under its purview you have job analysis, manpower planning, recruitment, selection, placement, induction and internal mobility.
1. **Job analysis:** It is the process of collecting information relating to the operations and responsibilities pertaining to a specific job.
  2. **Human resources planning:** It is a process of determining and assuring that the organisation will have an adequate number of qualified persons, available at proper times, performing jobs which would meet their needs and provide satisfaction for the individuals involved.
  3. **Recruitment:** It is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.
  4. **Selection:** It is the process of ascertaining qualifications, experience, skill and knowledge of an applicant with a view to appraising his/her suitability to the job in question.
  5. **Placement:** It is the process that ensures a 360° fit, matching the employee's qualifications, experience, skills and interest with the job on offer. It is the personnel manager's responsibility to position the right candidate at the right level.
  6. **Induction and orientation:** Induction and orientation are techniques by which a new employee is rehabilitated in his new surroundings and introduced to the practices, policies, and people. He must be acquainted with the principles which define and drive the organisation, its mission statement and values which form its backbone.



7. **Internal Mobility:** The movement of employees from one job to another through transfers and promotions is called internal mobility. Some employees leave an organisation due to various reasons leading to resignation, retirement and even termination. These movements are known as external mobility. In the best interest of an organisation and its employees, such job changes should be guided by well-conceived principles and policies.
- ❖ **Development:** It is the process of improving, moulding, changing and developing the skills, knowledge, creative ability, aptitude, attitude, values and commitment based on present and future requirements both at the individual's and organisation's level. This function includes:
1. **Training:** Training is a continuous process by which employees learn skills, knowledge, abilities and attitudes to further organisational and personnel goals.
  2. **Executive development:** It is a systematic process of developing managerial skills and capabilities through appropriate programmes.
  3. **Career planning and development:** It is the planning of one's career and implementation of career plans by means of education, training, job search and acquisition of work experiences. It includes succession planning which implies identifying developing and tracking key individuals for executive positions
  4. **Human resource development:** HRD aims at developing the total organisation. It creates a climate that enables every employee to develop and use his capabilities in order to further both individual and organisational goals.
- ❖ **Motivation and compensation:** It is a process which inspires people to give their best to the organisation through the use of intrinsic (achievement, recognition, responsibility) and extrinsic (job design, work scheduling, appraisal based incentives) rewards.
1. **Job design:** Organizing tasks, and responsibilities towards having a productive unit of work is called job design. The main purpose of job design is to integrate the needs of employers to suit the requirements of an organisation.
  2. **Work scheduling:** Organizations must realize the importance of scheduling work to motivate employees through job enrichment, shorter work weeks flexi-time, work sharing and home work assignments. Employees need to be challenged at work and the job itself must be one that

they value. Work scheduling is an attempt to structure work, incorporating the physical, physiological and behavioural aspects of work.

3. **Motivation:** Combining forces that allow people to behave in certain ways is an integral aspect of motivation. People must have both the ability and the motivation if they are to perform at a high level. Managers generally try to motivate people through properly administered rewards (financial as well as non-financial).
4. **Job evaluation:** Organisations formally determine the value of jobs through the process of job evaluation. Job evaluation is the systematic process of determining the relative worth of jobs in order to establish which jobs should be paid more than others within the organisation. Job evaluation helps to establish internal equality between various jobs.
5. **Performance appraisal:** After an employee has been selected for a job, has been trained to do it and has worked on it for a period of time, his performance should be evaluated. Performance evaluation or appraisal is the process of deciding how employees do their jobs. It is a method of evaluating the behaviour of employees at the workplace and normally includes both the quantitative and qualitative aspects of job performance. It is a systematic and objective way of evaluating work-related behaviour and potential of employees. It is a process that involves determining and communicating to an employee how he or she is performing and ideally, establishing a plan of improvement.  
The appraisal process consists of six steps: (1) establish performance standards with employees; (2) set measurable goals (manager and employee); (3) measure actual performance; (4) compare actual performance with standards; (5) discuss the appraisal with the employees and (6) if necessary initiate corrective action.
6. **Compensation administration:** Compensation administration is the process of dividing how much an employee should be paid. The important goals of compensation administration are to design a low-cost pay plan that will attract, motivate and retain competent employees-which is also perceived to be fair by these employees.
7. **Incentives and benefits:** In addition to a basic wage structure, most organisations nowadays offer incentive compensation based on actual performance. Unlike incentives, benefits and



services are offered to all employees as required by law including social security, insurance, workmen's compensation, welfare amenities etc. Organisations have been offering a plethora of other benefits and services as well as a means of 'sweetening the pot'. (employee stock options, birthday gifts, anniversary gifts, paid holidays, club membership)

❖ **Maintenance:** It aims at protecting and preserving the physical and psychological health of employees through various welfare measures.

1. **Health and safety:** Managers at all levels are expected to know and enforce safety and health standards throughout the organisation. They must ensure a work environment that protects employees from physical hazards, unhealthy conditions and unsafe acts of other personnel. Through proper safety and health programmes, the physical and psychological well-being of employees must be preserved and even improved.
2. **Employee welfare:** Employee welfare includes the services, amenities facilities offered to employees within or outside the establishment for physical, psychological and social well being. Housing, transportation, education and recreation facilities are all included in the employee welfare package.
3. **Social security measures:** Managements provide social security to their employees in addition to fringe benefits. These measures include: (a) Workmen's compensation to those workers (or their dependents) who are involved in accidents; (b) Maternity benefits to women employees; (c) Sickness benefits and medical benefits; (d) Disablement benefits/allowance; (e) Dependent benefits; (f) Retirement benefits like Provident Fund, Pension, Gratuity, etc.

❖ **Integration function:** This tries to integrate the goals of an organisation with employee aspirations through various employee-oriented programmes, like redressing grievances promptly, instituting proper disciplinary measures, empowering people to decide things independently, encouraging a participative culture, offering constructive help to trade unions etc.

1. **Grievance redressal:** A grievance is any factor involving wages, hours or conditions of employment that is used as a complaint against the employer. Constructive grievance handling depends first on the manager's ability to recognise, diagnose and correct the causes of potential employee dissatisfaction before it converts into a formal grievance.

2. ***Discipline***: It is the force that prompts an individual or a group to observe the rules, regulations and procedures, which are deemed necessary for the attainment of an objective.
3. ***Teams and teamwork***: Self-managed teams have emerged as the most important formal groups in today's organisations. They enhance employee involvement and have the potential to create positive synergy. By increasing worker interaction, they create camaraderie among team members. They encourage individuals to sublimate their individual goals for those of the group. Teams have inherent strengths which ultimately lead to organisational success at various levels.
4. ***Collective bargaining***: It is the process of agreeing on a satisfactory labour contract between management and union. The contract contains agreements about conditions of employment such as wages, hours, promotion, and discipline; lay off, benefits, vacations, rest pauses and the grievance procedure. The process of bargaining generally takes time, as both parties tend to make proposals and counter-proposals. The resulting agreement must be ratified by unions, workers and management.
5. ***Employee participation and empowerment***: Participation means sharing the decision-making power with the lower ranks of an organisation in an appropriate manner. When workers participate in organisational decisions they are able to see the big picture clearly and also how their actions would impact the overall growth of the company. They can offer feedback immediately based on their experiences and improve the quality of decisions greatly. Since they are now treated with respect, they begin to view the job and the organisation as their own, and commit themselves to organisational objectives whole-heartedly.
6. ***Trade unions and employees association***: Trade union is an association either of employees or employers or independent workers. It is a relatively permanent a body formed by workers with the objective of countering exploitation and harassment. It strives towards providing economic and social benefits to the labour community. Trade unions have always played a powerful role in improving the lot of workers in India, using aggressive bargaining tactics. However since the 90's, the situation changed dramatically. Unable to fight the forces of competition, many employers have been forced to shutdown units and scale down operations. This has made both parties realise the importance of bargaining for their rights in an atmosphere of 'give and take'.

7. **Industrial relations:** Harmonious industrial relations between labour and management are essential to achieve industrial growth and higher productivity. When the relationship between the parties is not cordial, discontentment develops and conflicts erupt abruptly. It is not always easy to put out the fires with the existing dispute-settlement-machinery, created by the government. Hence both labour and management must appreciate the importance of openness, trust and collaboration in their day-to-day dealings.

### HUMAN RESOURCE PLANNING

- ❖ Human resource is an important corporate asset and the overall performance of companies depends upon the way it is put to use. In order to realise company objectives, it is essential to have a human resource plan. Human Resource Planning (also called employment or personnel planning) is essentially the process of getting the right number of qualified people into the right job at the right time so that an organisation can meet its objectives. It is a system of matching the supply of people (existing employees and those to be hired or searched for) with openings the organisation expects over a given time frame.
- ❖ Human Resource Planning (HRP) is a forward looking function. It tries to assess human resource requirements in advance keeping the production schedules, market fluctuations, demand forecasts, etc., in the background. The human resource plan is subject to revision, of course, and is tuned to the requirements of an organisation from time to time. It is an integral part of the overall corporate plan and reflects the broad thinking of management about manpower needs within the organisation. The focus of the plan is always on getting right number of qualified people into the organisation at the right time. To this end, human resource plans are prepared for varying time periods, i.e., short term plans covering a time frame of 2 years and long term plans encompassing a period of 5 or more years.

## **NEED FOR HUMAN RESOURCE PLANNING**

- ❖ The basic purpose of having a human resource plan is to have an accurate estimate of the number of employees required, with matching skill requirements to meet organisational objectives. It provides information about the manner in which existing personnel are employed, the kind of skills required for different categories of jobs and human resource requirements over a period of time in relation to organisational objectives. It would also give an indication of the lead time that is available to select and train the required number of additional manpower.

### **Forecast Personnel Requirements**

- ❖ HR planning is essential to determine the future manpower needs in an organisation. In the absence of such a plan, it would be difficult to have the services of right kind of people at the right time.

### **Cope with changes**

- ❖ HR planning is required to cope with changes in market conditions, technology, products and government regulations in an effective way. These changes may often require the services of people with the requisite technical knowledge and training. In the absence of an HR plan, we may not be in a position to enlist their services in time.

### **Use existing manpower productively**

- ❖ By keeping an inventory of existing personnel in an enterprise by skill, level, training, educational qualifications, work experience, it will be possible to utilise the existing resources more usefully in relation to the job requirements. This also helps in decreasing wage and salary costs in the long run.

### **Promote employees in a systematic manner**

- ❖ HR planning provides useful information on the basis of which management decides on the promotion of eligible personnel in the organisation. In the absence of an HR plan, it may be difficult to ensure regular promotions to competent people on a justifiable basis.

## **BENEFITS OF HUMAN RESOURCE PLANNING**

### **Reservoir of talent:**

- ❖ The organisation can have a reservoir of talent at any point of time. People with requisite skills are readily available to carry out the assigned tasks.

### **Prepare people for future:**

- ❖ People can be trained, motivated and developed in advance and this helps in meeting future needs for high-quality employees quite easily. Likewise, human resource shortages can also be met comfortably (when people quit the organisation for various reasons) through proper human resource planning.

### **Expand or contract:**

- ❖ If the organisation wants to expand its scale of operations, it can go ahead easily. Advance planning ensures a continuous supply of people with requisite skills who can handle challenging jobs easily.

### **Cut costs:**

- ❖ Planning facilitates the preparation of an appropriate HR budget for each department or division. This, in turn, helps in controlling manpower costs by avoiding shortages/excesses in manpower supply. The physical facilities such as canteen, quarters, school, medical help, etc., can also be planned in advance.

### **Succession planning:**

- ❖ Human Resource Planning, as pointed out previously, prepares people for future challenges. The 'stars' can be picked up and kept ready for further promotions whenever they arise. All multinational companies for example, have this policy of having a 'hot list' of promising candidates prepared in advance e.g., HLL, Proctor & Gamble, Godrej consumer products etc. Such candidates are rolled over various jobs and assessed and assisted continuously. When the time comes, such people 'switch hats' quickly and replace their respective bosses without any problem.

## **FACTORS AFFECTING HUMAN RESOURCE PLANNING**

### **Forecasting the Demand for Human Resources**

- ❖ Most firms estimate how many employees they require in future. The demand for human talent at various levels is primarily due to the following factors:

#### **A. External Challenges**

##### **Economic developments:**

- ❖ Liberalisation, opening up of banking sector, capital market reforms, the on-line trading systems have created huge demand for finance professionals during 1990-1995 in India. The late 90s saw the rise of manufacturing, FMCG, Pharmaceuticals, Auto-components, Healthcare and Chemical Industries in a steady manner. Consequently, the demand for Engineering and Management graduates, Scientists and Healthcare professionals has picked up in recent times.

##### **Political, legal, social and technical changes:**

- ❖ The demand for certain categories of employees and skills is also influenced by changes in political, legal and social structure in an economy. Likewise, firms employing latest technology in construction, power, automobiles, software, etc., have greatly enhanced the worth of technicians and engineers during the last couple of years. Technology, however, is a double-edged weapon and hence, its impact on HR plans is difficult to predict. For example, computerisation programme in Banks, Railways, Post and Telegraph Departments may reduce demand in one department (book keeping, for example) while increasing it in another (such as computer operations). High technology with all its attendant benefits may compel organisations to go lean and downsize workforce suddenly. Employment planning under such situations becomes complicated.

##### **Competition:**

- ❖ Companies operating in fields where a large number of players are bent upon cutting each other's throat (with a view to enhance their market shares) often reduce their workforce. Competition is beneficial to customers but suicidal for companies operating on thin margins. Such companies have



to necessarily go 'lean' by reducing their workforce. On the other hand, companies that are doing well and progressing smoothly will always look for people with critical skills.

## **B. Organizational Decisions**

- ❖ The organisation's strategic plan, sales and production forecasts and new ventures must all be taken into account in employment planning. If Britannia Industries Ltd expects higher demand for biscuits and bread, the long-term HR plan must take this into consideration. Likewise, if it tries to venture into other lucrative fields such as milk based products and confectionery items, the demand for people possessing requisite skills in those areas in the next couple of years should be looked into carefully.

## **C. Workforce Factors**

- ❖ Demand is modified by retirements, terminations, resignations, deaths and leaves of absence. Past experience, however, makes the rate of occurrence of these actions by employees fairly predictable.

## **D. Forecasting Techniques**

### **Expert forecasts:**

- ❖ In this method, managers estimate future human resource requirements, using their experiences and judgements to good effect.

### **Trend analysis:**

- ❖ HR needs can be estimated by examining past trends. Past rates of change can be projected into the future or employment growth can be estimated by its relationship with a particular index.

## **E. Other Methods**

### **Workforce analysis:**

- ❖ The average loss of manpower due to leave, retirement, death, transfer, discharge, etc., during the last 5 years may be taken into account. The rate of absenteeism and labour turnover should also be taken into account. The nature of competition say from foreign banks, other non-

banking financial institutions may also be considered here to find out actual requirements in a year. While some of the interchanges and external supply could be predicted (growth opportunities, promotions, transfers, retirements, etc.) others are not so easy to predict. Past experience and historical data may help bank managers in this regard.

### **Work load analysis:**

- ❖ The need for manpower is also determined on the basis of work-load analysis, wherein the company tries to calculate the number of persons required for various jobs with reference to a planned output – after giving weightage to factors such as absenteeism, idle time, etc.
- ❖ Example: While determining manpower requirements through work load analysis, commercial banks may have to take the following factors into consideration: (i) the number of transactions to be handled by an employee; (ii) the amount of deposits and advances per employee; (iii) special requirements in respect of managing extension counters, currency chests, mobile branches, etc.; (iv) future expansion plans of the bank concerned. Managerial judgement – a study of the past trends – may serve as a useful guide in this regard. Statistical and econometric models may also be pressed into service, sometimes, depending on the requirement(s).

### **Job analysis:**

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

### **CHANGING ENVIRONMENT OF HRM**

- ❖ The early part of the century saw a concern for improved efficiency through careful design of work. During the middle part of the century emphasis shifted to the availability of managerial personnel and employee productivity. Recent decades have focused on the demand for technical



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personnel, responses to new legislation and governmental regulations, increased concern for the quality of working life, total quality management and a renewed emphasis on productivity.

Concept	What is it all about?
<b>The Commodity concept</b>	Labour was regarded as a commodity to be bought and sold. Wages were based on demand and supply. Government did very little to protect workers.
<b>The Factor of Production concept</b>	Labour is like any other factor of production, viz, money, materials, land, etc. Workers are like machine tools.
<b>The Goodwill concept</b>	Welfare measures like safety, first aid, lunch room, rest room will have a positive impact on workers' productivity
<b>The Paternalistic concept/ Paternalism employees.</b>	Management must assume a fatherly and protective attitude towards Paternalism does not mean merely providing benefits but it means satisfying various needs of the employees as Parents meet the requirements of the children.
<b>The Humanitarian concept</b>	To improve productivity, physical, social and psychological needs of workers must be met. As Mayo and others stated, money is less a factor in determining output, than group standards, group incentives and security. The organisation is a social system that has both economic and social dimensions.

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<b>The Human Resource concept</b>	Employees are the most valuable assets of an organisation. There should be a conscious effort to realise organizational goals by satisfying needs and aspirations of employees.
<b>The Emerging concept</b>	Employees should be accepted as partners in the progress of a company. They should have a feeling that the organisation is their own. To this end, managers must offer better quality of working life and offer opportunities to people to exploit their potential fully. The focus should be on Human Resource Development.

### Growth in India

- ❖ **Early phase:** Though it is said that P/HRM a discipline is of recent growth, it has had its origin dating back to 1800 B.C. For example: the minimum wage rate and incentive wage plans were included in the Babylonian Code of Hammurabi around 1800 B.C. The Chinese, as early as 1650 B.C. had originated the principle of division of labour and they understood labour turnover even in 400 B.C. The span of management and related concepts of organisation were well understood by Moses around 1250 B.C. and the Chaldeans had incentive wage plans around 400 B.C. Kautilya, in India (in his book Arthashastra) made reference to various concepts like job analysis, selection procedures, executive development, incentive system and performance appraisal.
- ❖ **Legal phase:** The early roots of HRM in India could be traced back to the period after 1920. The Royal commission on labour in 1931 suggested the appointment of labour officer to protect workers' interests and act as a spokesperson of labour. After Independence, The Factories Act 1948, made it obligatory for factories employing 500 or more workers. "In view of legal compulsions and the enumeration of duties the entire approach of organisations toward their personnel was to comply with the laws and keep the welfare officers busy with routine functions" Meanwhile two professional bodies, viz., the Indian Institute of Personnel

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Management (IIPM) Kolkata and the National Institute of Labour Management (NILM) Mumbai have come into existence in 1950s.

- ❖ **Welfare phase:** During the 1960s the scope of personnel function has expanded a bit, covering labour welfare, participative management, industrial harmony, etc. “In this period, the human relations movement of the West had also had its impact on Indian organisations”. The legalistic preoccupations slowly gave way to harmonious industrial relations and good HR practices.
- ❖ **Development phase:** In 1960s and 70s the HR professionals focused more on developmental aspects of human resources. The emphasis was on striking a harmonious balance between employee demands and organisational requirements. HRD has come to occupy a centre stage and a focal point of discussion in seminars, conferences and academic meets. The two professional bodies, IIPM and NILM, were merged to form the National Institute of Personnel Management (NIPM) at Kolkata.
- ❖ During the 1990's, organisational restructuring and cost cutting efforts have started in a big way-thanks to the pressures of liberalisation, privatisation and globalisation (LPG era) forcing companies to focus attention on employee capabilities product/service quality, speedy response, customer satisfaction etc. Changing demographics and increasing shortages of workers with the requisite knowledge, skills and ability have grown in importance. The issue of workforce diversity has assumed greater importance-in view of the cultural, religious social, regional backgrounds of workers, especially in global sized companies such as Reliance, Ranbaxy, Asian Paints, TISCO, etc.

### STRATEGIC HUMAN RESOURCE MANAGEMENT

- ❖ SHRM is the pattern of planned human resource developments and activities intended to enable an organisation to achieve its goals (Wright and McMahan). This means accepting the HR function as a strategic partner in both the formulation of the company's strategic, as well as in the implementation of those activities through HR activities. While formulating the strategic plan HR management can play a vital role, especially in identifying and analysing external threats and opportunities. (Environmental scanning) that may be crucial to the company's

success. HR management can also offer competitive intelligence (like new incentive plans being used by competitors, data regarding customer complaints etc.) that may be helpful while giving shape to strategic plans. HR function can also throw light on company's internal strengths and weaknesses. For example, IBM's decision to buy Lotus was probably prompted in part by IBM's conclusion that its own human resources were inadequate for the firm to reposition itself as an industry leader in networking systems (Dessler). Some firms even develop their strategies based on their own HR- based competitive advantage. Software Majors, Wipro, TCS have not slowed down their recruitment efforts during the lean periods, pinning hopes on their own exceptionally talented employee teams. In fact they have built their strategic and operating plans around outsourcing sourcing contracts from US, Europe, Japan and Germany-which would help them exploit the capabilities of their employees fully.

- ❖ HR has a great role to play in the execution of strategies. For example, HDFC's competitive strategy is to differentiate itself from its competitors by offering superior customer service at attractive rates (searching the right property, finishing legal formalities, offering expert advice while negotiating the deal, competitive lending rates, fast processing of applications, offering other financial products of HDFC at concessional rates, door-to-door service as per customers' choice etc. (HDFC's growth architecture, Business Today, Jan 6, 2001). Since the same basic services are offered by HDFC's competitors such as LIC Housing Finance GIC Housing Finance, banks and private sector, players like Dewan Housing Finance, Ganesh Housing, Live Well Home, Peerless Abassan etc. HDFC's workforce offers a crucial competitive advantage (highly committed, competent and customer-oriented workforce). HR can help strategy implementation in other ways. It can help the firm carry out restructuring and downsizing efforts without rubbing employees on the wrong side- say, through out-placing employees, linking rewards to performance, reducing welfare costs, and retraining employees. HR can also initiate systematic efforts to enhance skill levels of employees so that the firm can compete on quality.
- ❖ Globalisation, deregulation and technological innovation have- in recent times- created the need for rather, faster and more competitive organisations. Under the circumstances, employee behaviour and performance is often seen as the best bet to push competitors to a corner and

enhance productivity and market share. HR practices build competitiveness because they allow for strategic implementation, create a capacity for change and instil strategic unity.

## **USING HRM TO ATTAIN COMPETITIVE ADVANTAGE**

- ❖ Competitive advantage refers to the ability of an organisation to formulate strategies to exploit rewarding opportunities, thereby maximising its return on investment.
- ❖ Competitive advantage occurs if customers perceive that they receive value from their transaction with an organisation. This requires single-minded focus on customer needs and expectations.
- ❖ To achieve this, the organisation needs to tune its policies in line with changing customer's requirements. The second principle of competitive advantage derives from offering a product or service that your competitor cannot easily imitate or copy. An organisation should always try to be unique in its industry along dimensions that are widely valued by customers. For example Apple stresses its computers' usability, Mercedes Benz stresses reliability and quality; Maruti emphasises affordability of its lower-end car Maruti 800. In order to enjoy the competitive advantage, the firm should be a cost-leader, delivering value for money. It must have a committed and competent workforce. Workers are most productive if (i) they are loyal to the company, informed about its mission, strategic and current levels of success, (ii) involved in teams which collectively decide how things are to be done and (iii) are trusted to take the right decisions rather than be controlled at every stage by managers above them (Thompson). A good team of competent and committed employees will deliver the goals if they are involved in all important activities and are encouraged to develop goals that they are supposed to achieve. In recent years, a new line of thinking has emerged to support this view-known as strategic human resources management (SHRM).

## **TRENDS IN HRM**

- ❖ Traditionally, the personnel function centered around control and direction of employees for achievement of predetermined goals. The Human Resources Approach, in direct contrast to this, recognises the worth of human being in the realisation of corporate goals. It takes a supportive and

developmental route to achieve results through the cooperative efforts of employees. When opportunities for growth and enhancement of skills are available, people will be stimulated to give their best, leading to greater job satisfaction and organisational effectiveness. The manager's role, too, has undergone a dramatic change over the years. From control and direction of employees, he is expected to move toward clarifying goals and paths and creating a supportive and growth oriented environment, where people are willing to take up assigned roles willingly and enthusiastically. The effective use of people is the most critical factor in the successful accomplishment of corporate goals. To be effective, therefore, Human Resource managers need to understand the needs, aspirations, concerns of employees proactively, face the challenges head-on and resolve issues amicably. They are expected to successfully evolve an appropriate corporate culture, take a strategic approach to the acquisition, motivation and development of human resources and introduce programmes that reflect and support the core values of the organisation and its people.

### FUTURE OF HRM

- ❖ ***Size of workforce:*** Corporates have grown in size considerably in recent years, thanks to global competition in almost all fields. The size of the work force, consequently, has increased, throwing up additional challenges before HR managers in the form of additional demands for better pay, benefits and working conditions from various sections of the workforce constantly.
- ❖ ***Composition of workforce:*** The workforce composition is also changing over the years. The rising percentage of women and minorities in the work force is going to alter workplace equations dramatically. Demands for equal pay for equal work, putting an end to gender inequality and bias in certain occupations, the breaking down of glass ceiling have already been met. Constitutional protection ensured to minorities has also been met to a large extent by HR managers in public sector units. The new equations may compel HR managers to pay more attention to protecting the rights of the other sex and ensure statutory protection and concessions to minorities and disadvantaged sections of society. The shifting character of workforce in terms of age, sex, religion, region, caste etc. is going to put pressures on HR managers trying to



integrate the efforts of people from various places. Managing heterogeneous and culturally diverse groups is going to stretch the talents of HR managers fully.

- ❖ **Employee expectations:** “Instead of attempting to force employees to conform to a ‘corporate mould’ future managers may well have to make more allowances for individual differences in people”. (Mathis and Jackson p. 616). Nowadays workers are better educated, more demanding and are ready to voice strong, violent and joint protests in case their expectations are not met. The list of financial and nonfinancial demands is ever-growing and expanding. In fast-changing industries such as software, telecom, entertainment and pharmaceuticals the turnover ratios are rising fast and if HR managers do not respond positively to employee expectations, the acquisition and development costs of recruits is going to mount up steadily. An efficient organisation is, therefore required to anticipate and manage turnover through human resource planning, training schemes followed by appropriate compensation packages.
- ❖ **Changes in technology:** Increased automation, modernisation and computerisation have changed the way the traditional jobs are handled. In such a scenario unless employees update their knowledge and skills constantly, they cannot survive and grow. This will necessitate training, retraining and mid-career training of operatives and executives at various levels. Where such initiatives are missing, it becomes very difficult for employees to face the forces of technology with confidence and get ahead in their careers steadily.
- ❖ **Life-style changes:** The life-style patterns of employees have undergone a rapid change in recent times. Unlike their predecessors people are now ready to change jobs, shift to new locations, take up jobs in start-up companies instead of manufacturing units and even experiment with untested ideas. A recent survey of young executives in four major metros (Chennai, Bombay, Bangalore and Delhi) (Business line, Urban pulse, Feb 2000) in India revealed several interesting things: Unlike the western world where dual careers are quite common, HR managers in India have not faced any additional challenges in the form of relocation efforts, job sharing and job hunting exercises etc. The situation, however, may change in the next couple of years especially in software, media, telecom sectors where the number of women employees is rising steadily. The survey of young executives underlined the

importance of designing jobs around the individual, taking his career expectations into account. Flexible working hours, attractive compensation packages, job content and growth opportunities etc. may occupy the centre-stage in HR strategies of Indian managers in the days ahead.

- ❖ **Environmental challenges:** Privatisation efforts in India are likely to gather momentum in the coming years, as most public sector units face survival problems. (For example Air India has 750 employees per aircraft, which makes it the most over-staffed airline in the world. Air India's cost per employee is over Rs 5 lakh a year, perhaps highest among Indian public sector units. Likewise, Delhi Transport Corporation has 30,000 employees, of which 15,000 are excess and the annual expenditure on this excess staff works out to Rs 22 crore!) Mounting costs, rising wage bills, increased competition, inefficient operations, outdated technology, debt burden etc. will compel many public sector units to either draw the shutters down or seek private sector partners. The burden of training and retraining employees with a view to make them more productive and useful under the new set-up is going to fall on the shoulders of HR managers. With this the legal stipulations covering recruitment and selection of employees, employment of reserved category employees, minorities etc. are also likely to lose their importance over a period of time.
- ❖ **Personnel function in future:** The personnel function in future is going to evolve thus:
  1. **Job redesign:** The focus on job redesign will increase: Flexitime, job sharing and alternative work arrangements will come to occupy a centre-stage.
  2. **Career opportunities:** Apart from compensation, personal growth and self-development may become primary motives for working. HR managers may have to restructure work so that employees may find expression of their needs for creativity, autonomy and entrepreneurship (For example NIIT has already started the Netpreneur scheme in 2000 to encourage budding net consultants – either from its own ranks or outside) in their jobs.
  3. **Productivity:** “Productivity, efficiency, growth” are going to be the new mantras for corporate survival and growth.
  4. **Recruitment and selection:** Effective selection devices are likely to be used, giving premium to employee skills, knowledge, experience, ability to get along with people etc.



5. **Training and development:** As technologies change rapidly, people need to update their skills continuously. A much broader range of abilities is required to keep pace with ever-present changes, forcing companies to spend increasing sums on training and development. (For instance pharmaceutical majors like Dr Reddy Labs, Ranbaxy, Cipla, Sun Pharma have increased their Research and Development budgets in response to WTO conditionalities in recent years).
6. **Rewards:** Rewards will be tied to performance. Benefits will accrue to those who show merit. Individually – designed packages recognising talent may out-number group compensation plans. Carrot and stick policies may not find a place in the new corporate lexicon in the days ahead.
7. **Safety and welfare:** Increasing investments may have to be made by companies to improve the work atmosphere, climate and job satisfaction levels of employees.
- ❖ **Changes in 21st century impacting HRM:** Some of the current trends that would have a significant impact on the way HR practices would get transformed in future may be listed thus:
  1. **HR as a spacing board for success:** Executives with people management skills would be able to steal the show, since they help integrate corporate goals with employee expectations in a successful way. Senior HR executives would be able to smoothly move into top management positions, using their soft skills to good advantage.
  2. **Talent hunting, developing and retaining: Clear focus areas:** The 21st century corporation would be looking for people with cross-functional expertise strong academic background and team management skills. The new recruits are expected to utilise the scarce resources judiciously and produce excellent results- in line with the expectations of internal as well as external groups. As companies realise the importance of human element in gaining a sustainable competitive advantage, there would be a mad scramble for 'talent'. This would in turn, compel corporate houses to pay close attention to talent acquisition development and retention through novel developmental efforts compensation packages and incentive schemes apart from flexible working schedules. More and more workers would be able to process information by working at homes, forcing companies to evaluate each employee's contribution carefully and pay accordingly.
  3. **Lean and mean organisations:** Organisations will be forced to eliminate low-end job, say good-bye to older employees with limited skill-sets, out source work to specialised institutions in an attempt to

save costs and remain highly competitive. As a result lay offs would occur and unemployment rates will go up; large outlays of cash may be required while buying out older employees and obtaining employee loyalty and commitment would be quite challenging in such a scenario.

4. **Labour relations:** Deregulation, privatisation, global competition and the like would in a way, mean the end of the road for trade unions. They will lose their count slowly but steadily. The political support enjoyed by them hitherto would also come down drastically. Economic compulsions would make both the employers and employees realise the folly of pulling down shutters or going on strike, however genuine the cause might be. Governmental influence in labour-management relations would have only historical significance as employment-related issues begin to be dictated by market forces.
5. **Health care benefits:** To attract talented workforce healthier work environments would be an absolute necessity. Employees would be obliged to give their employees safe, healthy and secure work environments. Wellness programmes also need to be designed to help employees identify potential health risks and deal with them before they become problems. More importantly, organisations need to pay more attention to issues such as office decor, furniture design, space utilisation with a view to improve the comfort levels of employees.

## QUALITIES OF HR MANAGER

- ❖ The personnel manager must have initiative, resourcefulness, depth of perception, maturity in judgement and analytical ability. He must possess intellectual integrity so that he can be unbiased and objective towards the problems of both the management and the employees. He must have a thorough knowledge of human psychology so that he can better judge and anticipate the employee behavior and also motivate and get the work done from them
- He should have an excellent communication skill
- He should have the mental ability and tact (skill) in dealing with people intelligently
- He should have a good moral sense to discriminate between 'right' and 'wrong', 'just' and 'unjust'

- He should have the ability to execute the management decision with utmost accuracy within a short span of time
- He should possess leadership qualities, to take initiatives and guide employees towards achieving the set goals
- He should be patient and understanding
- He should be a good listener
- He must be guided by sympathetic attitude towards employee's demand. He must be tempered with consideration for others
- It is desirable that the HR managers have a social outlook and contribute towards the betterment of quality of life of the employees
- He must be confident to face the adverse situation with courage

## ROLE OF HR MANAGER

- ❖ Human Resource Managers, nowadays, wear many hats. They perform mainly three different types of roles, while meeting the requirement of employees and customers, namely administrative, operational and strategic.

### Administrative Roles

- ❖ The administrative roles of human resource management include policy formulation and implementation, housekeeping, records maintenance, welfare administration, legal compliance etc.
1. **Policy maker:** The human resource manager helps management in the formation of policies governing talent acquisition and retention, wage and salary administration, welfare activities, personnel records, working conditions etc. He also helps in interpreting personnel policies in an appropriate manner.
  2. **Administrative expert:** The administrative role of an HR manager is heavily oriented to processing and record keeping. Maintaining employee files, and HR-related databases, processing employee benefit claims, answering queries regarding leave, transport and medical facilities, submitting required reports to regulatory agencies are examples of the administrative

nature of HR management. These activities must be performed efficiently and effectively to meet changing requirements of employees, customers and the government.

3. **Advisor:** It is said that personnel management is not a line responsibility but a staff function. The personnel manager performs his functions by advising, suggesting, counselling and helping the line managers in discharging their responsibilities relating to grievance redressal, conflict resolution, employee selection and training. Personnel advice includes preparation of reports, communication of guidelines for the interpretation and implementation of policies, providing information regarding labour laws etc.
4. **Housekeeper:** The administrative roles of a personnel manager in managing the show include recruiting, pre-employment testing, reference checking, employee surveys, time keeping, wage and salary administration, benefits and pension administration, wellness programmes, maintenance of records etc.
5. **Counsellor:** The personnel manager discusses various problems of the employees relating to work, career, their supervisors, colleagues, health, family, financial, social, etc. and advises them on minimising and overcoming problems, if any.
6. **Welfare officer:** Personnel manager is expected to be the Welfare Officer of the company. As a Welfare officer he provides and maintains (on behalf of the company) canteens, hospitals, creches, educational institutes, clubs, libraries, conveyance facilities, co-operative credit societies and consumer stores. Under the Factories Act, Welfare officers are expected to take care of safety, health and welfare of employees. The HR managers are often asked to oversee if everything is in line with the company legislation and stipulation.
7. **Legal consultant:** Personnel manager plays a role of grievance handling, settling of disputes, handling disciplinary cases, doing collective bargaining, enabling the process of joint consultation, interpretation and implementation of various labour laws, contacting lawyers regarding court cases, filing suits in labour courts, industrial tribunals, civil courts and the like.

## Operational Roles

- ❖ These roles are tactical in nature and include recruiting, training and developing employees; coordinating HR activities with the actions of managers and supervisors throughout the organisation and resolving differences between employees.
- 1. **Recruiter:** “Winning the war for talent” has become an important job of HR managers in recent times in view of the growing competition for people possessing requisite knowledge, skills and experience. HR managers have to use their experience to good effect while laying down lucrative career paths to new recruits without, increasing the financial burden to the company.
- 2. **Trainer developer, motivator:** Apart from talent acquisition, talent retention is also important. To this end, HR managers have to find skill deficiencies from time to time, offer meaningful training opportunities, and bring out the latent potential of people through intrinsic and extrinsic rewards which are valued by employees.
- 3. **Coordinator/linking pin:** The HR manager is often deputed to act as a linking pin between various divisions/departments of an organisation. The whole exercise meant to develop rapport with divisional heads, using PR and communication skills of HR executives to the maximum possible extent.
- 4. **Mediator:** The personnel manager acts as a mediator in case of friction between two employees, groups of employees, superiors and subordinates and employees and management with the sole objective of maintaining industrial harmony.
- 5. **Employee champion:** HR managers have traditionally been viewed as ‘company morale officers’ or employee advocates. Liberalisation, privatisation and globalisation pressures have changed the situation dramatically HR professionals have had to move closer to the hearts of employees in their own self interest. To deliver results they are now seriously preoccupied with:
  - 1. Placing people on the right job.
  - 2. Charting a suitable career path for each employee.
  - 3. Rewarding creditable performance.
  - 4. Resolving differences between employees and groups smoothly.

5. Adopting family-friendly policies.
6. Ensuring fair and equitable treatment to all people regardless of their background.
7. Striking a happy balance between the employee's personal/professional as also the larger organisational needs.
8. Representing workers' issues, problems and concerns to the management in order to deliver effective results HR managers have to treat their employees as valuable assets. Such an approach helps to ensure that HR practices and principles are in sync with the organisation's overall strategy. It forces the organisation to invest in its best employees and ensure that performance standards are not compromised.

## Strategic Roles

9. An organisation's success increasingly depends on the knowledge, skills and abilities of its employees, particularly as they help establish a set of core competencies (activities that the firm performs especially well when compared to its competitors and through which the firm adds value to its goods and services over a long period of time, e.g. ONGC 's oil exploration capabilities and Dell's ability to deliver low cost, high-quality computers at an amazing speed) that distinguish an organisation from its competitors. When employees' talents are valuable, rare, difficult to imitate and organised, a firm can achieve sustained competitive advantage through its people. The strategic role of HR management focuses attention on how to enable ordinary employees to turn out extraordinary performance, taking care of their ever-changing expectations. The key areas of attention in this era of global competition include effective management of key resources (employees, technology, work processes), while delivering cost effective, value-enhancing solutions
1. **Change agent:** Strategic HR as it is popularly called now aims at building the organisation's capacity to embrace and capitalise on change. It makes sure that change initiatives that are focused on creating high-performing teams, reducing cycle time for innovation, or implementing new technology are defined, developed and delivered in a timely manner. The HR manager in his new avatar would help employees translate the vision statements into a meaningful format (Ulrich, 1998).



