



## KARPAGAM ACADEMY OF HIGHER EDUCATION

(Deemed to be University)

(Established under section 3 of UGC Act 1956)

Coimbatore-641021

Department of Management

16BAU402

HUMAN RESOURCE MANAGEMENT

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### SCOPE

Human Resource Management provide an in depth overview in the field of Human Resource Management, the roles and responsibilities of HR professionals, the primary functional aspect of the broader business strategy. This paper presents the functions of HR manager, manpower planning, performance appraisal and industrial relations.

### OBJECTIVES

- To make students understand the functions of personnel management
- To enlighten the students knowledge in wage and salary administration and trade union

### UNIT I

Human Resource Management - Concept - Functions - Roles - Skills and competencies - HRD - Definition - Goals and challenges - The changing environment of HRM - Globalization - Cultural Environment - Technological advances - Workforce Diversity - Corporate Downsizing - Changing skill requirement - HRM support for improvement programs Work life balance - HR role in strategy formulation and gaining competitive advantage - HRM issues in Indian Organizations.

### UNIT II

Human Resource Planning - Process - Forecasting demand and supply - Skill inventories Human Resource Information System (HRIS) succession planning - Job analysis - Uses, methods, Job description and Job specifications - HR accounting and Human Resource Development (HRD) audit concept. Recruitment, Selection and Orientation - Internal and External sources, E-recruitment - Selection process - Orientation process.

### UNIT III

Training - Concept - Needs - Systematic approach to training - Methods of training - Management Development - Concept and Methods - Performance Management System - Performance Appraisal - Performance Management Methods - Factors that Distort appraisal - Appraisal Interview.

### UNIT IV

Career Planning - Career Anchors - Career Life Stages - Compensation - Steps of determining compensation - Job evaluation - Components of pay structure - Factors influencing compensation levels - Wage differentials and incentives - Profit sharing - Gain sharing - Employees' stock option plans - Social Security - Health - Retirement - other benefits.

### UNIT V

Industrial Relations - Introduction to Industrial Relations - Trade unions role - Types - Functions - Problems - Industrial dispute - Concept - Causes and Machinery for settlement of disputes - Grievance, Concepts, Causes and grievance redressal machinery - Discipline concept, aspect of discipline and disciplinary procedure, Collective Bargaining - Concept - Types, Process-Problems - Essentials of Effective Collective Bargaining.

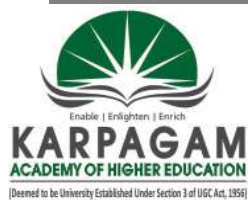
### **SUGGESTED READINGS:**

#### **TEXT BOOKS**

1. Memoria, C.B. (2014). *Personnel Management and Industrial Relations*. Mumbai: Himalaya Publishing House.

#### **REFERENCES**

1. De Cenzo, D.A., & Robbins. (2012). *Fundamentals of Human Resource Management* (11<sup>th</sup> ed.). New York: John Wiley and Sons.
2. Dessler, G. (2011). *Human Resource Management* (12<sup>th</sup> ed.). New Delhi: Pearson India.
3. Arun Monappa, Mirza Saiyadain. (2001). *Personnel Management* (2<sup>nd</sup> ed.). New Delhi: Tata McGraw Hill.
4. Rao, V.S.P. (2013). *Human Resource Management - Text and Cases*. New Delhi: Excel Books. Konark Publishers Pvt. Ltd.
5. Wayne Mondy, R., & Rober M Noe. (2015). *Human Resource Management* (10<sup>th</sup> ed.). New Delhi: Pearson.
6. Nair, N.G., & Latha Nair. (2004). *Personnel Management and Industrial Relations* New Delhi: S.Chand and Company Ltd.
7. Kapoor, N.D. (2015). *Elements of Industrial Law*. New Delhi: Sultan Chand and Sons.
8. Tripathy. (2013). *Personnel Management and Industrial Relations*. New Delhi: Sultan Chand and Sons.



# KARPAGAM ACADEMY OF HIGHER EDUCATION

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Coimbatore-641021

**Department of Management**

**Lecture Plan**

**Staff Name: G Sumathi**

**Subject: Human Resource Management**

**Semester: IV**

**Subject Code: 16BAU402**

**Class: II BBA**

S.No	Lecture Duration Period	Topics to be Covered	Support Material/Page Nos.
<b>UNIT-I</b>			
1	1	Introduction to human resource management Meaning and definition	R1: P. No: 1
2	1	Objectives of human resource management	R1: P. No: 4
3	1	Nature of human resource management	R1: P. No: 2 - 3
4	1	Importance of human resource management	R1: P. No: 4 - 5
5	1	Evolution of the concept of HRM	R1: P. No: 11
6	1	Strategic Human resource Management	R1: P. No: 7 - 8
7	1	Functions of human resource management	T : 5 - 8
8	1	Scope of human resource management	R1: P. No: 3 - 4
9	1	Difference between and personnel management and human resource management	T: P. No. 9 - 10
10	1	Role of human resource manager	R1: P. No: 3 - 4
11	1	Skills and competencies of human resource manager	R1: P. No: 13 - 15
12	1	HRD – definition , goals	T: P. No. 95 - 98
13	1	Challenges of HRD	T: P. No: 98 - 105
14	1	The changing environment of HRM	R1: P. No: 55 - 56
15	1	Globalization and cultural environment	R1: P. No: 56 - 57
16	1	Technological advances	R1: P. No: 57 - 58
17	1	Impact of technology on HRM	R1: P. No: 59 - 61

18	1	Workforce Diversity	R1: P. No: 70 - 72
19	1	Corporate downsizing	T: P. No: 208 - 210
20	1	Changing skill environment	T: P. No: 210 - 214
21	1	HRM support for improvement programs work life balance	w1
22	1	HR role in strategy formulation and gaining competitive advantage	w2
23	1	HRM issues in Indian organizations	R1: P. No: 73 - 75
24	1	Recapitulation and discussion of important questions	
	<b>Total No. of Hours planned for Unit - I</b>		24
<b>UNIT II</b>			
1	1	Human resource planning: concept meaning and need	R2: P. No: 78 - 79
2	1	Process of human resource planning	R2: P. No: 80 - 81
3	1	Objectives of human resource planning	R2: P. No: 81 - 82
4	1	Problems in human resource planning	R2: P. No: 82 - 83
5	1	Guidelines for effective HRM planning	R2: P. No: 82 - 83
6	1	Forecasting demand and supply Implications of future demand and supply	R2: P. No: 84 - 85
7	1	Human resource information system	R2: P. No: 85 - 86
8	1	Succession planning Succession planning in Indian scenario	R1: P. No: 86 - 88
9	1	Job analysis – concept and objectives	R2: P. No: 97 - 98
10	1	Techniques of job analysis	R2: P. No: 98 - 99
11	1	The process of job analysis	R2: P. No: 99 - 111
12	1	Significance of job analysis	R2: P. No: 111 - 113
13	1	Job description – concept and uses	R1: P. No: 96 - 97
14	1	Guidelines for writing job description	R1: P. No: 97 - 98
15	1	The concept of job specification	R1: P. No: 98 - 100
16	1	HR accounting HR accounting and human resource development	R1: P. No. 270 - 271

17	1	HRD: Meaning , features, objectives and benefits	R1: P. No. 271 - 272
18	1	The concept of HRD Audit	w3
19	1	Recruitment – Meaning Steps in recruitment	T: P. No. 203-205
20	1	Sources of recruitment Internal and external sources	T: P. No. 209-211
21	1	E - Recruitment	w4
22	1	Selection procedure Essentials of selection procedure	T: P. No. 219-225
23	1	Steps in selection procedure	T: P. No. 225-230
24	1	Recapitulation and discussion of important questions	
	<b>Total No. Hours Planned for Unit - II</b>		<b>24</b>
<b>UNIT-III</b>			
1	1	Training – meaning and concept of training and development	R1: P. No:190-191
2	1	Training vs Development	R1: P. No:190-191
3	1	Need for training	R1: P. No:191-192
4	1	Importance of training	R1: P. No:192-193
5	1	Systematic approach to training	R1: P. No:197-199
6	1	The philosophy of training	R2: P. No:185
7	1	Applicability of training	R2: P. No:195-186
8	1	Areas of training	R2: P. No:186-188
9	1	Methods of training On the job training	R1: P. No:200-203
10	1	Off the job training	R1: P. No:203-205
11	1	Evolution of training programme	R1: P. No:205-206
12	1	The concept and definition of Management development	R2: P. No:250-252
13	1	The process of development	R2: P. No:252-254
14	1	Methods for developing managers On the job development	R2: P. No:255-260

15	1	Off the job development	R2: P. No:255-260
16	1	Performance management system	
17	1	Performance appraisal : The concept and importance	R2: P. No:359-361
18	1	Objectives and uses of performance appraisal	w5
19	1	Elements of performance appraisal	w6
20	1	Appraisal process	R2: P. No:361-365
21	1	Methods of performance appraisal	R2: P. No:365-372
22	1	Factors that distort appraisal	R2: P. No:375-380
23	1	Appraisal interview	R2: P. No:381-386
24	1	Recapitulation and discussion of important questions	
<b>Total No. Hours Planned for Unit - II</b>			<b>24</b>
<b>UNIT-IV</b>			
1	1	Career planning: meaning and concept	R3: P. No:11.1-1.3
2	1	Features and objectives of career planning	R3: P. No:11.6
3	1	Important terms in career planning	R3: P. No:11.3-11.8
4	1	Career life stages Career anchors	R1: P. No:239-243
5	1	Compensation – meaning and objectives	R1: P. No:370-371
6	1	Nature of compensation	R1: P. No:371-373
7	1	Steps in determining compensation	R1: P. No:373-375
8	1	Job evaluation: concept Job evaluation vs performance appraisal	R3: P. No:15.2-15.3
9	1	Essentials for the success of a job evaluation programme	R3: P. No:15.3-15.5
10	1	Job evaluation methods Limitations of job evaluation	R3: P. No:15.5-15.11
11	1	Components of pay structure	R3: P. No:16.2-16.4
12	1	Factors influencing compensation levels	R3: P. No:16.4-16.6
13	1	Wage and salary administration: Objectives	R1: P. No:374-375

14	1	Principles of wage and salary administration	R3: P. No:375-376
15	1	Elements of wage and salary system Wage differentials	R3: P. No:376-377
16	1	Incentive plans – features and methods	R3: P. No:17.1-17.5
17	1	Profit sharing: the concept Merits and demerits	R3: P. No:17.8- 17.16
18	1	The concept of Gain sharing	R1: P. No:410-415
19	1	Employees stock option plans	R1: P. No:415-420
20	1	Health : need measures to promote employee health	R3: P. No:20.2-20.4
21	1	Legal provisions regarding health	R3: P. No:20.4-20.6
22	1	Social security: meaning and types Social security measures in India	R3: P. No:22.2-22.4
23	1	The employee retirement and other benefits	w7
24	1	Recapitulation and discussion of important questions	
<b>Total No. Hours Planned for Unit - IV</b>			<b>24</b>
<b>UNIT-V</b>			
1	1	Introduction about industrial relations Definition and objectives	T: P. No:926-928
2	1	Approaches to industrial relations	T: P. No:928-930
3	1	Causes of poor industrial relations	T: P. No:930-932
4	1	Measures for improving industrial relations	T: P. No:932-934
5	1	Trade union – definition and characteristics	T: P. No:940-943
6	1	Role of trade union	T: P. No:943-946
7	1	Functions of trade union	T: P. No:946-951
8	1	Industrial dispute – concept and causes of industrial dispute	R4: P. No:25.4- 25.10
9	1	Prevention of industrial dispute	R4: P. No:21.3-21.5
10	1	Settlement of industrial dispute	R4: P. No:21.5-21.7
11	1	Discipline – meaning and features	T: P. No:849-855
12	1	Objectives of discipline	T: P. No:855-860

13	1	Forms of discipline Types of discipline	T: P. No:860-868
14	1	Principles for maintenance of discipline	T: P. No:868-878 w8
15	1	Collective bargaining – meaning, concept and objectives	R4: P. No:20.3-20.2
16	1	Importance of collective bargaining	R4: P. No:20.3-20.4
17	1	Types of collective bargaining	R4: P. No:20.4.20.5
18	1	Process and problems of collective bargaining	R4: P. No:20.5-20.6
19	1	Essentials of effective collective bargaining	R4: P. No:20.6-20.7
20	1	Conditions for successful collective bargaining	R4: P. No:20.6-20.7
21	1	Recapitulation and discussion of important questions	
	<b>Total No. Hours Planned for Unit - V</b>		<b>21</b>
22	1	Discussion of previous ESE Question paper	1
23	1	Discussion of previous ESE Question paper	1
24	1	Discussion of previous ESE Question paper	1
	<b>Total No. Hours Planned for Unit – V&amp; Previous ESE Question Paper Discussion</b>		<b>24</b>



**Suggested Readings:**

**Text Books** : T : Memoria, C.B.(2014). *Personnel Management and Industrial Relations*.

*Mumbai: Himalaya Publishing House*

**Reference Books:** R1: Rao, V.S.P.(2013), *Human Resource Management – text and causes*. New Delhi: Excel Books. Konark Publishers Pvt.Ltd.

R2: De Cenzo, D.A., & Robbins.(2012). *Fundamentals of Human Resource Management (11<sup>th</sup> ed.)*. New York: John Wiley and sons.

R3: Gupta, C.B. (2010), *Human Resource Management*, New Delhi: Sultan Chand & sons

R4: Tripathy. (2013), *Personnel Management and Industrial Relations*, New Delhi: Sultan Chand & sons

**Websites** : w1: <https://blog.beekeeper.io/hr-can-improve-employee-worklife-balance>  
w2: <https://www.slideshare.net/role-of-hr-in-strategic-formulation>  
w3: [www.human-resource-development/human...hr-audit](http://www.human-resource-development/human...hr-audit)  
w4: [businessjargons.com/e-recruitment](http://businessjargons.com/e-recruitment)  
w5: [www.whatishumanresource.com/objectives-of-performance-appraisal](http://www.whatishumanresource.com/objectives-of-performance-appraisal)  
w6: [www.frontlinerecruitmentgroup.com](http://www.frontlinerecruitmentgroup.com)  
w7: [employment.findlaw.com](http://employment.findlaw.com)  
w8: <https://www.lawteacher.net/.../maintenance-of-discipline-at-workplace>

**Unit I – Introduction to Human Resource Management**

Human Resource Management - Concept - Functions - Roles - Skills and competencies - HRD -Definition - Goals and challenges - The changing environment of HRM - Globalization - Cultural Environment - Technological advances - Workforce Diversity - Corporate Downsizing - Changing skill requirement - HRM support for improvement programs Work life balance - HR role in strategy formulation and gaining competitive advantage - HRM issues in Indian Organizations.

**Meaning and Definition**

Human Resource Management is the process of recruitment, selection of employee, providing proper orientation and induction, providing proper training and the developing skills, assessment of employee (performance of appraisal), providing proper compensation and benefits, motivating, maintaining proper relations with labor and with trade unions, maintaining employee's safety, welfare and health by complying with labor laws of concern state or country.

**Edwin Flippo** defines- HRM as “planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”

**The National Institute of Personal Management (NIPM)** of India has defined human resources – personal management as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and having regard for the well – being of the individuals and of working groups, to enable them to make their best contribution to its success”.

## **Features of HRM**

The features of human resource management can be highlighted as follows:

### **1. It is an inherent part of management:**

Human resource management is inherent in the process of management. This function is performed by all the managers throughout the organisation rather than by the personnel department only. If a manager is to get the best of his people, he must undertake the basic responsibility of selecting people who will work under him.

### **2. It is a pervasive function:**

Human Resource Management is a pervasive function of management. It is performed by all managers at various levels in the organisation. It is not a responsibility that a manager can leave completely to someone else. However, he may secure advice and help in managing people from experts who have special competence in personnel management and industrial relations.

### **3. It is basic to all functional areas:**

Human Resource Management permeates all the functional areas of management such as production management, financial management, and marketing management. That is every manager from top to bottom, working in any department has to perform the personnel functions.

### **4. It is people centered:**

Human Resource Management is people centered and is relevant in all types of organisations. It is concerned with all categories of personnel from top to the bottom of the organisation. The broad classification of personnel in an industrial enterprise may be as follows: (i) Blue-collar workers (i.e. those working on machines and engaged in loading,unloading etc.) and white-collar workers (i.e. clerical employees), (ii) Managerial and nonmanagerial personnel, (iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.) and non-professional personnel.

**5. It involves Personnel Activities or Functions:**

Human Resource Management involves several functions concerned with the management of people at work. It includes manpower planning, employment, placement, training, appraisal and compensation of employees. For the performance of these activities efficiently, a separate department known as Personnel Department is created in most of the organisations.

**6. It is a continuous process:**

Human Resource Management is not a “one shot” function. It must be performed continuously if the organizational objectives are to be achieved smoothly.

**7. It is based on Human Relations:**

Human Resource Management is concerned with the motivation of human resources in the organization. The human beings can't be dealt with like physical factors of production. Every person has different needs, perceptions and expectations. The managers should give due attention to these factors. They require human relations skills to deal with the people at work. Human relations skills are also required in training performance appraisal, transfer and promotion of subordinates.

**Objectives of HRM**

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization. The specific objectives include the following:

- **Human capital:** assisting the organization in obtaining the right number and types of employees to fulfil its strategic and operational goals.
- **Developing organizational climate:** helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently

- Helping to maintain performance standards and increase productivity through effective job design; providing adequate orientation, training and development; providing performance-related feedback; and ensuring effective two-way communication.
- Helping to establish and maintain a harmonious employer/employee relationship
- Helping to create and maintain a safe and healthy work environment
- Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees
- Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation) to help the organization to reach its goals.
- To provide organization with well-trained and well-motivated employees
- To increase the employees satisfaction and self-actualization
- To develop and maintain the quality of work life
- To communicate HR policies to all employees.

### **Importance of HRM**

Human Resource Management has a place of great importance. According to Peter F. Drucker,—The proper or improper use of the different factors of production depends on the wishes of the human resources. Hence, besides other resources human resources need more development. Human resources can increase cooperation but it needs proper and efficient management to guide it.

Importance of personnel management is in reality the importance of labour functions of personnel department which are indispensable to the management activity itself. Because of the following reasons human resource management holds a place of importance.

- It helps management in the preparation adoption and continuing evolution of personnel programmes and policies.
- It supplies skilled workers through scientific selection process.
- It ensures maximum benefit out of the expenditure on training and development and appreciates the human assets.
- It prepares workers according to the changing needs of industry and environment.
- It motivates workers and upgrades them so as to enable them to accomplish the organisation goals.
- Through innovation and experimentation in the fields of personnel, it helps in reducing costs and helps in increasing productivity.
- It contributes a lot in restoring the industrial harmony and healthy employer-employee relations.
- It establishes mechanism for the administration of personnel services that are delegated to the personnel department.

### **Scope of HRM**

The scope of HRM is indeed vast. All major activities in the working life of a worker (from the time of his or her entry into an organization until he or she leaves the organizations) come under the purview of HRM.

The major HRM activities include HR planning, job analysis, job design, employee hiring, employee and executive remuneration, employee motivation, employee maintenance, industrial relations and prospects of HRM.

The scope of Human Resources Management extends to:

- ❖ All the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organization.
- ❖ All the dimensions related to people in their employment relationships, and all the dynamics that flow from it.
- ❖ The scope of HRM is really vast. All major activities in the working life of a worker (from the time of his or her entry into an organization until he or she leaves it) come under the purview of HRM.