HR's role as a change agent is to replace resistance with resolve, planning with results and fear of change with excitement about its possibilities. HR helps an organisation identify the key success factors for change and assess the organisation's strengths and weaknesses regarding each factor. It may not decide what changes the organisation is going to embrace, but it would certainly lead the process to make them explicit. In helping to bring about a new HR environment there needs to be clarity on issues like who is responsible for bringing about change? Why do it? What will it look when we are done? Who else needs to be involved? , How will it be measured? How will it be institutionalised? How will it be measured? How will it get initiated, developed and sustained?

2. ***Strategic partner:*** HR's role is not just to adapt its activities to the firm's business strategy, nor certainly ***to*** carry out fire-fighting operations like compensating employees. Instead, it must deliver strategic services cost effectively by building a competent, consumer-oriented work force. It must assume important roles in strategy formulation as well strategy implementation. To this end, it must identify external opportunities from time to time, develop HR based competitive advantages and move in to close the gaps advantageously (like excellent training centre, design centre, automation centre etc. which could be used by others as well). While implementing strategies, HR should develop appropriate ways to restructure work processes smoothly.

\* \* \* \* \*

**CLASS: I M.Com.**

**COURSE CODE: 17CMP206**

**COURSE NAME: Human Resource Management**

**UNIT: I (Evolution of HRM)**

**BATCH-2017-2019**

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**POSSIBLE QUESTIONS**

**PART A (1 Mark)**

(Online Examinations)

**PART B (2 Marks)**

1. Define Human Resource Management.
2. What do you mean by Strategic Partner?
3. What do you mean by Employee Champion?
4. Explain about 'Line Organization'.
5. Describe on 'Functional Organization'
6. Briefly explain about 'Line and Staff Organization'
7. Briefly narrate about Matrix Organization.
8. What do you mean by Procurement function?
9. What is Job Analysis?
10. What do you mean by Human Resource Planning?
11. What is Recruitment?
12. What do you mean by Placement?
13. What do you mean by Internal Mobility?
14. What do you mean by Work Scheduling?
15. What do you mean by Job Evaluation?
16. Explain briefly about Performance Appraisal.
17. What do you mean by Grievance?
18. Explain on Collective bargaining.



**PART C (8 Marks)**

1. Explain in detail on recent trends in Human Resource Management.
2. Explicate in detail on various Administrative role of Human Resource Manager.
3. Discuss in detail on Qualities required for a Human Resource Manager.
4. Elucidate in detail on Integration function of Human Resource Manager.
5. Explicate in detail on various Operative functions of Human Resource Management.
6. Explain in detail about Procurement functions of a Human Resource Manager.
7. Explain in detail on Human Resource Philosophy.
8. Discuss in detail on Operational and Strategic role of Human Resource Manager.
9. Describe in detail about Roles of Human Resource Manager.
10. Elucidate in detail on factors affecting Human Resource Planning.

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### UNIT – I ONE MARK

S.No.	Questions	Option 1	Option 2	Option 3	Option 4	Answer
1	___ deals with the management of people in an organization	Human Resource Management	Planning	Directing	Controlling	Human Resource Management
2	___ is the main component of an organization	Decision	Financing	Management	Human Resources	Human Resources
3	In ___ the employees were treated as mere laborers who required constant supervision	Planning	Directing	Controlling	Personal Management	Personal Management
4	___ acts as a mediator, a peace-maker and a communication link between them	Marketing Manager	Production Manager	Human Resource Manager	Accounting Manager	Human Resource Manager
5	___ structure is more common in small firms	Functional	Matrix	Line	Divisionalized	Line
6	In ___-organization, all activities of an organization are divided into various functions such as production, marketing, finance etc.	Line	Divisionalized	Matrix	Functional	Functional
7	___ structure combines the benefits of both line organization and functional organization	Line and Staff	Divisionalized	Matrix	Functional	Line and Staff
8	In a ___ organizational structure, employees have two superiors	Line and Staff	Divisionalized	Matrix	Functional	Matrix
9	___ deals with the determination of the future course of action to	Organizing	Directing	Planning	Controlling	Planning

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	achieve desired results					
10	___ is primarily concerned with proper grouping of personnel activities, assigning of different groups of activities to different individuals and delegation of authority	Organizing	Directing	Planning	Controlling	Organizing
11	___ involves supervising and guiding the personnel	Organizing	Directing	Planning	Controlling	Controlling
12	The first operative function of personnel management is ___	Procurement	Managerial	Development	Motivation	Procurement
13	___ is the process of collecting information relating to the operations and responsibilities pertaining to a specific job	Job Analysis	Human Resource Planning	Recruitment	Selection	Job Analysis
14	___ is a process of determining and assuring that the organization will have an adequate number of qualified persons, available at proper times, performing jobs which would meet their needs and provide satisfaction for the individuals involved	Job Analysis	Human Resource Planning	Recruitment	Selection	Human Resource Planning
15	___ is the process of searching for prospective employees and stimulating them to apply for jobs in the organization	Job Analysis	Human Resource Planning	Recruitment	Selection	Recruitment
16	___ is the process of ascertaining qualifications, experience, skill and	Selection	Job Analysis	Human Resource	Recruitment	Selection

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	knowledge of an applicant with a view to appraising his/her suitability to the job in question			Planning		
17	_____ is the process that ensures a 360° fit, matching the employee's qualifications, experience, skills and interest with the job on offer	Job Analysis	Recruitment	Selection	Placement	Placement
18	_____ are techniques by which a new employee is rehabilitated in his new surroundings and introduced to the practices, policies, and people	Recruitment	Selection	Induction and Orientation	Placement	Induction and Orientation
19	The movement of employees from one job to another through transfers and promotions is called _____	Internal Mobility	Induction and Orientation	Selection	Job Analysis	Internal Mobility
20	_____ is the process of improving, molding, changing and developing the skills, knowledge, creative ability, aptitude, attitude, values and commitment based on present and future requirements both at _____ the individual's and organization's level	Development	Operative function	Managerial Functions	Line and Staff Functions	Development
21	_____ is a continuous process by which employees learn skills, knowledge, abilities and attitudes to further organizational and personnel goals	Executive Development	Career Planning	Training	Human Resource Development	Training
22	_____ is a systematic process of	Executive	Career	Training	Human	Executive

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	developing managerial skills and capabilities through appropriate programmes	Development	Planning		Resource Development	Development
23	___ is the planning of one's career and implementation of career plans by means of education, training, job search and acquisition of work experiences	Executive Development	Career Planning	Training	Human Resource Development	Career Planning
24	___ creates a climate that enables every employee to develop and use his capabilities in order to further both individual and organizational goals	Human Resource Development	Executive Development	Career Planning	Training	Human Resource Development
25	___ is a process which inspires people to give their best to the organization through the use of intrinsic and extrinsic rewards	Managerial Functions	Operative Functions	Development Functions	Motivation	Motivation
26	Organizing tasks, and responsibilities towards having a productive unit of work is called	Job Design	Work Scheduling	Motivation	Job Evaluation	Job Design
27	Organizations formally determine the value of jobs through the process of ___	Motivation	Job Evaluation	Performance Appraisal	Compensation Administration	Job Evaluation
28	___ is the process of deciding how employees do their jobs	Job Design	Work Scheduling	Job Evaluation	Performance Appraisal	Performance Appraisal
29	___ is the process of dividing how much an employee should be paid	Motivation	Job Evaluation	Compensation Administration	Performance Appraisal	Compensation Administration
30	___ aims at protecting and	Managerial	Operative	Development	Maintenance	Maintenance

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	preserving the physical and psychological health of employees through various welfare measures	Functions	Functions	Functions	Function	Function
31	___ includes the services, amenities facilities offered to employees within or outside the establishment for physical, psychological and social well being	Health and Safety	Employee Welfare	Social Security Measures	Performance Appraisal	Employee Welfare
32	___ tries to integrate the goals of an organization with employee aspirations through various employee-oriented programmes, like redressing grievances promptly, instituting proper disciplinary measures, empowering people to decide things independently, encouraging a participative culture, offering constructive help to trade unions etc.	Integration Function	Maintenance Function	Motivation Function	Operative Functions	Integration Function
33	___ is any factor involving wages, hours or conditions of employment that is used as a complaint against the employer	Grievance	Discipline	Collective Bargaining	Employee Welfare	Grievance
34	___ is the force that prompts an individual or a group to observe the rules, regulations and procedures, which are deemed necessary for the attainment of an objective	Grievance Redressal	Discipline	Collective Bargaining	Employee Welfare	Discipline

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35	___ is the process of agreeing on a satisfactory labour contract between management and union	Collective Bargaining	Grievance Redressal	Discipline	Employee Welfare	Collective Bargaining
36	___ means sharing the decision-making power with the lower ranks of an organization in an appropriate manner	Employee Participation in Management	Collective Bargaining	Discipline Administration	Grievance Redressal	Employee Participation in Management
37	___ is an association either of employees or employers or independent workers	Chamber of Commerce	Auditors Union	Confederation of Indian Industries	Trade Union	Trade Union
38	___ is a forward looking function	Human Resource Planning	Human Resource Development	Controlling	Directing	Human Resource Planning
39	In __ managers estimate future human resource requirements, using their experiences and judgements to good effect	Expert Forecast	Trend Analysis	Work Force Analysis	Work Load Analysis	Expert Forecast
40	Under ___ past rates of change can be projected into the future or employment growth can be estimated by its relationship with a particular index	Expert Forecast	Trend Analysis	Work Force Analysis	Work Load Analysis	Trend Analysis
41	The average loss of manpower due to leave, retirement, death, transfer, discharge, etc., is ascertained through	Expert Forecast	Trend Analysis	Work Force Analysis	Work Load Analysis	Work Force Analysis
42	___ helps in finding out the abilities or skills required to do the jobs efficiently	Job Analysis	Work Load Analysis	Work Force Analysis	Trend Analysis	Job Analysis



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43	Under ___ labour was regarded as a commodity to be bought and sold	Commodity Concept	Production Concept	Goodwill Concept	Humanitarian Concept	Commodity Concept
44	___ is the pattern of planned human resource developments and activities intended to enable an organization to achieve its goals	Strategic Human Resource Management	Personal Development	Organization Development	Planning	Strategic Human Resource Management
45	___ refers to the ability of an organization to formulate strategies to exploit rewarding opportunities, thereby maximizing its return on investment	Strategic Human Resource Management	Personal Development	Organization Development	Competition Advantage	Competition Advantage
46	In ___ the main aim was to encourage and motivate the employees to identify their capabilities and use them efficiently	Human Resource Management	Planning	Directing	Controlling	Human Resource Management
47	___ acts as a change agent in order to bring about a change on the existing system or an introduction of a new system	Accounting Manager	Marketing Manager	Production Manager	Human Resource Manager	Human Resource Manager
48	In ___ structure authority flows in a direct line from supervisors to subordinates	Divisionalized	Line	Functional	Matrix	Line
49	Under ___ company tries to calculate the number of persons required for various jobs with reference to a planned output	Expert Forecast	Trend Analysis	Work Force Analysis	Work Load Analysis	Work Load Analysis
50	___ contract contains agreements about conditions of employment	Collective Bargaining	Grievance Redressal	Discipline	Employee Welfare	Collective Bargaining

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	such as wages, hours, promotion, and discipline; lay off, benefits, vacations, rest pauses and the grievance procedure					
51	___ helps to establish internal equality between various jobs	Performance Appraisal	Compensation Administration	Motivation	Job Evaluation	Job Evaluation
52	___ is to integrate the needs of employers to suit the requirements of an organization	Job Design	Work Scheduling	Motivation	Job Evaluation	Job Design
53	___ includes succession planning which implies identifying developing and tracking key individuals for executive positions	Executive Development	Career Planning	Training	Human Resource Development	Career Planning
54	is concerned with procuring and employing people who possess necessary skill, knowledge and aptitude. Under its purview you have job analysis, manpower planning, recruitment, selection, ___ placement, induction and internal mobility	Managerial	Development	Motivation	Procurement	Procurement
55	___ function of personnel management comprises measuring the employee's performance, correcting negative deviations and industrial assuring an efficient accomplishment of plans	Planning	Directing	Controlling	Organizing	Controlling
56	In ___ organization each functional area is headed by a specialist who	Line	Divisionalized	Matrix	Functional	Functional

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	directs the activities of that area for the entire organization					
57	_____ structure is referred to as a multi-command system	Line and Staff	Divisionalized	Matrix	Functional	Matrix
58	_____ is essential to determine the future manpower needs in an organization	Human Resource Planning	Human Resource Development	Controlling	Directing	Human Resource Planning
59	_____ plays a crucial (central) role in process of converting inputs into outputs, product design, quality maintenance, rendering services and many other functions depend largely on the human efficiency	Human Resource Management	Planning	Directing	Controlling	Human Resource Management
60	_____ is the systematic process of determining the relative worth of jobs in order to establish which jobs should be paid more than others within the organization	Motivation	Job Evaluation	Performance Appraisal	Compensation Administration	Job Evaluation

**UNIT – II**  
**SYLLABUS**

**Job analysis and Design:** Job evaluation- computerized job evaluation. Recruitment and selection process: Employment planning and forecasting- Building employee commitment: Promotion from within- Sources. Developing and using application forms. IT and recruiting on the Internet - Employee Testing and selection process.

**JOB ANALYSIS**

- ❖ Job analysis is a formal and detailed examination of jobs. It is a systematic investigation of the tasks, duties and responsibilities necessary to do a job. A *task* is an identifiable work activity carried out for a specific purpose, for example, typing a letter. A *duty* is a larger work segment consisting of several tasks (which are related by some sequence of events) that are performed by an individual, for example, pick up, sort out and deliver incoming mail. Job responsibilities are obligations to perform certain tasks and duties.
- ❖ Job analysis is an important personnel activity because it identifies what people do in their jobs and what they require in order to do the job satisfactorily.

**METHODS OF JOB ANALYSIS**

**Job performance**

- ❖ In this method, the job analyst actually performs the job in question. The analyst thus receives first-hand experience of contextual factors on the job including physical hazards, social demands, emotional pressures and mental requirements. This method is useful for jobs that can be easily learned. It is not suitable for jobs that are hazardous (e.g., fire fighters) or for jobs that require extensive training (e.g., doctors, pharmacists).

**Personal observation**

- ❖ The analyst observes the worker(s) doing the job. The tasks performed, the pace at which activities are done, the working conditions, etc., are observed during a complete work cycle. During observation, certain precautions should be taken:

- The analyst must observe average workers during average conditions.
- The analyst should observe without getting directly involved in the job.
- The analyst must make note of the specific job needs and not the behaviours specific to particular workers.
- The analyst must make sure that he obtains a proper sample for generalisation.
- ❖ This method allows for a deep understanding of job duties. It is appropriate for manual, short period job activities. On the negative side, the method fails to take note of the mental aspects of jobs.

## **Critical incidents**

- ❖ The critical incident technique (CIT) is a qualitative approach to job analysis used to obtain specific, behaviourally focused descriptions of work or other activities. Here the job holders are asked to describe several incidents based on their past experience. The incidents so collected are analysed and classified according to the job areas they describe. The job requirements will become clear once the analyst draws the line between effective and ineffective behaviours of workers on the job. For example, if a shoe salesman comments on the size of a customer's feet and the customer leaves the store in a huff, the behaviour of the salesman may be judged as ineffective in terms of the result it produced. The critical incidents are recorded after the events have already taken place – both routine and non-routine. The process of collecting a fairly good number of incidents is a lengthy one. Since incidents of behaviour can be quite dissimilar, the process of classifying data into usable job descriptions can be difficult. The analysts overseeing the work must have analytical skills and ability to translate the content of descriptions into meaningful statements.

## **Interview**

- ❖ The interview method consists of asking questions to both incumbents and supervisors in either an individual or a group setting. The reason behind the use of this method is that job holders are most familiar with the job and can supplement the information obtained through observation.

Workers know the specific duties of the job and supervisors are aware of the job's relationship to the rest of the organisation.

- ❖ Due diligence must be exercised while using the interview method. The interviewer must be trained in proper interviewing techniques. It is advisable to use a standard format so as to focus the interview to the purpose of the analyst.
- ❖ Although the interview method provides opportunities to elicit information sometimes not available through other methods, it has its limitations. First, it is time consuming and hence costly. Second, the value of data is primarily dependent on the interviewers' skills and may be faulty if they put ambiguous questions to workers. Last, interviewees may be suspicious about the motives and may distort the information they provide. If seen as an opportunity to improve their positions such as to increase their wages, workers may exaggerate their job duties to add greater weight-age to their positions.

### **Panel of Experts**

- ❖ This method utilises senior job incumbents and superiors with extensive knowledge of the job. To get the job analysis information, the analyst conducts an interview with the group. The interaction of the members during the interview can add insight and detail that the analyst might not get from individual interviews.

### **Diary Method**

- ❖ Several job incumbents are asked to keep diaries or logs of their daily job activities – according to this method – and record the amount of time spent on each activity. By analysing these activities over a specified period of time, a job analyst is able to record the job's essential characteristics. However, it is a time consuming and costly exercise in that the analyst has to record entries for a painfully long time.

### **Questionnaire Method**

- ❖ The questionnaire is a widely used method of analysing jobs and work. Here the job holders are given a properly designed questionnaire aimed at eliciting relevant job-related information.

After completion, the questionnaires are handed over to supervisors. The supervisors can seek further clarifications on various items by talking to the job holders directly. After everything is finalised, the data is given to the job analyst.

- ❖ The success of the method depends on various factors. The structured questionnaire must cover all job related tasks and behaviours. Each task or behaviour should be described in terms of features such as importance, difficulty, frequency, relationship to overall performance, etc. The job holders should be asked to properly rate the various job factors and communicate the same on paper. The ratings thus collected are then put to close examination with a view to find out the actual job requirements.
- ❖ The Questionnaire method is highly economical as it covers a large number of job holders at a time. The collected data can be quantified and processed through a computer. The participants can complete the items leisurely. Designing questionnaires, however, is not an easy task. Proper care must be taken to frame the questions in such a way that the respondents are unlikely to misinterpret the questions. Further, it is difficult to motivate the participants to complete the questionnaires truthfully and to return them.

## **JOB EVALUATION**

- ❖ Job evaluation is a systematic way of determining the value/worth of a job in relation to other jobs in an organisation. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure.
- ❖ Job evaluation needs to be differentiated from job analysis. Job analysis is a systematic way of gathering information about a job. Every job evaluation method requires at least some basic job analysis in order to provide factual information about the jobs concerned. Thus, job evaluation begins with job analysis and ends at that point where the worth of a job is ascertained for achieving pay-equity between jobs.



**Job Evaluation Vs Performance Appraisal**

- ❖ Job evaluation is different from performance appraisal. PA is the systematic description of an employee's job-related strengths and weaknesses. The basic purpose of PA is to find out how well the employee is doing the job and establish a plan for improvement. The aim of job evaluation is to find the relative value/worth of a job and determine what a fair wage for such a job should be.

Point	Job Evaluation	Performance Appraisal
Define	Find the relative worth of a job.	Find the worth of a job holder.
Aim	Determine wage rates for different Jobs	Determine incentives and rewards for superior performance.
Shows	How much a job is worth	How well an individual is doing an assigned work.

**Features of Job Evaluation**

- ❖ It tries to assess jobs, not people.
- ❖ The standards of job evaluation are relative, not absolute.
- ❖ The basic information on which job evaluations are made is obtained from job analysis.
- ❖ Job evaluations are carried out by groups, not by individuals.
- ❖ Some degree of subjectivity is always present in job evaluation.
- ❖ Job evaluation does not fix pay scales, but merely provides a basis for evaluating a rational wage structure.

## **Process of Job Evaluation**

### **Gaining acceptance:**

- ❖ Before undertaking job evaluation, top management must explain the aims and uses of the programme to the employees and unions. To elaborate the programme further, oral presentations could be made. Letters, booklets could be used to classify all relevant aspects of the job evaluation programme.

### **Creating job evaluation committee:**

- ❖ It is not possible for a single person to evaluate all the key jobs in an organisation. Usually a job evaluation committee consisting of experienced employees, union representatives and HR experts is created to set the ball rolling.

### **Finding the jobs to be evaluated:**

- ❖ Every job need not be evaluated. This may be too taxing and costly. Certain key jobs in each department may be identified. While picking up the jobs, care must be taken to ensure that they represent the type of work performed in that department.

### **Analysing and preparing job description:**

- ❖ This requires the preparation of a job description and also an analysis of job needs for successful performance.

### **Selecting the method of evaluation:**

- ❖ The most important method of evaluating the jobs must be identified now, keeping the job factors as well as organisational demands in mind.

### **Classifying jobs:**

- ❖ The relative worth of various jobs in an organisation may be found out after arranging jobs in order of importance using criteria such as skill requirements, experience needed, under which conditions

job is performed, type of responsibilities to be shouldered, degree of supervision needed, the amount of stress caused by the job, etc. Weights can be assigned to each such factor. When we finally add all the weights, the worth of a job is determined. The points may then be converted into monetary values.

### **Installing the programme:**

- ❖ Once the evaluation process is over and a plan of action is ready, management must explain it to employees and put it into operation.

### **Reviewing Periodically:**

- ❖ In the light of changes in environmental conditions (technology, products, services, etc.) jobs need to be examined closely. For example, the traditional clerical functions have undergone a rapid change in sectors like banking, insurance and railways, after computerisation. New job descriptions need to be written and the skill needs of new jobs need to be duly incorporated in the evaluation process. Otherwise, employees may feel that all the relevant job factors – based on which their pay has been determined – have not been evaluated properly.

### **ESSENTIALS OF JOB EVALUATION**

- ❖ Compensable factors should represent all of the major aspects of job content. Compensable factors selected should (a) avoid excessive overlapping or duplication; (b) be definable and measurable; (c) be easily understood by employees and administrators; (d) not cause excessive installation or administrative cost; and (e) be selected with legal considerations in mind.
- ❖ Operating managers should be convinced about the techniques and programme of job evaluation. They should also be trained in fixing and revising the wages based on job evaluation.
- ❖ All the employees should be provided with complete information about job evaluation techniques and programme.
- ❖ All groups and grades of employees should be covered by the job evaluation programme.
- ❖ The programme of – and techniques selected for – job evaluation should be easy to understand by all the employees.

- ❖ Trade unions acceptance and support to the programme should be obtained.

### **BENEFITS OF JOB EVALUATION**

- ❖ It tries to link pay with the requirements of the job.
- ❖ It offers a systematic procedure for determining the relative worth of jobs. Jobs are ranked on the basis of rational criteria such as skill, education, experience, responsibilities, hazards, etc., and are priced accordingly.
- ❖ An equitable wage structure is a natural outcome of job evaluation. An unbiased job evaluation tends to eliminate salary inequities by placing jobs having similar requirements in the same salary range.
- ❖ Employees as well as unions participate as members of job evaluation committee while determining rate grades for different jobs. This helps in solving wage related grievances quickly.
- ❖ Job evaluation, when conducted properly and with care, helps in the evaluation of new jobs.
- ❖ It points out possibilities of more appropriate use of the plant's labour force by indicating jobs that need more or less skilled workers than those who are manning these jobs currently.

### **JOB EVALUATION METHODS**

- ❖ There are three basic methods of job evaluation: (1) ranking, (2) classification, (3) factor comparison.

#### **Ranking Method**

- ❖ Perhaps the simplest method of job evaluation is the ranking method. According to this method, jobs are arranged from highest to lowest, in order of their value or merit to the organisation. Jobs can also be arranged according to the relative difficulty in performing them. The jobs are examined as a whole rather than on the basis of important factors in the job; the job at the top of the list has the highest value and obviously the job at the bottom of the list will have the lowest value.

## KARPAGAM ACADEMY OF HIGHER EDUCATION

**CLASS: I M.Com.**

**COURSE NAME: Human Resource Management**

**COURSE CODE: 17CMP206**

**UNIT: II (Job Analysis & Design)**

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- ❖ Jobs are usually ranked in each department and then the department rankings are combined to develop an organisational ranking. The following table is a hypothetical illustration of ranking of jobs.

Rank	Monthly salaries
1. Accountant	Rs 3000
2. Accounts clerk	Rs 1800
3. Purchase assistant	Rs 1700
4. Machine-operator	Rs 1400
5. Typist	Rs 900
6. Office boy	Rs 600

- ❖ The variation in payment of salaries depends on the variation of the nature of the job performed by the employees. The ranking method is simple to understand and practice and it is best suited for a small organisation. Its simplicity however works to its disadvantage in big organisations because rankings are difficult to develop in a large, complex organisation. Moreover, this kind of ranking is highly subjective in nature and may offend many employees. Therefore, a more scientific and fruitful way of job evaluation is called for.

### Classification Method

- ❖ According to this method, a predetermined number of job groups or job classes are established and jobs are assigned to these classifications. This method places groups of jobs into job classes or job grades. Separate classes may include office, clerical, managerial, personnel, etc. Following is a brief description of such a classification in an office.
  - Class I - Executives: Further classification under this category may be Office Manager, Deputy office manager, Office superintendent, Departmental supervisor, etc.

- Class II - Skilled workers: Under this category may come the Purchasing assistant, Cashier, Receipts clerk, etc.
- Class III - Semiskilled workers: Under this category may come Stenotypists, Machine-operators, Switchboard operator etc.
- Class IV - Semiskilled workers: This category comprises Draftaris, File clerks, Office boys, etc.
- ❖ The job classification method is less subjective when compared to the earlier ranking method. The system is very easy to understand and acceptable to almost all employees without hesitation. One strong point in favour of the method is that it takes into account all the factors that a job comprises. This system can be effectively used for a variety of jobs.

## **Weakness of Job Classification**

- ❖ Even when the requirements of different jobs differ, they may be combined into a single category, depending on the status a job carries.
- ❖ It is difficult to write all-inclusive descriptions of a grade.
- ❖ The method oversimplifies sharp differences between different jobs and different grades.
- ❖ When individual job descriptions and grade descriptions do not match well, the evaluators have the tendency to classify the job using their subjective judgements.

## **Factor Comparison Method**

- ❖ A more systematic and scientific method of job evaluation is the factor comparison method. Though it is the most complex method of all, it is consistent and appreciable. Under this method, instead of ranking complete jobs, each job is ranked according to a series of factors. These factors include mental effort, physical effort, skill needed, responsibility, supervisory responsibility, working conditions and other such factors (for instance, know-how, problem solving abilities, accountability, etc.). Pay will be assigned in this method by comparing the weights of the factors required for each job, i.e., the present wages paid for key jobs may be divided among the factors weighted by importance (the most important factor, for instance,

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mental effort, receives the highest weight). In other words, wages are assigned to the job in comparison to its ranking on each job factor.

### Steps Involved in Factor Comparison Method

- ❖ Select key jobs (say 15 to 20), representing wage/salary levels across organisation. The selected jobs must represent as many departments as possible
- ❖ Find the factors in terms of which the jobs are evaluated (such as skill, mental effort, responsibility, physical effort, working conditions, etc.).
- ❖ Rank the selected jobs under each factor (by each and every member of the job evaluation committee) independently.
- ❖ Assign money value to each factor and determine the wage rates for each key job.
- ❖ The wage rate for a job is apportioned along the identified factors.
- ❖ All other jobs are compared with the list of key jobs and wage rates are determined.

Factors Key Job	Daily Wage Rate	Physical Effort	Factors Mental Effort	Skill	Responsibilit y	Working Conditions
Electrician	60	11(3)	14(1)	15(1)	12(1)	8(2)
Fitter	50	14(1)	10(2)	9(2)	8(2)	9(1)
Welder	40	12(2)	7(3)	8(3)	7(3)	6(3)
Cleaner	30	9(4)	6(4)	4(5)	6(4)	5(4)
Labourer	25	8(5)	4(5)	6(4)	3(5)	4(5)

- ❖ After the wage rate for a job is distributed along the identified and ranked factors, all other jobs in the department are compared in terms of each factor. Suppose the job of a 'painter' is found to be similar to electrician in skill (15), fitter in mental effort (10), welder in physical effort (12) cleaner in responsibility (6) and labourer in working conditions (4). The wage rate for this job would be  $(15+10+12+6+4)$  is 47.



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Merits	Demerits
Analytical and objective.	Difficult to understand, explain and operate.
Relative and valid as each job is compared jobs with all other jobs in terms of key factors.	Its use of the same criteria to assess all jobs is questionable as jobs differ across and within organisations.
Money values are assigned in a fair way based on an agreed rank order fixed by the job evaluation committee.	Time consuming and costly
Flexible, as there is no upper limitation on the rating of a factor.	

### Point Method

- ❖ This method is widely used currently. Here, jobs are expressed in terms of key factors. Points are assigned to each factor after prioritising each factor in order of importance. The points are summed up to determine the wage rate for the job. Jobs with similar point totals are placed in similar pay grades. The procedure involved may be explained thus:
- ❖ Select key jobs. Identify the factors common to all the identified jobs such as skill, effort, responsibility, etc.
- ❖ Divide each major factor into a number of sub factors. Each sub factor is defined and expressed clearly in the order of importance, preferably along a scale.
- ❖ The most frequent factors employed in point systems are (i) Skill (key factor); Education and training required, Breadth/depth of experience required, Social skills required, Problem-solving skills, Degree of discretion/use of judgement, Creative thinking (ii) Responsibility/Accountability: Breadth of responsibility, Specialised responsibility, Complexity of the work, Degree of freedom to act, Number and nature of subordinate staff, Extent of

accountability for equipment/plant, Extent of accountability for product/materials; (iii) Effort: Mental demands of a job, Physical demands of a job, Degree of potential stress

- ❖ Find the maximum number of points assigned to each job (after adding up the point values of all sub-factors of such a job). This would help in finding the relative worth of a job. For instance, the maximum points assigned to an officer's job in a bank come to 540. The manager's job, after adding up key factors + sub factors points, may be getting a point value of say 650 from the job evaluation committee. This job
- ❖ Once the worth of a job in terms of total points is expressed, the points are converted into money values keeping in view the hourly/daily wage rates. A wage survey is usually undertaken to collect wage rates of certain key jobs in the organisation.

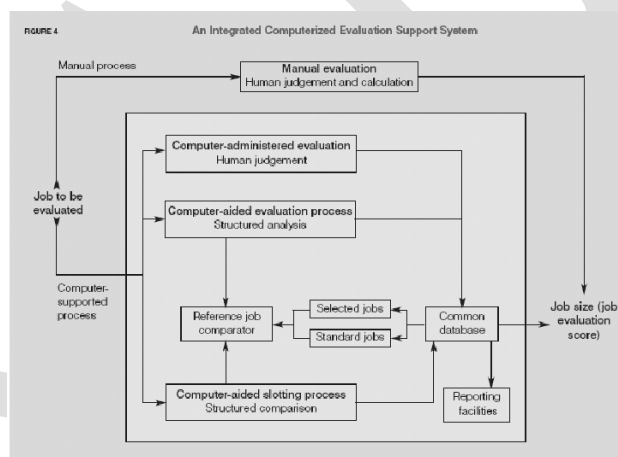
## **Merits and Demerits**

- ❖ The point method is a superior and widely used method of evaluating jobs. It forces raters to look into all key factors and sub-factors of a job. Point values are assigned to all factors in a systematic way, eliminating bias at every stage. It is reliable because raters using similar criteria would get more or less similar answers. The methodology underlying the approach contributes to a minimum of rating error (Robbins p.361). It accounts for differences in wage rates for various jobs on the strength of job factors. Jobs may change over time, but the rating scales established under the point method remain unaffected.
- ❖ On the negative side, the point method is complex. Preparing a manual for various jobs, fixing values for key and sub-factors, establishing wage rates for different grades, etc., is a time consuming process. According to Decenzo and Robbins, "the key criteria must be carefully and clearly identified, degrees of factors have to be agreed upon in terms that mean the same to all rates, the weight of each criterion has to be established and point values must be assigned to degrees". This may be too taxing, especially while evaluating managerial jobs where the nature of work (varied, complex, novel) is such that it cannot be expressed in quantifiable numbers.

### **COMPUTERIZED JOB EVALUATION**

- ❖ The computerization of job evaluation is evolving into an effective way of supporting the ambitions of global organizations, largely due to the potential of network based job evaluation tools. They fall into two broad areas:
  - Administrative support is about managing the data with the usual array of reporting facilities.
  - Evaluation decision support provides guidance to the evaluator in various degrees with the aim of improving objectivity and consistency. Often built around a questionnaire that aids the analysis of a job using cross-comparisons and 'sense-checks', computerization supports a slotting process, improving speed, efficiency and the recording of 'evidence'. More sophisticated questionnaire approaches emulate the evaluation process through intelligent 'rules' that generate a computer decision. The 'rules' are, by definition, more precise, give a consistent result for a given set of inputs and can compute a range of job content features much faster.
- ❖ There is now more choice than ever in implementing job evaluation, as follows:
  - Manual systems,
  - Systems supported by stand-alone computers,
  - Local networked systems on a common restricted database,
  - Intranet/Internet-based systems that permit clear control from a central point but allow significant involvement, and
  - Intranet/Internet-based systems that permit job evaluation decisions to be devolved to line management.
- ❖ Smaller organizations are likely to keep manual systems (including some spreadsheet tools) but may adopt more sophisticated computerized methods while keeping close central control. Larger organizations are likely to want to spread the management task beyond the centre and will wish to consider how the job evaluation process integrates with the mainstream HR information systems. Clearly, it is highly desirable to have common platforms, although the nature of job evaluation does not require a 'real-time' system.

- ❖ A comprehensive system that incorporates a variety of job tools and processes - from a manual scheme to a computerized questionnaire and slotting process. Assuming a single analytical job evaluation method, a particular job can be evaluated using a number of possible paths to arrive at a job evaluation score that is universally compatible with any of the processes. Figure 4 shows a manual process and a computerized administration option. In addition, it shows that a computerized analysis using a questionnaire might be employed to produce a job evaluation score and to enable easy comparison with a set of reference jobs. These first two computer-supported processes are analytical job evaluation methods. Finally, a rapid slotting process might be used to cross-compare with the set of reference jobs and, as a result of the linkage to one of these, suggest a job evaluation score. The common database of evaluation scores permits the management of comparisons to a set of reference jobs, which may be a combination of specifically targeted jobs or standard (generic) jobs. Reporting facilities will enable production of detailed standard and user-designed reports.



## RECRUITMENT

- ❖ Recruitment is the process of locating and encouraging potential applicants to apply for existing or anticipated job openings. It is actually a linking function, joining together those with jobs to fill and those seeking jobs. Recruitment, logically, aims at (i) attracting a large number of qualified applicants who are ready to take up the job if it's offered and (ii) offering enough information for unqualified persons to self-select themselves out (for example, the recruitment ad of a foreign bank

may invite applications from chartered accountants who have cleared the CA examination in the first attempt only).

## **Constraint and Challenges**

- ❖ In actual practice, it is always not easy to find and select a suitable candidate for a job opening. The recruiter's choice of a communication medium (e.g. advertising in a trade journal read by the prospective candidate) may not be appropriate. Some of the bright candidates may begin to view the vacancy as not lining up with their current expectations (e.g. challenging work, excellent rewards, flexible schedules and so on).

## **Poor Image**

- ❖ If the image of a firm is perceived to be low (due to factors such as operating in a declining industry, earning a bad name because of environmental pollution, poor quality products, nepotism, insider trading allegations against promoters etc.), the likelihood of attracting a large number of qualified applicants is reduced.

## **Unattractive Job**

- ❖ If the job to be filled is not very attractive, most prospective candidates may turn indifferent and may not even apply. This is especially true in case of jobs that are dull, boring, anxiety producing, devoid of career growth opportunities and generally do not reward performance in a proper way. (e.g., jobs in departmental undertakings such as Railways, Post and Telegraphs, public sector banks and Insurance companies failing to attract talent from premier management institutes)

## **Conservative Internal Policies**

- ❖ A policy of filling vacancies through internal promotions based on seniority, experience, job knowledge etc. may often come in the way of searching for qualified hands in the broader job market in an unbiased way. Likewise, in firms where powerful unions exist, managers may be compelled to pick up candidates with questionable merit, based on issues such as caste, race, religion, region, nepotism, friendship etc.

### **Limited Budgetary Support**

- ❖ Recruiting efforts require money. Sometimes because of limited resources, organisations may not like to carry on the recruiting efforts for long periods of time. This can, ultimately, constrain a recruiter's efforts to attract the best person for the job.

### **Restrictive Policies of Government**

- ❖ Governmental policies often come in the way of recruiting people as per the rules for company or on the basis of merit/seniority, etc. For example, reservations for special groups (such as scheduled castes, scheduled tribes, backward classes, physically handicapped and disabled persons, ex-servicemen, etc.) have to be observed as per Constitutional provisions while filling up vacancies in government corporations, departmental undertakings, local bodies, quasi-government organisations, etc.

## **SELECTION PROCESS**

### **Preliminary Reception:**

- ❖ Selection starts with a visit to the HRM office or with a written request for an application. If an applicant appears in person, an 'impromptu preliminary interview may be granted as a courtesy, simply as a matter of good public relations.

### **Employment Tests:**

- ❖ Employment tests are devices that assess the probable match between applicants and job requirements. When tests are used for these positions, however, they often are a simulation of real-life situations.

#### **a) Test Validation:**

- ❖ For a test to be relied upon, it should be valid. Validity means that the test scores have a significant correlation to job performance or to some other relevant criterion.

#### **b) Testing Tools:**

- ❖ There is a wide variety of employment tests. But each type of test has only limited usefulness. The exact purpose of a test, its design, its direction for administration and its applications are recorded in the test manual, which should be reviewed before a test is used.

## **EMPLOYMENT PLANNING AND FORECASTING**

- ❖ The basic purpose of having a human resource plan is to have an accurate estimate of the number of employees required, with matching skill requirements to meet organisational objectives. It provides information about the manner in which existing personnel are employed, the kind of skills required for different categories of jobs and human resource requirements over a period of time in relation to organisational objectives. It would also give an indication of the lead time that is available to select and train the required number of additional manpower.

### **Forecast personnel requirements:**

- ❖ HR planning is essential to determine the future manpower needs in an organisation. In the absence of such a plan, it would be difficult to have the services of right kind of people at the right time.

### **Cope with changes:**

- ❖ HR planning is required to cope with changes in market conditions, technology, products and government regulations in an effective way. These changes may often require the services of people with the requisite technical knowledge and training. In the absence of an HR plan, we may not be in a position to enlist their services in time.

### **Use existing manpower productively:**

- ❖ By keeping an inventory of existing personnel in an enterprise by skill, level, training, educational qualifications, work experience, it will be possible to utilise the existing resources more usefully in relation to the job requirements. This also helps in decreasing wage and salary costs in the long run.



## **Promote employees in a systematic manner:**

- ❖ HR planning provides useful information on the basis of which management decides on the promotion of eligible personnel in the organisation. In the absence of an HR plan, it may be difficult to ensure regular promotions to competent people on a justifiable basis.

## **IMPORTANCE OF FORECASTING**

### **Reservoir of talent:**

- ❖ The organisation can have a reservoir of talent at any point of time. People with requisite skills are readily available to carry out the assigned tasks.

### **Prepare people for future:**

- ❖ People can be trained, motivated and developed in advance and this helps in meeting future needs for high-quality employees quite easily. Likewise, human resource shortages can also be met comfortably (when people quit the organisation for various reasons) through proper human resource planning.

### **Expand or contract:**

- ❖ If the organisation wants to expand its scale of operations, it can go ahead easily. Advance planning ensures a continuous supply of people with requisite skills who can handle challenging jobs easily.

### **Cut costs:**

- ❖ Planning facilitates the preparation of an appropriate HR budget for each department or division. This, in turn, helps in controlling manpower costs by avoiding shortages/excesses in manpower supply. The physical facilities such as canteen, quarters, school, medical help, etc., can also be planned in advance.

## **Succession Planning:**

- ❖ Human Resource Planning, as pointed out previously, prepares people for future challenges. The 'stars' can be picked up and kept ready for further promotions whenever they arise. All multinational companies for example, have this policy of having a 'hot list' of promising candidates prepared in advance e.g., HLL, Proctor & Gamble, Godrej consumer products etc.<sup>3</sup> Such candidates are rolled over various jobs and assessed and assisted continuously. When the time comes, such people 'switch hats' quickly and replace their respective bosses without any problem.

## **PROCESS OF HUMAN RESOURCE PLANNING**

### **Forecasting the Demand for Human Resources**

- ❖ Most firms estimate how many employees they require in future. The demand for human talent at various levels is primarily due to the following factors:

#### **A. External Challenges**

##### **Economic developments:**

- ❖ Liberalisation, opening up of banking sector, capital market reforms, the on-line trading systems have created huge demand for finance professionals during 1990-1995 in India. The late 90s saw the rise of manufacturing, FMCG, Pharmaceuticals, Auto-components, Healthcare and Chemical Industries in a steady manner. Consequently, the demand for Engineering and Management graduates, Scientists and Healthcare professionals has picked up in recent times.

##### **Political, legal, social and technical changes:**

- ❖ The demand for certain categories of employees and skills is also influenced by changes in political, legal and social structure in an economy. Likewise, firms employing latest technology in construction, power, automobiles, software, etc., have greatly enhanced the worth of technicians and engineers during the last couple of years. Technology, however, is a double-edged weapon and hence, its impact on HR plans is difficult to predict. For example, computerisation programme in

Banks, Railways, Post and Telegraph Departments may reduce demand in one department (book keeping, for example) while increasing it in another (such as computer operations). High technology with all its attendant benefits may compel organisations to go lean and downsize workforce suddenly. Employment planning under such situations becomes complicated.

**Competition:**

- ❖ Companies operating in fields where a large number of players are bent upon cutting each other's throat (with a view to enhance their market shares) often reduce their workforce. Competition is beneficial to customers but suicidal for companies operating on thin margins. Such companies have to necessarily go 'lean' by reducing their workforce. On the other hand, companies that are doing well and progressing smoothly will always look for people with critical skills.

**B. Organizational Decisions**

- ❖ The organisation's strategic plan, sales and production forecasts and new ventures must all be taken into account in employment planning. If Britannia Industries Ltd expects higher demand for biscuits and bread, the long-term HR plan must take this into consideration. Likewise, if it tries to venture into other lucrative fields such as milk based products and confectionery items, the demand for people possessing requisite skills in those areas in the next couple of years should be looked into carefully.

**C. Workforce Factors**

- ❖ Demand is modified by retirements, terminations, resignations, deaths and leaves of absence. Past experience, however, makes the rate of occurrence of these actions by employees fairly predictable.

**D. Forecasting Techniques**

**Expert forecasts:**

- ❖ In this method, managers estimate future human resource requirements, using their experiences and judgements to good effect.

## **Trend analysis:**

- ❖ HR needs can be estimated by examining past trends. Past rates of change can be projected into the future or employment growth can be estimated by its relationship with a particular index.

## **E. Other Methods**

### **Workforce analysis:**

- ❖ The average loss of manpower due to leave, retirement, death, transfer, discharge, etc., during the last 5 years may be taken into account. The rate of absenteeism and labour turnover should also be taken into account. The nature of competition say from foreign banks, other non-banking financial institutions may also be considered here to find out actual requirements in a year. While some of the interchanges and external supply could be predicted (growth opportunities, promotions, transfers, retirements, etc.) others are not so easy to predict. Past experience and historical data may help bank managers in this regard.

### **Work load analysis:**

- ❖ The need for manpower is also determined on the basis of work-load analysis, wherein the company tries to calculate the number of persons required for various jobs with reference to a planned output – after giving weightage to factors such as absenteeism, idle time, etc.
- ❖ Example: While determining manpower requirements through work load analysis, commercial banks may have to take the following factors into consideration: (i) the number of transactions to be handled by an employee; (ii) the amount of deposits and advances per employee; (iii) special requirements in respect of managing extension counters, currency chests, mobile branches, etc.; (iv) future expansion plans of the bank concerned. Managerial judgement – a study of the past trends – may serve as a useful guide in this regard. Statistical and econometric models may also be pressed into service, sometimes, depending on the requirement(s).

### **Job analysis:**

- ❖ Job analysis helps in finding out the abilities or skills required to do the jobs efficiently. A detailed study of jobs is usually made to identify the qualifications and experience required for them. Job

analysis includes two things: Job description and job specification. Job description is a factual statement of the duties and responsibilities of a specific job. It gives an indication of what is to be done, how it is to be done and why it is to be done. Job specification provides information on the human attributes in terms of education, skills, aptitudes and experience necessary to perform a job effectively.

## **PREPARING MANPOWER INVENTORY (SUPPLY FORECASTING)**

- ❖ The basic purpose of preparing manpower inventory is to find out the size and quality of personnel available within the organisation to man various positions. Every organisation will have two major sources of supply of manpower: internal and external.

### **1. Internal labour supply**

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

### **Staffing table:**

- ❖ It shows the number of employees in each job. It tries to classify employees on the basis of age, sex, position, category, experience, qualifications, skills, etc.

### **Markov Analysis:**

- ❖ In hierarchical systems, routes for the employees, which is the promotion ladder, are well defined. It means every employee elevates (improve) himself in the organisation through a well defined career path. All employees start in an organisation at the bottom rung (step) and climb up the ladder one at a time. Any wastage is falling off the ladder. Young and Almond (1961), devised a hierarchical

manpower system, framing sub-groups on the basis of salary grade and length of service. They have used the theory of the Markov process to measure the long-term equilibrium distribution of staff among the subgroups. The basic assumption of this model is that an employee in a particular grade or a status group has a fixed chance of promotion in a given year, independent of vacancy. Thus number receiving promotion depends on the number of eligible staff in the grade below, subject to fulfillment of eligibility criteria, which may be age, seniority, qualifications or experience. The central equation for this model is:

**Skills inventory:**

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

**Replacement chart:**

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

**2. External Labour Supply**

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

- ❖ Organisations, nowadays, do not generally track the qualifications of thousands of employees manually. Details of employees in terms of knowledge, skills, experience, abilities etc., are computerised, using various packaged software systems. [There are over 300 computerised human resource informations systems now available].

## **BUILDING EMPLOYEE COMMITMENT**

- ❖ An effective productivity management process is simply not possible without the commitment and involvement of employees at all levels. Those organisations that recognise the role of human resources in productivity movement and appreciate the power of a committed and involved workforce typically devote substantial resources and management energies toward the development of an environment to which employees can and will contribute to performance improvement to the maximum of their capabilities. These efforts are typically characterised as employee involvement (EI) strategies.
- ❖ Commitment is the binding of the individual to behavioural acts. In prospective view, commitment is conceived as an individuals psychological bond to the organisation or social system as reflected in his involvement with loyalty for and belief in the values of the organisation. Involvement describes congruence between personal and organisational goals, i.e., “the degree to which members of a work organisation are able to satisfy important personal needs through their experiences with the organisation”.

## **CHARACTERISTICS OF EMPLOYEE INVOLVEMENT**

- ❖ Employee input to decisions
- ❖ Employee participation in problem-solving
- ❖ Information sharing
- ❖ Constructive feedback
- ❖ Teamwork and collaboration
- ❖ Meaningful and challenging work
- ❖ Employment security



## **EMPLOYMENT INVOLVEMENT APPROACHES**

### **Human Relations Approach:**

- ❖ The human relations approach is based on the belief that more satisfied employees are more productive employees. Organisations operating under the human relations framework utilise involvement techniques such as suggestion schemes, survey feedback and quality circles, but do not seek to redesign jobs, change the organisation structure or transform the organisation's culture to promote maximum employee involvement in decision making.

### **Human Resources Approach:**

- ❖ The key assumption here is that people are a valuable resource, capable of making significant contributions to organisational performance. They should be developed to increase their capabilities and, when people have input to decisions, better decisions result.

### **High Involvement Approach:**

- ❖ High involvement systems operate under the assumption that employees are capable of making important decisions about their work and that maximum organisational performance results when people exercise considerable control over their work activities.
- ❖ High involvement organisations typically utilise profoundly different approaches to job design such as autonomous work teams. They are very flat organisations, as employees make most of the routine, day-to-day decisions that are made by supervisors in traditionally managed organisations. All of the organisation's systems, such as the reward system and the goal-setting system, are designed to reinforce maximum employee involvement in decision-making. High involvement systems represent a radical departure from traditional management assumptions and thus require a great deal of management commitment to change.

## **KEY TO SUCCESS OF EMPLOYEE INVOLVEMENT**

- ❖ Success in the employee involvement arena requires, first and foremost, a recognition by top management that participative management means cultural change which, requires management commitment and a long-term perspective.

### **Management Commitment**

- ❖ People resist change, as it requires behaviours and responses that are not familiar. Management commitment to change must be apparent and unambiguous, if this resistance is to be overcome. Management must be willing to support change through the provision of resources, modification of the organisational systems and personal involvement in the change process.

### **Long-term View:**

- ❖ Management must also adopt a long-term view for the change to succeed. Attitudes and behaviours do not change overnight, and managements demand for quick success will heighten resistance and undermine the process.

### **Supervisory Support:**

- ❖ Being the buffer between the top management and non-management employees, it is upon the front-line supervisor that the greatest pressures in EI effort fall. He is called upon to transform his familiar and comfortable style, yet he lacks the knowledge and skills to do so. If his needs are not attended to, there is a strong likelihood that he will resist.
- ❖ Since supervisory support is such an essential ingredient to this process, they must be educated about EI; they must understand what it is, why it is needed, their new roles and how they will be supported. The resistance of supervisors can be further reduced by involving them in planning and managing the EI process. Their input in the plan and its ongoing execution will provide them with a sense of ownership and control and a better plan will probably result.
- ❖ To be effective, the supervisor must also be provided with the needed skills such as group leadership, active listening, communications, providing feedback and problem solving through training, coaching and reinforcement.

## **Union Support:**

- ❖ If the Union, as an institution, is not involved in the employee involvement initiative, they may well resist the effort. Awareness programmes should also be conducted for them covering the business scenario, status of the organisation, need of EI, management plans etc, so that they also understand, appreciate and extend necessary support for the success of the EI programme.

## **Training and Development:**

- ❖ Awareness training must be conducted at all levels in the organisation. Managers and supervisors must appreciate that participative management represents a major change from the traditional styles of management. For them to embrace this change, they must understand the nature, rationale and implications of participative management. Training in problem solving must also be provided to equip the employees and supervisors / managers with the skills to analyse problems and to develop solutions.

## **Strategy:**

- ❖ Employee involvement requires a well-developed strategy to achieve long-term success. EI challenges long-held beliefs and impacts broad areas of organisational functioning. Changing management style is probably the most difficult and frustrating task facing the chief executive who desires to institutionalise the EI process for performance improvement in the organisation. An intelligent, long-term strategy is, therefore, a vital ingredient for success.

## **SOURCES, DEVELOPING AND USING APPLICATION FORMS**

### **Promotions within**

- ❖ Many organisations prefer to fill vacancies through promotions or transfers from within wherever possible. Promotion involves movement of an employee from a lower level position to a higher level position accompanied by (usually) changes in duties, responsibilities, status and value. The Tatas, the Birlas and most multinationals (e.g. HLL's Lister programme tracking star performers at an early stage and offering stimulating opportunities to grow vertically) have fast-track promotion systems in place. The credo now is reward performance, but promote competency. In the recent

past, the AV Birla group has placed over 200 people through the fast-tracker system (promoting star performers quickly). A transfer, on the other hand, involves lateral movement within the same grade, from one job to another. It may lead to changes in duties and responsibilities, working conditions, etc., but not necessarily salary. Internal promotions and transfers certainly allow people greater scope to experiment with their careers, kindling ambitions and motivating them to take a shot at something they might otherwise never have considered. The system, of course, works best for young executives who are willing to take risks.

### **Job Posting**

- ❖ Job posting is another way of hiring people from within. In this method, the organisation publicises job openings on bulletin boards, electronic media and similar outlets. Hindustan Lever introduced its version of open job postings in early 2002 and over 40 positions have since been filled through the process. HLL even allows its employees to undertake career shifts, for example from technical positions to non-technical jobs such as marketing, market research etc., through the open job posting system. The AV Birla group allows its employees an opportunity to apply not just for jobs within their own companies, but for jobs in any company in the Birla group both in India and abroad.

### **Sources**

- ❖ External sources lie outside an organisation. Here the organisation can have the services of: (a) Employees working in other organisations; (b) Job aspirants registered with employment exchanges; (c) Students from reputed educational institutions; (d) Candidates referred by unions, friends, relatives and existing employees; (e) Candidates forwarded by search firms and contractors; (f) Candidates responding to the advertisements, issued by the organisation; and (g) Unsolicited applications/walk-ins.
- ❖ The merits and demerits of recruiting candidates from outside an organisation may be stated thus:

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Merits	Demerits
<b>Wide choice:</b> The organisation has the freedom to select candidates from a large pool. Persons with requisite qualifications could be picked up.	<b>Expensive:</b> Hiring costs could go up substantially. Tapping multifarious sources of recruitment is not an easy task, either.
<b>Injection of fresh blood:</b> People with special skills and knowledge could be hired to stir up the existing employees and pave the way for innovative ways of working.	<b>Time consuming:</b> It takes time to advertise, screen, to test and to select suitable employees. Where suitable ones are not available, the process has to be repeated.
<b>Motivational force:</b> It helps in motivating internal employees to work hard and compete with external candidates while seeking career growth. Such a competitive atmosphere would help an employee to work to the best of his abilities.	<b>Demotivating:</b> Existing employees who have put in considerable service may resist the process of filling up vacancies from outside. The feeling that their services have not been recognised by the organisation, forces them to work with less enthusiasm and motivation.
<b>Long term benefits:</b> Talented people could join the ranks, new ideas could find meaningful expression, a competitive atmosphere would compel people to give of their best and earn rewards, etc.	<b>Uncertainty:</b> There is no guarantee that the organisation, ultimately, will be able to hire the services of suitable candidates. It may end up hiring someone who does not 'fit' and who may not be able to adjust in the new set-up.

### Developing and Using Application Forms

- ❖ Application blank or form is one of the most common methods used to collect information on various aspects of the applicants' academic, social, demographic, work-related background and references. It is a brief history sheet of an employee's background, usually containing the following things:
- ❖ Personal data (address, sex, identification marks)

- ❖ Marital data (single or married, children, dependents)
- ❖ Physical data (height, weight, health condition)
- ❖ Educational data (levels of formal education, marks, distinctions)
- ❖ Employment data (past experience, promotions, nature of duties, reasons for leaving previous jobs, salary drawn, etc.)
- ❖ Extra-curricular activities data (sports/games, NSS, NCC, prizes won, leisure-time activities)
- ❖ References (names of two or more people who certify the suitability of an applicant to the advertised position)
- ❖ Even when applicants come armed with elaborate resumes, it is important to ask the applicants to translate specific resume material into a standardised application form. Job seekers tend to exaggerate, or overstate their qualifications on a resume. So it's always better to ask the applicant to sign a statement that the information contained on the resume or application blank is true and that he or she accepts the employer's right to terminate the candidate's employment if any of the information is found to be false at a later date.

## **Weighted Application Blanks**

- ❖ To make the application form more job-related, some organisations assign numeric values or weights to responses provided by applicants. Generally, the items that have a strong relationship to job performance are given high scores. For example, for a medical representative's position, items such as previous selling experience, marital status, age, commission earned on sales previously, etc., may be given high scores when compared to other items such as religion, sex, language, place of birth, etc. The total score of each applicant is obtained by summing the weights of the individual item responses. The resulting scores are then used in the selection decision. The WAB is best suited for jobs where there are many workers, especially for sales and technical jobs and it is particularly useful in reducing turnover. There are, however, several problems associated with WABs. It takes time to develop such a form. The cost of developing a WAB could be prohibitive if the organisation has several operating levels with unique features. The WAB must be "updated every few years to ensure that the factors previously identified are



still valid predictors of job success”. And finally, the organisation should be careful not to depend on weights of a few items while selecting an employee.

### **Usefulness**

- ❖ It introduces the candidate to the company in a formal way.
- ❖ It helps the company to have a cross-comparison of applicants; the company can screen and reject candidates if they fail to meet the eligibility criteria at this stage itself.
- ❖ It can serve as a basis for initiating a dialogue at the interview.

### **IT AND RECRUITING ON THE INTERNET**

- ❖ In recent years most companies have found it useful to develop their own website and list job openings on it. The website offers a fast, convenient and cost effective means for job applicants to submit their resume through the Internet. Infosys Technologies Ltd., for example, gets over 1000 resumes a day from prospective candidates through the Net. The resumes are then converted into a standard format using the software that the company has developed for short listing candidates according to a set criteria such as alma mater, qualifications, experience etc. The HR manager has to key in his or her requirement and 'profiles' of candidates from the company's database get generated. There are a variety of websites available – in addition to a company's own website – where applicants can submit their resumes and potential employers can check for qualified applicants. (such as (i) [www.jobsahead.com](http://www.jobsahead.com) (ii) [www.headhunters.com](http://www.headhunters.com) (iii) [www.naukri.com](http://www.naukri.com) (iv) [www.monsterindia.com](http://www.monsterindia.com) (v) [www.mafoi.com](http://www.mafoi.com) (vi) [www.abccconsultants.net](http://www.abccconsultants.net) (vii) [www.datamaticsstaffing.com](http://www.datamaticsstaffing.com) (viii) [www.timesjobs.com](http://www.timesjobs.com) etc.) Internet recruiting, as mentioned earlier, generates fast, cost-effective, timely responses from job applicants from different parts of the world. And that's where the problem lies: the website might be flooded with resumes from unqualified job seekers. Applications may also come from geographic areas that are unrealistically far away.



## **EMPLOYEE TESTING AND SELECTION TECHNIQUES**

- ❖ To select means to choose. Selection is the process of picking individuals who have relevant qualifications to fill jobs in an organisation. The basic purpose is to choose the individual who can most successfully perform the job, from the pool of qualified candidates.

### **Selection Process**

#### **Preliminary Reception:**

- ❖ Selection starts with a visit to the HRM office or with a written request for an application. If an applicant appears in person, an impromptu preliminary interview may be granted as a courtesy, simply as a matter of good public relations.

#### **Employment Tests:**

- ❖ Employment tests are devices that assess the probable match between applicants and job requirements. When tests are used for these positions, however, they often are a simulation of real-life situations.

#### **Test Validation:**

- For a test to be relied upon, it should be valid. Validity means that the test scores have a significant correlation to job performance or to some other relevant criterion.

#### **Testing Tools:**

- There is a wide variety of employment tests. But each type of test has only limited usefulness. The exact purpose of a test, its design, its direction for administration and its applications are recorded in the test manual, which should be reviewed before a test is used.

#### **Basic Testing Concepts**

- ❖ Another important decision in the selection process involves applicant testing and the kinds of tests to use. A test is a standardised, objective measure of a person's behaviour, performance or attitude. It is standardised because the way the test is carried out, the environment in which the test is administered and the way the individual scores are calculated – are uniformly applied. It

is objective in that it tries to measure individual differences in a scientific way, giving very little room for individual bias and interpretation.

- ❖ Over the years, employment tests have not only gained importance but also a certain amount of inevitability in employment decisions. Since they try to objectively determine how well an applicant meets job requirements, most companies do not hesitate to invest their time and money in selection testing in a big way. Some of the commonly used employment tests may be stated thus:

## **Types of Tests**

### **Intelligence tests:**

- ❖ These are mental ability tests. They measure the incumbent's learning ability and also the ability to understand instructions and make judgements. The basic objective of intelligence tests is to pick up employees who are alert and quick at learning things so that they can be offered adequate training to improve their skills for the benefit of the organisation. Intelligence tests do not measure any single trait, but rather several abilities such as memory, vocabulary, verbal fluency, numerical ability, perception, spatial visualisation, etc., Stanford-Binet test, Binet-Simon test, The Wechsler Adult Intelligence Scale are examples of standard intelligence tests. Some of these tests are increasingly used in competitive examinations while recruiting graduates and post-graduates at entry level management positions in Banking, Insurance and other Financial Services sectors.

### **Aptitude tests:**

- ❖ Aptitude tests measure an individual's potential to learn certain skills – clerical, mechanical, mathematical, etc. These tests indicate whether or not an individual has the ability to learn a given job quickly and efficiently. In order to recruit efficient office staff, aptitude tests are necessary. Clerical tests, for example, may measure the incumbent's ability to take notes, perceive things correctly and quickly locate things, ensure proper movement of files, etc. Aptitude tests, unfortunately, do not measure on-the-job motivation. That is why the aptitude test is administered in combination with other tests, like intelligence and personality tests.

## **Personality tests:**

- ❖ Of all the tests required for selection, personality tests have generated lot of heat and controversy. The definition of personality, methods of measuring personality factors and the relationship between personality factors and actual job criteria have been the subject of much discussion. Researchers have also questioned whether applicants answer all the items truthfully or whether they try to respond in a socially desirable manner. Regardless of these objections, many people still consider personality as an important component of job success.
- ❖ Personality tests are used to measure basic aspects of an applicant's personality such as motivation, emotional balance, self-confidence, interpersonal behaviour, introversion, etc. The most frequently used tests are the Minnesota Multiphasic Personality Inventory (MMPL), the California Psychological Inventory, the Manifest Anxiety Scale, Edwards Personal Performance Schedule, etc.

## **i) Projective tests:**

- ❖ These tests expect the candidates to interpret problems or situations based on their own motives, attitudes, values, etc. Many personality tests are projective in nature. A picture is presented to the person taking the test who is then asked to interpret or react to it. Since the pictures are clouded, the person's interpretation must come from inside – and thus get projected. The person supposedly projects into the picture his or her own emotional attitudes, motives, frustrations, aspirations and ideas about life. Standard tests are also frequently used to assess the personality of the testee. For example, in the Thematic Appreciation Test, the testee is shown a picture and is asked to make up a story based on the picture. The responses are analysed and a profile of personality is developed. However, projective tests have been under attack since they are unscientific and often reveal the bias of the test evaluator, particularly if he is not properly trained.

## **ii) Interest tests:**

- ❖ These are meant to find how a person in tests compare with the interests of successful people in a specific job. These tests show the areas of work in which a person is most interested. The

basic idea behind the use of interests tests is that people are most likely to be successful in jobs they like. These tests could be used as effective selections tools. Obviously if you can select people whose interests are roughly the same as those of successful investments by using, say the Strong-Campbell inventory, in the jobs for which you are recruiting, it is more likely that the applicants will be more successful in their new jobs. The chief problem with using the interest tests for selection purposes is that responses to the questions are not always sincere.

### **iii) Preference tests:**

- ❖ These tests try to compare employee preferences with the job and organisational requirements. The job diagnostic survey developed by Hackman and Oldham, is an example of a preference test. This test shows how people differ in their preferences for achievement, meaningfulness, discretion etc., in their jobs.

### **Achievement tests:**

- ❖ These are designed to measure what the applicant can do on the job currently, i.e., whether the testee actually knows what he or she claims to know. A typing test shows typing proficiency, a shorthand test measures the testee's ability to take dictation and transcribe, etc. Such proficiency tests are also known as work sampling tests. Work sampling is a selection test wherein the job applicant's ability to do a small portion of the job is tested. These tests are of two types; Motor, involving physical manipulation of things (e.g., trade tests for carpenters, plumbers, electricians) or Verbal, involving problem situations that are primarily language-oriented or people-oriented (e.g., situational tests for supervisory jobs).
- ❖ Since work samples are miniature replicas of actual job requirements, they are difficult to fake. They offer concrete evidence of the proficiency of an applicant as against his ability to do the job. However, work-sample tests are not cost effective, as each candidate has to be tested individually. It is not easy to develop work samples for each job. Moreover, it is not applicable to all levels of the organisation. For managerial jobs it is often not possible to develop a work sample test that can take one of all the full range of managerial abilities.

## **Simulation tests:**

- ❖ Simulation exercise is a test which duplicates many of the activities and problems an employee faces while at work. Such exercises are commonly used for hiring managers at various levels in an organisation. To assess the potential of a candidate for managerial positions, assessment centres are commonly used.

## **Assessment centre:**

- ❖ An assessment centre is an extended work sample. It uses procedures that incorporate group and individual exercises. These exercises are designed to simulate the type of work which the candidate will be expected to do. Initially a small batch of applicants come to the assessment centre (a separate room). Their performance in the situational exercises is observed and evaluated by a team of 6 to 8 trained assessors. The assessors' judgements on each exercise are compiled and combined to have a summary rating for each candidate being assessed. The assessment centre approach, thus, evaluates a candidate's potential for management on the basis of multiple assessment techniques, standardised methods of making inferences from such techniques, and pooled judgements from multiple assessors.
- ❖ Initially a small batch of applicants come to the assessment centre (a separate room). Examples of the simulated exercises based on real-life, included in a typical assessment centre are as follows:

## **The in-basket:**

- ❖ Here the candidate is faced with an accumulation of reports, memos, letters and other materials collected in the in-basket of the simulated job he is supposed to take over. The candidate is asked to take necessary action within a limited amount of time on each of these materials, say, by writing letters, notes, agendas for meetings, etc. The results of the applicant's actions are then reviewed by the evaluators. In-baskets are typically designed to measure oral, and written communication skills, planning, decisiveness, initiative and organisation skills.

## **The leaderless group discussion (LGD):**

- ❖ This exercise involves groups of managerial candidates working together on a job-related problem. The problem is generally designed to be as realistic as possible and is tackled usually in groups of five or six candidates. A leader is not designated for the group, but one usually emerges in the course of the group interaction. Two or more assessors typically observe the interaction as the group tries to reach consensus on a given problem. The LGD is used to assess dimensions such as oral communication, tolerance for stress, adaptability, self confidence, persuasive ability etc.

## **Business games:**

- ❖ Here participants try to solve a problem, usually as members of two or more simulated companies that are competing in the market place. Decisions might include how to advertise and produce, how to penetrate the market, how much to keep in stock, etc. Participants thereby exhibit planning and organisational abilities, interpersonal skills and leadership abilities. Business games may be simple (focussing on very specific activities) or complex models of complete organisational systems. They may be computer-based or manually operated, rapidly programmed or flexible. In computer based games, participants typically draw up plans for an organisation to determine such factors as the amount of resources to allocate for advertising, product design, selling and sales effort. The participants arrive at a number of decisions, and then the computer tells them how well they did in comparison to competing individuals or teams. Business games have several merits: they reduce time, events that might not take place for months or years are made to occur in a matter of hours. They are realistic and competitive in nature. They also offer immediate feedback.

## **Individual presentations:**

- ❖ Participants are given a limited amount of time to plan, organise and prepare a presentation on an assigned topic. This exercise is meant to assess the participant's oral communication skill, self-confidence, persuasive abilities, etc.

## **Structured interview:**

- ❖ Evaluators ask a series of questions aimed at the participant's level of achievement, motivation, potential for being a 'self-starter' and commitment to the company.

## **SELECTION TECHNIQUES**

- ❖ Immediately after the interview ends, the interviewer should record specific answers and general impressions about the candidate.

## **Interview**

- ❖ Interview is the oral examination of candidates for employment. This is the most essential step in the selection process. In this step, the interviewer tries to obtain and synthesise information about the abilities of the interviewee and the requirements of the job. Interview gives the recruiter an opportunity to:
  - ❖ size up the interviewee's agreeableness;
  - ❖ ask questions that are not covered in tests;
  - ❖ obtain as much pertinent information as possible;
  - ❖ assess subjective aspects of the candidate – facial expressions, appearance, nervousness and so forth;
  - ❖ make judgements on interviewee's enthusiasm and intelligence;
  - ❖ give facts to the candidate regarding the company, its policies, programmes, etc., and promote goodwill towards the company.

## **Types of Interviews**

### **The non-directive interview:**

- ❖ In a non-directive interview the recruiter asks questions as they come to mind. There is no specific format to be followed. The questions can take any direction. The interviewer asks broad, open-ended questions such as 'tell me more about what you did on your last job' – and allows the applicant to talk freely with a minimum of interruption. Difficulties with a non-



directive interview include keeping it job related and obtaining comparable data on various applicants.

### **The directive or structured interview:**

- ❖ In the directive interview, the recruiter uses a predetermined set of questions that are clearly job related. Since every applicant is asked the same basic questions, comparison among applicants can be made more easily. Structured questions improve the reliability of the interview process, eliminate biases and errors and may even enhance the ability of a company to withstand legal challenge. On the negative side, the whole process is somewhat mechanical, restricts the freedom of interviewers and may even convey disinterest to applicants who are used to more flexible interviews. Also, designing a structured interview may take a good amount of time and energy.

### **The situational interview:**

- ❖ One variation of the structured interview is known as the situational interview. In this approach, the applicant is confronted with a hypothetical incident and asked how he or she would respond to it. The applicant's response is then evaluated relative to pre-established benchmark standards.

### **The behavioural interview:**

- ❖ The behavioural interview focuses on actual work incidents (as against hypothetical situations in the situational interview) in the applicant's past. The applicant is supposed to reveal what he or she did in a given situation, for example, how he disciplined an employee who was smoking inside the factory premises.

### **Stress interview:**

- ❖ In stress interview, the interviewer attempts to find how applicants would respond to aggressive, embarrassing, rude and insulting questions. The whole exercise is meant to see whether the applicant can cope with highly stress-producing, anxious and demanding situations while at work, in a calm and composed manner. Such an approach may backfire also, because the typical

applicant is already somewhat anxious in any interview. So, the applicant that the firm wants to hire might even turn down the job offer under such trying conditions.

### **Panel interview:**

- ❖ In a typical panel interview, the applicant meets with three to five interviewers who take turns asking questions. After the interview, the interviewers pool their observations to arrive at a consensus about the suitability of the applicant. The panel members can ask new and incisive questions based on their expertise and experience and elicit deeper and more meaningful responses from candidates. Such an interview could also limit the impact of the personal biases of any individual interviewer. On the negative side, as an applicant, a panel interview may make you feel more stressed than usual.

### **Designing & Conducting the Effective Interview**

- ❖ Interviewing is an art. It demands a positive frame of mind on the part of the interviewers. Interviewees must be treated properly so as to leave a good impression (about the company) in their minds. HR experts have identified certain steps to be followed while conducting interviews:

#### **Preparation:**

- ❖ Effective interviews do not just happen. They are planned. This involves:
  - Establishing the objectives of the interview and determining the areas and specific questions to be covered.
  - Reviewing the candidate's application and resume, noting areas that are vague or that may show candidate's strengths and weaknesses on which questions could be asked.
  - Keeping the test scores ready, along with interview assessment forms.
  - Selecting the interview method to be followed.
  - Choosing the panel of experts who would interview the candidates (list the number of experts to be called plus the chairman).

- Identifying a comfortable, private room preferably away from noise and interruptions (neat and clean; well furnished, lighted and ventilated) where the interview could be held.

### **Reception:**

- ❖ The candidate should be properly received and led into the interview room. Greet the candidate with a warm, friendly, greeting smile. Names are important. So tell the applicant what to call you and then ask the applicant for his preferred form of address. Tell briefly about yourself and put the applicant at ease so that he may reciprocate with personal information. Ask the applicant about hobbies, activities or some other topic so as to break the ice. As a rule, treat all candidates – even unsolicited drop-ins at your office – courteously, not on humanitarian grounds but because your company's reputation is at stake. Start the interview on time.

### **Information Exchange:**

- ❖ To gain the confidence of the candidate, start the interview with a cheerful conversation. The information exchange between the interviewer and the interviewee may proceed thus:
  1. State the purpose of the interview, how the qualifications are going to be matched with skills needed to handle the job. Give information about the job for which the interviewee is applying. Known as a realistic job preview, such an exercise would be most fruitful when the applicant gets a realistic picture of what he is supposed to do on the job. A realistic job preview helps minimise surprises for the new recruit, enhancing the comfort level and decreasing ambiguity and uncertainty in the early stages of work. Also, the first impression a firm makes on a new hire is one of being an honest organisation, that stays with the employee, increasing the employee's level of commitment.
  2. Begin with open-ended questions where the candidate gets enough freedom to express himself freely instead of 'yes' or 'no' type of responses.
  3. Do not put words in the applicant's mouth by asking: You have worked in a private management institute before. Haven't you?
  4. Do not telegraph the desired answer by nodding or smiling when the right answer is given.

5. Do not interrogate the applicant as if the person is a prisoner and do not be patronising, sarcastic or ultra-critical.
6. Do not monopolies the conversation, giving very little chance to the applicant to reveal himself.
7. Do not let the applicant dominate the interview by rambling from point to point so you cannot ask all your questions. Establish an interview plan and stick to it.
8. Do not use difficult words to confuse the applicant. Provide information as freely and honestly as possible

**Termination:**

- ❖ End the interview as happily as it began without creating any awkward situation for the interviewee. Here, avoid communicating through unpleasant gestures such as sitting erect, turning towards the door, glancing at watch or clock, etc. Some interviewers terminate the show by asking: do you have any final questions? At this point inform the applicant about the next step in the interview process, which may be to wait for a call or letter. Regardless of the interview performance of the candidate and interviewer's personal opinion, the applicant should not be given any indication of his prospects at this stage.

**Evaluation:**

- ❖ After the interview is over, summarise and record your observations carefully, constructing the report based on responses given by applicant, his behaviour, your own observations and the opinions of other experts present during the interview. Better to use a standardised evaluation form for this purpose.

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**POSSIBLE QUESTIONS**

**PART A (1 Mark)**

(Online Examinations)

**PART B (2 Marks)**

1. What do you mean by Job Analysis?
2. Briefly explain on Critical Incident Technique.
3. What do you mean by Interview?
4. Explain briefly about diary method of job analysis.
5. What is Job Evaluation?
6. What do you mean by Performance Appraisal?
7. Explicate briefly ranking method of performance appraisal.
8. What is recruitment?
9. What do you mean by Employment test?
10. Explain on Workforce analysis.
11. What is workload analysis?
12. What do you mean by Job analysis?
13. What is Replacement chart?
14. Define Commitment.
15. Explain on Intelligent Test.
16. What is Aptitude Test?
17. Briefly explain on Personality test.
18. What is Projective test?
19. What is Interest test?
20. Briefly narrate on Preference test.
21. Explain on Non-directive interview.
22. What do you mean by Structured Interview?

**PART C (8 Marks)**

1. Discuss in detail about key factors that enhances Employee Involvement.
2. Elucidate in detail on various methods of Job Evaluation.
3. Explicate in detail about Sources of Supply of Man Power.
4. Explain in detail on the process involved in Human Resource Planning.
5. Discuss in detail on the Constraint and Challenges faced by the corporate sector in recruitment.
6. Explain in detail about various types of Interview.
7. Explicate in detail on various methods of Job Analysis.
8. Describe in detail about the process of conducting Interview.
9. Explain in detail on various types of tests utilized for employment selection.
10. Elucidate in detail on the process of Job Evaluation.