## **Functions of HRM**

The main functions of human resource management are classified into two categories: (a) Managerial Functions and (b) Operative Functions

(a) Managerial Functions: Following are the managerial functions of Human Resource Management

### **1. Planning**

The planning function of human resource department pertains to the steps taken in determining in advance personnel requirements, personnel programmes, policies etc. After determining how many and what type of people are required, a personnel manager has to devise ways and means to motivate them.

### **2. Organisation**

Under organisation, the human resource manager has to organise the operative functions by designing structure of relationship among jobs, personnel and physical factors in such away so as to

have maximum contribution towards organisational objectives. In this way a personnel manager performs following functions: (a) preparation of task force; (b) allocation of work to individuals; (c) integration of the efforts of the task force; (d) coordination of work of individual with that of the department.

### **3. Directing**

Directing is concerned with initiation of organised action and stimulating the people to work. The personnel manager directs the activities of people of the organisation to get its function performed properly. A personnel manager guides and motivates the staff of the organisation to follow the path laid down in advance.

### **4. Controlling**

It provides basic data for establishing standards, makes job analysis and performance appraisal, etc. All these techniques assist in effective control of the qualities, time and efforts of workers.

**(b) Operative Functions:** The following are the Operative Functions of Human Resource Management:

#### **1. Procurement of Personnel**

It is concerned with the obtaining of the proper kind and number of personnel necessary to accomplish organisation goals. It deals specifically with such subjects as the determination of manpower requirements, their recruitment, selecting, placement and orientation, etc.

#### **2. Development of Personnel**

Development has to do with the increase through training, skill that is necessary for proper job performance. In this process various techniques of training are used to develop the employees. Framing a sound promotion policy, determination of the basis of promotion and making performance appraisal are the elements of personnel development function.



### **3. Compensation to Personnel**

Compensation means determination of adequate and equitable remuneration of personnel for their contribution to organisation objectives. To determine the monetary compensation for various jobs is one of the most difficult and important function of the personnel management. A number of decisions are taken into the function, viz., job-evaluation, remuneration, policy, incentive and premium plans, bonus policy and co-partnership, etc. It also assists the organisation for adopting the suitable wages and salaries, policy and payment of wages and salaries in right time.

### **4. Maintaining Good Industrial Relation**

Human Resource Management covers a wide field. It is intended to reduce strifes, promote industrial peace, provide fair deal to workers and establish industrial democracy. If the personnel manager is unable to make harmonious relations between management and labour industrial unrest will take place and millions of man-days will be lost. If labour management relations are not good the moral and physical condition of the employee will suffer, and it will be a loss to an organisation vis-a-vis a nation. Hence, the personnel manager must create harmonious relations with the help of sufficient communication system and co-partnership.

### **5. Record Keeping**

In record-keeping the personnel manager collects and maintains information concerned with the staff of the organisation. It is essential for every organisation because it assists the management in decision making such as in promotions.

### **6. Personnel Planning and Evaluation**

Under this system different type of activities are evaluated such as evaluation of performance, personnel policy of an organisation and its practices, personnel.

### **HR Management Vs. Personnel Management**

<b>HUMAN RESOURCE MANAGEMENT</b>	<b>PERSONNEL MANAGEMENT</b>
HRM is the latest development in the evolution of management of man	Personnel management precedes HRM
It gives more importance to the abilities of employees rather than evaluating them as per rules.	Performance is evaluated within the framework of rules.
It works on the basis of integrated initiative	It works on the basis of piecemeal initiative
Process of decision making is fast	Process of decision making is slow
It supports performance related remuneration	It supports fixed remuneration
It uses latest techniques of training and development	It uses outdated techniques of training and development
It practices division of work along with team work	It practices only division of work
It favours all round development of employees	It favours contractual employment based on written agreement

### **Strategic Human Resource Management Approach**

With increase in technology and knowledge base industries and as a result of global competition, Human Resource Management is assuming more critical role today . Its major accomplishment is aligning individual goals and objectives with corporate goals and objectives.

Strategic HRM focuses on actions that differentiate the organization from its competitors and aims to make long term impact on the success of organization.

### **Differences between Traditional HRM And Strategic HRM**

#### **Traditional Human Resource Management**

1. It focuses on employee relations, to partnership with internal and external groups.
2. Transformation in nature, in that it helps the people and the organisation to adapt, learns and act quickly.
3. Is proactive and consider various time frames in a flexible manner.

#### **Strategic Human Resource Management**

1. It realises that people can made or break an organisation because all decisions regarding finance,marketing, operations or technology are made by an organisation's people.
2. It compels people at all levels to focus more on strategic issues rather than operational issues.
3. It believes that there is no best way to manage people in any given organisation.

### **Functions of a Human Resource Manager**

A human resource manager, charged with fulfilling the objectives of an organisation, should be a leader with high intellectual powers, a visionary and a philosopher who provides the initiative to shape the future in terms of leading the human beings in an organisation towards more prosperous and progressive policies.

#### **1. As an Intellectual**

The basic skill in the human resource field as compared to technologists or financial experts is the skill to communicate, articulate, understand and above all, to be an expert when it comes to

putting policies and agreements in black and white. The personnel man's skill lies in his command over the language. A personnel man has to deal with employees and he must possess the skills of conducting fruitful and systematic discussions and of communicating effectively. He should also be in a position to formulate principles and foresee the problems of the organisation. This means that he would require the mental ability to deal with his people in an intelligent manner as well as to understand what they are trying to say.

## **2. As an Educator**

It is not enough that a human resource man has command-over the language, which, however, remains his primary tool. He should be deeply interested in learning and also in achieving growth. Basically, human beings like to grow and realise their full potential. In order to harmonise the growth of individuals with that of the organisation, a personnel administrator must not only provide opportunities for his employees to learn, get the required training and assimilate new ideas but also he himself should be a teacher. A personnel man who simply pushes files and attends labour courts for conciliation purposes and other rituals of legal procedure for the settlement of industrial disputes is not a personnel administrator of the future.

## **3. As a Discriminator**

A human resource administrator must have the capacity to discriminate between right and wrong, between that which is just and unjust and merit and non-merit. In other words, he should be a good judge when he sits on a selection board, a fair person when he advises on disciplinary matters and a good observer of right conduct in an organisation.

## **4. As an Executive**

The human resource man must execute the decisions of the management and its policies with speed, accuracy and objectivity. He has to streamline the office, tone up the administration and set

standards of performance. He has to coordinate the control functions in relation to the various other divisions and, in doing so he should be in a position to bring unity of purpose and direction in the activities of the personnel department. He must ask relevant questions and not be merely involved in the office routine whereby the status quo is maintained. He should have the inquisitiveness to find out causes of delay, tardy work and wasteful practices, and should be keen to eliminate those activities from the personnel functions which have either outlived their utility or are not consistent with the objectives and purposes of the organisation.

### **5. As a Leader**

Being basically concerned with people or groups of people, and being placed in the group dynamics of various political and social functions of an organisation, a Human resource man must not shirk the role of leadership in an organisation. He, by setting his own example and by working towards the objectives of sound personnel management practices, must inspire his people and motivate them towards better performance. He should resolve the conflicts of different groups and build up teamwork in the organisation.

### **6. As a Humanist**

Deep faith in human values and empathy with human problems, especially in less developed countries, are the sine qua non for a Human resource man. He has to deal with people who toil at various levels and partake of their joys and sorrows. He must perform his functions with sensitivity and feeling.

### **7. As a Visionary**

While every leading function of an organisation must evolve its vision of the future, the primary responsibility for developing the social organisation towards purposive and progressive action falls on the personnel man. He should be a thinker who sets the pace for policymaking in an

organisation in the area of human relations and should gradually work out new patterns of human relations management consistent with the needs of the organisation and the society. He must ponder on the social obligations of the enterprise, especially if it is in the public sector, where one has to work within the framework of social accountability. He should be in close touch with socio-economic changes in the country. He should be able to reasonably forecast future events and should constantly strive to meet the coming challenges.

### **Role of Human Resource Management**

Human Resource Management in the “New Millenium” has undergone a great revolution by questioning the accepted practices and re-inventing the organisations as well as structures. Many traditional practices have been thrown out. As an example, it can be seen that hierarchies are vanishing and there is greater emphasis on flat organisations. It means a great deal of specialisation and skills. It also means upgrading the norms and standards of work as well as performance. The new role of human resource management is much more strategic than before.

Some of the new directions of the role of HRM can be summed up as follows:

#### **1. A Facilitator of Change**

To carry people through upheaval requires the true management of human resources.

#### **2. An Integrated Approach to Management**

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

#### **3. A Mediator**

Establishing and balancing the new and emerging aspirations and requirements of the company and the individual.

## **Evolution of HRM**

The evolution of the concept of Human Resource Management can be analysed as follows:

### **Period before industrial revolution**

The society was primarily an agriculture economy with limited production. Number of specialized crafts was limited and was usually carried out within a village or community with apprentices assisting the master craftsmen. Communication channel were limited.

### **Period of industrial revolution (1750 to 1850)**

Industrial revolution marked the conversion of economy from agriculture based upon industry. Modernization and increased means of communication gave way to industrial setup. A department was set up to look into workers wages, welfare and other related issues. This led to emergence of personnel management with the major task as

- Worker's wages and salaries
- Worker's record maintenance
- Worker's housing facilities and health care

An important event in industrial revolution was growth of Labour Union (1790) the works working in the industries or factories were subjected to long working hours and very less wages. With growing unrest, workers across the world started protest and this led to the establishment of Labour unions. To deal with labour issues at one end and management at the other Personnel Management department had to be capable of politics and diplomacy, thus the industrial relation department emerged.

### **Post Industrial revolution**

The term Human resource Management saw a major evolution after 1850. Various studies were released and many experiments were conducted during this period which gave HRM altogether a new meaning and importance.