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### UNIT – II ONE MARK

S.No.	Questions	Option 1	Option 2	Option 3	Option 4	Answer
1	___ is a formal and detailed examination of jobs	Job Analysis	Selection	Recruitment	Human Resource Planning	Job Analysis
2	A ___ is an identifiable work activity carried out for a specific purpose	Assignment	Duty	Job	Task	Task
3	A ___ is a larger work segment consisting of several tasks (which are related by some sequence of events) that are performed by an individual	Assignment	Duty	Job	Task	Duty
4	___ are obligations to perform certain tasks and duties	Job Analysis	Job Responsibilities	Recruitment	Human Resource Planning	Job Responsibilities
5	In ___ method, the job analyst actually performs the job in question	Job Performance	Personal Observation	Critical Incidents	Interview	Job Performance



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6	In ____ analyst observes the worker(s) doing the job	Job Performance	Personal Observation	Critical Incidents	Interview	Personal Observation
7	____ is a qualitative approach to job analysis used to obtain specific, behaviorally focused descriptions of work or other activities	Job Performance	Personal Observation	Critical Incidents	Interview	Critical Incidents
8	____ method consists of asking questions to both incumbents and supervisors in either an individual or a group setting	Job Performance	Personal Observation	Critical Incidents	Interview	Interview
9	Under ____ job incumbents are asked to keep diaries or logs of their daily job activities	Panel of Experts	Diary Method	Questionnaire Method	Interview	Diary Method
10	____ is a systematic way of determining the value/worth of a job in relation to other jobs in an organization	Job Analysis	Job Evaluation	Performance Appraisal	Job Performance	Job Evaluation
11	____ is a systematic way of gathering information about a job	Job Analysis	Job Evaluation	Performance Appraisal	Job Performance	Job Analysis
12	____ is the systematic description of an employee's job-related strengths	Job Analysis	Job Evaluation	Performance Appraisal	Job Performance	Performance Appraisal

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	and weaknesses					
13	___ methods is simplest method of job evaluation	Classification Method	Ranking Method	Factor Comparison Method	Point Method	Ranking Method
14	Under ___ method, a predetermined number of job groups or job classes are established and jobs are assigned to these classifications	Classification Method	Ranking Method	Factor Comparison Method	Point Method	Classification Method
15	A more systematic and scientific method of job evaluation is the ___	Ranking Method	Factor Comparison Method	Point Method	Classification Method	Factor Comparison Method
16	___ is the process of locating and encouraging potential applicants to apply for existing or anticipated job openings	Planning	Organizing	Recruitment	Staffing	Recruitment
17	___ are devices that assess the probable match between applicants and job requirements	Preliminary Reception	Employment Tests	Test Validation	Testing Tools	Employment Tests
18	___ is usually made to identify the qualifications and experience required for them	Work Load Analysis	Work Force Analysis	Trend Analysis	Job Analysis	Job Analysis

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19	___ is a factual statement of the duties and responsibilities of a specific job	Job Description	Job Analysis	Work Load Analysis	Work Load Analysis	Job Description
20	___ gives an indication of what is to be done, how it is to be done and why it is to be done	Job Specification	Job Description	Job Analysis	Work Load Analysis	Job Analysis
21	___ provides information on the human attributes in terms of education, skills, aptitudes and experience necessary to perform a job effectively	Job Specification	Job Description	Job Analysis	Work Load Analysis	Job Specification
22	___ shows the number of employees in each job	Internal Labour Supply	Staffing Table	Markov Analysis	Skills inventory	Staffing Table
23	In ___ analysis routes for the employees, which is the promotion ladder, are well defined	Internal Labour Supply	Staffing Table	Markov Analysis	Skills inventory	Markov Analysis
24	___ is an assessment of the knowledge, skills, abilities, experience and career aspirations of each of the current employees	Internal Labour Supply	Staffing Table	Markov Analysis	Skills inventory	Skills inventory
25	___ shows the profile of job holders	Staffing Table	Replacement	Markov	Skills inventory	Replacement Chart

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	department-wise and offers a snapshot of who will replace whom if there is a job opening		Chart	Analysis		
26	__is the binding of the individual to behavioural acts	Commitment	Job Analysis	Stress Management	Skills inventory	Commitment
27	__describes congruence between personal and organizational goals	Job Analysis	Stress Management	Skills inventory	Involvement	Involvement
28	__is based on the belief that more satisfied employees are more productive employees	Human Resources Approach	Human Relations Approach	High Involvement Approach	Strategic Human Resource Approach	Human Relations Approach
29	__operate under the assumption that employees are capable of making important decisions about their work and that maximum organizational performance results when people exercise considerable control over their work activities	Human Resources Approach	Human Relations Approach	High Involvement Approach	Strategic Human Resource Approach	High Involvement Approach
30	__is another way of hiring people from within the organization	Job Posting	Sources	References	Campus Interview	Job Posting
31	__is one of the most common	Resume	Application	Curriculum	Biodata	Application Blank

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	methods used to collect information on various aspects of the applicants' academic, social, demographic, work-related background and references		Blank	Vitae		
32	___ is best suited for jobs where there are many workers, especially for sales and technical jobs and it is particularly useful in reducing turnover	Resume	Curriculum Vitae	Application Blank	Weighted Application Blanks	Weighted Application Blanks
33	___ are devices that assess the probable match between applicants and job requirements	Interview	Employment Tests	Training	Performance Appraisal	Employment Tests
34	___ test measure the incumbent's learning ability and also the ability to understand instructions and make judgements	Intelligence	Aptitude	Personality	Projective	Intelligence
35	measure an individual's potential to learn certain skills – clerical, mechanical, mathematical, etc	Intelligence	Aptitude	Personality	Projective	Aptitude
36	___ tests indicate whether or not an individual has the ability to learn a	Intelligence	Aptitude	Personality	Projective	Aptitude

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	given job quickly and efficiently					
37	___ tests are used to measure basic aspects of an applicant's personality such as motivation, emotional balance, self-confidence, interpersonal behavior, introversion, etc.	Intelligence	Aptitude	Personality	Projective	Personality
38	___ tests expect the candidates to interpret problems or situations based on their own motives, attitudes, values, etc.	Interest	Projective	Preference	Achievement	Projective
39	___ tests show the areas of work in which a person is most interested	Interest	Projective	Preference	Achievement	Interest
40	___ tests try to compare employee preferences with the job and organizational requirements	Interest	Projective	Preference	Achievement	Preference
41	___ tests are designed to measure what the applicant can do on the job currently	Interest	Projective	Preference	Achievement	Achievement
42	___-is a test which duplicates many of the activities and problems an	Projective	Achievement	Simulation Test	Preference	Simulation Test

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	employee faces while at work					
43	___ is an extended work sample	The In-basket	Assessment Centre	Leaderless Group Discussion	Business Games	Assessment Centre
44	In ___ method candidate is faced with an accumulation of reports, memos, letters and other materials collected in the in-basket of the simulated job he is supposed to take over	The In-basket	Assessment Centre	Leaderless Group Discussion	Business Games	The In-basket
45	In a ___ interview the recruiter asks questions as they come to mind. There is no specific format to be followed	Non-directive	Structured Interview	Situational Interview	Behavioural Interview	Non-directive
46	In ___ interview the recruiter uses a predetermined set of questions that are clearly job related	Non-directive	Structured Interview	Situational Interview	Behavioural Interview	Structured Interview
47	In ___ interview the applicant is confronted with a hypothetical incident and asked how he or she would respond to it	Non-directive	Structured Interview	Situational Interview	Behavioural Interview	Situational Interview



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48	In ___ interview focuses on actual work incidents (as against hypothetical situations in the situational interview) in the applicant's past	Non-directive	Structured Interview	Situational Interview	Behavioural Interview	Behavioural Interview
49	In ___ interview, the interviewer attempts to find how applicants would respond to aggressive, embarrassing, rude and insulting questions	Panel	Stress	Situational	Behavioural	Stress
50	In __ interview, the applicant meets with three to five interviewers who take turns asking questions	Panel	Stress	Situational	Behavioural	Panel
51	___ is a systematic investigation of the tasks, duties and responsibilities necessary to do a job	Job Analysis	Selection	Recruitment	Human Resource Planning	Job Analysis
52	Under ___ method, instead of ranking complete jobs, each job is ranked according to a series of factors	Ranking Method	Factor Comparison Method	Point Method	Classification Method	Factor Comparison Method
53	Under ___ method pay will be determined by comparing the	Ranking	Factor Comparison	Point Method	Classification	Factor Comparison

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	weights of the factors required for each job	Method	Method		Method	Method
54	_____ is actually a linking function, joining together those with jobs to fill and those seeking jobs	Planning	Organizing	Staffing	Recruitment	Recruitment
55	The basic objective of _____ tests is to pick up employees who are alert and quick at learning things so that they can be offered adequate training to improve their skills for the benefit of the organization		Aptitude	Personality	Projective	Intelligence
56	Proficiency test is an example of _____ test	Interest	Projective	Preference	Achievement	Achievement
57	_____ exercises are designed to simulate the type of work which the candidate will be expected to do	The In-basket	Assessment Centre	Leaderless Group Discussion	Business Games	Assessment Centre
58	The basic objective of _____ tests is to pick up employees who are alert and quick at learning things so that they can be offered adequate training to improve their skills for	Aptitude	Personality	Projective	Intelligence	Intelligence

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	the benefit of the organization					
59	__ interview is meant to see whether the applicant can cope with highly stress-producing, anxious and demanding situations while at work, in a calm and composed manner	Panel	Stress	Situational	Behavioural	Stress
60	In __ interview applicant is supposed to reveal what he or she did in a given situation	Non-directive	Structured	Situational	Behavioural	Behavioural

## **UNIT – III**

### **SYLLABUS**

**Orientation and Training:** Orienting the employees, the training process, need analyses, Training techniques, special purpose training, Training via the Internet. Performance appraisal- Traditional and modern techniques of performance appraisal- 360° feedback.

#### **ORIENTING THE EMPLOYEES**

- ❖ After employees have been selected for various positions in an organisation, training them for the specific tasks to which they have been assigned assumes great importance. It is true in many organisations that before an employee is fitted into a harmonious working relationship with other employees, he is given adequate training. Training is the act of increasing the knowledge and skills of an employee for performing a particular job. The major outcome of training is learning.
- ❖ Orientation or induction is the task of introducing the new employees to the organisation and its policies, procedures and rules. A typical formal orientation programme may last a day or less in most organisations. During this time, the new employee is provided with information about the company, its history, its current position, the benefits for which he is eligible, leave rules, rest periods, etc. Also covered are the more routine things a newcomer must learn, such as the location of the rest rooms, break rooms, parking spaces, cafeteria, etc. In some organisations, all this is done informally by attaching new employees to their seniors, who provide guidance on the above matters. Lectures, handbooks, films, groups, seminars are also provided to new employees so that they can settle down quickly and resume the work.

#### **OBJECTIVES OF ORIENTATION**

##### **Removes fears:**

- ❖ A newcomer steps into an organisation as a stranger. He is new to the people, workplace and work environment. He is not very sure about what he is supposed to do. Induction helps a new employee overcome such fears and perform better on the job.
- It assists him in knowing more about:

- The job, its content, policies, rules and regulations.
- The terms and conditions of employment.

**Creates a good impression:**

- ❖ Another purpose of induction is to make the newcomer feel at home and develop a sense of pride in the organisation. Induction helps him to:
  - Adjust and adapt to new demands of the job.
  - Get along with people.
- ❖ Through induction, a new recruit is able to see more clearly as to what he is supposed to do, how good the colleagues are, how important is the job, etc. He can pose questions and seek clarifications on issues relating to his job. Induction is a positive step, in the sense, it leaves a good impression about the company and the people working there in the minds of new recruits. They begin to take pride in their work and are more committed to their jobs.

**Acts as a valuable source of information:**

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

**INDUCTION PROGRAMME STEPS**

- Welcome to the organisation.
- Explain about the company.
- Show the location/department where the new recruit will work.
- Give the company's manual to the new recruit.
- Provide details about various work groups and the extent of unionism within the company.
- Give details about pay, benefits, holidays, leave, etc. Emphasise the importance of attendance or punctuality.
- Explain about future training opportunities and career prospects.
- Clarify doubts, by encouraging the employee to come out with questions.

- Take the employee on a guided tour of buildings, facilities, etc. Hand him over to his supervisor.

**Content:**

- ❖ The topics covered in employee induction programme may be stated thus:

**Socialisation:**

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

**Follow up:**

- ❖ Despite the best efforts of supervisors, certain dark areas may still remain in the orientation programme. New hires may not have understood certain things. The supervisors, while covering a large ground, may have ignored certain important matters. To overcome the resultant communication gaps, it is better to use a supervisory checklist and find out whether all aspects have been covered or not. Follow up meetings could be held at fixed intervals, say after every three or six months on a face-to-face basis. The basic purpose of such follow up orientation is to offer guidance to employees on various general as well as job related matters without leaving anything to chance. To improve orientation, the company should make a conscious effort to obtain feedback from everyone involved in the programme. There are several ways to get this kind of feedback: through round table discussions with new hires after their first year on the job,

through in-depth interviews with randomly selected employees and superiors and through questionnaires for mass coverage of all recent recruits.

### **THE TRAINING PROCESS**

- ❖ Training is essential for job success. It can lead to higher production, fewer mistakes, greater job satisfaction and lower turnover. These benefits accrue to both the trainee and the organisation, if managers understand the principles behind the training process. To this end, training efforts must invariably follow certain learning-oriented guidelines.

#### **Modelling**

- ❖ Modelling is simply copying someone else's behaviour. Passive class room learning does not leave any room for modelling. If we want to change people, it would be a good idea to have videotapes of people showing the desired behaviour. The selected model should provide the right kind of behaviour to be copied by others. A great deal of human behaviour is learned by modelling others. Children learn by modelling parents and older children, they are quite comfortable with the process by the time they grow up. As experts put it. "managers tend to manage as they were managed!"

#### **Motivation**

- ❖ For learning to take place, intention to learn is important. When the employee is motivated, he pays attention to what is being said, done and presented. Motivation to learn is influenced by the answers to questions such as: How important is my job to me? How important is the information? Will learning help me progress in the company? etc. People learn more quickly when the material is important and relevant to them. Learning is usually quicker and long-lasting when the learner participates actively. Most people, for example, never forget how to ride a bicycle because they took an active part in the learning process!



### **Reinforcement**

- ❖ If a behaviour is rewarded, it probably will be repeated. Positive reinforcement consists of rewarding desired behaviours. People avoid certain behaviours that invite criticism and punishment. A bank officer would want to do a post graduate course in finance, if it earns him increments and makes him eligible for further promotions. Both the external rewards (investments, praise) and the internal rewards (a feeling of pride and achievement) associated with desired behaviours compel subjects to learn properly. To be effective, the trainer must reward desired behaviours only. If he rewards poor performance, the results may be disastrous: good performers may quit in frustration, accidents may go up, productivity may suffer. The reinforcement principle is also based on the premise that punishment is less effective in learning than reward. Punishment is a pointer to undesirable behaviours. When administered, it causes pain to the employee. He may or may not repeat the mistakes. The reactions may be mild or wild. Action taken to repeal a person from undesirable action is punishment. If administered properly, punishment may force the trainee to modify the undesired or incorrect behaviours.

### **Feedback**

- ❖ People learn best if reinforcement is given as soon as possible after training. Every employee wants to know what is expected of him and how well he is doing. If he is off the track, somebody must put him back on the rails. The errors in such cases must be rectified immediately. The trainee after learning the right behaviour is motivated to do things in a 'right' way and earn the associated rewards. Positive feedback (showing the trainee the right way of doing things) is to be preferred to negative feedback (telling the trainee that he is not correct) when we want to change behaviour.

### **Spaced Practice**

- ❖ Learning takes place easily if the practice sessions are spread over a period of time. New employees learn better if the orientation programme is spread over a two or three day period, instead of covering it all in one day. For memorising tasks, 'massed' practice is usually more effective. Imagine the way schools ask the kids to say the Lord's prayer aloud. Can you

memorise a long poem by learning only one line per day? You tend to forget the beginning of the poem by the time you reach the last stanza. For ‘acquiring’ skills as stated by Mathis and Jackson, spaced practice is usually the best. This incremental approach to skill acquisition minimises the physical fatigue that deters learning.

### **Whole Learning**

- ❖ The concept of whole learning suggests that employees learn better if the job information is explained as an entire logical process, so that they can see how the various actions fit together into the ‘big picture’. A broad overview of what the trainee would be doing on the job should be given top priority, if learning has to take place quickly. Research studies have also indicated that it is more efficient to practice a whole task all at once rather than trying to master the various components of the task at different intervals.

### **Active Practice**

- ❖ ‘Practice makes a man perfect’: so said Bacon. To be a swimmer, you should plunge into water instead of simply reading about swimming or looking at films of the worlds’ best swimmers. Learning is enhanced when trainees are provided ample opportunities to repeat the task. For maximum benefit, practice sessions should be distributed over time.

### **NEED ANALYSIS**

- ❖ Training efforts must aim at meeting the requirements of the organisation (long-term) and the individual employees (short-term). This involves finding answers to questions such as: Whether training is needed? If yes, where is it needed? Which training is needed? etc. Once we identify training gaps within the organisation, it becomes easy to design an appropriate training programme.

## **Organisational Analysis**

- ❖ It involves a study of the entire organisation in terms of its objectives, its resources, the utilisation of these resources, in order to achieve stated objectives and its interaction pattern with environment. The important elements that are closely examined in this connection are:

### **i) Analysis of objectives:**

- ❖ This is a study of short term and long term objectives and the strategies followed at various levels to meet these objectives.

### **ii) Resource utilisation analysis:**

- ❖ How the various organisational resources (human, physical and financial) are put to use is the main focus of this study. The contributions of various departments are also examined by establishing efficiency indices for each unit. This is done to find out comparative labour costs, whether a unit is under-manned or over-manned.

### **iii) Environmental scanning:**

- ❖ Here the economic, political, socio-cultural and technological environment of the organisation is examined.

### **iv) Organisational climate analysis:**

- ❖ The climate of an organisation speaks about the attitudes of members towards work, company policies, supervisors, etc. Absenteeism, turnover ratios generally reflect the prevailing employee attitudes. These can be used to find out whether training efforts have improved the overall climate within the company or not.

### **Task or role analysis:**

- ❖ This is a detailed examination of a job, its components, its various operations and conditions under which it has to be performed. The focus here is on the roles played by an individual and the training needed to perform such roles. The whole exercise is meant to find out how the various tasks have to be performed and what kind of skills, knowledge, attitudes are needed to meet the job needs. Questionnaires, interviews, reports, tests, observation and other methods are generally used to collect job related information from time-to-time. After collecting the information, an appropriate training programme may be designed, paying attention to (i)

performance standards required of employees, (ii) the tasks they have to discharge, (iii) the methods they will employ on the job and (iv) how they have learned such methods etc.,

## Person analysis:

- ❖ Here the focus is on the individual in a given job. There are three issues to be resolved through manpower analysis. First, we try to find out whether performance is satisfactory and training is required. Second, whether the employee is capable of being trained and the specific areas in which training is needed. Finally, we need to state whether poor performers (who can improve with requisite training inputs) on the job need to be replaced by those who can do the job. Other options to training such as modifications in the job or processes should also be looked into. Personal observation, performance reviews, supervisory reports, diagnostic tests help in collecting the required information and select particular training options that try to improve the performance of individual workers.
- ❖ To be effective, training efforts must continuously monitor and coordinate the three kinds of analyses described above. An appropriate programme that meets the company's objectives, task and employee needs may then be introduced. Further, the training needs have to be prioritised so that the limited resources that are allocated to fill training gaps are put to use in a proper way.

## TRAINING TECHNIQUES

- ❖ Training methods are usually classified by the location of instruction. On the job training is provided when the workers are taught relevant knowledge, skills and abilities at the actual workplace; off-the-job training, on the other hand, requires that trainees learn at a location other than the real workspot.

### Job Instruction Training

- ❖ The JIT method (developed during World War II) is a four-step instructional process involving preparation, presentation, performance try out and follow up. It is used primarily to teach workers how to do their current jobs. A trainer, supervisor or co-worker acts as the coach. The four steps followed in the JIT methods are:

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1. The trainee receives an overview of the job, its purpose and its desired outcomes, with a clear focus on the relevance of training.
2. The trainer demonstrates the job in order to give the employee a model to copy. The trainer shows a right way to handle the job.
3. Next, the employee is permitted to copy the trainer's way. Demonstrations by the trainer and practice by the trainee are repeated until the trainee masters the right way to handle the job.
4. Finally, the employee does the job independently without supervision.

Merits	Demerits
Trainee learns fast through practice and observation.	The trainee should be as good as the trainer. If the trainer is not good, transference of knowledge and skills will be poor.
It is economical as it does not require any special settings. Also, mistakes can be corrected immediately.	While learning, trainee may damage equipment, waste materials, cause accidents frequently.
The trainee gains confidence quickly as he does the work himself in actual setting with help from supervisor.	Experienced workers cannot use the machinery while it is being used for training.
It is most suitable for unskilled and semi -skilled jobs where the job operations are simple; easy to explain and demonstrate within a short span of time.	

### Coaching

- ❖ Coaching is a kind of daily training and feedback given to employees by immediate supervisors. It involves a continuous process of learning by doing. It may be defined as an informal, unplanned training and development activity provided by supervisors and peers. In coaching, the supervisor explains things and answers questions; he throws light on why things are done the way they are; he offers a model for trainees to copy; conducts lot of decision making

meetings with trainees; procedures are agreed upon and the trainee is given enough authority to make divisions and even commit mistakes. Of course, coaching can be a taxing job in that the coach may not possess requisite skills to guide the learner in a systematic way. Sometimes, doing a full day's work may be more important than putting the learner on track.

## **Mentoring**

- ❖ Mentoring is a relationship in which a senior manager in an organisation assumes the responsibility for grooming a junior person. Technical, interpersonal and political skills are generally conveyed in such a relationship from the more experienced person. A mentor is a teacher, spouse, counsellor, developer of skills and intellect, host, guide, exemplar, and most importantly, supporter and facilitator in the realisation of the vision the young person (protégé) has about the kind of life he wants as an adult. The main objective of mentoring is to help an employee attain psychological maturity and effectiveness and get integrated with the organisation. In a work situation, such mentoring can take place at both formal and informal levels, depending on the prevailing work culture and the commitment from the top management. Formal mentoring can be very fruitful, if management invests time and money in such relationship building exercises.

### **1. Career Functions**

- ❖ Career functions are those aspects of the relationship that enhance career advancement. These include:
  - a) Sponsorship: Where mentors actively nominate a junior person (called 'mentee') for promotions or desirable positions.
  - b) Exposure and visibility: Where mentors offer opportunities for mentees to interact with senior executives, demonstrate their abilities and exploit their potential.
  - c) Coaching: Mentors help mentees to analyse how they are doing their work and to define or redefine their aspirations. Here mentors offer practical advice on how to accomplish objectives and gain recognition from others.
  - d) Protection: Mentors shield the junior person from harmful situations/seniors.

- e) Challenging assignments: Mentors help mentees develop necessary competencies through challenging job assignments and appropriate feedback. Mentors create opportunities for their clients to prove their worth – to demonstrate clearly what they have to offer.

## **2. Psychological Functions**

- ❖ Psychological functions are those aspects that enhance the mentee's sense of competence, and identify effectiveness in a professional role. These include:
  - a) Role modelling: Mentors offer mentees a pattern of values and behaviours to imitate
  - b) Acceptance and confirmation: mentors offer support, guidance and encouragement to mentees so that they can solve the problems independently and gain confidence in course of time. Mentors also help people to learn about the organisation's culture and understand why things are done in certain ways.
  - c) Counselling: Mentors help mentees work out their personal problems, learn about what to do and what not to do, offer advice on what works and what doesn't, and do everything to demonstrate improved performance and prepare themselves for greater responsibility.
  - d) Friendship: Mentors offer practical help and support to mentees so that they can indulge in mutually satisfying social interactions (with peers, subordinates, bosses and customers)
- ❖ Mentoring in India is based on the time-honoured guru-shishya relationship where the guru would do everything to develop the personality of the shishya, offering emotional support, and guidance. Companies like TISCO, Neyveli Lignite Corporation, Polaris, Coca-Cola India have used mentoring systems to good effect in recent times (Economic Times, 25 Oct., 2002). Organisations like General Electric, Intel, Proctor & Gamble have given a lot of importance to mentoring programmes, going even gone to the extent of penalising senior managers if they fail to develop leadership skills among subordinates. Of course, mentoring is not without its problems. Mentors who are dissatisfied with their jobs and those who teach or narrow or distorted view of events may not help a protégé's development. Not all mentors are well prepared to transfer their skills and wisdom to their junior colleagues. When young people are bombarded with conflicting viewpoints –about how things should go – from a series of



advisors, they may find it difficult to get ahead with confidence. Mentoring can succeed if (i) there is genuine support and commitment from top management (ii) mentors take up their job seriously and transfer ideas, skills and experiences in a systematic way and (iii) mentees believe in the whole process and carry out things in an appropriate manner.

### **Job Rotation**

- ❖ This kind of training involves the movement of trainee from one job to another. This helps him to have a general understanding of how the organisation functions. The purpose of job rotation is to provide trainees with a larger organisational perspective and a greater understanding of different functional areas as well as a better sense of their own career objectives and interests. Apart from relieving boredom, job rotation allows trainees to build rapport with a wide range of individuals within the organisation, facilitating future cooperation among departments. The cross-trained personnel offer a great amount of flexibility for organisations when transfers, promotions or replacements become inevitable.
- ❖ Job rotation may pose several problems, especially when the trainees are rolled on various jobs at frequent intervals. In such a case, trainees do not usually stay long enough in any single phase of the operation to develop a high degree of expertise. For slow learners, there is little room to integrate resources properly. Trainees can become confused when they are exposed to rotating managers, with contrasting styles of operation. Today's manager's commands may be replaced by another set from another manager! Further, job rotation can be quite expensive. A substantial amount of managerial time is lost when trainees change positions, because they must be acquainted with different people and techniques in each department. Development costs can go up and productivity is reduced by moving a trainee into a new position when his efficiency levels begin to improve at the prior job. Inexperienced trainees may fail to handle new tasks in an efficient way. Intelligent and aggressive trainees, on the other hand, may find the system to be thoroughly boring as they continue to perform more or less similar jobs without any stretch, pull and challenge. To get the best results out of the system, it should be tailored to the needs,

interests and capabilities of the individual trainee, and not be a standard sequence that all trainees undergo.

### **Apprenticeship Training**

- ❖ Most craft workers such as plumbers and carpenters are trained through formal apprenticeship programmes. Apprentices are trainees who spend a prescribed amount of time working with an experienced guide, coach or trainer. Assistantships and internships are similar to apprenticeships because they also demand high levels of participation from the trainee. An internship is a kind of on-the-job training that usually combines job training with classroom instruction in trade schools, colleges or universities. Coaching, as explained above, is similar to apprenticeship because the coach attempts to provide a model for the trainee to copy. One important disadvantage of the apprenticeship methods is the uniform period of training offered to trainees. People have different abilities and learn at varied rates. Those who learn fast may quit the programme in frustration. Slow learners may need additional training time. It is also likely that in these days of rapid changes in technology, old skills may get outdated quickly. Trainees who spend years learning specific skills may find, upon completion of their programmes, that the job skills they acquired are no longer appropriate.

### **Committee Assignments**

- ❖ In this method, trainees are asked to solve an actual organisational problem. The trainees have to work together and offer solution to the problem. Assigning talented employees to important committees can give these employees a broadening experience and can help them to understand the personalities, issues and processes governing the organisation. It helps them to develop team spirit and work unitedly toward common goals. However, managers should very well understand that committee assignments could become notorious time wasting activities.
- ❖ The above on-the-job methods are cost effective. Workers actually produce while they learn. Since immediate feedback is available, they motivate trainees to observe and learn the right way of doing things. Very few problems arise in the case of transfer of training because the employees learn in the

actual work environment where the skills that are learnt are actually used. On-the-job methods may cause disruptions in production schedules. Experienced workers cannot use the facilities that are used in training. Poor learners may damage machinery and equipment. Finally, if the trainer does not possess teaching skills, there is very little benefit to the trainee.

### **SPECIAL PURPOSE TRAINING**

- ❖ Under this method of training, the trainee is separated from the job situation and his attention is focused upon learning the material related to his future job performance. Since the trainee is not distracted by job requirements, he can focus his entire concentration on learning the job rather than spending his time in performing it. There is an opportunity for freedom of expression for the trainees. Off-the-job training methods are as follows:
  - a) **Vestibule training:** In this method, actual work conditions are simulated in a class room. Material, files and equipment – those that are used in actual job performance are also used in the training. This type of training is commonly used for training personnel for clerical and semi-skilled jobs. The duration of this training ranges from a few days to a few weeks. Theory can be related to practice in this method.
  - b) **Role playing:** It is defined as a method of human interaction that involves realistic behaviour in imaginary situations. This method of training involves action, doing and practice. The participants play the role of certain characters, such as the production manager, mechanical engineer, superintendents, maintenance engineers, quality control inspectors, foreman, workers and the like. This method is mostly used for developing interpersonal interactions and relations.
  - c) **Lecture method:** The lecture is a traditional and direct method of instruction. The instructor organises the material and gives it to a group of trainees in the form of a talk. To be effective, the lecture must motivate and create interest among the trainees. An advantage of lecture method is that it is direct and can be used for a large group of trainees. Thus, costs and time involved are reduced. The major limitation of the lecture method is that it does not provide for transfer of training effectively.

- d) **Conference/discussion approach:** In this method, the trainer delivers a lecture and involves the trainee in a discussion so that his doubts about the job get clarified. When big organisations use this method, the trainer uses audio-visual aids such as blackboards, mockups and slides; in some cases the lectures are videotaped or audio taped. Even the trainee's presentation can be taped for self-confrontation and self-assessment. The conference is, thus, a group-centred approach where there is a clarification of ideas, communication of procedures and standards to the trainees. Those individuals who have a general educational background and whatever specific skills are required – such as typing, shorthand, office equipment operation, filing, indexing, recording, etc. – may be provided with specific instructions to handle their respective jobs.
- e) **Programmed instruction:** This method has become popular in recent years. The subject-matter to be learned is presented in a series of carefully planned sequential units. These units are arranged from simple to more complex levels of instruction. The trainee goes through these units by answering questions or filling the blanks. This method is, thus, expensive and time-consuming.

### TRAINING VIA INTERNET

- ❖ Training programmes delivered via intranet have now been thought of most cost effective route. It is not only cost effective but also caters to the real time information need of employees. However, it involves convergence of several technologies, like; hardware, software, web-designing and authoring, instructional design, multi-media design, telecommunications and finally internet intranet network management. Organisations can outsource e-learning training modules at relatively cheaper rate. Even though training through e-learning is globally increasing, we do not have adequate empirical evidence to justify this.

### PERFORMANCE APPRAISAL

- ❖ Performance Appraisal is one single important tool, which helps in deciding about training requirements for an organization and it reinforces training activities to balance the team efforts ensuring proper allocation of activities among different members of the group. In Human Resource Planning Performance Appraisal is the most crucial area of activities. Through periodic performance

improvement, organisations can continue to sustain its competitive advantage and identify non-performers, get rid of them and rationalise the manpower requirement. Performance means the degree or extent with which an employee applies his skill, knowledge and efforts to a job, assigned to him and the result of that application. Performance Appraisal means analysis, review or evaluation of performance or behaviour analysis of an employee. It may be formal or informal, oral or documented, open or confidential. However in organizations we find formal appraisal system in documented form. It is therefore a formal process to evaluate the performance of the employees in terms of achieving organizational objectives.

## **Importance**

- ❖ For all-important decisions concerning people, like transfer and promotion, remuneration, reward, training and development, so also for long-term manpower planning and organization development, performance appraisal is necessary. A well-documented Performance Appraisal System helps in understanding the attributes and behaviours of employees. It is also necessary for motivation, communication, strengthening superior-subordinate relationship, target fixing (key performance areas/key result areas), work planning and for improving the overall performance of the organisation.

## **Functions**

1. To identify and define the specific job criteria. Many organizations at the beginning of the year set Key Performance Areas (KPAs) or Key Result Areas (KRAs) for employees based on mutual discussions.
2. To measure and compare the performance in terms of the defined job criteria, KRAs and KPAs are also designed so that it can help in measuring job performance in quantitative or qualitative terms.
3. To develop and justify reward system, relating rewards to the employees' performance.
4. To identify the strengths and weaknesses of employees and to decide on proper placement and promotion.
5. To develop suitable Training and Development Programmes for enriching performance of the employees.

6. To plan for long-term manpower requirements and to decide upon the organizational development programmes need, duly identifying the change areas (for over all improvement of the organisation).
7. To identify motivational reinforces, to develop communication systems and also to strengthen superior subordinate relationships.

### **Objectives**

1. A Performance Appraisal System tries to serve various purposes and attain a number of objectives. The major objectives of Performance Appraisal System may be classified as remedial, developmental, innovative and motivation.
2. Developmental objectives stimulate growth of the employees both in their present and future jobs. Thus it identifies Training and Development needs, ensures placement and promotion, etc.
3. Innovative objectives are for discovering ways to deal with a new job and also to identify and develop better ways for existing jobs.
4. Motivational objectives are for rewards, motivation, and effective communication and also for better inter-personal relations.

## **TRADITIONAL METHOD OF PERFORMANCE APPRAISAL**

### **Straight Ranking Method**

- ❖ This is the oldest and simplest method of Performance Appraisal by which employees are tested in order or merit giving some numerical rank and placed in a simple grouping. Such grouping separates employees under each level of efficiency, which may vary from most efficient to least efficient. Since, it is a blunt quantification of performance, it does not account for behavioural parameters and only considers an individual employee's level of efficiency relation to others. For such obvious deficiency, this system does not provide scientific basis for performance appraisal of employees.

### **Paired Comparison Techniques**

- ❖ This is a somewhat better method of Performance Appraisal as each employee is compared with others in pairs at a time. For each Performance trait, an individual employee's performance is



tallied with others in pairs and then rank order is decided. This system is also not suitable in those cases where numbers of employees are usually high. For better comprehension, a sample table of comparison on trait reliability is presented below:

### **Grading Method**

- ❖ Under this method certain features, worth understanding the performance of an employee are identified. Such features may be leadership, communication power, analytic ability, job knowledge, etc. The raters mark/rate such features here also according to a scale and match and employees performance compared to his own developed grade definition. For example A, B, C, D, E types of grade definitions for each feature may be developed by a rater to indicate, A = very significant, B = Significant, C = Moderate, D = Average, E = Poor, Such types of grading are of much use for selection of an employee or grading them in written examinations.

### **Graphic or Linear Rating Scale**

- ❖ Such a rating scale is normally a continuous scale which enables a rater to mark somewhere along a continuum. Usually a printed form is given to a rater along with the factors to be rated, giving a continuous scale against each such factors. This method therefore enables quantification of performance scores and to analyse its significance using statistical techniques. Since making a rating cluster is difficult for obvious difference in individual characteristics of each job, this system may not always ensure objective appraisal.

### **Forced Choice Description Method**

- ❖ It is a combination of objective and subjective judgement on an individual employee's performance against each rating element. Positive and negative phrases are given asking the rater to indicate applicability of such phrases as objectives in describing the employee whose performance is rated. For its obvious complexity this system is not much used.

### **Forced Distribution Method**

- ❖ It is a method to evaluate employees performance according to a pre-determined distribution scale. For example under such a method the rater is asked to distribute 5% of the total employees on top of the scale, indicating their superior performance and promotability, 10% may be put immediately under this level, indicating their good performance and future



promotability. This system is easy to understand and can be applied to organisations without much hassles.

## **Checklist Method**

- ❖ It is a mere process of reporting employees' performance, compiling yes/no responses. Final rating is done by the Personnel vis-à-vis HRD Department based on such reports. Since this is not an objective method of appraisal, it is not free from bias.

## **Free Easy Method**

- ❖ It is open ended qualitative appraisal of employees performance, giving an opportunity to the rater to put down his impression in subjective form on important job factors. Since it is descriptive and essay type, it is likely to be biased and judgemental errors may crop in.

## **Critical Incident Method**

- ❖ This method measures employees' performance in terms of certain 'events' or 'critical incidents' instrumental for success or failure on the job. Such critical incidents are identified by the rater after in depth study of the employees' working. As negative incidents get more focused and recording for incidents demand for utmost care, it is not free from defects.

## **Group Appraisal Method**

- ❖ It is an evaluation of an employee by multiple judges. The immediate supervisor of the employee and a few others discuss the performance standards and then evaluate the performance of the employee. The greatest advantage of this method is that it is relatively free from bias even though it is time consuming.

## **Field Review Method**

- ❖ This type of review is conducted by the HR Department by interviewing the supervisor of an employee to understand the subordinate employees' performance. Normally for such type of appraisal, the appraiser, i.e., the representative of the Human Resource department gets equipped with certain questions and more in the form of informal interview, asks those questions about the employees, whose performances are to be reviewed, to their respective supervisors. Since this process of appraisal is an indirect method of appraising the performance, it may not always reflect

the true performance level of the subordinate employees. Such an interview is always having a sensitising effect on the interview, whose responses may be some opinionated generalisation. Moreover, this method keeps the key managerial personnel always busy for appraisal. Despite such defect, the process being simple and being possible to administer, centralising the task of performance appraisal function, most of the organisations prefer to have this type of appraisal for lower level employees.

## **MODERN METHODS OF PERFORMANCE APPRAISAL**

- ❖ The traditional methods of performance appraisal, discussed above, suffer from major limitation for their obvious emphasis on assessing individual performance or task, considering it as an isolated factor. To eliminate such narrow and partial approach, the newer techniques of performance appraisal have been developed and are widely practiced by the organisations, particularly for managerial and supervisory employees. Some of the modern techniques are discussed below:

### **Appraisal by Results for Management by Objectives**

- ❖ Management by Objective (MBO) is a comprehensive management approach which is adopted for performance appraisal and so also for organisational development. When MBO is used for performance appraisal only, its primary focus is on developing objective criteria for evaluating the performance of the individuals. Identification of common goals is jointly done by the superior and subordinate managers of an organisation. After such identification, each individual's major areas of responsibilities are defined. Such defined responsibility becomes the basis for evaluating the performance of the individual employee.
- ❖ Most of the organisations emphasise on developing KRA's through MBO exercise, as this approach necessitates joint meeting of the supervisor and the employee to define, establish and set goals or objectives, which the individual employees would achieve, within a prescribed time limit (mostly it is the form of early targets). Such an exercise also establishes ways and methods to measure performance. Goals are mostly work related and career oriented and are integrated with over all organisational objectives. Periodic evaluation of employees' performances is done in terms of goals

and if required, goals may be revised. MBO also calls for superior subordinate interaction and supportive role of the supervisor (which as well includes counselling/coaching).