A brief overview of major theories released during this period is presented below

- Frederick W. Taylor gave principles of scientific management (1857 to 1911) led to the evolution of scientific human resource management approach which was involved in- Worker's training

- Maintaining wage uniformity

- Focus on attaining better productivity.

- Hawthorne studies, conducted by Elton Mayo & Fritz Roethlisberger (1927 to 1940). –

Observations and findings of Hawthorne experiment shifted the focus of Human resource from increasing worker's productivity to increasing worker's efficiency through greater worksatisfaction.

### **Essential HR Manager Skills and Competencies**

The competency models for HR managers in both the private sector and the public sector are virtually the same -- both HR managers are responsible for creating and sustaining a productive workforce and positive work environment. The U.S. Office of Personnel Management, the federal agency responsible for overseeing management of the nation's workforce, has a clear competency model for leaders of human resources. The OPM says HR professionals need business acumen, HR expertise, leadership qualities and the ability to establish HR as an advocate. In addition, the OPM says HR professionals are change agents. In order to fulfill this role, HR managers must have four primary competencies: communication, analysis capabilities, relationship-building skills and leadership qualities.



Human resource management responsibilities require an overlapping set of skills and competencies. If you're looking for an edge in today's competitive job market, understanding and developing these skills is the key to success. Let's count down six core competencies for HR professionals.

### **1. Human Resources Knowledge**

Today's job seekers have access to more information than ever before. Therefore, the best HR professionals must be prepared to meet these informed candidates with industry expertise of their own. According to "Leading Now, Leading the Future," a report from the Society for Human Resources Management knowledge tops the list of contemporary HR manager skills and competencies.

Understanding how and why individuals enter and move within an organization is at the core of everything else you will do in human resources. HR managers who truly add value are always attuned to "the big picture" of how HR practices relate to a successful business.

### **2. A Commitment to Ongoing HR Learning**

Today's business landscape is complex and in a state of constant flux. The field of HR is dynamic and our ability to process and understand it needs self-motivation.

Growing in your job means being receptive to new ideas, wherever they may come from. Have you demonstrated a commitment to ongoing learning by taking advantage of conferences, other colleagues in HR, or graduate studies?

HR professionals who never stop learning are well-positioned to translate well thought out industry trends and data into actionable insights.

### **3. Communication Skills in Human Resources**

The primary function of the typical HR professional's job involves facilitating discussion between employees and employers. If a human resources manager can't communicate clearly they will not be successful. Both oral and written skill are required to effectively relay information.

One aspect of communication that gives people an edge is a strong ability for conflict resolution. Even in the most agreeable workplaces, problems arise that need a diplomatic ear, an eye for assessment, and a hand for getting the problem settled. This particular skill is invaluable when negotiating solutions and keeping things on track.

### **4. Analytical and Critical Thinking**

Analytical and critical thinking skills are a must for HR leaders. An HR manager has to exercise sound judgment and engage in high-impact decision-making in a number of areas. The ability to analyze situations and view the implications of certain decisions from a critical perspective is particularly useful for HR leaders. For example, the decision whether to outsource one or several HR functions isn't something that happens without considering the impact outsourcing has on individual employees as well as the organization overall. HR managers also are involved in representing the company in matters involving employment litigation, which requires that they be able to justify the company's actions related to employment decisions such as hiring and firing.

### **5. An Ethical Approach for Human Resources**

The importance of ethics as an HR core competency cannot be overstated. Every day, HR professionals face ethical challenges related to everything from managing private employee information to protecting the reputation of their organizations. Adopting an unwavering and unilateral commitment to ethics not only helps attract top talent while safeguarding your organization, but also fosters a culture of trust and loyalty.

Part of being ethical is truly caring about people. Empathy for tough situations and “real life” goes a long way to setting you apart from those who just do it “by the book.”

Some ethical principles are enshrined in law. Making sure your company’s policies and practices are in legal compliance is a mainstay in the world of human resources. Avoiding discrimination in regard to ethnic background, disability, religious belief, and many other factors is important because of the hurt it will avoid and to foster a better, more diverse work environment.

Laws are always changing, sometimes incrementally, sometimes as part of a great cultural shift. Therefore, staying up to date on national news, trends, and laws is particularly important; ignorance of the law is not a winning defense. Legal compliance, of course, also protects the company and its officers.

## **6. Human Resources Organizational Skills**

HR management is a juggling act. The more organized you are, the better you’ll be able to stay ahead of what you need to do and have time for things you would like to do. If you think organization is something you either have or you don’t, think again. Organization can be honed by understanding where you work, and doing a few things the same every day to build a routine.

While these six HR core competencies may seem like a tall order, they’re embodied by the best HR managers in workplaces across the country. Great work experience can help, but that takes time. A Master of Science in Human Resources helps develop all these skills quickly. Not only will an advanced degree help you develop a richer understanding of how to be a better HR leader, but you’ll learn how to apply these skills appropriately for success.

## **7. Relationship-Building**

Creating a cohesive HR department that works collaboratively to achieve the goals of the department as well as help the organization reach its goals related to workforce development is a competency that HR managers must have. Relationship-building and interpersonal relationship skills are fundamental to an HR manager's success. One of the challenges HR faces is establishing credibility with employees -- many employees equate their HR departments with the school principal's office, which suggests a level of intimidation and trepidation associated with their view of HR's purpose. That being said, an HR manager must have the ability to establish credibility and trust as well as balance the obligation to be an advocate for both the organization and its employees.

## **8. Leadership**

Leadership skills are an essential competency for HR managers. HR managers are responsible for creating strategic plans for the HR department as well as the overall workforce. Therefore, leadership skills are critical, particularly in the process of justifying the functional elements of a strategic plan to the company's management team. In addition, HR managers have to direct the activities of the HR department, and in doing so, they need the type of leadership skills that influence HR generalists' and HR specialists' commitment to the HR department goals.

## **Human Resource Development (HRD)**

Human Resource Development (HRD) is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities.

HRD is one of the most significant opportunities that employees seek when they consider you as an employer. The ability, and encouragement, to continue to develop their skills help you to retain and motivate employees.

Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development.

The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers.

Human Resource Development: Features, Scope, Objectives and Functions!

In 1970, Leonard Nadler published his book “Developing Human Resources” in which he coined the term ‘human resource development’ (HRD). Human resource refers to the talents and energies of people that are available to an organization as potential contributors to the creation and realization of the organization’s mission, vision, values, and goals.

Development refers to a process of active learning from experience-leading to systematic and purposeful development of the whole person, body, mind, and spirit. Thus, HRD is the integrated use of training, organizational and career development efforts to improve individual, group, and organizational effectiveness.

### **Definitions of HRD**

1. According to South Pacific Commission ‘human resource development is equipping people with relevant skills to have a healthy and satisfying life’.
2. According to Watkins, ‘human resource development is fostering long-term work related learning capacity at individual, group and organizational level’.

The American Society for Training and Development defines HRD as follows: 'human resource development is the process of increasing the capacity of the human resource through development. It is thus the process of adding value to individuals, teams or an organization as a human system'.

## **Features of HRD**

### **1. Systematic approach**

HRD is a systematic and planned approach through which the efficiency of employees is improved. The future goals and objectives are set by the entire organization, which are well planned at individual and organizational levels.

### **2. Continuous process**

HRD is a continuous process for the development of all types of skills of employees such as technical, managerial, behavioural, and conceptual. Till the retirement of an employee sharpening of all these skills is required.

### **3. Multi-disciplinary subject**

HRD is a Multi-disciplinary subject which draws inputs from behavioural science, engineering, commerce, management, economics, medicine, etc.

### **4. All-pervasive**

HRD is an essential subject everywhere, be it a manufacturing organization or service sector industry.

### **5. Techniques**

HRD embodies with techniques and processes such as performance appraisal, training, management development, career planning, counselling, workers' participation and quality circles.

## **Scope of HRD**

Human resource management (HRM) deals with procurement, development, compensation, maintenance and utilization of human resources. HRD deals with efficient utilization of human resources and it is a part of HRM.

Human resource being a systematic process for bringing the desired changes in the behaviour of employees involves the following areas:

1. Recruitment and selection of employees for meeting the present and future requirements of an organization.
2. Performance appraisal of the employees in order to understand their capabilities and improving them through additional training.
3. Offering the employees' performance counselling and performance interviews from the superiors.
4. Career planning and development programmes for the employees.
5. Development of employees through succession planning.
6. Workers' participation and formation of quality circles.
7. Employee learning through group dynamics and empowerment.
8. Learning through job rotation and job enrichment.
9. Learning through social and religious interactions and programmes.
10. Development of employees through managerial and behavioural skills.

## **Objectives of HRD**

The prime objective of human resource development is to facilitate an organizational environment in which the people come first. The other objectives of HRD are as follows:

### **1. Equity**

Recognizing every employee at par irrespective of caste, creed, religion and language, can create a very good environment in an organization. HRD must ensure that the organization creates a culture and provides equal opportunities to all employees in matters of career planning, promotion, quality of work life, training and development.

### **2. Employability**

Employability means the ability, skills, and competencies of an individual to seek gainful employment anywhere. So, HRD should aim at improving the skills of employees in order to motivate them to work with effectiveness.

### **3. Adaptability**

Continuous training that develops the professional skills of employees plays an important role in HRD. This can help the employees to adapt themselves to organizational change that takes place on a continuous basis.

## **HRD Functions**

HRD functions include the following:

1. Employee training and development,
2. Career planning and development,
3. Succession planning,
4. Performance appraisal,
5. Employee's participation in management,
6. Quality circles,
7. Organization change and organization development.



### **Changing Environment of Human Resource Management (HRM)**

The five factors involved in the changing environment of HRM are as follows:

1. Work force Diversity
2. Economic and Technological Change
3. Globalization
4. Organisational Restructuring
5. Changing Nature of Work.