- ❖ However, MBO system lays more stress on tangible goals and hence intangible goals like morale, good inter-personal relations, commitment to the job etc., are often ignored. Moreover MBO exercise is too much time and money consuming.

### **Assessment Centre Method**

- ❖ This method is to test candidates in a social situation by a number of assessors, using a variety of criteria (which may be a paper pencil test, interviews, in-basket exercise, business game, role playing incident or a leaderless discussion). The assessors or evaluators are drawn from experienced executives, working at different levels of management. Under this method performance of employees are evaluated both individually and collectively. This method is useful in measuring inter-personal skills, organising and planning ability, creativity, resistance to stress, work motivation, decision making power, etc.

### **Human Asset Accounting Method**

- ❖ This method attaches money estimates in the value of manpower of an organisation. The process is somewhat like estimating the goodwill value and can be appraised by developing a procedure to undertake periodic measurement of certain variables. Such variables are either categorised as key variables or Intervening variables. Key variables are policies and decisions of an organisation, its leadership strategies, skills and behaviour of an employee, etc. Intervening variables are loyalties, attitudes, motivations, interpersonal relations, communication and decision making. Measuring such variables over several years, quantification of human assets are difficult for the obvious problem in developing the accounting procedure. It is not a very popular method of Performance Appraisal. However, this system is more appropriately used for evaluating the collective performance of an organisation, rather than individual appraisal of an employee. This method is useful for organisational development, as it helps in identifying the changed areas more scientifically than any other method.

## **Behaviourally Anchored Rating Scales (BARS)**

- ❖ This method helps in measuring and improving job performance more accurately. For each performance area, some standard statements are provided. These are then put on the scales in BARS. While developing such BARS, group discussions are conducted to identify significant job dimensions that need to be evaluated. BARS may be of different types for different job dimensions. Normally BARS are presented vertically with scale points ranging from five to nine. Because of its behavioural orientation, it is considered as the most useful techniques of performance appraisal. Moreover, this system provides opportunity to both appraisee and appraiser to interact and participate in developing standards for each performance area. This system being time-consuming and painstaking, despite its advantages, organisations try to avoid this.

## **360 DEGREE APPRAISALS**

- ❖ This appraisal method is now largely in use throughout the world. It requires performance feedback from all important stakeholders of the organisation, like; the ratee himself, his superiors, peers, other team members, customers and suppliers. Apart from its effectiveness in reporting performance, this method also ensures Total Employee Involvement (TEI) and employee empowerment. This method also reduces subjective evaluation system in an organisation.

### **360-degree feedback**

- ❖ N.K. Sahay, General Manager (Operations) in a BPO outfit knew he was a demanding boss. During a 360-degree feedback from his subordinates, he was in for a shock. The subordinates did not stop at saying he was a hard taskmaster; they also called him a "cold and uncaring individual". Sahay was dumb founded when he could realize that not appreciating people and not tempering his criticism were having a rundown effect on his subordinates. Today, he says, "When people are doing well, I take care to tell them about it. I am more open in my discussions. The results have been amazing: Team work is up and lead times are down."
- ❖ Chitra, Head of Human Resources at a call-centre, was surprised to know that colleagues thought she had no sense of humour. She'd been one of the first people to laugh at herself in college. Her

rueful reaction to this feedback was, "I do have a sense of humour but, evidently, I've become very good at hiding it. I guess that needs to change."

- ❖ These two are examples of people who have been affected by 360-degree feedback. Also known as multi-rater feedback, full-circle appraisal and group performance review, this feedback system has today become a very popular tool for employee appraisal worldwide. It involves collecting feedback on an individual's behaviour and the impact of that behaviour from his boss, colleagues, fellow members of project teams, internal and external consultants/customers, and direct reports.
- ❖ However 360-degree can be considered in an organization only when following are true for an organisation:
  - Organisation is not able to meet challenges that come its way because of increased competition or global expansion.
  - People in the organisation feel the need to change their behaviour to combat increasing competition and to progress in their careers but are unsure about what and how to change.
  - There is no formal system in place through which people receive information on what others think about their behaviour.
- ❖ 360-degree feedback is not a package, which can be delivered by a given date; it is a process that needs to be implemented in steps. Before implementation of 360-degree feedback, it should be designed to support a corporate strategy or goal.
  - Every employee should understand what it is and how it works.
  - Employee development should be high on your company's agenda, and employees should believe that the organisation and manager would support feedback processes.
  - Sufficient resources should be available to ensure that the integrity level of the process is high.
  - The staff should be trained in the process.
  - Employees must trust that the information would be used for developmental purposes and should be willing to receive and give feedback.
- ❖ Most companies implement 360-degree feedback in stages. It is a good idea to start with small groups, using them as tools to gain maximum value from the total experience.

### USAGE OF 360 FEEDBACK

1. **Performance Appraisal:** Even though 360-degree feed back is primarily used for performance appraisal, it is not desirable to make use of such feedback as the basis for appraisals at least for the first few cycles. Linking the 360-degree feedback to appraisal is a complex process, and employees are likely to be less honest in the beginning if they feel that the money they get is going to be affected by this process. An atmosphere of trust develops after one or two rounds and employees would not resist it being used for appraisal.
2. **Cultural Change:** Many organisations bring in this process to effect cultural change and develop a more open atmosphere in the organisation. 360-degree feedback does add to openness in the atmosphere and also increases employee empowerment provided a top down approach is taken while implementing it.
3. **Organisational Development:** Aggregating 360-degree feedback can realistically help assess the training needs for the organisation as a whole. It can also help identify skill gaps in the organisation and provide direction vis-a-vis competition.

\* \* \* \* \*

**POSSIBLE QUESTIONS**

**PART A (1 Mark)**

(Online Examinations)

**PART B (2 Marks)**

1. What do you mean by Orientation?
2. Explain on Spaced practice method of training process.
3. What do you mean by Induction?
4. Explicate about whole learning method of training process.
5. What do you mean by Socialization?
6. What do you mean by modeling?
7. What do you mean by reinforcement?
8. Describe about Environmental scanning.
9. What do you mean by role analysis?
10. Briefly narrate about Job Instruction Training.
11. What do you mean by Coaching?
12. What do you mean by Mentoring?
13. Explain on Job Rotation.
14. What do you mean by Apprenticeship Training?
15. What do you mean by Committee Assignment?
16. What is vestibule training?
17. What do you mean by Performance Appraisal?
18. Explain on free essay method of performance appraisal.

**PART C (8 Marks)**

1. Explain on various Objectives and Functions of Performance Appraisal.
2. Discuss in detail on various Modern methods of Performance Appraisal.
3. Discuss in detail about 360<sup>0</sup> Performance Appraisal.
4. Explicate in detail about necessary of conducting Need Analysis



## KARPAGAM ACADEMY OF HIGHER EDUCATION

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**COURSE NAME: Human Resource Management**

**COURSE CODE: 17CMP206**

**UNIT: III(Orientation & Training)**

**BATCH-2017-2019**

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5. Describe in detail on traditional methods of Performance Appraisal.
6. Discuss in detail about various Training Techniques.
7. Elucidate in detail on Objectives and Steps involved in Orientation programme.
8. Discuss in detail on various Off-the-Job Training Methods.
9. Discuss in detail about various “On-the-Job” training techniques.
10. Explain the steps involved in Training Process.

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### UNIT – III ONE MARK

S.No.	Questions	Option 1	Option 2	Option 3	Option 4	Answer
1	___ is the task of introducing the new employees to the organization and its policies, procedures and rules	Orientation	Socialization	Follow up	Modeling	Orientation
2	___ is the task of introducing the new employees to the organization and its policies, procedures and rules	Socialization	Follow up	Modeling	Induction	Induction
3	___ is the act of increasing the knowledge and skills of an employee for performing a particular job	Motivation	Compensation	Performance Appraisal	Training	Training
4	The major outcome of training is ___	Commitment	Learning	Involvement	Stress Management	Learning
5	___ is a process through which a new recruit begins to understand and accept the values, norms and beliefs held by others in the	Follow up	Socialization	Transcribing	Induction	Socialization

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	organization					
6	___helps the newcomers to interact freely with employees working at various levels and learn behaviours that are acceptable	Orientation	Socialization	Follow up	Modeling	Orientation
7	___is to offer guidance to employees on various general as well as job related matters without leaving anything to chance	Orientation	Socialization	Follow up	Modeling	Follow up
8	___is simply copying someone else's behavior	Modeling	Motivation	Reinforcement	Feedback	Modeling
9	___reinforcement consists of rewarding desired behaviours	Negative	Positive	Horizontal	Vertical	Positive
10	___principle is also based on the premise that punishment is less effective in learning than reward	Punishment	Rewarding	Reinforcement	Motivation	Reinforcement
11	___is a pointer to undesirable behaviours	Punishment	Rewarding	Reinforcement	Motivation	Punishment
12	Informing trainee the right way of doing things is an example of ___	Negative feedback	Positive feedback	Performance Appraisal	Orientation	Positive feedback

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13	Telling the trainee that he is not correct is an example of	Negative feedback	Positive feedback	Performance Appraisal	Orientation	Negative feedback
14	Under __ method learning takes place easily if the practice sessions are spread over a period of time	Motivation	Reinforcement	Feedback	Spaced Practice	Spaced Practice
15	__ method suggests that employees learn better if the job information is explained as an entire logical process	Reinforcement	Feedback	Whole learning	Spaced Practice	Whole learning
16	__ involves a study of the entire organization in terms of its objectives, its resources, the utilization of these resources, in order to achieve stated objectives and its interaction pattern with environment	Organization Analysis	Labour Analysis	Economic Analysis	Industry Analysis	Organization Analysis
17	___ analysis ascertains how the various organizational resources (human, physical and financial) are put to use is the main focus of this study	Environmental Scanning	Resource Utilization Analysis	Organization Analysis	Labour Analysis	Resource Utilization Analysis
18	Under ___ economic, political,	Environmental	Organization	Resource	Labour	Environmental

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	socio-cultural and technological environment of the organization is examined	Scanning	Analysis	Utilization Analysis	Analysis	Scanning
19	___ analysis ascertains climate of an organization	Environmental Scanning	Resource Utilization Analysis	Organization Climate Analysis	Labour Analysis	Organization Climate Analysis
20	___ is a detailed examination of a job, its components, its various operations and conditions under which it has to be performed	Task Analysis	Resource Utilization Analysis	Organization Climate Analysis	Labour Analysis	Task Analysis
21	___ focus is on the individual in a given job	Task Analysis	Resource Utilization Analysis	Organization Climate Analysis	Person Analysis	Person Analysis
22	___ method is a four-step instructional process involving preparation, presentation, performance try out and follow up	Coaching	Mentoring	Job Instruction Training	Job Rotation	Job Instruction Training
23	___ may be defined as an informal, unplanned training and development activity provided by supervisors and peers	Job Instruction Training	Coaching	Mentoring	Job Rotation	Coaching

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24	___ is to help an employee attain psychological maturity and effectiveness and get integrated with the organization	Job Instruction Training	Coaching	Mentoring	Job Rotation	Mentoring
25	___ are those aspects of the relationship that enhance career advancement	Sponsorship	Exposure and Visibility	Coaching	Career Functions	Career Functions
26	Under ___ method mentors actively nominate a junior person (called 'mentee') for promotions or desirable positions	Sponsorship	Exposure and Visibility	Coaching	Career Functions	Sponsorship
27	___ are those aspects that enhance the mentee's sense of competence, and identify effectiveness in a professional role	Career Functions	Psychological Functions	Job Rotation	Apprenticeship Training	Psychological Functions
28	___ involves the movement of trainee from one job to another	Psychological Functions	Job Rotation	Apprenticeship Training	Apprenticeship Training	Job Rotation
29	In ___ trainees who spend a prescribed amount of time working with an experienced guide, coach or trainer. Assistantships and internships are similar to	Career Functions	Psychological Functions	Job Rotation	Apprenticeship Training	Apprenticeship Training

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	apprenticeships because they also demand high levels of participation from the trainee					
30	In ____ trainees are asked to solve an actual organizational problem	Job Rotation	Apprenticeship Training	Committee Assignments	Special Purpose Training	Committee Assignments
31	In ____ training actual work conditions are simulated in a class room	Role Playing	Vestibule	Lecture Method	Conference	Vestibule
32	____ is defined as a method of human interaction that involves realistic behaviour in imaginary situations	Role Playing	Vestibule	Lecture Method	Conference	Role Playing
33	____ is a traditional and direct method of instruction	Vestibule	Lecture Method	Conference	Role Playing	Lecture Method
34	____ means analysis, review or evaluation of performance or behaviour analysis of an employee	Human Resource Planning	Job Evaluation	Performance Appraisal	Job Specification	Performance Appraisal
35	____ is the oldest and simplest method of Performance Appraisal by which employees are tested in order or merit giving some	Paired Comparison Technique	Grading Method	Straight Ranking Method	Linear Rating Scale	Straight Ranking Method



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	numerical rank and placed in a simple grouping					
36	___ is a somewhat better method of Performance Appraisal as each employee is compared with others in pairs at a time	Paired Comparison Technique	Grading Method	Straight Ranking Method	Linear Rating Scale	Paired Comparison Technique
37	___ is normally a continuous scale which enables a rater to mark somewhere along a continuum	Paired Comparison Technique	Grading Method	Straight Ranking Method	Linear Rating Scale	Linear Rating Scale
38	___ is a combination of objective and subjective judgement on an individual employee's performance against each rating element	Forced Choice Description Method	Graphic or Linear Rating Scale	Grading Method	Paired Comparison Techniques	Forced Choice Description Method
39	___ is a method to evaluate employees performance according to a pre-determined distribution scale	Forced Choice Description Method	Graphic or Linear Rating Scale	Grading Method	Forced Distribution Method	Forced Distribution Method
40	___ is a mere process of reporting employees' performance, compiling yes/no responses	Linear Rating Scale	Forced Choice Description Method	Forced Distribution Method	Checklist Method	Checklist Method
41	___ is open ended qualitative	Forced Choice	Forced	Checklist	Free Easy	Free Easy Method

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	appraisal of employees performance, giving an opportunity to the rater to put down his impression in subjective form on important job factors	Description Method	Distribution Method	Method	Method	
42	___method measures employees' performance in terms of certain 'events' or 'critical incidents' instrumental for success or failure on the job	Forced Distribution Method	Critical Incident Method	Checklist Method	Free Easy Method	Critical Incident Method
43	___is an evaluation of an employee by multiple judges	Group Appraisal Method	Critical Incident Method	Free Easy Method	Checklist Method	Group Appraisal Method
44	___is conducted by the HR Department by interviewing the supervisor of an employee to understand the subordinate employees' performance	Field Review Method	Group Appraisal Method	Critical Incident Method	Free Easy Method	Field Review Method
45	___is a comprehensive management approach which is adopted for performance appraisal and so also for organizational	Management by Objective	Assessment Centre Method	Human Asset Accounting Method	Behaviourally Anchored Rating Scales (BARS)	Management by Objective

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	development					
46	___ is to test candidates in a social situation by a number of assessors, using a variety of criteria	Management by Objective	Assessment Centre Method	Human Asset Accounting Method	Behaviourally Anchored Rating Scales (BARS)	Assessment Centre Method
47	___ attaches money estimates in the value of manpower of an organization	Management by Objective	Assessment Centre Method	Human Asset Accounting Method	Behaviourally Anchored Rating Scales (BARS)	Human Asset Accounting Method
48	___ helps in measuring and improving job performance more accurately	Management by Objective	Assessment Centre Method	Human Asset Accounting Method	Behaviourally Anchored Rating Scales (BARS)	Behaviourally Anchored Rating Scales (BARS)
49	___ helps a new employee overcome such fears and perform better on the job	Socialization	Follow up	Modeling	Induction	Induction
50	Action taken to repeal a person from undesirable action is ___	Rewarding	Reinforcement	Motivation	Punishment	Punishment
51	___ analysis is carried out to find out comparative labour costs, whether a unit is under-manned or	Environmental Scanning	Organization Analysis	Resource Utilization Analysis	Labour Analysis	Resource Utilization Analysis

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	over-manned					
52	___ is used primarily to teach workers how to do their current jobs	Coaching	Mentoring	Job Instruction Training	Job Rotation	Job Instruction Training
53	___ is a kind of daily training and feedback given to employees by immediate supervisors	Job Instruction Training	Coaching	Mentoring	Job Rotation	Coaching
54	___ is a relationship in which a senior manager in an organization assumes the responsibility for grooming a junior person	Job Instruction Training	Coaching	Mentoring	Job Rotation	Mentoring
55	___ method is mostly used for developing interpersonal interactions and relations	Vestibule	Lecture Method	Conference	Role Playing	Role Playing
56	___ is one single important tool, which helps in deciding about training requirements for an organization and it reinforces training activities to balance the team efforts ensuring proper allocation of activities among	Human Resource Planning	Job Evaluation	Performance Appraisal	Job Specification	Performance Appraisal

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	different members of the group					
57	Under ____ an individual employee's performance is tallied with others in pairs and then rank order is decided	Grading Method	Straight Ranking Method	Linear Rating Scale	Paired Comparison Technique	Paired Comparison Technique
58	__ serves as a valuable source of information to new recruits	Induction	Socialization	Follow up	Modeling	Induction
59	In ____ method of training the trainer demonstrates the job in order to give the employee a model to copy	Job Instruction Training	Coaching	Mentoring	Job Rotation	Job Instruction Training
60	____ method of training involves action, doing and practice	Vestibule	Lecture Method	Conference	Role Playing	Role Playing

**UNIT – IV**

**SYLLABUS**

**Establishing pay plans:** Basics of compensation- factors determining pay rate- Current trends in compensation - pricing managerial and professional jobs- Pay for performance and financial incentives - Benefits and services-Promotion – Rewards and Punishment.

**ESTABLISHING PAY PLANS**

- ❖ Job evaluation is the systematic process of determining the relative worth of jobs in order to establish which jobs should be paid more than others within the organisation. Job evaluation helps to establish internal equity between various jobs. Compensation administration intends to develop the lowest-cost pay structure that will not only attract, inspire and motivate capable employees but also be perceived as fair by these employees.

**BASICS OF COMPENSATION**

- ❖ Compensation is what employees receive in exchange for their contribution to the organisation. Generally, employees offer their services for three types of rewards. Pay refers to the base wages and salaries employees normally receive. Compensation forms such as bonuses, commissions and profit sharing plans are incentives designed to encourage employees to produce results beyond normal expectation. Benefits such as insurance, medical, recreational, retirement, etc., represent a more indirect type of compensation. So, the term compensation is a comprehensive one including pay, incentives, and benefits offered by employers for hiring the services of employees. In addition to these, managers have to observe legal formalities that offer physical as well as financial security to employees. All these issues play an important role in any HR department's efforts to obtain, maintain and retain an effective work force.

**NATURE OF COMPENSATION**

- ❖ Compensation offered by an organisation can come both directly through base pay and variable pay and indirectly through benefits.

- **Base pay:** It is the basic compensation an employee gets, usually as a wage or salary.
- **Variable pay:** It is the compensation that is linked directly to performance accomplishments (bonuses, incentives, stock options)
- **Benefits:** These are indirect rewards given to an employee or group of employees as a part of organisational membership (health insurance, vacation pay, retirement pension etc.)

## OBJECTIVES OF COMPENSATION PLANNING

- ❖ The most important objective of any pay system is fairness or equity. The term equity has three dimensions.
  - **Internal equity:** This ensures that more difficult jobs are paid more.
  - **External equity:** This ensures that jobs are fairly compensated in comparison to similar jobs in the labour market.
  - **Individual equity:** It ensures equal pay for equal work, i.e., each individual's pay is fair in comparison to others doing the same/similar jobs.
- ❖ In addition, there are other objectives also. The ultimate goal of compensation administration (the process of managing a company's compensation programme) is to reward desired behaviours and encourage people to do well in their jobs. Some of the important objectives that are sought to be achieved through effective compensation management are listed below:
  - **Attract talent:** Compensation needs to be high enough to attract talented people. Since many firms compete to hire the services of competent people, the salaries offered must be high enough to motivate them to apply.
  - **Retain talent:** If compensation levels fall below the expectations of employees or are not competitive, employees may quit in frustration.
  - **Ensure equity:** Pay should equal the worth of a job. Similar jobs should get similar pay. Likewise, more qualified people should get better wages.
  - **New and desired behaviour:** Pay should reward loyalty, commitment, experience, risks taking, initiative and other desired behaviours. Where the company fails to reward such behaviours, employees may go in search of greener pastures outside.



- **Control costs:** The cost of hiring people should not be too high. Effective compensation management ensures that workers are neither overpaid nor underpaid.
- **Comply with legal rules:** Compensation programmes must invariably satisfy governmental rules regarding minimum wages, bonus, allowances, benefits, etc.
- **Ease of operation:** The compensation management system should be easy to understand and operate. Then only will it promote understanding regarding pay-related matters between employees, unions and managers.

### FACTORS DETERMINING PAY RATE

- ❖ The amount of compensation received by an employee should reflect the effort put in by the employee, the degree of difficulty experienced while expending his energies, the competitive rates offered by others in the industry and the demand-supply position within the country, etc. These are discussed below.
- **Job needs:** Jobs vary greatly in their difficulty, complexity and challenge. Some need high levels of skills and knowledge while others can be handled by almost anyone. Simple, routine tasks that can be done by many people with minimal skills receive relatively low pay. On the other hand, complex, challenging tasks that can be done by few people with high skill levels generally receive high pay.
- **Ability to pay:** Projects determine the paying capacity of a firm. High profit levels enable companies to pay higher wages. This partly explains why computer software industry pays better salaries than commodity based industries (steel, cement, aluminium, etc.). Likewise, multinational companies also pay relatively high salaries due to their earning power.
- **Cost of living:** Inflation reduces the purchasing power of employees. To overcome this, unions and workers prefer to link wages to the cost of living index. When the index rises due to rising prices, wages follow suit.
- **Prevailing wage rates:** Prevailing wage rates in competing firms within an industry are taken into account while fixing wages. A company that does not pay comparable wages may find it difficult to attract and retain talent.

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- **Unions:** Highly unionised sectors generally have higher wages because well organised unions can exert presence on management and obtain all sorts of benefits and concessions to workers.
- **Productivity:** This is the current trend in most private sector companies when workers' wages are linked to their productivity levels. If your job performance is good, you get good wages. A sick bank, for example, can't hope to pay competitive wages, in tune with profit making banks.
- **State regulation:** The legal stipulations in respect of minimum wages, bonus, dearness allowance, allowances, etc., determine the wage structure in an industry.
- **Demand and supply of labour:** The demand for and the supply of certain skills determine prevailing wage rates. High demand for software professionals, R&D professionals in drug industry, telecom and electronics engineers, financial analysts, management consultants ensures higher wages. Oversupply kills demand for a certain category of employees leading to a steep fall in their wages as well.

## CURRENT TRENDS IN COMPENSATION

- ❖ The pay structure of a company depends on several factors such as labour market conditions, company's paying capacity and legal provisions:
- ❖ In India, different Acts include different items under wages, though all the Acts include basic wage and dearness allowance under the term wages. Under the Workmen's Compensation Act, 1923, "wages for leave period, holiday pay, overtime pay, bonus, attendance bonus, and good conduct bonus" form part of wages.
- ❖ Under The Payment of Wages Act, 1936, Section 2 (vi), "any award of settlement and production bonus, if paid, constitutes wages."
- ❖ Under the Payment of Wages Act, 1948, "retrenchment compensation, payment in lieu of notice and gratuity payable on discharge constitute wages."
- ❖ However, the following types of remuneration, if paid, do not amount to wages under any of the Acts:
- ❖ Bonus or other payments under a profit-sharing scheme which do not form a part of contract of employment.

- ❖ Value of any house accommodation, supply of light, water, medical attendance, travelling allowance, or payment in lieu thereof or any other concession.
- ❖ Any sum paid to defray special expenses entailed by the nature of the employment of a workman.
- ❖ Any contribution to pension, provident fund, or a scheme of social security and social insurance benefits.
- ❖ Any other amenity or service excluded from the computation of wages by general or special order of an appropriate governmental authority.
- ❖ The term 'Allowances' includes amounts paid in addition to wages over a period of time including holiday pay, overtime pay, bonus, social security benefit, etc. The wage structure in India may be examined broadly under the following heads:

## Basic Wages

- ❖ The basic wage in India corresponds with what has been recommended by the Fair Wages Committee (1948) and the 15th Indian Labour Conference (1957). The various awards by wage tribunals, wage boards, pay commission reports and job evaluations also serve as guiding principles in determining 'basic wage'. While deciding the basic wage, the following criteria may be considered: (i) Skill needs of the job; (ii) Experience needed; (iii) Difficulty of work: mental as well as physical; (iv) Training needed; (v) Responsibilities involved; (vi) Hazardous nature of job.

## Dearness Allowance

- ❖ It is the allowance paid to employees in order to enable them to face the increasing dearness of essential commodities. It serves as a cushion, a sort of insurance against increase in price levels of commodities. Instead of increasing wages every time there is a rise in price levels, DA is paid to neutralise the effects of inflation; when prices go down, DA can always be reduced. This has, however, remained a hypothetical situation as prices never come down to necessitate a cut in dearness allowance payable to employees.
- ❖ DA is linked in India to three factors: the index factor, the time factor and the point factor

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- ❖ **All India consumer price index (AICPI):** The Labour Bureau, Shimla, computes the AICPI (Base 1960 = 100 points) from time to time.
- ❖ **Time factor:** In this case DA is linked to the rise in the All India Consumer Price Index (AICPI) in a related period, instead of linking it to fortnightly or monthly fluctuations in index.
- ❖ **Point factor:** Here DA rises in line with a rise in the number of index points above a specific level.
- ❖ **Other allowances:** The list of allowances granted by employers in India has been expanding, thanks to the increasing competition in the job market and the growing awareness on the part of employees.

### **PRICING MANAGERIAL PROFESSIONAL JOBS**

- ❖ Organisations decide executive compensation packages, consisting of basic pay, allowances, perquisites, stock options, etc., based on a number of factors. The United States Compensation institutes' Phoenix plan uses 28 compensable factors:
  - ❖ Job related experience
  - ❖ Training time required
  - ❖ Frequency of review of work
  - ❖ Utilisation of independent choice
  - ❖ Frequency of reference to guidelines
  - ❖ Frequency of work transferred through supervisor
  - ❖ Analytical complexity
  - ❖ Time spent in processing information
  - ❖ Supervisors reporting to position level
  - ❖ Travel outside work location
  - ❖ Salary grade to which this position reports
  - ❖ Salary grade of positions supervised
  - ❖ Management responsibility
  - ❖ Revenue size

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- ❖ Asset size
- ❖ Employment size
- ❖ Budget size
- ❖ Payroll size
- ❖ Time spent in planning
- ❖ Contact with suppliers/customers
- ❖ Impact on departmental budget
- ❖ Directing of others.
- ❖ Training of staff/physical stress experienced
- ❖ Time spent working under deadlines
- ❖ Time spent in hazardous conditions
- ❖ The Hay Group, another specialised US Agency, uses three compensable factors: accountability, problem-solving and know-how. Sibson and company determines base compensation depending on the market value of the job, its relationship to other positions in the organisation and the person's value to the organisation based on long-term performance and experience. The Compensation Survey Report of Business International Asia – Pacific Limited, Hongkong considered the following factors to determine executive compensation: education, experience, scope of activities, need to negotiate, type of problems handled, decision making authority, influence on results, size of the unit managed, number of people supervised, number of reporting steps to the head of unit.

### **Indian Experience**

- ❖ Executive compensation in India is basically built around three important factors: job complexity, employers' ability to pay and executive human capital. The complexity of a chief executive's job would depend on the size of the company as measured by its sales volume, earnings and assets' growth, the geographic dispersal of the unit, etc. The employer's ability to pay is also a major factor to be considered while deciding executive compensation. A sick bank, for instance, cannot afford to pay the same kind of salary to its executives as that of a healthy

and growing bank. This partly explains why executive compensation in public sector undertakings is less when compared to private sector units.

- ❖ The economic theory of human capital says that the compensation of a worker should be equal to his marginal productivity. The productivity of an executive, likewise depends on his qualifications, job knowledge, experience and contribution. Indian companies usually structured executive compensation along the following factors: salary, bonus, commission, PF, family pension, superannuation fund, medical reimbursement, leave travel assistance, house rent allowance and other perquisites. In recent years, instead of increasing the base compensation, companies have been enhancing the worth of an executive job through novel payment plans based on earnings/assets or sales growth of the company over a period of time, well-supported by an ever-expanding list of allowances and perquisites including stock options, educational, recreational, academic allowances and several other developmental initiatives aimed at improving the overall personality of an executive.

### **Example: Executive Compensation Public Sector Vs Private Sector**

- ❖ In a well published front page news sometime back The Economic Times mentioned about the miserable salary levels of top executives in public sector units in India. For example the State Bank of India chief is paid 10% of HDFC Bank Managing Director, BHEL's chief getting about Rs.10 to 12 lakhs per year as against ABB's MD getting nearly Rs.40 to 50 lakhs; Indian Oil Corporation's chief getting Rs.10 to 15 lakhs per annum as against Reliance Industries' Ambanis getting a package of over Rs.10 crore per annum. Salary levels in 'hot' private sector such as BPO, hospitality, biotechnology 'Media', IT, Telecommunications, Oil, Automobiles and Insurance are way above the packages offered to executives in public sector for various reasons such as: overstaffing, inefficient processes, pressure on margins due to competition, appointment of people without requisite skills at the top level, political interference especially in pricing the products or services, legal constraints etc.

## **PAY FOR PERFORMANCE**

- ❖ The system of wage payment is an important issue between labour and management. Employees could be paid either on the basis of time spent or contributions made by them. The fringe benefits offered by various organisations in India may be broadly put into five compartments—payment for time not worked, employee security, safety and health, welfare and recreation facilities and old age and retirement benefits.

## **MONEY AND MOTIVATION**

- ❖ Intrinsic motivation stems from feelings of achievement and accomplishment and is concerned with the state of self-actualisation in which the satisfaction of accomplishing something worthwhile motivates the employee further so that this motivation is self-generated and is independent of financial rewards. Some of the intrinsic motivators are praise, recognition, responsibility, esteem, power, status, challenges and decision-making responsibility.

## **INCENTIVES FOR OPERATIONS EMPLOYEES AND EXECUTIVES**

- ❖ Incentive plans envisage a basic rate usually on time basis applicable to all workers and incentive rates payable to the more efficient among them as extra compensation for their meritorious performance in terms of time, costs and quality. The incentive rates may take the form of bonus or premium. Bonus means payment to workers of the entire benefit accruing from savings in costs, time, improvement in quality, etc. Premium means the benefits accruing to the firm as the result of higher output or better quality will be shared equally or on some agreed basis between the management and the workers.

## **FEATURES OF INCENTIVE PLANS**

- Minimum wages are guaranteed to all workers.
- Incentives by way of bonus, etc., are offered to efficient workers for the time saved.



- A standard time is fixed and the worker is expected to perform the given work within the standard time. The standard time is set after making time studies for the performance of a specific job.
- **Guaranteed minimum wages:** It must guarantee minimum wages irrespective of the performance of the worker.
- **Simple:** It must be simple to operate and easy to understand.
- **Equitable:** All workers should get an equal opportunity to earn the incentive pay. Equal pay for equal work should be the rule.
- **Economical:** The incentive plan should not be a costly affair. The benefits must exceed the costs.
- **Flexible:** It must be reasonably flexible so as to take care of changes in technology, demand for and supply of skills, competitive rates in the industry, etc.
- **Support:** The incentive plan should take workers and unions into confidence. It should be implemented after consulting the workers and their union. Generally speaking, it should be the outcome of mutual trust and understanding between management and workers.
- **Motivating:** The incentive should be large enough to motivate the worker to superior performance. At the same time, there should be checks and balances to ensure that the worker does not exert himself to painful levels, affecting the quality.
- **Prompt:** There should be very little time gap between performance and payment. As soon as the job is finished, the worker should get his (incentive) earnings promptly.
- ❖ Incentive plans incorporate all the advantages of piece rate wages but they resemble time wages so far as the payments are concerned. Under Incentive Plans, the employer as well as the employee share the benefit of time saved. The various incentive plans have benefited both workers and employers, as they result in higher wages, lower labour turnover and better industrial relations and morale.

### INDIVIDUAL INCENTIVES

- ❖ Individual incentive plans are the most widely used pay for performance plans in industry. These pay plans attempt to relate individual effort to pay. Popular approaches include piece

work plans, (such as Taylor's differential piece rate plan, Merrick's differential piece rate plan, etc.), standard hour plans, (such as Halsey plan, Bedeaux plan, Emerson's plan etc.) merit pay raises, lumpsum merit payments, sales incentives and commissions.

### **Piece Rate: Taylor's Differential Piece Rate System**

- ❖ F W Taylor, the father of Scientific Management, originated this system. The main features of this plan are:
- ❖ There shall be two piece work rates, one is lower and the other is higher.
- ❖ The standard of efficiency is determined either in terms of time or output based on time and motion study.
- ❖ If a worker finishes work within standard time (or produces more than standard output within time) he will be given high piece rate.
- ❖ This system penalises the slow worker by paying low rate because of low production, rewards an efficient worker by giving him high rate because of higher production. Indirectly, this system gives no place to inefficient work. In other words, if the output of a worker is less than the standard output, he is paid a low rate and vice versa.

### **Merrick's Differential Piece Rate System**

- ❖ We have seen that in Taylor's Method, the effect on the wages is quite severe in the marginal cases. To remove this defect, Merrick came out with a Multiple Piece Rate System. There are three piece rates under this scheme instead of two, and workers producing below the standard output are not penalised by the low piece rate. Since the earnings increase with increased efficiency, performance above the standard will be rewarded by more than one higher differential piece rate. The basic features of this scheme are: (a) upto 83% of the standard output workers are paid at the ordinary piece rate (b) 83% to 100% at 110% of the ordinary piece rate, and (c) above 100% at 120% of the ordinary piece rate.

### **Standard Hour Plans: Halsey Plan**

- ❖ This plan, originated by FA Halsey (an American engineer) recognises individual efficiency and pays bonus on the basis of time saved. The main features of this plan are:
- ❖ Standard time is fixed for each job or operation.
- ❖ Time rate is guaranteed and the worker receives the guaranteed wages irrespective of whether he completes the work in the time allowed or takes more time to do the same.
- ❖ If the job is completed in less than the standard time, the worker is paid a bonus of 50% ( $33 \frac{1}{3}$  per cent under Halsey-Weir Plan) of time saved at time rate in addition to his normal time wages.
- ❖ Total Earnings = Time taken  $\times$  Hourly Rate plus Bonus
- ❖ Bonus = 50% of time saved

#### **Merits**

1. It is easy to follow and relatively simple to operate;
2. It guarantees minimum wage and thus provides security to the employees;
3. It provides increasing benefit and incentive to efficient workmen;
4. The benefit from time saved is shared equally between the employer and the workman;
5. It emphasises the saving of time rather than larger output, hence the workers do not resist its adoption.
6. The system is based on time saved and not on output, thus preventing over production.
7. Saving in time reduces both labour cost and overhead expenses.

#### **Demerits**

8. The worker may be encouraged to rush through work and thus neglect the quality of production to save more time and earn higher bonus;
9. It does not provide adequate incentive to highly efficient workmen as it involves sharing of the benefit with employers.
10. Fixation of standard is not easy.
11. Earnings are reduced at high level of efficiency. Therefore, it does not act as a sufficient incentive.

### **Rowan Plan**

- ❖ This plan was introduced by D. Rowan in 1901. As before, the bonus is paid on the basis of time saved. But unlike a fixed percentage in the case of Halsey plan, it takes into account a proportion as follows: Time Saved, Time Allowed
- ❖ Thus, under this plan bonus is that proportion of the wages of time taken which the time saved bears to the time allowed or standard time.
- ❖  $\text{Bonus} = \text{Time taken} \times \text{Hourly rate}$
- ❖  $\text{Total earnings} = \text{Time Taken} \times \text{Hourly Rate} + \text{Bonus}$

### **Merits**

1. It assures minimum time wages. It is more liberal than the Halsey plan in that it provides incentive to work and earn extra remuneration.
2. As the increase in effort is much less rewarded after a certain stage, an automatic check for limiting production of inferior quality of goods is ensured.
3. This automatic check enables the worker to earn a fair wage, because there is less chance of rate-cutting by the employer, as he is not paying extraordinary wages.

### **Demerits**

1. The ordinary worker may find the bonus calculation a bit difficult.
2. Like Halsey plan, this plan does not encourage extraordinary efficiency. For example, if the time saved is more than half the total, earnings begin decreasing.

### **Gantt Task and Bonus Plan**

- ❖ Day wages are guaranteed.
- ❖ Standard time for task is fixed and both time wages as well as a high rate per piece are determined.
- ❖ A worker who cannot finish the work within the standard time is paid on time basis.
- ❖ If a worker reaches the standard, he will be paid time wage plus a bonus at fixed percentage (20%) of normal time wage.
- ❖ If the worker exceeds the standards, he is paid a higher piece rate.

## Merits

1. This plan is not as harsh as the Taylor's differential piece rate system. Hence it is more acceptable to the workers.
2. Workers can easily understand its working.
3. It ensures guaranteed time wages to inefficient workers also.
4. It makes distinction between efficient and inefficient workers because the system ensures time wages for inefficient workers and piece wages plus 20% bonus for efficient workers.
5. Labour cost per unit decreases with increase in production due to incentive for efficiency given under this plan.