Business environment is changing environment and so is HR environment. The changing environment of HRM includes work force diversity, economic and technological change, globalisation, organisational restructuring, changes in the nature of jobs and work and so on.

#### **1. Work force Diversity**

Diversity has been defined as any attribute that humans are likely to use to tell themselves, that person is different from me and, thus, includes such factors as race, sex, age, values, and cultural norms'. The Indian work force is characterized by such diversity that is deepening and spreading day by day.

It is likely to be more diverse as women, minority- group members, and older workers flood the work force. With the increasing number of women entering the work force due to a combination of factors like women's emancipation, economic needs, greater equality of sexes, education and so on, additional pressures of managing a different set of problems at the work place have arisen. As such, the number of women is on increase in all walks of life i.e., teachers, lawyers, doctors, engineers, accountants, pilots, parliamentarians and so on.

However, increasing number of women in the work force has been necessitating the implementation of more flexible work scheduling, child care facilities, maternity and now paternity leave also and transfer to location of husband's place of posting.

Also, as the work force ages, employers will have to grapple with greater health care costs and higher pension contributions. On the whole, the increased diversity of work force will place tremendous demands on the HR management function.

Further, creating unanimity from a diverse work force has also become a challenge for HR manager. This is because, as several experts' put it; diversity is marked by two fundamental and inconsistent realities operating today with it. One is that organisations claim they seek to maximize diversity in the work place, and maximize the capabilities of such a diverse work force.

The other is that traditional human resources system will not allow diversity, only similarity. These experts emphasize that employers traditionally hire, appraise, and promote people who fit a particular employer's image of what employees should believe and act like. At the same time, there is corresponding tendency to screen out those who do not fit.

## **2. Economic and Technological Change**

Along with time, several economic and technological changes have occurred that have altered employment and occupational pattern. In India too, there is a perceptible shift in occupational structure from agriculture to industry to services.

The New Economic Policy, 1991 has led to liberalization and globalization giving genesis to multinational organisations with their multicultural dimensions having certain implications for HRM. The implications of globalization for HRM are discussed subsequently. The Indian economy has already become an open economy but it will be more so from April 2003 with the complete lifting of quantitative restrictions (QRs) on imports in India.

Technology has become the hallmark of the modern organisations. As such, modern organisations have become the technology-driven organisations. So to say, men are replaced by machinery. Manufacturing technology, for example, has changed to automation and robotisation.

Manufacturing advances like these will eliminate many blue-collar jobs, replacing them with fewer but more highly skilled jobs. Similar changes are taking place in office automation, where personal computers, word processing, and management information system (MIS) continue to change the nature of office work.

The explosive growth of information technology linked to the internet has ushered in many changes throughout the organisation. One of the major changes led by information technology is that it has hastened what experts call the “fall of hierarchy”, i.e., managers depend less and less on yesterday’s “stick-to-the-chain-of-command approach,” to their organising function.

This is so because earlier it used to be, if one wanted information, one had to go up, over and down through the organisation. Now, one just taps in. That’s what broke down the hierarchy. So much so, now employees do not need to be present at a definite work place.

Instead, they can work from their own places/ residences through the net. This has given genesis to a new breed of organisations, called ‘virtual organisations.’ (VO).

### **3. Globalization**

The New Economic Policy, 1991 has, among other things, globalised the Indian economy. There has been a growing tendency among business firms to extend their sales or manufacturing to new markets abroad. The rate of globalization in the past few years in India has been nothing short of phenomenal.

Globalization increases competition in the international business. Firms that formerly competed only with local firms, now have to compete with foreign firms/competitors. Thus, the world has become a global market where competition is a two-way street.

Globalization has given genesis to the multinational corporations (MNCs). The MNCs are characterised by their cultural diversities, intensified competition, variations in business practices and so on. As an international business expert puts it, 'the bottom line is that the growing integration of the world economy into a single, huge market place is increasing the intensity of competition in a wide range of manufacturing and service industries.

Given these conditions, from tapping the global labour force to formulating selection, training and compensation policies for expatriate employees have posed major challenges for HRM in the next few years. This has underlined the need for studying and understanding HRM of multinational organisations or international organisations separately.

#### **4. Organisational Restructuring**

Organisational restructuring is used to make the organisation competitive. From this point of view, mergers and acquisitions of firms have become common forms of restructuring to ensure organisational competitiveness. The mega-mergers in the banking, telecommunications and petroleum companies have been very visible in our country. Downsizing is yet another form of organisational restructuring.

As a part of the organisational changes, many organisations have "rightsized" themselves by various ways like eliminating layers of managers, closing facilities, merging with other organisations, or out placing workers. There has been a practice to flatten organisations by removing several layers of management and to improve productivity, quality, and service while also reducing costs. Whatever be the form of restructuring, jobs are redesigned and people affected.

One of the challenges that HRM faces with organisational restructuring is dealing with the human consequences of change. For example, the human cost associated with downsizing has been much debated and discussed in the popular press. As such, HRM needs to focus on the changed scenario uniquely and that is not so simple. Thus, management of HR activities has become crucial for HR managers.

### **5. Changing Nature of Work**

Along with changes in technology and globalization, the nature of jobs and work has also changed. For example, technological changes like introduction of fax machines, information technology, and personal computers have allowed companies to relocate operations to locations with lower wages. There is also a trend toward increased use of temporary or part-time workers in organisations.

One most significant change in the nature of work is that it has changed from manual to mental/ knowledge work. In this context, the management expert Peter Drucker's views are worth citing. He said that the typical business will soon bear little resemblance to the typical manufacturing company of 30 years ago.

The typical business will be knowledge-based, an organisation composed largely of specialists who direct and discipline their own performance through organized feedback from colleagues, customers, and headquarter. For this reason, it will be what he calls an information-based organization.

As a result, the organizations are giving and will give growing emphasis on their human capital i.e., the knowledge, education, training, skills, and expertise of employees, the expense of physical capital like equipment, machinery and physical plants. This growing emphasis on education and human capital has, among other things, changed the nature of economy as service-oriented economy.

In the changed economic scenario, jobs demand a certain level of expertise that is far beyond that required of most workers 20 or 30 years ago. This means that companies are relying more on employee's creativity and skills, i.e., employee's brain power.

As Fortune magazine has rightly said:

“Brain power ....has never before been so important for business. Every company depends increasingly on knowledge-patents, processes, management skills, technologies, information about customers and suppliers, and old-fashioned experience. Added together, this knowledge is intellectual capital”.

As such, the HR environment has changed. The challenge posed by changed environment is fostering intellectuals or human capital needs managing these differently than those of previous generation. Here, Drucker puts that the centre of gravity in employment is moving fast from manual or clerical workers to knowledge workers, who resist the command and control model that business took from the military 100 years ago. Now that the changing environment of HRM is delineated, we can conveniently present the new HR management practices in such changing environment.

### **Impact of technology on HRM**

Technology has changed the business world many times over. In the Information Age, the advent of computers and the Internet has increased that impact significantly. Many businesses cannot even function without the use of computer technology. This impact is seen in nearly all areas of business, including human resources, where technology continues to have a significant impact on HR practices.

### **Recruiting**

One way in which human resources has been significantly impacted by technology is in the area of recruiting. Before the Internet, HR recruiters had to rely on print publications, such as newspapers, to post jobs and get prospects for open positions. Other methods such as networking also were used, but HR

recruiters did not have the ability to post a job in one or more locations and have millions of people see it all at once. Technology has made recruiting more efficient and, in the hands of the right recruiter, more effective as well.

### **Training**

Information technology makes it possible for human resources professionals to train new staff members in a more efficient manner as well. The ability to access company information and training programs from remote locations eliminates the need for trainers to work directly with new hires on all training. Some interaction will always be necessary on some level, of course, but training in virtual classrooms makes it possible for the HR professionals to train a large number of employees quickly and to assess their progress through computerized testing programs.

### **Data Storage and Retrieval**

Human resources professionals generally process a considerable amount of paperwork and also have to keep much of that paperwork on file for a considerable period of time. The use of electronic imaging has made it possible for companies to store and retrieve files in an electronic format. Technology also makes it possible for human resources professionals to simply print the forms that are needed for employees. Printing on demand eliminates the need to dig through an endless number of files in the file cabinet to find what is needed.

### **Performance Management**

Enhanced performance management is another byproduct of technological improvement. Human resources professionals can use computer technology to assess employee performance and also to get employee feedback to be used for the betterment of the organization. Various software programs make it possible for human resources professionals to examine employee performance using metrics to ensure that employees are meeting performance standards. Employees that don't measure up can be subjected to additional training or let go in favor a replacement who can come in and do the job.



### **Workforce Diversity**

In this era of economic globalization, many companies are making efforts to achieve workforce diversity, which aims to employ workers from different backgrounds to provide tangible and intangible benefits to the organization. Understanding the advantages of workforce diversity helps you establish an organization with a competitive edge. This can include employing workers with cultural and language skills that can lead to greater reach for the business. Diversity experts believe that heterogeneous groups can contribute more creative ideas to the mix.

### **Increase in Productivity**

Workforce diversity can bring about an increase in productivity and competitive advantages. conclude Kelli A. Green and her University of Florida colleagues in their paper, "Diversity in the Workplace: Benefits, Challenges, and the Required Managerial Tools." Employers can offer more solutions to customers because of new ideas and processes brought into the organization. Workplace diversity increases employee morale and causes employees to desire to work more effectively and efficiently. Diversity in leadership within a firm allows managers to bring in new skills and methods for achieving unity within their teams.

### **Increase in Creativity**

Workforce diversity increases creativity within a company because heterogeneous groups are cross-fertilizing one another within the organization. According to EthnoConnect, a consulting company specializing in workforce diversity, employees from different backgrounds bring in a variety of solutions on how to achieve a common goal. As more diverse ideas are suggested, the chances of finding a workable answer are improved. In atmospheres when brainstorming is necessary, more ideas are formed because team members are culturally diverse. For example, employees from China working in American companies may approach a problem totally differently than do American



workers. Some companies have successfully created innovative processes by taking ideas from several employees.

### **Language Skills**

Companies that plan to expand into global markets benefit from language diversity in the workplace. For example, a company with employees fluent in Japanese and who understand Japanese culture experiences an easier time communicating with representatives from Japan. Many bilingual workers experience an advantage when applying for jobs because employees understand the benefits of language diversity. Another example can include a company that hires employees fluent in Mandarin to increase the company's reputation in Chinese communities. An increased presence usually results in an increase in sales.

### **Positive Reputation**

Job seekers are drawn to companies with diverse workforces because it is evident that the companies do not practice employment discrimination. Potential employees want to know that employers treat their staff fairly regardless of race, ethnicity or gender. Not only are such firms able to attract new talent but they can also retain existing talent because of high employee morale resulting from workforce diversity. According to Rob McInness of Diversity World, top talent is no longer represented by a homogeneous group, but one representing people from many different backgrounds and life experiences.

### **Corporate downsizing**

Corporate downsizing is often the result of poor economic conditions. Typically, the company has to cut jobs in order to lower costs or maintain profitability. Downsizing may also occur during a merger between two companies, or an acquisition of the company by another.

Corporate downsizing serves as a way for a company to maintain profitability levels, but the action often causes negative effects within the workplace. The people who leave aren't the only ones who feel the effects.

### **Disadvantages of corporate downsizing**

#### **Financial Cost**

Downsizing reduces the amount you pay in salaries and benefits, but it comes with its own set of costs. Severance packages and payment for any continued benefits potentially cost you a large chunk of money at the time of downsizing, depending on how many people you let go and what their contracts say about layoffs. Any employees who have built up vacation time receive a payout for that amount, adding to your costs. Employees who stay with the company often take on the responsibilities of those who leave. This takes time away from their own duties and may result in overtime, costing you more money.

#### **Decreased Morale**

As soon as the downsizing announcement occurs, expect the company morale to decline. Employees worry about who will lose their jobs and how the company will function once they are gone. After the downsizing takes place, remaining employees may face greater work responsibilities without extra pay, decreasing morale even further. The employees may worry that another round of layoffs are possible.

#### **Productivity and Creativity Drops**

According to a study performed by Teresa Amabile from Harvard Business School, downsizing is one of the factors that cause a decrease in creativity in the workplace. The workplace becomes a less creative environment and employees don't make as many bold, creative moves in their work. In some

cases, the employees may reserve ideas in case they too are downsized or decide to move to a different company.

### **Potential for Legal Issues**

Even if your company has a valid reason for downsizing, you face the potential for legal fallout if any of the terminated employees feel they were targeted unfairly. Accusations of discrimination or unjustified layoffs leave you exposed to expensive lawsuits.

### **HRM support for improvement programs work life balance**

Work Life Balance is defined as a means of flexible working or flexible leave available to employees. These arrangements may be in addition to statutory entitlements and are generally granted to the employee to accommodate their needs outside of the workplace. They may be to facilitate family commitments; study or health and DCU is very supportive of these initiatives, provided that the needs of the university are not adversely affected.

Work Life Balance initiatives can benefit the employee by assisting them to start, stay in, or re-enter employment while dealing with other responsibilities or availing of other opportunities in their lives. The benefits of Work Life Balance for DCU is that it enhances recruitment and retention of workers, facilitates diversity in skills, reduces sickness and absenteeism, stress and builds workplace morale and productivity. Studies have reported such benefits as enhancing working relationships between colleagues and encouraging employees to show more initiative and teamwork. Work Life Balance initiatives also benefit workplace equality in that they support the presence and participation in the work-place of a diverse range of workers from across the grounds of gender, marital status, family status, age, disability, sexual orientation, race, religion and membership of the Traveller community.

Here are 3 ways HR professionals can take the reigns and enable their co-workers to live more balanced lives:

### **1. Survey employees to discover their needs**

It's hard to diagnose the culture issues in your company if you don't know the symptoms of the disease. Consider surveying employees anonymously to get their honest feedback. You can also present a series of new initiatives to test what would make the most impact in your workforce.

### **2. Institute a flex-time policy**

According to research from Workplace Trends, an HR membership service, and CareerArc, a global recruitment firm, 87 percent of HR leaders say that flex-time policies have boosted employee satisfaction so much that 7 out of 10 hiring managers use it as a recruiting tool.

### **3. Integrate work/life balance year round**

Schedule quarterly seminars on work/life balance to keep the feedback loop working and help your employees understand its importance. Use them as teaching moments to create better work and personal habits as well as ways to manage workloads. Frequent communication on this topic shows employees that you truly believe in your employees having a great personal life and they won't be punished for it.

## **HR role in strategy formulation and gaining competitive advantage**

Human resources as a firm's most important asset, many organizational decisions do not reflect this belief. Despite of these 'feel-good' statements the trends suggest that organizations give relatively low importance to both the human resources of the firm and the Human Resource (HR) Department. Critics argue that HR is still a cost center for the organizations and a liability. Much of this can be attributed to lack of understanding of 'business' by HR executives and their inability to direct the HR activities towards developing the characteristics of the firm's human resources that can

affect the strategy of organizations. But, of late, HR Department has undergone a drastic change and now people are talking about HR being a strategic partner providing sustainable competitive advantage to the organizations.

- **Value**

HR executives must address a primary question “How can HR aid in either decreasing costs or increasing revenues?” In today’s time when everyone is talking numbers; the HR department has to prove its worth and show that it creates value for the organizations. HR can help a firm achieve sustainable competitive advantage by creating value.

- **Rareness**

Only value alone cannot help the HR department to achieve sustainable competitive advantage for organizations. HR executives must examine how to develop and exploit rare characteristics of the firm’s human resources to gain competitive advantage. If the same characteristic of human resources is found in many competing firms, then that characteristic cannot be a source of competitive advantage for any one of them. In order to drive the strategic decisions, HR executives should be the ‘rare’ factor in the talent they recruit.

- **Imitability**

If the competitors in the business can easily imitate what you offer, then you are at loss! The HR executives must attempt to develop and nurture characteristics of the firm’s human resources that cannot easily be imitated by competitors. This essentially means leveraging on organization’s unique history or culture that helps in gaining competitive advantage. In any organization, the culture is nurtured and developed via the HR Department. Hence, by restricting and developing unique culture, executives can help firms in gaining competitive advantage.

- **Organization**

In order for any characteristic of a firm's human resources to provide a source of sustained competitive advantage, the firm must be organized to exploit the resource. Organization requires developing the systems and practices that allow human resources characteristics to bear the fruit of their potential advantages.

**Managing knowledge of workers**

Essentially, here we are looking at different kind of people who does not obey the principles of management for the traditional group. This boils down to higher educational qualifications, taking up responsibilities at a lesser age and experience, high bargaining power due to the knowledge and skills in hand, high demand for the knowledge workers, and techno suaveness. The clear shift is seen in terms of organization career commitment to individualized career management. Managing this set of people is essential for the growth of any industry but especially the IT, BPOs and other knowledge based sectors.

**Managing Technological Challenges**

In every arena organizations are getting more and more technologically oriented. Though it is not in the main run after the initial debates, preparing the work force to accept technological changes is a major challenge. We have seen sectors like banking undergoing revolutionary changes enabled by technology. It is a huge challenge to bring in IT and other technology acceptance all levels in organizations.

**Competence of HR Managers**

As it is more and more accepted that lot of success of organizations depend on the human capital, this boils to recruiting the best, managing the best and retaining the best. Clearly HR managers have a role in this process. Often it is discussed about lack of competence of HR managers

in understanding the business imperative. There is now a need to develop competent HR professionals who are sound in HR management practices with strong business knowledge.

### **Developing Leadership**

It is quite interesting to note that there is less importance given to developing leadership at the organizational level. Though leadership is discussed on basis of traits and certain qualities, at an organisational level it is more based on knowledge. The challenge is to develop individuals who have performance potential on basis of past record and knowledge based expertise in to business leaders by imparting them with the necessary "soft skills".

### **Managing Change**

Business environment in India is volatile. There is boom in terms of opportunities brought forward by globalisation. However this is also leading to many interventions in terms of restructuring, turnaround, mergers, downsizing, etc.



**POSSIBLE QUESTIONS**

**PART B – 2 Marks**

1. Define Human Resource Management
2. State the concept of Workforce diversity
3. What is meant by corporate downsizing?
4. Give the meaning of work life balance
5. What is meant by HRD?
6. State the three differences between HRM and Personnel Management?
7. List out the HRD functions

**PART C – 6 Marks**

1. Discuss the functions of Human Resource Management?
2. Explain the skills and competencies of human resource manager
3. Discuss the challenges faced by the human resource development
4. Discuss the changing environment of HRM?
5. Enumerate the role of Human Resource Manager in detail?
6. Discuss the HRM issues in Indian Organizations.
7. Discuss the HR role in strategy formulation and gaining competitive advantage?
8. Describe the scope of Human Resource Management?
9. Explain the objectives and features of HRM?
10. Discuss the Impact of technology in HRM?