## Demerits

1. It classifies workers into two competing categories (efficient and inefficient) and this may bring disunity among workers.
2. When this method is used, labour cost will be high for low production.
3. Extreme care is to be exercised in fixing the guaranteed time rate and determination of standard output. Any error due to lack of experience will lead to unfavourable consequences.

## Bedeaux Plan

- ❖ Under this plan, every operation or job is expressed in terms of so many standard minutes, which are called 'Bedeaux points' or "B's", each B representing one minute through time and motion study. Upto 100% performance, i.e., upto standard B's, a worker is paid time wages without any premium for efficiency. If the actual performance exceeds the standard performance in terms of B's, then 75% of the wages of the time saved is paid to the worker as bonus and 25% is earned by the foremen. For example, if the standard time is 10 hours actual time taken is 8 hours and rate per hour Re.1, the worker will get:

$$= 8 \text{ hours at Re } 1 + 75\% \text{ of } 120 \text{ (points saved)} \times 1/60$$

$$= \text{Rs } 9.50.$$

## Haynes Manit Plan

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- ❖ This plan is just like the above plan, i.e., the Bedeaux plan with the difference that:
  - a) The standard is fixed in terms of standard minute known as 'Manit', instead of Bedeaux. Manit stands for man-minute.
  - b) The bonus is only 50% as against 75% of the Bedeaux plan. Of the remaining 50%, 10% bonus is paid to supervisors and 40% is retained by the employers.

### **Emerson's Efficiency Plan**

- ❖ Under this plan, when the efficiency of the worker reaches 67% he gets bonus at the given rate. The rate of bonus increases gradually from 67% to 100% efficiency. Above 100% bonus will be at 20% of the basic rate plus 1% for each 1% increase in efficiency.

### **Accelerated Premium Bonus Plan**

- ❖ This plan is also known as Sliding Scale Bonus Plan because the premium is paid at varying rates for increasing efficiency. In this plan, as efficiency of worker improves, his earnings would increase in greater proportion. This plan is most suitable for foremen and supervisors because it will stimulate them to get higher production from workers under their supervision but it is not advisable to use it for machine operators who may rush through work to earn more, disregarding quality of production.

### **Bonuses**

- ❖ A bonus is an incentive payment that is given to an employee beyond one's normal standard wage. It is generally given at the end of the year and does not become part of base pay.

### **MERIT PAY AND INDIVIDUAL INCENTIVE PLANS**

- ❖ Merit pay is a reward based on how well an employee has done the assigned job. The payout is dependent on individual employee's performance. Performance is evaluated in a subjective fashion. Advocates of merit pay call it the most valid type of pay increase. Rewarding the best performers with the largest pay is claimed to be a powerful motivator. Performance that is rewarded is likely to be repeated. People tend to do things that are rewarded. Generally speaking, individuals are goal oriented and financial rewards can shape an individual's goals over time. When high achievers are rewarded, they set the benchmarks for others to follow.

Merit raises, unfortunately, may not always achieve their intended purpose. Unlike a bonus, merit raise may be perpetuated year after year even when performance declines. When this takes place, employees come to expect the increase and see it as being unrelated to their performance. Evaluating merit, further, is not easy. In most cases, merit raises may be based on seniority or favoritisms or sometimes just to cover rising inflationary pressures. Subordinates who are politically, socially and familially connected inside and outside the organisation, who have clout and who can hurt the supervisor in some way are likely to receive a larger share of the merit pie than their performance may warrant. Compensation specialists find fault with merit raises on the following grounds:

1. Tying pay to goals may force people to be narrow-minded; they may focus on goals that are measurable, easy to achieve and avoid the more important goals.
  2. It is difficult to define and measure performance objectively.
  3. Employees fail to make the connection between pay and performance.
  4. Every supervisor may not be a competent evaluator.
  5. There may be lack of honesty and cooperation between management and employees. Politics may come to play a major role in recognising meritorious performers.
  6. The size of merit award has little effect on performance.
- ❖ Merit plans can work in cases where the job is well designed and the performance criteria are both well delineated and assessable.

### **Lumpsum Merit Pay**

- ❖ In this case, employees receive a single lumpsum payment at the time of their review –which in any case, is not added to their base pay. Such merit increases help the employer keep the wage bill under control as they do not contribute to escalating base salary levels. Employees receiving the fat, lumpsum merit payments are able to clearly identify the linkage between pay and performance.

### **ORGANIZATION WIDE INCENTIVE PLAN**

- ❖ Organisation wide incentive plans reward employees on the basis of the success of the organisation over a specified time period. These plans seek to promote a 'culture of ownership'



by developing a sense of belongingness, cooperation and teamwork among all employees. There are three basic types of organisation-wide incentive plans: profit sharing, gain sharing and employee stock ownership plans.

## **Profit Sharing**

- ❖ Profit sharing is a scheme whereby employers undertake to pay a particular portion of net profits to their employees on compliance with certain service conditions and qualifications. The purpose of introducing profit sharing schemes has been mainly to strengthen the loyalty of employees to the firm by offering them an annual bonus (over and above normal wages) provided they are on the service rolls of the firm for a definite period. The share of profit of the worker may be given in cash or in the form of shares in the company. These shares are called bonus shares. In India, the share of the worker is governed by the Payment of Bonus Act.

## **Merits**

1. The idea of sharing the profits inspires the management and the worker to be sincere, devoted and loyal to the firm.
2. It helps in supplementing the remuneration of workers and enables them to lead a rich life.
3. It is likely to induce motivation in the workers and other staff for quicker and better work so that profits of the firm are increased which in turn increases the share of worker therein.
4. Workers do not require close supervision, as they are self-motivated to put in extra labour for the prosperity of the firm.
5. It attracts talented people to join the ranks of a firm with a view to share the profits.

## **Demerits**

1. Profits sharing scheme is, in practice, a fair-weather plan. Workers may get nothing if the business does not succeed.
2. Management may dress up profit figures and deprive the workers of their legitimate share of profits.

3. Workers tend to develop loyalty toward firm discounting their loyalty toward trade unions, thus impairing the solidarity of trade unions.
4. Fixation of worker's share in the profits of firm may prove to be a bone of contention in the long run.

### **Gain Sharing**

- ❖ A gain sharing plan aims at increasing productivity or decreasing labour costs and sharing the resultant gains (usually a lumpsum payment) with employees. It is based on a mathematical formula that compares a baseline of performance with actual productivity during a given period. When productivity exceeds the base line an agreed-upon savings is shared with employees. Gainsharing is built around the idea that involved employees will improve productivity through more effective use of organisational resources. Three major types of gainsharing plans are currently in use: Scanlon Plan, Rucker, Plan, and Improshare. Improshare stands for improved productivity through sharing. This plan is similar to a piece rate except that it rewards all employees in an organisation. Input is measured in hours and output in physical units. A standard is calculated and weekly bonuses are paid based on the extent to which the standard is exceeded. The employees and the organisation each receive payment for 50 per cent of the improvement.
- ❖ Unlike profit sharing plans which have deferred payments, gainsharing plans are current distribution plans. They are directly related to individual behaviour and are distributed on a monthly or quarterly basis. Gainsharing plans tend to increase the level of cooperation across workers and teams by giving them a common goal. Managers are not required to base their calculations on complex mathematical formulae, nor they are required to closely look into the specific contributions of individuals or independent teams. It is easier for both, to formulate bonus calculations and to achieve employee acceptance of those plans. Gainsharing plans, however, protect low performers. Where rewards are spread across a large number of employees, poor performers may get rewards for non performance at the cost of the bright performers. Gainsharing plans may fail due to other reasons as well: poorly designed bonus formulae, lack of management support for employees' participation, increasing cost factors that

undermine the bonus formula, poor communication, lack of trust, and apathy on the part of employees. To develop an organisation-wide incentive plan that has a chance to survive, let alone succeed careful, in depth planning must precede implementation. A climate of trustworthy labour-management is also absolutely essential. The financial formula should be simple and should measure and reward performance with a specific set of measurable goals and a clear allocation method.

### **Employees Stock Ownership Plans**

- ❖ Employee stock ownership plans originated in the USA in early 90s. Such plans have not gained popularity in India till recently, due to the absence of legal provisions in the Companies Act covering stock options. However, in 1988, the Government has allowed stock options to software professionals, recognising the importance of retaining talent within the country.
- ❖ Under employee stock option plan, the eligible employees are allotted company's shares below the market price. The term stock option implies the right of an eligible employee to purchase a certain amount of stock in future at an agreed price. The eligibility criteria may include length of service, contribution to the department/division where the employee works, etc. The company may even permit employees to pay the price of the stock allotted to them in installments or even advance money to be recovered from their salary every month. The allotted shares are generally held in trust and transferred to the name of the employee whenever he or she decides to exercise the option. The stock option empowers the employee to participate in the growth of the company as a part owner. It also helps the company to retain talented employees and make them more committed to the job.
- ❖ Employee stock options are welcomed everywhere due to their in-built motivating potential. Some of the powerful benefits offered by Esops may be catalogued thus:
  1. Stock options are a tremendous motivator because they directly link performance to the market place. The underlying rationale is to let employees add value to a company and benefit from it on the same terms as any other provider of risk-capital.
  2. Employees remain loyal and committed to the company. To become part owners, everyone has to stay for a while, contribute their best and then share the resultant gains according to an agreed

criteria. Stock options motivate people to give their best to the company because individual performances will translate into share price increases only if it is part of a larger collective effort.

3. By transforming your employee into a stockholder, stock options foster a long-term bond between the employee and the company. Employees begin to look at themselves as real owners in place of just paid servants of a company. ESOPs give employees a 'piece of the action' so that they can share in the growth and profitability of their company. Everyone also loves the concept of employee ownership as a kind of "People's capitalism."
4. ESOPs underscore the importance of team effort among employees.
5. Better industrial relations, reduced employee turnover, lesser supervision, increased dividend income, etc., are other incidental benefits.

ESOPs have their critics as well who attack the method on the following grounds:

6. Only profitable companies can use the tool
  7. Stock prices do not always reflect fundamentals
  8. Falling share price could mean losses for employees
  9. The inability to cash in quickly can dampen interest
  10. Lack of transparency can earn accusations of favouritism
- ❖ Employees' sharing the platform with owners, evidently, can be a disadvantage because they may feel 'forced' to join, thus placing their financial future at great risk (e.g., employees who opted for ESOPs during the software boom in the late 90s have suffered huge losses when stock prices crashed subsequently). Another drawback is that ESOPs could be used by managements to fend off unfriendly takeover attempts. Holders of stock options often align with management to turn down bids that would benefit outside shareholders but would replace management and restructure operations. Surely, ESOPs are not meant to entrench inefficient management. Despite these disadvantages, ESOPs have grown in popularity in recent times.

## BENEFITS AND SERVICES

- ❖ Benefit is a generic word and used to describe a substantial elements of compensation which is unique and provided to the employee in non-cash form (there are some exception) and known as

fringe benefits and services, other terms like perquisites perks, allowances etc. , are also used. There is a distinction between benefits and services. Benefit applies to those items for which a direct monetary value to the employees, can be ascertained, as in the case of pension, insurance, holiday pay, etc. Services applies to such items as companies newspaper, companies holiday homes, etc. , for which direct money value cannot be readily established by the employee. Perks is something in addition to the payment; car fuel etc. Allowance could be sum of money given at regular interval to cover some special circumstances like canteen allowance, clothing allowance, etc.

## **SIGNIFICANCE OF BENEFITS AND SERVICES**

- ❖ Benefits and Services are indirect compensation (as against direct compensation on critical job factors and performance) because they are usually extended as condition of employment or with intention of inducement or motivation and are not directly related to performance. Fringe benefits are supposed to be benefit at the fringes, or edge of the main pay. Now this has been replaced by simple benefits which forms a substantial part of the total compensation.
- ❖ Employee benefits and services include any benefits that the employee receives in addition to direct remuneration.

### **Definition**

- ❖ "Fringes embrace a broad range of benefits and services that employees receive as part of their total compensation package—pay or direct compensation—is based on critical job factors and performance. Benefits and services, however, are indirect compensation because they are usually extended as a condition of employment and are not directly related to performance."
- ❖ Employee benefits are elements of remuneration given in addition to the various forms of cash pay. They provide a quantifiable value for individual employees, which may be deferred or contingent like a pension scheme, insurance cover or sick pay, or may provide an immediate benefit like a company car. Employee benefits also include elements, which are not strictly remuneration, such as annual holidays.

- ❖ The terms 'fringe benefits' and perks (perquisites) are sometimes used derogatively, but should be reserved for those employee benefits which are not fundamentally catering for personal security and personal needs.

## **Objectives**

1. To increase the commitment of employees to the organization;
  2. To provide for the actual or perceived personal needs of employees, including those concerning security, financial assistance and thus, provision of assets in addition to pay, such as company cars and petrol;
  3. To demonstrate that the company cares for the needs of its employees;
  4. To ensure that an attractive and competitive total remuneration package is provided which both attracts and retains high-quality staff;
  5. To provide a tax-efficient method of remuneration which reduces tax liabilities compared with those related to equivalent cash payments.
- ❖ Note that these objectives do not include 'to motivate employees'. This is because benefits seldom have a direct and immediate effect on performance unless they are awarded as an incentive; for example, presenting a sales representative with a superior car (e.g. a BMW) for a year if he or she meets a particularly demanding target. Benefits can, however, create more favourable attitudes toward the company leading to increased long-term commitment and better performance.

## **CLASSIFICATION OF EMPLOYEE BENEFITS**

### **Disability Income Continuation**

- ❖ Disability may be classified as regular, temporary, total, or partial. When employees are unable to work because of an accident or some health-related problem, disability income continuation payments assist them in maintaining their existing lifestyle without major modification. Various disability income continuation components provide weekly or monthly payments in lieu of the regular earned income paycheck. The following 11 components are among the more commonly available disability income continuation plans. Although all components will seldom be

available to employees, components can be packaged to maximize employee protection while maintaining costs within reasonable limits for the employer. The major components are as follows:

1. Short-term disability
2. Long-term disability
3. Workers compensation
4. Non-occupational disability
5. Social security
6. Travel accident insurance
7. Sick leave
8. Supplemental disability insurance
9. Accidental death and dismemberment.
10. Group life insurance: Total Permanent Disability
11. Retirement plans

### **Loss of Job Income Continuation**

❖ Loss-of-job-income continuation plans are designed to assist workers during short-term periods of unemployment due to layoffs and termination. The eight major compensation components that make up this group of benefits are as follows:

1. Unemployment Insurance (UI)
2. Supplemental Unemployment Benefit Insurance (SUBI)
3. Guaranteed Annual Income (GAI)
4. Guaranteed Income Stream (GIS)

### **Deferred Income**

❖ Over the year employers have established the following kinds of compensation components to help employees accumulate capital and meet future financial goals:

- ❖ Social Security
- ❖ Qualified Retirement Plan
- Pension plan



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- Profit-sharing plan
- Stock bonus plan
- ❖ Simplified Employee Pension Plans (SEPPs)
- ❖ Supplemental Executive
- Retirement Plans (SERPs)
- ❖ Supplemental & Executive
- Group Life Insurance Plans
- ❖ Stock Purchase Plan
- ❖ Stock Option Plan
- ❖ Stock Grant

## **Spouse and Family Income Protection**

- ❖ Most employees attempt to ensure the future welfare of their dependents in case of their death. One component, life insurance, and a number of other components previously identified and described have specific features to assist a worker's dependents in the event of such a calamity. The major components available to protect workers' dependents are:
  1. Life Insurance
  2. Retirement Plans
  3. Social Security and Medicare
  4. Tax-sheltered Annuity
  5. Workers' Compensation
  6. Accidental Death and Dismemberment
  7. Travel Accident Insurance
  8. Health Care Coverage

## **Health & Accident Protection**

- ❖ Organisations provide their employees with a wide variety of insurance services to help them and their families maintain a normal standard of living when unusual or unexpected health-related adversities occur. These health care related insurance plans cover medical, surgical, and hospital bills resulting from an accident or illness.
- ❖ Feature of Health Care Insurance Plans
- ❖ Medical coverage included in medical plans continues to expend every year. Basic medical coverage includes payments for diagnostic visits to the doctor's office, outpatient X-rays, and laboratory coverage. Recent additions include home visits by the doctor and ambulatory or outpatient surgery. Although still rated among medical benefits, the annual physical is beginning to appear in more health insurance programmes. Another recent addition to health care insurance plans is the extension of comprehensive health care benefits to include some of the survivors of deceased company employees retirees. A relatively new provision covers out patient and non-hospital psychiatric care.

## **Property & Liability Protection**

- ❖ Of rather recent vintage is the addition of compensation components that provide employees with personal property and liability protection. These property and liability protection components include the following:
  1. Group auto
  2. Group home
  3. Group legal
  4. Group umbrella liability
  5. Employee liability
  6. Fidelity bond insurance

## **Employees Services "Fringe"**

- ❖ Employer provides a wide array of services that enhance the lifestyle of employees. In some cases, these services grant employees time off with pay. In other cases, the services include highly valued in-kind benefits, which, if purchased by employees themselves, would require the expenditure of after-tax dollars. In providing these services, the employer usually receives a tax deduction and, in most cases, the good or service is not considered an earned income item. Even in cases in which employees may be charged with additional earned income for the receipt of the good or service, the charge to income is considerably less than the cost that would have been incurred by the recipient. The three major sets of components that constitute the employee services group are:

1. Pay for time not worked
2. Time off without pay and
3. Income equivalent payments and reimbursements for incurred expenses.

### **Pay for Time Not Worked**

Over the past 35 years the drive to reduce working hours and total time spent at work has focused on providing workers with more paid holidays and longer vacations. From an employee's perspective, possibly the most desired but frequently unrecognized benefit is time-off with pay. Numerous time-off with pay components have developed, and employees usually receive their daily base pay rate as the rate paid for these time-off opportunities. The more common time-off with pay components are these:

1. Holidays
2. Vacations
3. Jury duty
4. Election official
5. Witness in court
6. Civic duty
7. Military duty
8. Funeral leave
9. Illness in family leave

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10. Marriage leave
11. Paternity leave
12. Maternity leave
13. Sick leave
14. Wellness leave
15. Time-off to vote
16. Blood donation
17. Grievance and contract negotiations
18. Lunch, rest and wash-up periods
19. Personal leave
20. Sabbatical leave

### **Time-off from Work Without Pay**

- ❖ For years, some organisation have provided employees with sabbaticals without pay. In this case, an employee has an opportunity to pursue a special interest area. Although the employee is not paid, he or she continues to be covered by the employer's medical, life insurance, disability programmes.
- ❖ Income Equivalent Payments and Reimbursements for Incurred Expenses
- ❖ The ever-increasing diversity and population of employee benefits have given rise to a significant number of benefits that can be grouped under a category called nonstatutory benefits. The majority of benefits previously described are either mandated by legislation or permitted by statutes and given preferential tax treatment.
- ❖ This group of compensation components includes some of the most diverse and most desirable kinds of goods and services employees receive from their employers. Many of these components and new ones that appear almost daily have been introduced in response to changes in the economic situation and to tax demands. This broad group of services provides employees with the opportunity for an improved and more enjoyable lifestyle. Some of the more common components are as follows:

### **Preferred Benefits of Services**

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1. Charitable contributions
2. Counselling
  - ❖ Financial
  - ❖ Legal
  - ❖ Psychiatric
  - ❖ Psychological
3. Tax preparation opportunities
4. Education subsidies
5. Child adoption
6. Child care
7. Elderly care
8. Subsidized food service
9. Discounts on merchandise
10. Physical awareness and fitness programmes
11. Social and recreational
12. Parking
13. Transportation to and from work
14. Travel expenses
  - ❖ Car reimbursement
  - ❖ Tolls and parking
  - ❖ Tool and entertainment reimbursement
15. Clothing reimbursement/allowance
16. Tool reimbursement/allowance
17. Relocation expenses
18. Emergency loans
19. Credit union
20. Housing

### **Costing Benefits**

- ❖ Annual cost of benefits and services for all employees
- ❖ Cost per employee per year
- ❖ Percentage of payroll (annual cost divided by annual payroll)
- ❖ Cents per hour (cost per employee per hour)

### **NON-STATUTORY WELFARE MEASURES**

#### **Educational Facilities**

- ❖ Economic and social progress is dependent on the quality of workforce. Education plays a crucial role in motivating and preparing the workers for constant change and development that should necessarily happen in industry. The need for imparting necessary education to workers in India had been emphasized by the Indian Industrial Commission (1918) and the Royal Commission on Labour (1931). The educated worker is naturally more receptive and responsible.
- ❖ Educating the worker's family, especially his children, is essential. It is an investment in training your future workforce. The Central Workers Education Board conducts classes for industrial workers. The National Commission on Labour and the interest in educating workers and running schools for workers' children. However there is no statutory obligation on any industry to impart education to workers' children except in plantations.

#### **Housing Facilities**

- ❖ Both the Indian Industrial Commission (1918) and the Royal Commission realized the importance and necessity of improving housing conditions of industrial workers and suggested various measures. In 1948 the Government of India put forth the Industrial Housing scheme. The committee on Labour Welfare emphasized the importance of the role of the State Government in acquiring land near industrial areas and renting houses at reasonable rates. The National Commission on Labour recommended that the Government should take the major responsibility for housing. The Government should also use all the help that employers can provide and that fiscal and monetary incentives should be provided to employers to make it a viable proposition for them.

## **Transport Facilities**

- ❖ The growth and expansion of industries has also increased the distance for the worker from his place of residence to his place of work. Transport facilities for workers residing far from the workplace is essential to relieve strain and anxiety. Such facilities will, no doubt also provide greater opportunity for relaxation and reduce the rate of absenteeism.
- ❖ The Committee on Labour Welfare recommended the provision of adequate transport facilities to workers to enable them to reach their workplace without loss of much time and without fatigue. The Committee also recommended that in industrial undertakings where transport services are not provided, some conveyance allowance mutually agreed upon between the employer and the employees, should be paid to the employees. To encourage the employees to have their own conveyance the Committee recommended that the employer should advance loans for purchase of bicycles, scooters, etc.

## **Recreational Facilities**

- ❖ Recreation in the form of music, art, theatre, sports and games can play an important role in the mental and physical development of your employees. The importance of recreation in creating a healthy climate for industrial peace and progress has been emphasized by several study teams, committees and commissions.
- ❖ The ILO Recommendation on Welfare Facilities adopted in 1956 urged upon the member countries to take appropriate measures to encourage the provision of recreational facilities for the workers in or near the undertaking in which they are employed. These measures should, preferably, be taken in such a way as to stimulate and support action by the public authorities so that the community is able to meet the demand for recreational facilities.
- ❖ In India; provision of recreational facilities has been made obligatory on employers in plantations. The committee on Labour Welfare recommended that small units could be lent a helping hand by the State in organizing recreational facilities for its workers in industrial housing colonies. Trade unions could also take the initiative and different agencies could



combine their efforts to provide a minimum number of sports and recreational activities to keep the labour force fit and healthy. Excursions can be organized, youths clubs can be formed and holidays homes can be provided for the employees.

## **Consumer Cooperative Societies**

- ❖ The importance of opening Consumer Cooperative Societies/Fair Price Shops for the workers was first realized during the Second World War. During this period a large number of Consumer Cooperative Societies were organized by the Government for the distribution of controlled commodities. A committee was set up in 1961 by the National Cooperative Movement.
- ❖ The Committee felt that it should be made obligatory for employers and industrial undertakings to introduce consumer cooperative activities in their labour welfare programmes. The Indian Labour Conference in 1962 adopted a scheme for setting up consumer cooperative stores in all industrial establishments including plantations and mines employing 300 or more workers. The employer was to give assistance in the form of share capital working capital, loan, free accommodation and other amenities. The Industrial Truce Resolution, 1962, aimed to keep prices of essential commodities low by opening a sufficient number of fair price shops and cooperative stores so that workers were assured of a regular supply of essential items.

## **PROMOTION**

- ❖ Promotion refers to upward movement of an employee from current job to another that is higher in pay, responsibility and/or organisational level. Promotion brings enhanced status, better pay, increased responsibilities and better working conditions to the promotee. There can, of course, be 'dry promotion' where a person is moved to a higher level job without increase in pay. Promotion is slightly different from upgradation which means elevating the place of the job in the organisational hierarchy (a better title is given now) or including the job in higher grade (minor enhancement in pay in tune with the limits imposed within a particular grade). A transfer implies horizontal movement of an employee to another job at the same level. There is no increase in pay, authority or status. Hence, it cannot act as a motivational tool. Promotion, on

the other hand, has in-built motivational value, as it elevates the status and power of an employee within an organisation.

### **Purposes and Advantages of Promotion**

- ❖ Promotion, based either on meritorious performance or continuous service, has powerful motivational value. It forces an employee to use his knowledge, skills and abilities fully and become eligible for vertical growth. It inspires employees to compete and get ahead of others. Those who fall behind in the race are also motivated to acquire the required skills to be in the reckoning. Promotion thus, paves the way for employee self development. It encourages them to remain loyal and committed to their jobs and the organisation. The organisation would also benefit immensely because people are ready to assume challenging roles by improving their skills constantly. Interest in training and development programmes would improve. The organisation would be able to utilise the skills and abilities of its personnel more effectively.

### **BASES OF PROMOTION**

- ❖ Organisations adopt different bases of promotion depending upon their nature, size, management, etc. Generally, they may combine two or more bases of promotion. The well-established bases of promotion are seniority and merit.

#### **1. Merit-based promotions:**

- ❖ Merit based promotions occur when an employee is promoted because of superior performance in the current job. Merit here denotes an individual's knowledge, skills, abilities and efficiency as measured from his educational qualifications, experience, training and past employment record. The advantages of this system are fairly obvious :
  - a) It motivates employees to work hard, improve their knowledge, acquire new skills and contribute to organisational efficiency.
  - b) It helps the employer to focus attention on talented people, recognise and reward their meritorious contributions in an appropriate way.

- c) It also inspires other employees to improve their standards of performance through active participation in all developmental initiatives undertaken by the employer (training, executive development, etc.)
- ❖ However, the system may fail to deliver the results, because:
  - d) It is not easy to measure merit. Personal prejudices, biases and union pressures may come in the way of promoting the best performer.
  - e) When young employees get ahead of other senior employees in an organisation (based on superior performance), frustration and discontentment may spread among the ranks. They may feel insecure and may even quit the organisation.
  - f) Also, past performance may not guarantee future success of an employee. Good performance in one job (as a Foreman, for example) is no guarantee of good performance in another (as a supervisor).

## 2. Seniority-based promotions

- ❖ Seniority refers to the relative length of service in the same organisation. Promoting an employee who has the longest length of service is often widely welcomed by unions because it is fairly objective. It is easy to measure the length of service and judge the seniority. There is no scope for favouritism, discrimination and subjective judgement. Everyone is sure of getting the same, one day.

### Limitations

1. The assumption that the employees learn more with length of service is not valid as employees may learn upto a certain stage, and learning capabilities may diminish beyond a certain age.
2. It demotivates the young and more competent employees and results in greater employee turnover.
3. It kills the zeal and interest to develop, as everybody will be promoted without showing any all-round growth or promise.

4. Judging the seniority, though it seems to be easy in a theoretical sense, is highly difficult in practice as the problems like job seniority, company seniority, zonal/regional seniority, service in different organisations, experience as apprentice trainee, trainee, researcher, length of service not only by days but by hours and minutes will crop up.

### **Promotion Policy**

❖ Seniority and merit, thus, suffer from certain limitations. To be fair, therefore, a firm should institute a promotion policy that gives due weightage to both seniority and merit. To strike a proper balance between the two, a firm could observe the following points:

1. Establish a fair and equitable basis for promotion i.e., merit or seniority or both.
2. A promotion policy established thus, should provide equal opportunities for promotion in all categories of jobs, departments and regions of an organisation.
3. It should ensure an open policy in the sense that every eligible employee is considered for promotion rather than a closed system which considers only a particular class of employees. It must tell the employees the various avenues for achieving vertical growth through career maps, charts etc.
4. The norms for judging merit, length of service, potentiality, etc., must be established beforehand. The relative weightage to be given to merit or seniority or both should also be spelt out clearly.
5. The mode of acquiring new skills, knowledge, etc., should be specified to all employees so that they can prepare themselves for career advancement.
6. Appropriate authority should be entrusted with the responsibility of taking a final decision on promotion.
7. Detailed records of service, performance, etc., should be maintained for all employees, to avoid charges of favouritism, nepotism etc.
8. It should be consistent in the sense that it is applied uniformly to all employees, irrespective of their background.
9. Promotion policy should contain alternatives to promotion when deserving candidates are not promoted due to lack of vacancies at higher level. These alternatives include upgradation,

redesignation, sanctioning of higher pay or increments or allowances assigning new and varied responsibilities to the employee by enriching the job or enlarging the job.

10. A provision for appeal against (alleged) arbitrary actions of management and its review should be there.
11. Promotions initially may be for a trial period so as to minimise the mistakes of promotion.
12. Promotion policy, once it is formulated, should be communicated to all employees, particularly to the trade union leaders. It should be reviewed periodically, based on the experiences and findings of the attitude and morale surveys.

### TRANSFERS

- ❖ A transfer is a change in job assignment. It may involve a promotion or demotion or no change at all in status and responsibility. A transfer has to be viewed as a change in assignment in which an employee moves from one job to another in the same level of hierarchy, requiring similar skills, involving approximately same level of responsibility, same status and same level of pay. A transfer does not imply any ascending (promotion) or descending (demotion) change in status or responsibility.

### PURPOSE OF TRANSFER

1. **To meet the organisational requirements:** Organisations may have to transfer employees due to changes in technology, changes in volume of production, production schedule, product line, quality of products, changes in the job pattern caused by change in organisational structure, fluctuations in the market conditions like demands fluctuations, introduction of new lines and/or dropping of existing lines. All these changes demand the shift in job assignments with a view to place the right man on the right job.
2. **To satisfy the employee needs:** Employees may need transfers in order to satisfy their desire to work under a friendly superior, in a department/region where opportunities for advancement are bright, in or near their native place or place of interest, doing a job where the work itself is challenging, etc.

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3. **To utilise employees better:** An employee may be transferred because management feels that his skills, experience and job knowledge could be put to better use elsewhere.
4. **To make the employee more versatile:** Employees may be rolled over different jobs to expand their capabilities. Job rotation may prepare the employee for more challenging assignments in future.
5. **To adjust the workforce:** Workforce may be transferred from a plant where there is less work to a plant where there is more work.
6. **To provide relief:** Transfers may be made to give relief to employees who are overburdened or doing hazardous work for long periods.
7. **To reduce conflicts:** Where employees find it difficult to get along with colleagues in a particular section, department or location – they could be shifted to another place to reduce conflicts.
8. **To punish employees:** Transfers may be effected as disciplinary measures – to shift employees indulging in undesirable activities to remote, far-flung areas.

### TYPES OF TRANSFERS

Production transfers	:	Transfers caused due to changes in production.
Replacement transfers	:	Transfers caused due to replacement of an employee working on the same job for a long time.
Rotation transfers	:	Transfers initiated to increase the versatility of employees.
Shift transfers	:	Transfers of an employee from one shift to another.

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<b>Remedial transfers</b>	:	Transfers initiated to correct the wrong placements.
<b>Penal transfers</b>	:	Transfers initiated as a punishment for indisciplinary action of employees.

### BENEFITS OF TRANSFERS

- ❖ Improve employee skills
- ❖ Reduce monotony, boredom
- ❖ Remedy faulty placement decisions
- ❖ Prepare the employee for challenging assignments in future
- ❖ Stabilise changing work requirements in different departments/locations
- ❖ Improve employee satisfaction and morale
- ❖ Improve employer-employee relations

### LIMITATIONS OF TRANSFERS

- Inconvenient to employees who do not want to move
- Employees may or may not fit in the new location/department
- Shifting of experienced hands may affect productivity
- Discriminatory transfers may affect employee morale.
- ❖ Transfers have to be carried out in a systematic way, with a view to avoid allegations of discrimination and favouritism. Some of the above cited problems associated with transfers could be avoided, if organisations formulate a definite transfer policy, for use at different points of time.

### Transfer Policy

- ❖ Organisations should clearly specify their policy regarding transfers. Otherwise, superiors may transfer their subordinates arbitrarily if they do not like them. It causes frustration among employees. Similarly, subordinates may also request for transfers even for the petty issues. Most



of the people may ask for transfer to riskless and easy jobs and places. As such, organisation may find it difficult to manage such transfers. Hence, an organisation should formulate a systematic transfer policy. A systematic transfer policy should contain the following items:

1. Specification of circumstances under which an employee will be transferred in the case of any company initiated transfer.
2. Name of the superior who is authorised and responsible to initiate a transfer.
3. Jobs from and to which transfers will be made, based on the job specification, description and classification, etc.
4. The region or unit of the organisation within which transfers will be administered.
5. Reasons which will be considered for personal transfers, their order of priority, etc.
6. Reasons for mutual transfer of employees.
7. Norms to decide priority when two or more employees request for transfers like priority of reason, seniority.
8. Specification of basis for transfer, like job analysis, merit, length of service.
9. Specification of pay, allowances, benefits, etc., that are to be allowed to the employee in the new job.
10. Other facilities to be extended to the transferee like special level during the period of transfer, special allowance for packaging luggage, transportation, etc.

### **PUNISHMENT – DEMOTION**

- ❖ Demotion is the downward movement of an employee in the organisational hierarchy with lower status and pay. It is a downgrading process where the employee suffers considerable emotional and financial loss in the form of lower rank, power and status, lower pay and poor working conditions.

#### **. Causes**

- ❖ A promotee is unable to meet the challenges posed by a new job (technically superior, administratively complex, involving multifarious responsibilities etc.)
- ❖ Due to adverse business conditions, organisations may decide to lay off some and downgrade other jobs.

- ❖ Demotions may be used as disciplinary tools against errant employees.

## **2. Policy**

- ❖ Demotion may turn employees into mental wrecks. It may have a devastating impact on employee morale. It is an extremely painful action, impairing relationships between people permanently. While effecting demotions, therefore, a manager should be extremely careful not to place himself on the wrong side of the fence. A clear cut policy may save the day for him in most cases.
1. A clear list of rules along with punishable offences be made available to all the employees.
  2. Any violation be investigated thoroughly by a competent authority.
  3. In case of violations, it is better to state the reasons for taking such a punitive step clearly and elaborately.
  4. Once violations are proved, there should be a consistent and equitable application of the penalty.
  5. There should be enough room for review.

## **EMPLOYEE SEPARATIONS**

- ❖ Employee separations occur when employees cease to be members of an organisation. The service agreement between the employee and the employer comes to an end and the employee decides to leave the organisation. Separations can take several forms such as:

### **Resignation**

- ❖ An employee may decide to quit an organisation voluntarily on personal or professional grounds such as getting a better job, changing careers, wanting to spend more time with family, or leisure activities. The decision could, alternatively, be traced to the employee's displeasure with the current job, pay, working conditions or colleagues. Sometimes an employee may be forced to quit the organisation compulsorily on grounds of negligence of duty, insubordination, misuse of funds, etc. The resignation in this case, unlike voluntary separation, is initiated by the employer. If the employee refuses to quit, he may have to face disciplinary action.

- ❖ When employees resign or quit an organisation, there will be a certain amount of disruption to the normal flow of work. Replacing an experienced and talented person may not be easy in a short span of time. Training new recruits would take time and may even prove to be a prohibitive exercise in terms of costs. The HR Department, therefore, should examine the factors behind resignations carefully. Whenever possible, exit interviews must be conducted to find out why a person has decided to call it a day. To get at the truth behind the curtain, departees must be encouraged to speak openly and frankly. The interviewer must ensure confidentiality of the information leaked out by the employee. The purpose of the interview must be explained clearly and the interviewer must listen to the departee's views, opinions, critical remarks patiently and sympathetically. Every attempt must be made to make the parting of ways more pleasant (e.g., conducting interview in a place where the employee is comfortable, giving a patient and sympathetic hearing to the employee, wishing him success after settling all the dues, etc.) There should, however, be no attempt to (a) defend the company against criticism or attacks (b) justify actions which may have annoyed the employee (c) attack the departee's views or choice of new company or job (d) convince the employee to change his mind about leaving etc.

### **Retirement**

- ❖ Like a quit, a retirement is normally initiated by the employee. However, a retirement differs from a quit in a number of ways. First, a retirement usually occurs at the end of an employee's career. A quit can happen at any time. Second, retirements usually result in the retiree's receiving benefits in the form of provident fund, pension, gratuity, encashment of earned leave etc., from the organisation. People who quit do not receive these benefits, (without a minimum qualifying service period in case of voluntary separations). Finally, the organisation normally plans retirements in advance. HR staff can groom current employees or recruit new ones during the intervening period in a methodical way. Quits are not easy to estimate and plan for. Employees retire from service on account of two reasons:

- Compulsory retirement: Government employees retire compulsorily after attaining the age of superannuation (either 58 or 60). In the private sector, the retirement age may well go beyond 60, depending on a person's ability to perform well in a competitive scenario.
- Voluntary retirement: In case of voluntary retirement, the normal retirement benefits are calculated and paid to all such employees who put in a minimum qualifying service. Sometimes, the employer may encourage the employee to retire voluntarily—with a view to reduce surplus staff and cut down labour costs. Attractive compensation benefits are generally in-built in all such plans (referred to as golden handshake scheme). To reduce post-retirement anxieties, companies these days organise counselling sessions, and offer investment related services (e.g., Citibank, Bank of America). Some companies extend medical and insurance benefits to the retirees also, e.g., Indian Oil Corporation.
- Death: Some employees may die in service. When the death is caused by occupational hazards, the employee gets compensation as per the provisions of Workmen's Compensation Act, 1923. On compassionate grounds, some organisations offer employment to the spouse/child/dependent of the employee who dies in harness.
- ❖ The normal separation of people from an organisation owing to resignation, retirement or death is known as 'attrition'. It is initiated by the individual employee, not by the company.

## **Lay off**

- ❖ A layoff is a temporary removal of an employee from the payroll of an organisation due to reasons beyond the control of an employer. Global competition, reductions in product demand, changing technologies that reduce the need for workers, and mergers and acquisitions are the primary factors behind most layoffs. The services of the employees are not utilised during the layoff periods. If the layoff is for a temporary period (sometimes it could be indefinite) the employee is likely to be called back to join the ranks once again. The employer-employee relationship, therefore, does not come to an end but is merely suspended during the period of layoff. The purpose of layoff is to trim the extra fat and make the organisation lean and competitive.
- ❖ Under the Industrial Disputes Act, 1947, a lay-off implies the following things (Section 2 KKK)

- The employer is temporarily unable to employ some workers on a full-time basis.
- The reasons for the refusal of employment could be traceable to shortage of inputs, power, accumulation of stocks, breakdown of machinery etc.
- The employer-employee relationship stands suspended during the period of lay off.
- The employee gets (excluding holidays) only fifty per cent of his normally eligible total basic wages plus dearness allowance during the period of lay off. (Section 25 C)
- To claim this compensation, the laid off workman (a) should not be a casual worker (b) his name must be there on the muster rolls (c) he must have one year's continuous service (d) he must report for work at the appointed time at least once a day.
- ❖ These conditions, however, do not apply when (i) the worker is able to find alternative employment in a nearby location (within 5 miles), (ii) the lay off is due to strike or slowing down of production by workers in another part of the establishment (iii) the industrial establishment is seasonal in character, and (iv) where less than 20 workers are normally employed therein.
- ❖ Layoffs have a powerful impact on the organisation. They bring down the morale of the organisation's remaining employees, who are forced to live in an environment of uncertainty and insecurity. Sometimes, even employees whose services may be essential for the organisation, may quit fearing loss of membership – thus causing further damage to the organisation. The company's standing as a good place to work may suffer. It may be difficult for the company to have the services of talented people afterwards. Layoffs, therefore, have to be carried out in a cautious way keeping the financial, psychological and social consequences in mind.

## **Retrenchment**

- ❖ Retrenchment is the permanent termination of an employee's services due to economic reasons (such as surplus staff, poor demand for products, general economic slow down, etc.) It should be noted here that termination of services on disciplinary grounds, illness, retirement, winding up of a business does not constitute retrenchment. In respect of organisations employing 100 or more persons, the Industrial Disputes Act, 1947, makes it obligatory for the employer to give advance

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notice or pay equivalent wages before the actual lay off date. To claim 50 per cent of basic wages plus dearness allowances, the workman (who is not a casual worker, whose name appears on pay roll, who has completed 12 months of continuous service) must present himself on each working day at the appointed time inside the factory/office premises during the lay off period. If necessary, he might be asked to report a second time during the same day. While laying off workman, the employer is expected to follow the first-in-last-out principle. He should give preference to such workmen if he advertises for re-employment against future openings. The employer has to give three months' notice before retrenching the worker and get prior approval from the government as well.

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**POSSIBLE QUESTIONS**

**PART A (1 Mark)**

(Online Examinations)

**PART B (2 Marks)**

1. What do you mean by Variable pay?
2. Explain on Dearness Allowance.
3. What do you mean by Retrenchment?
4. Explain briefly about lay-off.
5. What do you mean by employee separation?
6. What do you mean by Demotion?
7. What you mean by Dry promotion?
8. Explain on 'Production Transfer'
9. What do you mean by 'Replacement Transfer'?
10. What do you mean y 'Rotation Transfer'?
11. What is Shift transfer?
12. Explain on (i) Remedial transfer and (ii) Penal transfer.
13. What is Promotion?
14. What is Deferred Income?
15. Define about Fringe benefits/
16. What do you mean by Employee Stock Option Plan?
17. What do you mean by gain sharing?

**PART C (8 Marks)**

1. Explicate in detail about various kind of Organization wise incentive plans.
2. Explain in detail on various methods of Promotion.
3. Discuss on various features of Incentive Plan.
4. Elucidate the need for Transfer.



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5. Explain in detail about various Individual incentive plans.
6. Discuss in detail on various Non-statutory welfare measures offered for the employee enrichment.
7. Explain in detail on various methods of Employee Separations.
8. Explicate in detail on Objectives of Compensation Planning
9. Explicate in detail on various factors to be considered before determining pay rate.
10. Enumerate the benefits offered by the company's towards their employees.

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### UNIT – IV ONE MARK

S.No.	Questions	Option 1	Option 2	Option 3	Option 4	Answer
1	___ is the systematic process of determining the relative worth of jobs in order to establish which jobs should be paid more than others within the organization	Job Assessment	Job Evaluation	Job Specification	Job Analysis	Job Evaluation
2	___ intends to develop the lowest-cost pay structure that will not only attract, inspire and motivate capable employees but also be perceived as fair by these employees	Compensation Administration	Performance Appraisal	360 Appraisal	Job Evaluation	Compensation Administration
3	___ is what employees receive in exchange for their contribution to the organization	Appreciation	Compensation	Recognition	Reward	Compensation
4	___ refers to the base wages and salaries employees normally receive	Pay	Recognition	Reward	Appreciation	Pay
5	___ is the basic compensation an employee gets, usually as a wage or salary	Base Pay	Variable Pay	Benefits	Compensation	Base Pay

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6	___ is the compensation that is linked directly to performance accomplishments	Base Pay	Variable Pay	Benefits	Compensation	Variable Pay
7	___ are indirect rewards given to an employee or group of employees as a part of organizational membership	Base Pay	Variable Pay	Benefits	Compensation	Benefits
8	___ ensures that jobs are fairly compensated in comparison to similar jobs in the labour market	Internal Equity	External Equity	Individual Equity	Group Equity	External Equity
9	___ ensures equal pay for equal work, i.e., each individual's pay is fair in comparison to others doing the same/similar jobs	Internal Equity	External Equity	Individual Equity	Group Equity	Individual Equity
10	___ ensures that more difficult jobs are paid more	Internal Equity	External Equity	Individual Equity	Group Equity	Internal Equity
11	___ includes amounts paid in addition to wages over a period of time including holiday pay, overtime pay, bonus, social security benefit, etc	Basic Wages	Dearness Allowance	Provident Fund	Allowances	Allowances
12	___ is the allowance paid to	Basic Wages	Dearness	Provident	Allowances	Dearness

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	employees in order to enable them to face the increasing dearness of essential commodities		Allowance	Fund		Allowance
13	___ means payment to workers of the entire benefit accruing from savings in costs, time, improvement in quality, etc.	Basic Wages	Bonus	Commission	Premium	Bonus
14	___ means the benefits accruing to the firm as the result of higher output or better quality will be shared equally or on some agreed basis between the management and the workers	Basic Wages	Bonus	Commission	Premium	Premium
15	___ pay plans attempt to relate individual effort to pay	Individual Incentive Plan	Group Incentive Plan	Joint Incentive Plan	Multiple Incentive Plan	Individual Incentive Plan
16	Amount paid to worked based on number of units products is an example of ___	Standard Hour Plans	Rowan Plan	Gantt Task and Bonus Plan	Piece Rate System	Piece Rate System
17	Under ___ method workers producing below the standard output are not penalized by the low piece	Standard Hour Plans	Merrick's Differential	Gantt Task and Bonus	Piece Rate System	Merrick's Differential Piece

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	rate		Piece Rate	Plan		Rate
18	___ method recognizes individual efficiency and pays bonus on the basis of time saved.	Standard Hour Plans	Merrick's Differential Piece Rate	Gantt Task and Bonus Plan	Piece Rate System	Standard Hour Plans
19	Under ___ plan bonus is that proportion of the wages of time taken which the time saved bears to the time allowed or standard time	Standard Hour Plans	Rowan Plan	Gantt Task and Bonus Plan	Piece Rate System	Rowan Plan
20	Under ___ plan, every operation or job is expressed in terms of so many standard minutes	Bedeaux Plan	Haynes Manitt Plan	Emerson's Efficiency Plan	Accelerated Premium Bonus Plan	Bedeaux Plan
21	Under ___ plan is also known as Sliding Scale Bonus Plan because the premium is paid at varying rates for increasing efficiency	Bedeaux Plan	Haynes Manitt Plan	Emerson's Efficiency Plan	Accelerated Premium Bonus Plan	Accelerated Premium Bonus Plan
22	___ is an incentive payment that is given to an employee beyond one's normal standard wage	Basic Wages	Bonus	Commission	Premium	Bonus
23	___ is a reward based on how well an employee has done the assigned job	Merit Pay	Bonus	Commission	Premium	Merit Pay

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24	___ is a scheme whereby employers undertake to pay a particular portion of net profits to their employees on compliance with certain service conditions and qualifications.	Profit Sharing	Gain Sharing	Employees Stock Ownership Plans	Bonus	Profit Sharing
25	___ aims at increasing productivity or decreasing labour costs and sharing the resultant gains (usually a lump sum payment) with employees	Profit Sharing	Gain Sharing	Employees Stock Ownership Plans	Bonus	Gain Sharing
26	Under ___ the eligible employees are allotted company's shares below the market price	Profit Sharing	Gain Sharing	Employees Stock Ownership Plans	Bonus	Employees Stock Ownership Plans
27	___ continuation plans are designed to assist workers during short-term periods of unemployment due to layoffs and termination	Loss of Job Income Continuation	Disability Income Continuation	Deferred Income	Spouse and Family Income Protection	Loss of Job Income Continuation
28	___ is offered to employees, who suffered from total or partial impairment	Loss of Job Income Continuation	Disability Income Continuation	Deferred Income	Spouse and Family Income Protection	Disability Income Continuation
29	___ refers to upward movement of an employee from current job to	Promotion	Transfer	Retrenchment	Lay off	Promotion

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	another that is higher in pay, responsibility and/or organizational level					
30	Under ____ where a person is moved to a higher level job without increase in pay	Dry Promotion	Transfer	Retrenchment	Lay off	Dry Promotion
31	____ means elevating the place of the job in the organizational hierarchy	Promotion	Up gradation	Transfer	Retrenchment	Up gradation
32	____ implies horizontal movement of an employee to another job at the same level	Promotion	Up gradation	Transfer	Retrenchment	Transfer
33	____ occur when an employee is promoted because of superior performance in the current job	Merit-based promotions	Seniority-based promotions	Dry Promotion	Transfer	Merit-based promotions
34	Promoting an employee who has the longest length of service is known as ____	Merit-based promotions	Seniority-based promotions	Dry Promotion	Transfer	Seniority-based promotions
35	____ has to be viewed as a change in assignment in which an employee moves from one job to another in the same level of hierarchy, requiring	Promotion	Up gradation	Transfer	Retrenchment	Transfer



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	similar skills, involving approximately same level of responsibility, same status and same level of pay					
36	Transfers caused due to replacement of an employee working on the same job for a long time is known as ____	Replacement Transfers	Rotation Transfers	Shift Transfers	Remedial Transfers	Replacement Transfers
37	Transfers initiated to increase the versatility of employees is known as ____	Replacement Transfers	Rotation Transfers	Shift Transfers	Remedial Transfers	Rotation Transfers
38	Transfers of an employee from one shift to another is known as ____	Replacement Transfers	Rotation Transfers	Shift Transfers	Remedial Transfers	Shift Transfers
39	Transfers initiated to correct the wrong placements is known as ____	Replacement Transfers	Rotation Transfers	Shift Transfers	Remedial Transfers	Remedial Transfers
40	Transfers initiated as a punishment for indisciplinary action of employees is known as ____	Replacement Transfers	Rotation Transfers	Shift Transfers	Penal Transfers	Penal Transfers
41	____ is the downward movement of an employee in the organizational hierarchy with lower status and pay	Promotion	Demotion	Transfer	Lay off	Demotion

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42	___ occur when employees cease to be members of an organization	Employee Separation	Promotion	Demotion	Transfer	Employee Separation
43	An employee may decide to quit an organization voluntarily on personal or professional grounds is known as ___	Dismissal	Resignation	Retirement	Retrenchment	Resignation
44	___ usually occurs at the end of an employee's career	Dismissal	Resignation	Retirement	Retrenchment	Retirement
45	Employees retire compulsorily after attaining the age of superannuation is known as ___	Compulsory Retirement	Voluntary Retirement	Resignation	Transfer	Compulsory Retirement
46	___ is a temporary removal of an employee from the payroll of an organization due to reasons beyond the control of an employer	Promotion	Demotion	Transfer	Lay off	Lay off
47	___ is the permanent termination of an employee's services due to economic reasons	Dismissal	Resignation	Retirement	Retrenchment	Retrenchment
48	The normal separation of people from an organization owing to resignation, retirement or death is	Job Hoping	Transfer	Attrition	Resignation	Attrition

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	known as ____					
49	Relieving from the service before the age of 58 years is known as ____	Compulsory Retirement	Voluntary Retirement	Resignation	Transfer	Voluntary Retirement
50	Effective compensation management ensures that workers are neither ____	Overpaid	Underpaid	Overpaid nor Underpaid	Not Paid	Overpaid nor Underpaid
51	____ are the most widely used pay for performance plans in industry	Individual Incentive Plan	Group Incentive Plan	Employees Stock Ownership Plans	Bedaux Plan	Individual Incentive Plan
52	____ incentive plans reward employees on the basis of the success of the organization over a specified time period	Individual Incentive Plan	Organization wide Incentive Plan	Joint Incentive Plan	Multiple Incentive Plan	Organization wide Incentive Plan
53	____ implies the right of an eligible employee to purchase a certain amount of stock in future at an agreed price	Profit Sharing	Gain Sharing	Employees Stock Ownership Plans	Bonus	Employees Stock Ownership Plans
54	____ helps to establish internal equity between various jobs	Job Specification	Job Analysis	Job Assessment	Job Evaluation	Job Evaluation

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55	___ is paid to neutralize the effects of inflation	Provident Fund	Allowances	Basic Wages	Dearness Allowance	Dearness Allowance
56	___ is built around the idea that involved employees will improve productivity through more effective use of organizational resources	Profit Sharing	Gain Sharing	Employees Stock Ownership Plans	Bonus	Gain Sharing
57	___ brings enhanced status, better pay, increased responsibilities and better working conditions to the promote	Promotion	Transfer	Retrenchment	Lay off	Promotion
58	___ is a change in job assignment	Promotion	Upgradation	Transfer	Retrenchment	Transfer
59	___ is a downgrading process where the employee suffers considerable emotional and financial loss in the form of lower rank, power and status, lower pay and poor working conditions	Promotion	Demotion	Transfer	Lay off	Demotion
60	___ serves as a cushion, a sort of insurance against increase in price levels of commodities	Provident Fund	Allowances	Basic Wages	Dearness Allowance	Dearness Allowance

**UNIT – V**

**SYLLABUS**

**Auditing and HR functions:** Future of HRM function – International HRM. Industrial relation and collective bargaining - Discipline administration- grievances handling - managing dismissals and separation-Trade Union activities and workers participation in management.

**AUDITING HR FUNCTIONS**

- ❖ Personnel records and reports provide information regarding the utilisation of human resources in an objective way. However, in most cases this is not sufficient. A critical evaluation of manpower programmes might be required to find out the areas where improvements are needed and to set things in order. In place of informal impressions gathered and summarised through records and reports, a systematic and analytical search is made to find out the effectiveness of personnel management. According to Seybold, personnel audit refers to an examination and evaluation of policies, procedures and practices to determine the effectiveness of personnel management. Personnel audit covers basically three things:
  - Measurement and evaluation of personnel programmes, policies and practices;
  - Identification of gap between objectives and results; and
  - Determination of what should or what should not be done in future.
- ❖ “The basic objective of personnel audit is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organisation by identifying the gaps between objectives and results, for the end-product of an evaluation should be to formulate plans for corrections of adjustments” (Gray).

**OBJECTIVES OF PERSONAL AUDIT**

- ❖ To review the organisational system, human resources subsystem in order to find out the efficiency of the organisation in attracting and retaining human resources.
- ❖ To find out the effectiveness of various personnel policies and practices.

- ❖ To know how various units are functioning and how they have been able to implement the personnel policies, and
- ❖ To review the personnel system in comparison with organisations and modify them to meet the challenges of personnel management.

### **TYPES OF PERSONNEL RECORDS**

- ❖ Job application and test scores
- ❖ Job descriptions and job specifications
- ❖ Interview results
- ❖ Employment history
- ❖ Medical reports
- ❖ Attendance records
- ❖ Payroll
- ❖ Employee ratings
- ❖ Training records
- ❖ Leave records
- ❖ Accident and sickness records
- ❖ Grievances, disputes records
- ❖ Contracts of employment
- ❖ Records to be kept under various statutes

### **Need for Personal Audit**

- ❖ Though there is no legal obligation to audit personnel policies and practices, some of the modern organisations have accepted it due to certain compelling reasons:
  - Increasing size of the organisation and personnel in several organisations.
  - Changing philosophy of management towards human resources.
  - Increasing strength and influence of trade unions.
  - Changing human resources management philosophy and thereby personnel policies and practices throughout the world.

- Increasing dependence of the organisation on the human resources system and its effective functioning.

## **Benefits**

- ❖ Identifies the contributions of the HR department.
- ❖ Improves the professional image of HR department.
- ❖ Encourages greater responsibility and professionalisation among members of HR Department.
- ❖ Classifies the HR departments' duties and responsibilities. Stimulates uniformity of personnel policies and practices. Finds critical personnel problems.
- ❖ Ensures timely compliance with legal requirements.
- ❖ Reduces human resource costs.

## **Scope of Personal Audit**

- ❖ It covers areas like personnel philosophy, policies, programmes, practices and personnel results. The major areas of personnel audit include programming, forecasting and scheduling to meet organisation and personnel needs
- ❖ The areas of recruitment, selection, careers, promotions, training and development also come within the scope of personnel audit. Further, the areas of leadership, welfare, grievances, performance appraisal, employee mobility, industrial relations are also included within the scope of personnel audit.

## **Utility of Records**

- ❖ Several personnel records are used in the process of personnel audit. They include: payroll, total and unit labour cost, interview reports, test scores, training records, labour productivity, work stoppage due to strikes, lockout, layoff, accident reports, turnover reports, absenteeism reports, etc.

## **HR Audit Process**

- ❖ The personnel audit should probe much deeper, evaluating personnel policies, programmes, philosophy, practices and concepts comparing with standards and with those of the personnel records of the said organisation and other organisations. The level and the depth of the



investigation should be decided in advance. The process of personnel audit, usually carried out through an attitudinal survey or by interpreting data, includes:

- ❖ Identifying indices, indicators, statistical ratios and gross numbers in some cases.
- ❖ Examining the variations in time-frame in comparison with a similar previous corresponding period.
- ❖ Comparing the variations of different departments during different periods.
- ❖ Examining the variations of different periods and comparing them with similar units and industries in the same region.
- ❖ Drawing trend lines, frequency distributions and calculating statistical correlations.
- ❖ Preparing and submitting a detailed report to the top management and to the managers at appropriate levels for information and necessary action.
- ❖ Most organisations that employ HR audit examine the employment statistics pertaining to a period—making use of ratios (given below):

**Effectiveness Ratios**

- ❖ Ratio of number of employees to total output in general.
- ❖ Sales in dollars per employee for the whole company or by organisational unit (business)
- ❖ Output in units per employee hour worked for the entire organisational unit
- ❖ Scrap loss per unit of the organisation
- ❖ Payroll costs by unit per employee grade

**Accident Ratios**

- ❖ Frequency of accident rate for the organisation as a whole or by unit.
- ❖ Number of lost-time accidents.
- ❖ Compensation paid for accidents per 1,000 hours worked.
- ❖ Accidents by type
- ❖ Accidents classified by type of injury to each part of the body.
- ❖ Average cost of accident by part of the body involved.

## **Organizational Labour Relations Ratios**

- ❖ Number of grievances filed.
- ❖ Number of arbitration awards lost.

## **Turnover and Absenteeism Ratios**

- ❖ Attendance, tardiness, and overtime comparisons by organisational unit as a measure of how well an operation is handling employees.
- ❖ Employee turnover by unit and for the organisation

## **Employment Ratios**

- ❖ Vacations granted as a percentage of employees eligible
- ❖ Sick-leave days granted as a percentage of labour-days worked
- ❖ Maternity leaves granted per 100 employees
- ❖ Educational leaves granted per 100 employees
- ❖ Personal leaves granted per 100 employees
- ❖ Employment distribution by chronological age.
- ❖ Employment distribution by length of service with organisation
- ❖ Employment distribution by sex, race, national origin, religion
- ❖ Managerial distribution by chronological age, sex, race, national origin, religion
- ❖ Average age of workforce
- ❖ Average age of managerial workforce

## **FUTURE OF HRM FUNCTION**

- ❖ Even in the most archaic (old) factories of today, 'job' has evolved to mean work that's more than just cutting or grinding a piece of metal. It means being able to operate more than one machine, self-maintain quality, read statistical charts and graphs and troubleshoot machine problems

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- ❖ The white-collar job has been transformed no less. The employee of a modern corporation no longer pushes paper from in-box to out-box. Instead, he must coordinate with all the constituents of the corporation (like suppliers, customers, and even other employees), communicate, analyse and make vital decisions—typically in that order.
- ❖ Tomorrow, the order will change. Sophisticated infotech systems will automatically take care of the coordination and communication bit. It will even crunch mountains of discrete sets of information to throw up intelligent patterns.
- ❖ The biggest challenge to the employee at Future Inc. would lie in the way he chooses to use that information. In other words, the worker @ futureinc.com would be a knowledge worker; in varying degrees, he or she would need to seek ways of constantly adding value to the task at hand. Employees would need to look at jobs as entrepreneurial assignments, and employers should treat them accordingly.

### **INTERNATIONAL HRM**

- ❖ International Human Resource Management can be defined as set of activities aimed managing organizational human resources at international level to achieve organizational objectives and achieve competitive advantage over competitors at national and international level. IHRM includes typical HRM functions such as recruitment, selection, training and development, performance appraisal and dismissal done at international level and additional activities such as global skills management, expatriate management and so on.
- ❖ In simple terms, IHRM is concerned about managing human resources at [Multinational Companies](#) (MNC) and it involves managing three types of employees namely,
- ❖ Home country employees- Employees belonging to home country of the firm where the corporate head quarter is situated.
- ❖ Host country employees- Employees belonging to the nation in which the subsidiary is situated.
- ❖ Third country employees- These are the employees who are not from home country/host country but are employed at subsidiary or corporate head quarters. As an example a American MNC which has a subsidiary at India may employ a French person as the CEO to the subsidiary. The Frenchman employed is a third country employee.

**Differences between domestic HRM and International HRM (IHRM) are summarized below:**

- ❖ Domestic HRM is done at national level and IHRM is done at international level.
- ❖ Domestic HRM is concerned with managing employees belonging to one nation and IHRM is concerned with managing employees belonging to many nations (Home country, host country and third country employees)
- ❖ Domestic HRM is concerned with managing limited number of HRM activities at national level and IHRM has concerned with managing additional activities such as expatriate management.
- ❖ Domestic HRM is less complicated due to less influence from the external environment. IHRM is very complicated as it is affected heavily by external factors such as cultural distance and institutional factors.

## **INDUSTRIAL RELATION**

- ❖ The term 'industrial relations' refers to relationships between management and labour or among employees and their organisations that characterise or grow out of employment. Theoretically speaking, there are two parties in the 'employment' relationship – labour and management. Both parties need to work in a spirit of cooperation, adjustment and accommodation. In their own mutual interest certain rules for co-existence are formed and adhered to. Over the years, the State has also come to play a major role in industrial relations – one, as an initiator of policies and the other, as an employer by setting up an extremely large public sector
- ❖ The term 'industrial relations' has been defined by different authors in different ways. Dale Yoder defined it as “a relationship between management and employees or among employees and their organisations, that characterise and grow out of employment”
- ❖ According to R A Lester, industrial relations “involve attempts to have workable solutions between conflicting objectives and values, between incentive and economic security, between discipline and industrial democracy, between authority and freedom and between bargaining and cooperation”
- ❖ According to the ILO, “industrial relations deal with either the relationships between the state and the employers and the workers' organisation or the relation between the occupational

organisations themselves". The ILO uses the expression to denote such matters as "freedom of association and the protection of the right to organise, the application of the principles of the right to organise, and the right of collective bargaining, collective agreements, conciliation and arbitration and machinery for cooperation between the authorities and the occupational organisations at various levels of the economy.

## TRADE UNIONS

- ❖ A trade union is a formal association of workers that promotes and protects the interests of its members through collective action. Under the Trade Union Act of 1926, the term is defined as any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workers and employers, or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more unions.
- Trade union is an association either of employees or employers or of independent workers.
- It is a relatively permanent formation of workers. It is not a temporary or casual combination of workers. It is formed on a continuous basis.
- It is formed for securing certain economic (like better wages, better working and living conditions) and social (such as educational, recreational, medical, respect for individual) benefits to members. Collective strength offers a sort of insurance cover to members to fight against irrational, arbitrary and illegal actions of employers. Members can share their feelings, exchange notes and fight the employer quite effectively whenever he goes off the track
- It includes a federation of trade unions also.
- It emphasises joint, coordinated action and collective bargaining.

## OBJECTIVES OF TRADE UNIONS

- ❖ The failure of an individual worker to seek solutions to problems, while discharging his duties, personal as well as organisational, led workers to form a formal group which is identified at present as trade union. Thus, the main objective of any trade union is to protect the interest of workers/employees in the organisation. However, the workers' interest/welfare is a broad term

in which various subjects - wages and salaries, working conditions, working hours, transfers, promotions, recruitment and classification, training, discipline, leave and holidays, dearness allowance, bonus, incentives, quarters, sanitation, employee relations, mechanisation, facilities to unions, welfare, employee relations and the like are included. Thus, a trade union is meant to conduct negotiations on behalf of the individual workers in respect of several items. However, trade unions specifically concentrate their attention to achieve the following objectives:

### **Wages and Salaries**

- ❖ The subject which drew the major attention of the trade unions is wages and salaries. Of course, this item may be related to policy matters. However, differences may arise in the process of their implementation. In the case of unorganised sector the trade union plays a crucial role in bargaining the pay scales.

### **Working Conditions**

- ❖ Trade unions with a view to safeguard the health of workers demands the management to provide all the basic facilities such as, lighting and ventilation, sanitation, rest rooms, safety equipment while discharging hazardous duties, drinking water, refreshment, minimum working hours, leave and rest, holidays with pay, job satisfaction, social security benefits and other welfare measures.

### **Discipline**

- ❖ Trade unions not only conduct negotiations in respect of the items with which their working conditions may be improved but also protect the workers from the clutches of management whenever workers become the victims of management's unilateral acts and disciplinary policies. This victimisation may take the form of penal transfers, suspensions, dismissals, etc. In such a situation the separated worker who is left in a helpless condition may approach the trade union. Ultimately the problem may be brought to the notice of management by the trade union and it explains about the injustice meted out to an individual worker and fights the management for justice. Thus, the victimised worker may be protected by the trade union.

## **Personal Policies**

- ❖ Trade unions may fight against improper implementation of personnel policies in respect of recruitment, selection, promotions, transfers, training, etc.

## **Welfare**

- ❖ As stated earlier, trade unions are meant for the welfare of workers. Trade union works as a guide, consulting authority and cooperates in overcoming the personnel problems of workers. It may bring to the notice of management, through collective bargaining meetings, the difficulties of workers in respect of sanitation, hospitals, quarters, schools and colleges for their children's cultural and social problems.

## **Employee-Employer Relations**

- ❖ Harmonious relations between the employee and employer is a sine qua non for industrial peace. A trade union always strives for achieving this objective. However, the bureaucratic attitude and unilateral thinking of management may lead to conflicts in the organisation which ultimately disrupt the relations between the workers and management. Trade union, being the representative of all the workers, may carry out continuous negotiations with the management with a view to promoting industrial peace.

## **Negotiating Machinery**

- ❖ Negotiations include the proposals made by one party and the counter proposals of the other party. This process continues until the parties reach an agreement. Thus, negotiations are based on 'give and take' principle. Trade union being a party for negotiations, protects the interests of workers through collective bargaining. Thus, the trade union works as the negotiating machinery.

## **Safeguarding Organizational Health and the Interest of the Industry**

- ❖ Organisational health can be diagnosed by methods evolved for grievance redressal and techniques adopted to reduce the rate of absenteeism and labour turnover and to improve the employee relations. Trade unions by their effective working may achieve employee satisfaction. Thus, trade unions help in reducing the rate of absenteeism, labour turnover and developing systematic



grievance settlement procedures leading to harmonious industrial relations. Trade unions can thus contribute to the improvements in level of production and productivity, discipline and improve quality of work life

## **FUNCTIONS OF TRADE UNION**

### **Militant or protective or intra-mutual functions**

- ❖ These functions include protecting the workers' interests, i.e., hike in wages, providing more benefits, job security, etc., through collective bargaining and direct action such as strikes, gheraos, etc.

### **Fraternal or extra-mural functions**

- ❖ These functions include providing financial and non-financial assistance to workers during the periods of strikes and lock outs, extension of medical facilities during slackness and casualties, provision of education, recreation, recreational and housing facilities, provision of social and religious benefits, etc.

### **Political functions**

- ❖ These functions include affiliating the union to a political party, helping the political party in enrolling members, collecting donations, seeking the help of political parties during the periods of strikes and lockouts.

### **Social functions**

- ❖ These functions include carrying out social service activities, discharging social responsibilities through various sections of the society, like educating the customers.

## **UNION STRUCTURE**

### **Craft unions**

- ❖ A craft union is one whose members do one type of work, often using specialised skills and training. It is horizontal in character as its members belong to a single process or group of processes. A craft union enjoys strong bargaining power as its members possess specialised skills that cannot be easily replaced in case of a strike.

### **Industrial union**

- ❖ An industrial union is one that includes many persons working in the same industry or company, regardless of jobs held. It is vertical in nature as it consists of all types of workers in

an industry. An industrial union also enjoys strong bargaining strength as it consists of both skilled and unskilled workers. The employer may find it easy to negotiate with one union covering all workers rather than deal with a number of craft unions in case of a dispute.

## **General union**

- ❖ This type of union consists of workers employed in different industries and crafts within a particular city or region. In this case, all workers are equal and there is no distinction between skilled and unskilled workers. There is convenience in negotiations as the employer need not bargain with so many splintered groups. Workers, of course, become part of a huge crowd and the interests of an important group may not be represented properly.
- ❖ There could be plant level unions, in addition to the above, where all workers in a factory or establishment join hands to protect their interests.

## **Federations**

- ❖ These are national level entities to which plant level unions, craft unions, industrial unions and general unions are affiliated. These are apex bodies, coordinating the affairs of various unions in their fold.

## **COLLECTIVE BARGAINING**

- ❖ Bargaining is the process of cajoling, debating, discussing and even threatening so as to arrive at an amicable agreement for those being represented. Collective bargaining is a procedure by which the terms and conditions of workers are regulated by agreements between their bargaining agents and employers. The basic objective of collective bargaining is to arrive at an agreement on wages and other conditions of employment. Both the employer and the employees may begin the process with divergent views but ultimately try to reach a compromise, making some sacrifices. As soon as a compromise is reached, the terms of agreement are put into operation.
- ❖ The underlying idea of collective bargaining is that the employer and employee relations should not be decided unilaterally or with the intervention of any third party. Both parties must reconcile their differences voluntarily through negotiations, yielding some concessions and making sacrifices in the process. Both should bargain from a position of strength; there should be no attempt to exploit the weaknesses or vulnerability of one party. With the growth of union

movement all over the globe and the emergence of employers' associations, the collective bargaining process has undergone significant changes. Both parties have, more or less, realised the importance of peaceful co-existence for their mutual benefit and continued progress.

## **FEATURES OF COLLECTIVE BARGAINING**

### **Collective**

- ❖ It is collective in two ways. One is that all the workers collectively bargain for their common interests and benefits. The other is that workers and management jointly arrive at an amicable solution through negotiations.

### **Strength**

- ❖ Across the table, both parties bargain from a position of equal strength. In collective bargaining, the bargaining strength of both parties is equal. It is industrial democracy at work.

### **Flexible**

- ❖ It is a group action where representatives of workers and management expend energies in order to arrive at a consensus. It has sufficient flexibility, since no party can afford to be inflexible and rigid in such situations. The unique feature of collective bargaining is that usually the parties concerned start negotiations with entirely divergent views but finally reach a middle point acceptable to both. It is therefore not a one-way street but a give and take process.

### **Voluntary**

- ❖ Both workers and management come to the negotiating table voluntarily in order to have a meaningful dialogue on various troubling issues. They try to probe each other's views thoroughly before arriving at an acceptable solution. The implementation of the agreement reached is also a voluntary process.

### **Continuous**

- ❖ Collective bargaining is a continuous process. It does not commence with negotiations and end with an agreement. The agreement is only a beginning of collective bargaining. It is a continuous process which includes implementation of the agreement and also further negotiations.

## **Dynamic**

- ❖ Collective bargaining is a dynamic process because the way agreements are arrived at, the way they are implemented, the mental make-up of parties involved keeps changing. As a result, the concept itself changes, grows and expands over time.

## **Power relationship**

- ❖ Workers want to gain the maximum from management, and management wants to extract the maximum from workers by offering as little as possible. To reach a consensus, both have to retreat from such positions and accept less than what is asked for and give more than what is on offer. By doing so management tries to retain its control on workplace matters and unions attempt to strengthen their hold over workers without any serious dilution of their powers.

## **Representation**

- ❖ The chief participants in collective bargaining do not act for themselves. They represent the claims of labour and management while trying to reach an agreement. In collective bargaining the employer does not deal directly with workers. He carries out negotiations with representatives of unions who are authorised to bargain with the employer on work-related matters.

## **Bipartite Process**

- ❖ The employers and the employees negotiate the issues directly, face to face across the table. There is no third party intervention.

## **Complex**

- ❖ Collective bargaining is a complex process involving a number of procedures, techniques and tools: preparation for negotiations, timing, selection of negotiators, agenda, tedious negotiations, make up of agreement, ratification, enforcement etc.
- ❖ Objectives of Collective Bargaining
  - ❖ To settle disputes/conflicts relating to wages and working conditions.
  - ❖ To protect the interests of workers through collective action.
  - ❖ To resolve the differences between workers and management through voluntary negotiations and arrive at a consensus.
  - ❖ To avoid third party intervention in matters relating to employment.

## **TYPES OF BARGAINING**

### **Conjunctive/distributive/bargaining**

- ❖ The parties try to maximise their respective gains. They try to settle economic issues such as wages, benefits, bonus, etc., through a zero-sum game (where my gain is your loss and your gain is my loss). Unions negotiate for maximum wages. Management wants to yield as little as possible – while getting things done through workers.

### **Cooperative bargaining**

- ❖ When companies are hit by recession, they cannot offer the kind of wages and benefits demanded by workers. At the same time they cannot survive without the latter's support. Both parties realise the importance of surviving in such difficult times and are willing to negotiate the terms of employment in a flexible way. Labour may accept a cut in wages in return for job security and higher wages when things improve. Management agrees to modernise and bring in new technology and invest in marketing efforts in a phased manner. In India, companies like TELCO, Ashok Leyland resorted to cooperative bargaining in recent times with a view to survive the recessionary trends in the automobile sector.

### **Productivity bargaining**

- ❖ In this method, workers' wages and benefits are linked to productivity. A standard productivity index is finalised through negotiations initially. Workers do not have to perform at exceptionally high levels to beat the index. If they are able to exceed the standard productivity norms workers will get substantial benefits. Management gains control over workplace relations and is able to tighten the norms still further in future negotiations. Without such productivity bargaining agreements, workers may not realise the importance of raising productivity for organisational survival and growth. Backed up by powerful unions, they may fail to read the danger signals from the market and respond quickly.

### **Composite bargaining**

- ❖ It is alleged by workers that productivity bargaining agreements have increased their workload. Rationalisation, introduction of high technology, and tight productivity norms have made the life of a worker somewhat uneasy. All these steps have started hitting the unions and workers below the

belt. As an answer to such problems, labour has come to favour composite bargaining. In this method, labour bargains for wages as usual but goes a step further demanding equity in matters relating to work norms, employment levels, manning standards, environmental hazards, sub-contracting clauses, etc. When unions negotiate manning standards they ensure the workload of workers does not increase, this helps to maintain the status quo as far as employment level is concerned. By negotiating sub-contracting clauses, unions prevent management from farming out business to ancillaries. If permitted, such an action may result in lower employment in some other plant diluting the bargaining powers of unions substantially

- ❖ Workers are no longer interested in monetary aspects to the exclusion of work related matters. There is no doubt that wages, bonus and other monetary aspects continue to occupy the centre-stage in bargaining sessions. But there is a definite shift towards composite bargaining. Without such a proactive stand, workers may not be able to withstand the forces of liberalisation, automation, farming out business to outsiders and survive
- ❖ Through composite bargaining unions are able to prevent the dilution of their powers and ensure justice to workers by putting certain limits on the freedom of employers. For the employer this is a lesser evil when compared to strikes and lockouts. Apart from periodic wage hikes and day-to-day tussles (fight) over productivity norms and other related issues there is at least no danger of workers striking work every now and then.
- ❖ In companies like SAIL, Philips, Bata, GKW and even TISCO, workforce reductions have to come if they have to survive in a high-tech environment. The compulsions of a free market economy cannot be put aside just for the sake of maintaining the labour force. It is small wonder despite serious warnings from unions, companies in the recession-hit automobile sector (Hindustan Motors, Premier Automobiles, Maruti, TVS Suzuki, Hero Honda) have either reduced the work force or cut down their benefits.



## **PROCESS OF COLLECTIVE BARGAINING**

### **Identification of the problem**

- ❖ The nature of the problem influences whole process. Whether the problem is very important that is to be discussed immediately or it can be postponed for some other convenient time, whether the problem is a minor one so that it can be solved with the other party's acceptance on its presentation and does not need to involve long process of collective bargaining process, etc. It also influences selection of representatives, their size, period of negotiations and period of agreement that is reached ultimately. As such it is important for both the parties to be clear about the problem before entering into the negotiations.