**Karpagam Academy of Higher Education**

**Human Resource Management (16BAU402)**

**UNIT I - Introduction to Human Resource Management**

**Multiple Choice Questions - Each Question Carries ONE Mark**

<b>S.No.</b>	<b>Questions</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>	<b>Answer</b>
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 ____-organisation, all activities of an organisation are divided into various functions.	Line	Divisionalized	Matrix	Functional	Functional
7	____ structure combines the benefits of both line organisation and functional organisation	Line and Staff	Divisionalized	Matrix	Functional	Line and Staff

8	In a ____ organisational structure, employees have two superiors	Line and Staff	Divisionalized	Matrix	Functional	Matrix
9	____ deals with the determination of the future course of action to achieve desired results	Organizing	Directing	Planning	Controlling	Planning
10	Job analysis describes the duties of a _____	Work	Job	Employee	Foreman	Employee
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	Rate the ----- and not the man.	work	worker	job	nature	work
14	____ is a process of determining the organisation will have an adequate number of qualified persons.	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 organisation	Job Analysis	Human Resource Planning	Recruitment	Selection	Recruitment
16	Human resources are asset to the _____	Person	Selection	Management	Duty	Management
17	Manpower _____ determines manpower requirements	Statement	Person	Planning	Training	Planning

18	_____ are techniques by which a new employee is rehabilitated in his new surroundings.	Recruitment	Selection	Induction and Orientation	Placement	Internal Mobility
19	The movement of employees from one job to another through transfers and promotions is called_____	Internal Mobility	Induction and Orientation	Selection	Job Analysis	task oriented
20	Human goals are -----.	reached	task oriented	treated	satisfaction	definite
21	Organisational goals are-----	achieved	productivity	definite	unclear	Executive Development
22	____ is a systematic process of developing managerial skills and capabilities through appropriate programmes	Executive Development	Career Planning	Training	Human Resource Development	Maximum
23	Human resources are utilized_____	Maximum	Simple	Certain	Minimum	good
24	Human relations discover----- techniques.	clever	poor	good	bad	Motivation
25	_____ is a process which inspires people to give their best to the organisation through the use of intrinsic and extrinsic rewards	Managerial Functions	Operative Functions	Development Functions	Motivation	Job Design
26	Organizing tasks, and responsibilities towards having a productive unit of work is called _____	Job Design	Work Scheduling	Motivation	Job Evaluation	Job Evaluation
27	Organisations formally determine the value of jobs through the process of_____	Motivation	Job Evaluation	Performance Appraisal	Compensation Administration	Performance Appraisal

28	___ is the process of deciding how employees do their jobs	Job Design	Work Scheduling	Job Evaluation	Performance Appraisal	Human resources are utilized-----
29	Human resources are utilized-----	maximum	simple	certain	minimum	strength
30	A physical examination records the employees-----	strength	job	health	duty	anticipate
31	Human relations should ----- problems.	seen	undergo	anticipate	undergo and anticipated	Integration Function
32	___ tries to integrate the goals of an organisation with employee aspirations through various employee-oriented programmes.	Integration Function	Maintenance Function	Motivation Function	Operative Functions	Grievance
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	Asset
34	People are real_____ of an organization	Asset	Cash	Growth	Plan	Collective Bargaining
35	___ is the process of agreeing on a satisfactory labour contract between management and union	Collective Bargaining	Grievance Redressal	Discipline	Employee Welfare	Employee Participation in Management
36	___ means sharing the decision-making power with the lower ranks of an organisation in an appropriate manner	Employee Participation in Management	Collective Bargaining	Discipline Administration	Grievance Redressal	Trade Union
37	___ is an association either of employees or employers or independent workers	Chamber of Commerce	Auditors Union	Confederation of Indian Industries	Trade Union	Human Resource Planning

38	_____ is a forward looking function	Human Resource Planning	Human Resource Development	Controlling	Directing	motivating
39	----- is one of the qualities of a personnel manager	motivating	thinking	problem	assuming	employee
40	A recruitment policy focuses on -----.	company	employee	target	goals	recruitment
41	_____ manpower source is in need of proper information.	selection	train	recruitment	placement	procedure in organization
42	A selection process follows standard-----	rules	perform	procedure	procedure in organization	Job Analysis
43	____ helps in finding out the abilities or skills required to do the jobs efficiently	Job Analysis	Work Load Analysis	Work Force Analysis	Trend Analysis	Commodity Concept
44	Under ____ labour was regarded as a commodity to be bought and sold	Commodity Concept	Production Concept	Goodwill Concept	Humanatarian Concept	direction
45	Policy guides the right man in right-_____	date	place	work	direction	work planning
46	_____ is a complex process	work planning	employee	job	policy	Human Resource Management
47	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	

48	Employment is one of the----- of personnel management	duty	functions	activity	work	Line
49	In ____ structure authority flows in a direct line from supervisors to subordinates	Divisionalized	Line	Functional	Matrix	unique
50	Each employee is not -----in character	unique	same	similar	not similar	employer
51	Management must protect the rights of----- -.	employer	employee	trade unions	foreman	
52	____ helps to establish internal equality between various jobs	Performance Appraisal	Compensation Administration	Motivation	Job Evaluation	Job Evaluation
53	____ is to integrate the needs of employers to suit the requirements of an organisation	Job Design	Work Scheduling	Motivation	Job Evaluation	Job Design
54	____ includes succession planning which implies identifying developing key individuals for executive positions	Executive Development	Career Planning	Training	Human Resource Development	Career Planning
55	The elements should be _____ defined.	clearly	detail	made	not clear	clearly
56	____ function of personnel management comprises measuring the employee's performance.	Planning	Directing	Controlling	Organizing	Controlling
57	primary objective of personnel department is to manage -----	take	distribute	people management	guiding	people management

58	_____structure is referred to as a multi-command system	Line and Staff	Divisionalized	Matrix	Functional	Matrix
59	_____is essential to determine the future manpower needs in an organisation	Human Resource Planning	Human Resource Development	Controlling	Directing	Human Resource Planning
60	People are real_____of an organization	Asset	Cash	Growth	Plan	Asset

### **Unit II – Concept of HRP and Recruitment**

Human Resource Planning - Process - Forecasting demand and supply - Skill inventories  
Human Resource Information System (HRIS) succession planning - Job analysis - Uses, methods, Job description and Job specifications - HR accounting and Human Resource Development (HRD) audit concept. Recruitment, Selection and Orientation - Internal and External sources, E- recruitment - Selection process - Orientation process. Human Resource Planning

### **Human Resource Planning**

Human Resource Planning is concerned with the planning the future manpower requirements are the organisation. Human Resource manager ensures that the company has the right type of people in the right number at the right time and place, who are trained and motivated to do the right kind of work at the right time. Obviously, human resource planning primarily makes appropriate projections for future manpower needs of the organisation envisages plan for developing the manpower to suit the changing needs of the organisation from time to time, and foresees how to monitor and evaluate the future performance. It also includes the replacement plans and managerial succession plans. Human Resource planning is the process by which a management determines how an organisation should move from its current manpower position to its desired manpower position. Through planning a management strives to have the right number and the right kinds of people at the right places, at the right time, to do things which result in both the organisation and the individual receiving the maximum long-range benefit.



### **Definitions of Human Resource Planning**

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

- (a) Forecasting future manpower requirements, either in terms of mathematical projections of trends in the economic environment and developments in industry, or in terms of judgemental estimates based upon the specific future plans of a company;
- (b) Making an inventory of present manpower resources and assessing the extent to which these resources are employed optimally;
- (c) Anticipating manpower problems by projecting present resources into the future and comparing them with the forecast of requirements to determine their adequacy, both quantitatively and qualitatively; and
- (d) Planning the necessary programmes of requirements, selection, training, development, utilisation, transfer, promotion, motivation and compensation to ensure that future manpower requirements are properly met.

Coleman has defined Human Resource Planning as “the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organisation”.

Human resource planning is a double-edged weapon. If used properly, it leads to the maximum utilisation of human resources, reduces excessive labour turnover and high absenteeism; improves productivity and aids in achieving the objectives of an organisation. Faultily used, it leads to disruption in the flow of work, lower production, less job satisfaction, high cost of production and constant headaches for the management personnel. Therefore, for the success of an enterprise, human resource planning is a very important function, which can be neglected only at its own peril.

## **Objectives of HR Planning**

The major objectives of Human Resource Planning in an organisation are to:

- (i) ensure optimum use of human resources currently employed;
- (ii) Avoid imbalances in the distribution and allocation of human resources;
- (iii) assess or forecast future skill requirements of the organisation's overall objectives;
- (iv) Provide control measure to ensure availability of necessary resources when required;
- (v) Control the cost aspect of human resources;
- (vi) Formulate transfer and promotion policies.

## **Steps in Human Resource Planning**

Human resource planning refers to a process by which companies ensure that they have the right number and kinds of people at the right place, at the right time; capable of performing diverse jobs professionally. Planning the use of human resources is an important function in every organisation. A rational estimate to various categories of personnel in the organisation is an important aspect of human resource planning. HRP involves the following steps:

### **1. Analysis of Organisational Plans and Objectives**

Human resource planning is a part of overall plan of organisation. Plans concerning technology, production, marketing, finance, expansion and diversification give an idea about the volume of future work activity. Each plan can further be analysed into sub-plans and detailed programmes. It is also necessary to decide the time horizon for which human resource plans are to be prepared. The future organisation structure and job design should be made clear and changes in the organisation structure should be examined so as to anticipate its manpower requirements.

## **2. Forecasting Demand for Human Resources**

Human resource planning starts with the estimation of the number and type of personnel required at different levels and in different departments. The main steps involved in HRP process are (a) to determine and to identify present and prospective needs of human resource, (b) to discover and recruit the required number of persons. (c) to select the right number and type from the available people. (d) to hire and place in the positions for which they are qualified, (e) to provide information to the selected people about the nature of work assigned to them, (f) to Promote or to transfer as per the needs and the performance of employees, (g) to denote if the employees are disinterested or their performance is not up to the mark, (h) to terminate if they are not needed or their performance is below standard and shows no hopes of improvement. It is the most crucial and critical area of HRD. This HRD manager must pay attention to place right man to the right job through recruitment selection Training and Placement of employees. This calls for the adoption of a systematic procedure to complete recruitment and selection.

## **3. Forecasting Supply of Human Resources**

One of the important areas of human resources planning is to deal with allocation of persons to different departments depending upon the workload and requirements of the departments. While allocating manpower to different departments, care has to be taken to consider appointments based on promotions and transfers. Allocation of human resource should be so planned that available manpower is put to full use to ensure smooth functioning of all departments.