### **Collection of data**

- ❖ Both labour and management initially spend considerable time collecting relevant data relating to grievances, disciplinary actions, transfers and promotions, lay-offs, overtime, former agreements covering wages, benefits, working conditions (internal sources) and current economic forecasts, cost of living trends, wage rates in a region across various occupations, competitive terms offered by rivals in the field etc.

### **Selection of negotiators**

- ❖ The success of collective bargaining depends on the skills and knowledge of the negotiators. Considerable time should, therefore, be devoted to the selection of negotiators with requisite qualifications. Generally speaking, effective negotiators should have a working knowledge of trade unions principles, operations, economics, psychology, and labour laws. They should be good judges of human nature and be able to get along with people easily. They must know when to listen, when to speak, when to stand their ground, when to concede, when to horse-trade, and when to make counter proposals. Timing is important. Effective speaking and debating skills are essential.

### **Climate of Negotiations**

- ❖ Both parties must decide an appropriate time and set a proper climate for initial negotiations. At this stage the parties must determine whether the tone of the negotiations is going to be one of mutual trust with 'nothing up our sleeves', one of suspicion with lot of distortion and misrepresentation, or one of hostility with a lot of name calling and accusations.



**Bargaining strategy and tactics**

- ❖ The strategy is the plan and the policies that will be pursued at the bargaining table. Tactics are the specific action plans taken in the bargaining sessions. It is important to spell out the strategy and tactics in black and white, broadly covering the following aspects:
  - Likely union proposals and management responses to them.
  - A listing of management demands, limits of concessions and anticipated union responses.
  - Development of a database to support proposals advanced by management and to counteract union demands.
  - A contingency operating plan if things do not move on track.
- ❖ Generally each side tries to find how far the other side is willing to go in terms of concessions, and the minimum levels each is willing to accept. “Take it or leave it” kind of extreme positions would spoil the show and hence parties should avoid taking such a rigid and inflexible stand initially. Successful negotiations, after all, are contingent upon each side remaining flexible. Each party should be willing to concede upto a certain extent depending on one’s own compulsions and pressures, with a view to win over the other party. This is popularly known as “bargaining zone” which is the area bounded by the limits within which the union and employees are willing to concede. If neither party is willing to concede a little bit, negotiations reach a deadlock or impasse, which can eventually result in a strike on the part of the union or a lockout on the part of management.
- ❖ Impasse, thus, is a collective bargaining situation when the parties are not able to overcome their differences, usually because one party is demanding more than the other will offer. One way to avoid impasse is to postponement of difficult issues to a later stage and take up easier ones first with a view to have a smoother passage initially. Another way to avoid breakdowns is for each side to be prepared to offer propositions and to accept alternative solutions to some of the more controversial issues. Skilled negotiators as mentioned by Richardson, take charge of the issue through logical presentations, good manners and cool behaviour.

## **Formalizing the Agreement**

- ❖ When a solution comes through what is popularly known as 'good faith bargaining' (Both parties are making every reasonable effort to arrive at agreement, proposals are being matched with counter proposals), a formal document must be prepared expressing everything in a simple, clear and concise form. After this, both parties must sign the agreement and abide by its terms and conditions during the entire term of the contract.

## **Enforcing the Agreement**

- ❖ Collective bargaining does not come to an end with the signing of the agreement. For the agreement to be meaningful and effective, both parties must adhere to the conditions agreed upon and implement every thing scrupulously.

## **DISCIPLINE ADMINISTRATION**

- ❖ There are two ways of dealing with employees who do not obey rules, indulge in acts that are not permitted and tend to fly off the hook at the slightest provocation: i.e., positive discipline approach and the progressive discipline approach. The best discipline is clearly self discipline, when most people understand what is required at work.

### **Positive Discipline Approach**

- ❖ This approach builds on the philosophy that violations are actions that usually can be corrected without penalty. In this approach, the focus is on fact-finding and guidance to encourage desirable behaviours instead of using penalties to discourage undesirable behaviours. There are three steps to positive discipline. The first is a conference between the employee and the supervisor. The purpose of this meeting is to arrive at a solution to the problem through discussion, with oral assurance by the employee to improve his performance. If improvement is not made after this first step, the supervisor holds a second conference with the employee to find why the solution agreed to in the first meeting did not produce results. At this stage a written reminder is handed over to the employee. This document details an agreed solution with an affirmation that improvement is the responsibility of the employee and a condition of continued employment. When both meetings fail to produce the desired results, the employees

is given a paid leave for one day to decide his future in the organisation. The employee is expected to come back the next day with a decision to make a total commitment to improve performance or to quit the organisation.

### **Progressive Discipline Approach**

- ❖ In this approach discipline is imposed in a progressive manner, giving an opportunity to the employee to correct his or her misconduct voluntarily. The technique aims at nipping the problem in the bud, using only enough corrective action to remedy the shortcoming. The sequence and severity of the disciplinary action vary with the type of offence and the circumstances surrounding it. Progressive discipline is quite similar to positive discipline in that it too uses a service of steps that increase in imaginary and security until the final steps. However, positive discipline replaces the punishment used in progressive discipline with counselling sessions between employee and supervisor.
- ❖ The concept of progressive discipline states that penalties must be appropriate to the violation. If inappropriate behaviour is minor in nature and has not previously occurred, an oral warning may be sufficient. If the violation requires a written warning, it must be done according to a procedure. After written warnings, if the conduct of the employee is still not along desired lines, serious punitive steps could be initiated. Major violations such as hitting a supervisor may justify the termination of an employee immediately.

### **THE RED STOVE HOT RULE**

- ❖ Without the continual support of subordinates, no manager can get things done. But, disciplinary action against a delinquent employee is painful and generates resentment on his part. Hence, a question arises as to how to impose discipline without generating resentment? This is possible through what Douglas McGregor called the “Red Hot Stove Rule”, which draws an analogy between touching a hot stove and undergoing discipline.
- ❖ According to the Red Hot Stove rule, disciplinary action should have the following consequences:

## **Burns immediately**

- ❖ If disciplinary action is to be taken, it must occur immediately so the individual will understand the reason for it. With the passage of time, people have the tendency to convince themselves that they are not at fault.

## **Provides warning**

- ❖ It is very important to provide advance warning that punishment will follow unacceptable behaviour. As you move closer to a hot stove, you are warned by its heat that you will be burned if you touch it.

## **Gives consistent punishment**

- ❖ Disciplinary action should also be consistent in that everyone who performs the same act will be punished accordingly. As with a hot stove, each person who touches it is burned the same.

## **Burns impersonally**

- ❖ Disciplinary action should be impersonal. There are no favourites when this approach is followed.

## **GRIEVANCE HANDLING**

- ❖ Every employee has certain expectations which he thinks must be fulfilled by the organisation he is working for. When the organisation fails to do this, he develops a feeling of discontent or dissatisfaction. When an employee feels that something is unfair in the organisation, he is said to have a grievance. According to Jucius, 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.”

## **FEATURES**

- ❖ A grievance refers to any form of discontent or dissatisfaction with any aspect of the organisation.
- ❖ The dissatisfaction must arise out of employment and not due to personal or family problems.

- ❖ The discontent can arise out of real or imaginary reasons. When the employee feels that injustice has been done to him, he has a grievance. The reasons for such a feeling may be valid or invalid, legitimate or irrational, justifiable or ridiculous.
- ❖ The discontent may be voiced or unvoiced. But it must find expression in some form. However, discontent per se is not a grievance. Initially, the employee may complain orally or in writing. If this is not looked into promptly, the employee feels a sense of lack of justice. Now the discontent grows and takes the shape of a grievance.
- ❖ Broadly speaking, thus, a grievance is traceable to perceived non-fulfillment of one's expectations from the organisation.

#### **FORMS OF GRIEVANCE**

##### **Factual**

- ❖ A factual grievance arises when legitimate needs of employees remain unfulfilled, e.g., wage hike has been agreed but not implemented citing various reasons.

##### **Imaginary**

- ❖ When an employee's dissatisfaction is not because of any valid reason but because of a wrong perception, wrong attitude or wrong information he has. Such a situation may create an imaginary grievance. Though management is not at fault in such instances, still it has to clear the 'fog' immediately.

##### **Disguised**

- ❖ An employee may have dissatisfaction for reasons that are unknown to himself. If he/ she is under pressure from family, friends, relatives, neighbours, he/she may reach the work spot with a heavy heart. If a new recruit gets a new table and almirah, this may become an eyesore to other employees who have not been treated likewise previously.

## **CAUSES OF GRIEVANCES**

### **Economic**

- ❖ Wage fixation, overtime, bonus, wage revision, etc. Employees may feel that they are paid less when compared to others.

### **Work environment**

- ❖ Poor physical conditions of workplace, tight production norms, defective tools and equipment, poor quality of materials, unfair rules, lack of recognition, etc.

### **Supervision**

- ❖ Relates to the attitudes of the supervisor towards the employee such as perceived notions of bias, favoritism, nepotism, caste affiliations, regional feelings, etc.

### **Work group**

- ❖ Employee is unable to adjust with his colleagues; suffers from feelings of neglect, victimisation and becomes an object of ridicule and humiliation, etc.

### **Miscellaneous**

- ❖ These include issues relating to certain violations in respect of promotions, safety methods, transfer, disciplinary rules, fines, granting leave, medical facilities, etc.

## **ADVANTAGES OF HAVING A GRIEVANCE HANDLING PROCEDURE**

- ❖ The management can know the employees' feelings and opinions about the company's policies and practices. It can feel the 'pulse' of the employees.
- ❖ With the existence of a grievance handling procedure, the employee gets a chance to ventilate his feelings. He can let off steam through an official channel. Certain problems of workers cannot be solved by first line supervisors, for these supervisors lack the expertise that the top management has, by virtue of their professional knowledge and experience.

- ❖ It keeps a check on the supervisor's attitude and behaviour towards their subordinates. They are compelled to listen to subordinates patiently and sympathetically.
- ❖ The morale of the employees will be high with the existence of proper grievance handling procedure. Employees can get their grievances redressed in a just manner.

### **GUIDELINES FOR HANDLING GRIEVANCES**

- ❖ Treat each case as important and get the grievance in writing.
- ❖ Talk to the employee directly. Encourage him to speak the truth. Give him a patient hearing.
- ❖ Discuss in a private place. Ensure confidentiality, if necessary.
- ❖ Handle each case within a time frame.
- ❖ Examine company provisions in each case. Identify violations, if any. Do not hold back the remedy if the company is wrong. Inform your superior about all grievances.
- ❖ Get all relevant facts about the grievance. Examine the personal record of the aggrieved worker. See whether any witnesses are available. Visit the work area. The idea is to find where things have gone wrong and who is at fault.
- ❖ Gather information from the union representative, what he has to say, what he wants, etc. Give short replies, uncovering the truth as well as provisions. Treat him properly.
- ❖ Control your emotions, your remarks and behaviour.
- ❖ Maintain proper records and follow up the action taken in each case.
- ❖ Be proactive, if possible. Companies like VSP, NALCO actually invite workers to ventilate their grievances freely, listen to the other side patiently, explain the reasons why the problems arose and redress the grievances promptly.

### **MANAGING DISMISSALS AND SEPARATIONS**

- ❖ The end result of both the terms – discharge and dismissal – is same, that is, the employee's services stand terminated. In practical usage, both terms are therefore used interchangeably. Some minor differences, however, are worth mentioning here. While dismissal is a sort of punishment against alleged misconduct, discharge is not always a punishment. When the



employer examines all background factors leading to the termination of services of an employee, he may simply discharge the employee instead of dismissing him. Dismissal has a negative connotation and carries a punitive label alongside. A person who is dismissed from service may find it difficult to find alternative employment, when compared to a person who is discharged from service. In case of discharge, the errant employee may be served a reasonable, advance notice. This is not so in the case of dismissal where the services are terminated immediately. In case of dismissal, the employer can withhold the dues payable to the employee whereas in case of discharge, usually all these are settled simultaneously. Finally, before dismissing an employee, the employer has to hold disciplinary proceedings (domestic enquiry) in a proper way. In case of discharge, he may or may not go for it.

- ❖ The grounds for dismissing an employee are clearly stated in Industrial Disputes Act, 1947 (as amended in 1982) and the Industrial Employment (Standing Orders) Act, 1946 – such as wilful insubordination, theft, fraud, dishonesty, habitual late coming, habitual neglect of work, wilful damage to property, disorderly violent behaviour, striking work in violation of rules, taking bribes, etc.

### **Separation**

- ❖ Employee separations occur when employees cease to be members of an organisation. The service agreement between the employee and the employer comes to an end and the employee decides to leave the organisation. Separations can take several forms such as:

### **Resignation**

- ❖ An employee may decide to quit an organisation voluntarily on personal or professional grounds such as getting a better job, changing careers, wanting to spend more time with family, or leisure activities. The decision could, alternatively, be traced to the employee's displeasure with the current job, pay, working conditions or colleagues. Sometimes an employee may be forced to quit the organisation compulsorily on grounds of negligence of duty, insubordination,

misuse of funds, etc. The resignation in this case, unlike voluntary separation, is initiated by the employer. If the employee refuses to quit, he may have to face disciplinary action.

- ❖ When employees resign or quit an organisation, there will be a certain amount of disruption to the normal flow of work. Replacing an experienced and talented person may not be easy in a short span of time. Training new recruits would take time and may even prove to be a prohibitive exercise in terms of costs. The HR Department, therefore, should examine the factors behind resignations carefully. Whenever possible, exit interviews must be conducted to find out why a person has decided to call it a day. To get at the truth behind the curtain, departees must be encouraged to speak openly and frankly. The interviewer must ensure confidentiality of the information leaked out by the employee. The purpose of the interview must be explained clearly and the interviewer must listen to the departee's views, opinions, critical remarks patiently and sympathetically. Every attempt must be made to make the parting of ways more pleasant (e.g., conducting interview in a place where the employee is comfortable, giving a patient and sympathetic hearing to the employee, wishing him success after settling all the dues, etc.) There should, however, be no attempt to (a) defend the company against criticism or attacks (b) justify actions which may have annoyed the employee (c) attack the departee's views or choice of new company or job (d) convince the employee to change his mind about leaving etc.

### **Retirement**

- ❖ Like a quit, a retirement is normally initiated by the employee. However, a retirement differs from a quit in a number of ways. First, a retirement usually occurs at the end of an employee's career. A quit can happen at any time. Second, retirements usually result in the retiree's receiving benefits in the form of provident fund, pension, gratuity, encashment of earned leave etc., from the organisation. People who quit do not receive these benefits, (without a minimum qualifying service period in case of voluntary separations). Finally, the organisation normally plans retirements in advance. HR staff can groom current employees or recruit new ones during the intervening period in a methodical way. Quits are not easy to estimate and plan for. Employees retire from service on account of two reasons:

➤ **Compulsory retirement**

- ❖ Government employees retire compulsorily after attaining the age of superannuation (either 58 or 60). In the private sector, the retirement age may well go beyond 60, depending on a person's ability to perform well in a competitive scenario.

➤ **Voluntary Retirement**

- ❖ In case of voluntary retirement, the normal retirement benefits are calculated and paid to all such employees who put in a minimum qualifying service. Sometimes, the employer may encourage the employee to retire voluntarily—with a view to reduce surplus staff and cut down labour costs. Attractive compensation benefits are generally in-built in all such plans (referred to as golden handshake scheme). To reduce post-retirement anxieties, companies these days organise counselling sessions, and offer investment related services (e.g., Citibank, Bank of America). Some companies extend medical and insurance benefits to the retirees also, e.g., Indian Oil Corporation.

**Death**

- ❖ Some employees may die in service. When the death is caused by occupational hazards, the employee gets compensation as per the provisions of Workmen's Compensation Act, 1923. On compassionate grounds, some organisations offer employment to the spouse/child/dependent of the employee who dies in harness.

**Lay off**

- ❖ A layoff is a temporary removal of an employee from the payroll of an organisation due to reasons beyond the control of an employer. Global competition, reductions in product demand, changing technologies that reduce the need for workers, and mergers and acquisitions are the primary factors behind most layoffs. The services of the employees are not utilised during the layoff periods. If the layoff is for a temporary period (sometimes it could be indefinite) the employee is likely to be called back to join the ranks once again. The employer-employee relationship, therefore, does not come to an end but is merely suspended during the period of layoff. The purpose of layoff is to trim the extra fat and make the organisation lean and competitive.
- ❖ Under the Industrial Disputes Act, 1947, a lay-off implies the following things (Section 2 KKK)

- The employer is temporarily unable to employ some workers on a full-time basis.
- The reasons for the refusal of employment could be traceable to shortage of inputs, power, accumulation of stocks, breakdown of machinery etc.
- The employer-employee relationship stands suspended during the period of lay off.
- The employee gets (excluding holidays) only fifty per cent of his normally eligible total basic wages plus dearness allowance during the period of lay off. (Section 25 C)
- To claim this compensation, the laid off workman (a) should not be a casual worker (b) his name must be there on the muster rolls (c) he must have one year's continuous service (d) he must report for work at the appointed time at least once a day.
- ❖ These conditions, however, do not apply when (i) the worker is able to find alternative employment in a nearby location (within 5 miles), (ii) the lay off is due to strike or slowing down of production by workers in another part of the establishment (iii) the industrial establishment is seasonal in character, and (iv) where less than 20 workers are normally employed therein.
- ❖ Layoffs have a powerful impact on the organisation. They bring down the morale of the organisation's remaining employees, who are forced to live in an environment of uncertainty and insecurity. Sometimes, even employees whose services may be essential for the organisation, may quit fearing loss of membership – thus causing further damage to the organisation. The company's standing as a good place to work may suffer. It may be difficult for the company to have the services of talented people afterwards. Layoffs, therefore, have to be carried out in a cautious way keeping the financial, psychological and social consequences in mind.

### **Retrenchment**

- ❖ Retrenchment is the permanent termination of an employee's services due to economic reasons (such as surplus staff, poor demand for products, general economic slow down, etc.) It should be noted here that termination of services on disciplinary grounds, illness, retirement, winding up of a business does not constitute retrenchment. In respect of organisations employing 100 or more persons, the Industrial Disputes Act, 1947, makes it obligatory for the employer to give

advance notice or pay equivalent wages before the actual lay off date. To claim 50 per cent of basic wages plus dearness allowances, the workman (who is not a casual worker, whose name appears on pay roll, who has completed 12 months of continuous service) must present himself on each working day at the appointed time inside the factory/office premises during the lay off period. If necessary, he might be asked to report a second time during the same day. While laying off workman, the employer is expected to follow the first-in-last-out principle. He should give preference to such workmen if he advertises for reemployment against future openings. The employer has to give three months' notice before retrenching the worker and get prior approval from the government as well.

## **Outplacement**

- ❖ Employees who are retrenched/laid off may have difficulty in finding an alternative job if the market conditions are adverse. There might be a demand for certain category of employees possessing multiple skills, but the retrenched employees may not have those 'marketable skills'. To fill this vacuum, some organisations offer training in such skills and assist the retrenched employees in finding a suitable job elsewhere. Outplacement assistance includes 'efforts made by employer to help a recently separated worker find a job' (Davis, p.269). Apart from training, some multinational firms offer assistance in the form of paid leave, travel charges for attending interviews, search firm charges, waiving bond requirements to the retrenched employees. Bank of America has given a 'fat sum' as liberal retrenchment compensation running into several lakhs of rupees to all eligible retrenched officers in 1998. It has also held counselling sessions for those officers on issues such as how to repay their car/house loans, where to invest their money, etc. Search firms were also hired to find suitable employment. When the downsizing effort stabilised, Bank of America had even extended the former employees' a 'warm welcome back home!' Such outplacement assistance, in whatever form it is available, assures the remaining employees of the management's commitment towards their welfare if a further downsizing ever happens to take place in future.

## **Suspension**

- ❖ Suspension means prohibiting an employee from attending work and performing normal duties assigned to him. It is a sort of punishment for a specified period and is generally resorted to only

after a proper inquiry has been conducted. During suspension, the employee receives a subsistence allowance. If the charges against the suspended employee are serious and are proved, suspension may lead to termination also.

### **Discharge and Dismissal**

- ❖ Dismissal is the termination of the services of an employee as a punitive measure for some misconduct. Discharge also means termination of the services of an employee, but not necessarily as a punishment. A discharge does not arise from a single, irrational act. There could be many reasons for it such as:
  - Inebriation and alcoholism
  - Wilful violation of rules
  - Carelessness
  - Insubordination
  - Physical disability
  - Dishonesty
  - Violent and aggressive acts
  - Inefficiency
- ❖ Discharge/dismissal is a drastic measure seriously impairing the earnings potential and the image of an employee. It should be used sparingly, in exceptional cases where the employee has demonstrated continued inefficiency, gross insubordination or continued violating rules even after several warnings. Before discharging the employee, advance notice of the impending danger must be given and the reasons of discharge must be stated clearly. The employee should be given the opportunity to defend himself. If the grounds under which an employee has been discharged are not strong enough, there should be a provision for reviewing the case. In any case, the punishment should not be out of proportion to the offence.



## **WORKERS PARTICIPATION IN MANAGEMENT**

- ❖ Workers' participation in management is mental and emotional involvement in group situation which encourages workers to contribute to group goals and share responsibility. Participation has three ideas:
  - First, participation means mental and emotional involvement, rather than mere muscular activity. A person's whole self is involved rather than merely his body. It is more psychological than physical
  - Second idea in participation is that it motivates persons to contribute to achievement of organisational goals by creative suggestions and initiative
  - Third area is that it encourages people to accept responsibility. They are ready to work with the manager, instead of against him.
- ❖ To put it briefly, it is team-working together for a common purpose. It is a notion of industrial democracy. Workers have greater say over their work situation.

### **Objectives**

- ❖ To raise level of motivation of workers by closer involvement.
- ❖ It is an opportunity for expression and to provide a sense of importance to workers.
- ❖ It forges ties of understanding, leading to better effort and harmony.
- ❖ It is a device to counter-balance powers of managers.
- ❖ It is panacea for solving industrial relation problems.

### **Elements of Participation**

- ❖ The term "participation" has different meanings for different purposes in different situations. McGregor is of the view that participation is one of the most misunderstood ideas that has emerged from the field of human relations. Keith Davis has defined the term "participation" as the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share responsibilities in them. This definition envisages three important elements in participation. Firstly, it means mental and emotional involvement rather than mere physical activity; secondly, participation must motivate a person to contribute to a specific situation to invest his own resources, such as initiative, knowledge, creativity and ingenuity in the objectives of the



organisation; and thirdly, it encourages people to share responsibility for a decision or activity. Sharing of responsibility commits people to ensure the success of the decision or activity.

### **FORMS OF PARTICIPATION**

#### **Collective Bargaining**

- ❖ Collective bargaining results in collective agreements which lay down certain rules and conditions of service in an establishment. Such agreements are normally binding on the parties. Theoretically, collective bargaining is based on the principle of balance of power. But, in actual practice, each party tries to outbid the other and get maximum advantage by using, if necessary, threats and counter-threats like strikes, lockouts and other direct actions. Joint consultation, on the other hand, is a particular technique which is intended to achieve a greater degree of harmony and cooperation by emphasising matters of common interest. Workers prefer to use the instrument of collective bargaining rather than ask for a share in management. Workers' participation in the U.S.A. has been ensured almost exclusively by means of collective agreements and their application and interpretation rather than by way of labour representation in management.

#### **Works Councils**

- ❖ These are exclusive bodies of employees, assigned with different functions in the management of an enterprise. In West Germany, the works councils have various decision-making functions. In some countries, their role is limited only to receiving information about the enterprise. In Yugoslavia, these councils have wider decision-making powers in an enterprise like appointment, promotion, salary fixation and also major investment decisions.

#### **Joint Management Councils and Committees**

- ❖ Mainly these bodies are consultative and advisory, with decision-making being left to the top management. This system of participation is prevalent in many countries, including Britain and India. As they are consultative and advisory, neither the managements nor the workers take them seriously.

## **Board Representation**

- ❖ The role of a worker representative in the board of directors is essentially one of negotiating the worker's interest with the other members of the board. At times, this may result in tension and friction inside the board-room. The effectiveness of workers' representative at the board depends upon his ability to participate in decision-making, his knowledge of the company affairs, his educational background, his level of understanding and also on the number of worker-representatives in the Board.

## **Workers' Ownership of Enterprise**

- ❖ Social self-management in Yugoslavia is an example of complete control of management by workers through an elected board and workers council. Even in such a system, there exist two distinct managerial and operative functions with different sets of persons to perform them. Though workers have the option to influence all the decisions taken at the top-level, in actual practice, the board and the top management team assume a fairly independent role in taking major policy decisions for the enterprises, especially in financial matters.

## **Pre-requisites for Effective Participation**

- ❖ Firstly, there should be a strong, democratic and representative unionism for the success of participative management.
- ❖ Secondly, there should be mutually-agreed and clearly-formulated objectives for participation to succeed.
- ❖ Thirdly, there should be a feeling of participation at all levels.
- ❖ Fourthly, there should be effective consultation of the workers by the management.
- ❖ Fifthly, both the management and the workers must have full faith in the soundness of the philosophy underlying the concept of labour participation.
- ❖ Sixthly, till the participative structure is fully accepted by the parties, legislative support is necessary to ensure that rights of each other are recognized and protected.

- ❖ Seventhly, education and training make a significant contribution to the purposeful working of participative management.
- ❖ Lastly, forums of participation, areas of participation and guidelines for implementation of decisions should be specific and there should be prompt follow-up action and feedback.

### **Workers' Participation in Management in India**

- ❖ In our country, the concept of workers' participation in management is comparatively of recent vintage even though there were a few instances of informal joint consultation as early as in 1920's in the Government Printing Press, Tata Iron and Steel Company, Jamshedpur, Indian Aluminium Works, Belur and in the Railways. The Delhi Cloth and General Mills Ltd., also introduced workers' participation in management in 1938 by having an elected representative of workers on the Board of Directors of the Mills. The element of participation was also evident in the Permanent Arbitration Board at Ahmedabad, where representatives of the Mill owners' Association and the Textile Labour Association settled many disputes through voluntary arbitration. The Royal Commission on Labour (1929-31) recommended the formation of works committees, "which can play a useful part in the Indian industrial system". It also suggested the establishment of a joint machinery to deal with the more general questions, and to act as an advisory appellate body in respect of disputes which are confined to one establishment. The recommendations of the Commission bore fruit with the provision of formal statutory machinery under the Bombay Industrial Relations Act, 1946, and the Industrial Disputes Act, 1947. The B.I.R. Act, which applies to the textile industry in Maharashtra and Gujarat, provides for the setting up of joint committees only in units which have a representative union. The U.P. Industrial Disputes Act, 1947 provides for the formation of works councils in State government undertakings employing 100 or more workmen. The Government of Gujarat by the B.I.R. (Gujarat Amendment) Act, 1972 have made it compulsory for industrial establishments employing 500 or more workmen to set up joint management councils.

\* \* \* \* \*

**POSSIBLE QUESTIONS**

**PART A (1 Mark)**

(Online Examinations)

**PART B (2 Marks)**

1. What do you mean by Personal Audit?
2. Briefly describe about Work Participation in Management.
3. What do you mean by work council?
4. What do you mean by Collective bargaining?
5. Briefly narrate about discharge and dismissal.
6. What do you mean by suspension?
7. What is Outplacement?
8. What do you mean by retrenchment?
9. What do you mean by lay-off?
10. Describe on Employee Grievance.
11. What do you mean by factual grievance.
12. Explain on Imaginary grievance.
13. What do you mean by disguised grievance?
14. What do you mean by discipline administration?
15. What do you mean by Composite bargaining?
16. Explain on Productivity bargaining?
17. What do you understand by Co-operative bargaining?
18. Explain about (i) Craft Union and (ii) General Union.

**PART C (8 Marks)**

1. Describe in detail on various methods of bargaining.
2. Explain in detail about various modes of Employee Separations.
3. Describe in detail about various features of Collective bargaining.
4. Explicate in detail about Causes and Forms of Employee Grievances.

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**UNIT: V (Auditing & HR Functions) BATCH-2017-2019**

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5. Elucidate in detail on Function and Structure of Trade Unions.
6. Describe in detail on Objectives and Methods of Workers Participation in Management
7. Explicate in detail about Objectives of Trade Unions.
8. Elucidate in detail on various approaches of Discipline Administration
9. Explain in detail on Human Resource Audit Process.
10. Discuss in detail on the process of collective bargaining.

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### UNIT – V ONE MARK

S.No.	Questions	Option 1	Option 2	Option 3	Option 4	Answer
1	___provide information regarding the utilization of human resources in an objective way	Personal Records	Reports	Personal Diaries	Questionnaire Method	Personal Records
2	___is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon	Internal Audit	External Audit	Personal Audit	Academic Audit	Personal Audit
3	___ ratio measures frequency of accident rate for the organization as a whole or by unit	Effectiveness	Accident	Labour Relation	Absenteeism	Accident
4	___ratio measures ratio of number of employees to total output in general	Effectiveness	Accident	Labour Relation	Absenteeism	Effectiveness
5	___ratio measures number of grievances filed and arbitration award	Effectiveness	Organizational Labour Relations	Accident	Absenteeism	Organizational Labour Relations
6	___can be defined as set of activities aimed managing organizational human resources at	International Human Resource	Human Resource	Personal Management	Strategic Human Resource	International Human Resource

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	international level	Management	Development		Management	Management
7	___ employees belonging to home country of the firm where the corporate head quarter is situated	Home Country	Host Country	Third Country	Multinational Company	Home Country
8	___ employees belonging to the nation in which the subsidiary is situated	Home Country	Host Country	Third Country	Multinational Company	Host Country
9	___ employees who are not from home country/host country but are employed at subsidiary or corporate head quarters	Home Country	Host Country	Third Country	Multinational Company	Third Country
10	___ refers to relationships between management and labour or among employees and their organizations that characterize or grow out of employment	Industrial Relations	Trade Union	Strategic Human Resource Management	International Human Resource Management	Industrial Relations
11	___ is a formal association of workers that promotes and protects the interests of its members through collective action	Industrial Relations	Trade Union	Strategic Human Resource Management	International Human Resource Management	Trade Union
12	___ functions include protecting the	Militant	Fraternal	Political	Social	Militant



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	workers' interests					
13	___ functions include providing financial and non-financial assistance to workers	Militant	Fraternal	Political	Social	Fraternal
14	___ functions include affiliating the union to a political party, helping the political party in enrolling members, collecting donations, seeking the help of political parties during the periods of strikes and lockouts	Militant	Fraternal	Political	Social	Political
15	___ functions include carrying out social service activities, discharging social responsibilities through various sections of the society, like educating the customers	Militant	Fraternal	Political	Social	Social
16	___ is one whose members do one type of work, often using specialised skills and training	Crafts Union	Industrial Union	General Union	Federations	Crafts Union
17	___ also enjoys strong bargaining strength as it consists of both	Crafts Union	Industrial Union	General Union	Federations	Industrial Union

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	skilled and unskilled workers					
18	___ union consists of workers employed in different industries and crafts within a particular city or region	Crafts Union	Industrial Union	General	Federations	General
19	___ are national level entitles to which plant level unions, craft unions, industrial unions and general unions are affiliated	Crafts Union	Industrial Union	General	Federations	Federations
20	___ is the process of cajoling, debating, discussing and even threatening so as to arrive at an amicable agreement for those being represented	Bargaining	Industrial Relation	Employee Participation in Management	Employee Separation	Bargaining
21	___ is a procedure by which the terms and conditions of workers are regulated by agreements between their bargaining agents and employers	Collective Bargaining	Industrial Relation	Employee Participation in Management	Employee Separation	Collective Bargaining
22	___ try to settle economic issues such as wages, benefits, bonus, etc.,	Conjunctive bargaining	Co-operative bargaining	Productivity bargaining	Composite bargaining	Conjunctive bargaining

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	through a zero-sum game					
23	Under ____ bargaining workers' wages and benefits are linked to productivity	Conjunctive	Co-operative	Productivity	Composite	Productivity
24	____ are consultative and advisory, with decision-making being left to the top management.	Joint Management Councils and Committees	Works Councils	Collective Bargaining	Board Representation	Joint Management Councils and Committees
25	____ is based on the principle of balance of power	Industrial Relation	Employee Participation in Management	Employee Separation	Collective Bargaining	Collective Bargaining
26	____ is a particular technique which is intended to achieve a greater degree of harmony and cooperation by emphasizing matters of common interest	Collective Bargaining	Joint Consultation	Work Councils	Joint Management Councils	Joint Consultation
27	____ have wider decision-making powers in an enterprise like appointment, promotion, salary fixation and also major investment	Collective Bargaining	Joint Consultation	Work Councils	Joint Management Councils	Work Councils

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	decisions					
28	___ and ___ make a significant contribution to the purposeful working of participative management	Education, Training	Motivation, Stress Management	Management Support, Labour Support	Planning, Controlling	Education, Training
29	Collective bargaining is based on the principle of ___	Span of Management	Balance of Power	Flow of Control	Direction	Balance of Power
30	___ as the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share responsibilities in them	Involvement	Motivation	Participation	Commitment	Participation
31	___ is a drastic measure seriously impairing the earnings potential and the image of an employee	Transfer	Promotion	Dismissal	Retirement	Dismissal
32	___ also means termination of the services of an employee, but not necessarily as a punishment	Transfer	Promotion	Dismissal	Discharge	Discharge
33	___ means prohibiting an employee from attending work and performing normal duties assigned	Suspension	Promotion	Dismissal	Discharge	Suspension

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	to him					
34	___ assistance includes 'efforts made by employer to help a recently separated worker find a job	Outplacement	Retrenchment	Lay Off	Death	Outplacement
35	___ is the permanent termination of an employee's services due to economic reasons	Outplacement	Retrenchment	Lay Off	Death	Retrenchment
36	The employer-employee relationship stands suspended during the period of ___	Outplacement	Retrenchment	Lay Off	Death	Lay Off
37	___ usually occurs at the end of an employee's career	Resignation	Death	Retirement	Lay off	Retirement
38	Retirement age of State Government employees is ___	55	56	57	58	58
39	___ grievance arises when legitimate needs of employees remain unfulfilled	Factual	Imaginary	Disguised	Improper	Factual
40	When an employee's dissatisfaction is not because of any valid reason but because of a wrong perception, wrong attitude or wrong	Factual	Imaginary	Disguised	Improper	Imaginary

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	information he has is an example of ____ grievance					
41	An employee may have dissatisfaction for reasons that are unknown to himself is an example of ____ grievance	Factual	Imaginary	Disguised	Improper	Disguised
42	Giving an opportunity to the employee to correct his or her misconduct voluntarily is _____	Progressive Discipline Approach	Positive Discipline Approach	Red Stove Hot Rule	Burns Impersonally	Progressive Discipline Approach
43	In ____ approach, the focus is on fact-finding and guidance to encourage desirable behaviors instead of using penalties to discourage undesirable behaviors	Progressive Discipline	Positive Discipline	Red Stove Hot Rule	Burns Impersonally	Positive Discipline
44	Under ____ unions are able to prevent the dilution of their powers and ensure justice to workers by putting certain limits on the freedom of employers	Conjunctive	Co-operative	Productivity	Composite	Composite
45	Negotiations between employer and employee in a flexible way is an	Conjunctive	Co-operative	Productivity	Composite	Co-operative

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	example of ____ bargaining					
46	Retirement age of Central Government employees is ____	57	58	59	60	60
47	International Human Resource Management is concerned about managing human resources at ____	Government Companies	Multinational Companies	Domestic Companies	Partnership Firms	Multinational Companies
48	Personal audit refers to an examination and evaluation of policies, procedures and practices to determine the effectiveness of ____	Organization Management	Consumer Behavior	Organizational Behavior	Number of Grievance Redressed	Organization Management
49	Dismissal is a drastic measure seriously impairing the earnings potential and the image of an ____	Company	Government	Employee	Board of Directors Image	Employee
50	____ audit refers to an examination and evaluation of policies, procedures and practices to determine the effectiveness of personnel management	Internal Audit	External Audit	Personal Audit	Academic Audit	Personal Audit
51	____ is concerned about managing human resources at Multinational Companies	International Human Resource	Human Resource Development	Personal Management	Strategic Human Resource	International Human Resource Management



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		Management			Management	
52	___ is an association either of employees or employers or of independent workers	Industrial Relations	Trade Union	Strategic Human Resource Management	International Human Resource Management	Trade Union
53	___ enjoys strong bargaining power as its members possess specialised skills that cannot be easily replaced in case of a strike	Crafts Union	Industrial Union	General Union	Federations	Crafts Union
54	___ is one that includes many persons working in the same industry or company, regardless of jobs held	Crafts Union	Industrial Union	General Union	Federations	Industrial Union
55	___ are apex bodies, coordinating the affairs of various unions in their fold	Crafts Union	Industrial Union	General	Federations	Federations
56	___ is the termination of the services of an employee as a punitive measure for some misconduct	Transfer	Promotion	Dismissal	Retirement	Dismissal
57	___ is a sort of punishment for a specified period and is generally	Promotion	Suspension	Dismissal	Discharge	Suspension

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	resorted to only after a proper inquiry has been conducted					
58	___ is to trim the extra fat and make the organization lean and competitive	Outplacement	Retrenchment	Lay Off	Death	Lay Off
59	___ is to trim the extra fat and make the organization lean and competitive	Progressive Discipline	Positive Discipline	Red Stove Hot Rule	Burns Impersonally	Positive Discipline
60	___ not only conduct negotiations in respect of the items with which their working conditions may be improved but also protect the workers from the clutches of management whenever workers become the victims of management's unilateral acts and disciplinary policies	Industrial Relations	Trade Union	Strategic Human Resource Management	International Human Resource Management	Trade Union