## **4. Estimating Manpower Gaps**

Net human resource requirements or manpower gaps can be identified by comparing demand and supply forecasts. Such comparison will reveal either deficit or surplus of human resources in future. Deficits suggest the number of persons to be recruited from outside whereas surplus implies

redundant to be redeployed or terminated. Similarly, gaps may occur in terms of knowledge, skills and aptitudes. Employees deficient in qualifications can be trained whereas employees with higher skills may be given more enriched jobs.

### **5. Matching Demand and Supply**

It is one of the objectives of human resource planning to assess the demand for and supply of human resources and match both to know shortages and surpluses on both the side in kind and in number. This will enable the human resource department to know overstaffing or understaffing. Once the manpower gaps are identified, plans are prepared to bridge these gaps. Plans to meet the surplus manpower may be redeployment in other departments and retrenchment in consultation, with the trade unions. People may be persuaded to quit through voluntarily retirement. Deficit can be met through recruitment, selection, transfer, promotion, and training plans. Realistic plans for the procurement and development of manpower should be made after considering the macro and micro environment which affect the manpower objectives of the organisation.

### **Importance of Human Resource Planning**

HRP is the subsystem in the total organizational planning. Organizational planning includes managerial activities that set the company's objective for the future and determines the appropriate means for achieving those objectives. The importance of HRP is elaborated on the basis of the key roles that it is playing in the organization.

#### **1. Future Personnel Needs**

Human resource planning is significant because it helps to determine the future personnel needs of the organization. If an organization is facing the problem of either surplus or deficiency in staff strength, then it is the result of the absence of effecting HR planning. All public sector

enterprises find themselves overstaffed now as they never had any planning for personnel requirement and went of recruitment spree till late 1980's. The problem of excess staff has become such a prominent problem that many private sector units are resorting to VRS 'voluntary retirement scheme'. The excess of labour problem would have been there if the organization had good HRP system. Effective HRP system will also enable the organization to have good succession planning.

## **2. Part of Strategic Planning**

HRP has become an integral part of strategic planning of strategic planning. HRP provides inputs in strategy formulation process in terms of deciding whether the organization has got the right kind of human resources to carry out the given strategy. HRP is also necessary during the implementation stage in the form of deciding to make resource allocation decisions related to organization structure, process and human resources. In some organizations HRP play as significant role as strategic planning and HR issues are perceived as inherent in business management.

## **3. Creating Highly Talented Personnel**

Even though India has a great pool of educated unemployed, it is the discretion of HR manager that will enable the company to recruit the right person with right skills to the organization. Even the existing staff hope the job so frequently that organization face frequent shortage of manpower. Manpower planning in the form of skill development is required to help the organization in dealing with this problem of skilled manpower shortage

## **4. International Strategies**

An international expansion strategy of an organization is facilitated to a great extent by HR planning. The HR department's ability to fill key jobs with foreign nationals and reassignment of employees from within or across national borders is a major challenge that is being faced by international business. With the growing trend towards global operation, the need for HRP

will as well will be the need to integrate HRP more closely with the organizations strategic plans. Without effective HRP and subsequent attention to employee recruitment, selection, placement, development, and career planning, the growing competition for foreign executives may lead to expensive and strategically descriptive turnover among key decision makers.

### **5. Foundation for Personnel Functions**

HRP provides essential information for designing and implementing personnel functions, such as recruitment, selection, training and development, personnel movement like transfers, promotions and layoffs.

### **6. Increasing Investments in Human Resources**

Organizations are making increasing investments in human resource development compelling the increased need for HRP. Organizations are realizing that human assets can increase in value more than the physical assets. An employee who gradually develops his/ her skills and abilities become a valuable asset for the organization. Organizations can make investments in its personnel either through direct training or job assignment and the rupee value of such a trained, flexible, motivated productive workforce is difficult to determine. Top officials have started acknowledging that quality of work force is responsible for both short term and long-term performance of the organization.

### **7. Resistance to Change**

Employees are always reluctant whenever they hear about change and even about job rotation. Organizations cannot shift one employee from one department to another without any specific planning. Even for carrying out job rotation (shifting one employee from one department to another) there is a need to plan well ahead and match the skills required and existing skills of the employees.

## **8. Succession Planning**

Human Resource Planning prepares people for future challenges. The 'stars' are picked up, trained, assessed and assisted continuously so that when the time comes such trained employees can quickly take the responsibilities and position of their boss or seniors as and when situation arrives.

## **9. Other Benefits**

- (a) HRP helps in judging the effectiveness of manpower policies and programmes of management.
- (b) It develops awareness on effective utilization of human resources for the overall development of organization.
- (c) It facilitates selection and training of employees with adequate knowledge, experience and aptitudes so as to carry on and achieve the organizational objectives HRP encourages the company to review and modify its human resource policies and practices and to examine the way of utilizing the human resources for better utilization.

## **Factors affecting HRP**

HRP is influenced by several factors. The most important of the factors that affect human resource planning are:

### **1. Type and Strategy of the Organization**

Type of the organization determines the production processes involve, number and type of staff needed and the supervisory and managerial personnel required. If the organization has a plan for organic growth then organization need to hire additional employees. On the other hand if the organization is going for mergers and acquisition, then organization need to plan for layoffs.



## **2. Organizational Growth Cycles and Planning**

All organizations pass through different stages of growth from the day of its inception. The stage of growth in which an organization determines the nature and extends of HRP. Small organizations in the earlier stages of growth may not have well defined personnel planning. But as the organization enters the growth stage they feel the need to plan its human resource. At this stage organization gives emphasis upon employee development. But as the organization reaches the mature stage it experiences less flexibility and variability resulting in low growth rate. HR planning becomes more formalized and less flexible and less innovative and problem like retirement and possible retrenchment dominate planning. During the declining stage of the organization HRP takes a different focus like planning to do the layoff, retrenchment and retirement.

## **3. Environmental Uncertainties**

Political, social and economic changes affect all organizations and the fluctuations that are happening in these environments affect organizations drastically. Personnel planners deal with such environmental uncertainties by carefully formulating recruitment, selection, training and development policies and programmes.

## **4. Time Horizons**

HR plans can be short term or long term. Short term plans span from six months to one year, while long term plans spread over three to twenty years. The extent of time period depends upon the degree of uncertainty that is prevailing in an organization's environment.

## **5. Type and Quality of information**

The quality and accuracy of information depend upon the clarity with which the organizational decision makers have defined their strategy, structure, budgets, production schedule and so on.



## **6. Nature of Jobs Being Filled**

Personnel planners need to be really careful with respect to the nature of the jobs being filled in the organization. Employees belonging to lower level who need very limited skills can be recruited hastily but, while hiring employees for higher posts, selection and recruitment need to be carried out with high discretion

## **7. Outsourcing**

Many of the organizations have surplus labour and hence instead of hiring more people they go for outsourcing. Outsourcing determines HRP.

## **Problems & Issues of Human Resource Planning**

Human resources planning involves projecting how many people will be needed to fill positions in an organization. This planning occurs in a changing environment. Organizations study their short-term and long-term needs to hire new employees. Uncertain economic conditions, such as overseas competition, and changes in technology are examples of why an organization might adjust its hiring needs.

### **Mismatch between Applicants and Skills**

An organization may find it difficult to fill the positions called for by HR planners. This might be because there is more demand in the organization than there is in available talent in the job market. Another reason is that the organization's recruiting strategies aren't attracting the right talent. Not being able to fill positions that are critical to achieving operational goals leaves the organization in a weak business position. That's why forecasting human resources needs should be followed up with effective recruitment, replacement and retention of employees.

### **Environmental Issues**

Environmental issues can occur inside an organization. Demographic changes affect the internal work climate. Differences in work values between generations, such as Baby Boomers and Generations X and Y, mean that employees want different things to be satisfied with their work. Programs must address these different needs in one culture. Also, technological changes require workers to continuously add new technical skills. If employees' current skills aren't needed, they may become redundant. HR planning involves planning for organizational learning, or developing staff skills, to keep pace with changes in the business market.

### **Recruitment and Selection**

Organizations get better staffing results when they can count on HR departments and line managers to do their own jobs effectively. For example, HR personnel depend on line managers to use web-based tools to perform recruiting and selection (or hiring) functions with limited assistance. The HR department posts the steps in the hiring process, policies and procedures, and documents on the company intranet. Although HR personnel may consult about questions, line managers must be able to follow guidelines for recruitment and hiring without exposing the organization to liability.

### **Training and Development**

Line managers must do more than recruitment and hiring. They must perform other jobs that used to be associated with personnel departments. They must address their own employees' training and development needs. Line managers must find all of the resources inside and outside the organization to ensure employees develop the required skills. This takes place in the context of keeping employees motivated to perform. Effective communication between line managers and HR personnel planners can result in effective identification of training and development needs exceeding current resources.

## **Barriers to Human Resource Planning**

- 1) HR practitioners are perceived as experts in handling personnel matters, but are not experts in managing business. The personnel plan conceived and formulated by the HR practitioners when enmeshed with organizational plan, might make the overall strategic plan of the organization in effective.
- 2) HR information often is incompatible with other information used in strategy formulation. Strategic planning efforts have long been oriented towards financial forecasting, often to the exclusion of other types of information. Financial forecasting takes precedence over HRP.
- 3) Conflict may exist between short term and long term HR needs. For example, there can be a conflict between the pressure to get the work done on time and long term needs, such as preparing people for assuming greater responsibilities. Many managers are of the belief that HR needs can be met immediately because skills are available on the market as long as wages and salaries are competitive. Therefore, long times plans are not required, short planning are only needed.
- 4) There is conflict between quantitative and qualitative approaches to HRP. Some people view HRP as a number game designed to track the flow of people across the department. Others take a qualitative approach and focus on individual employee concerns such as promotion and career development. Best result can be achieved if there is a balance between the quantitative and qualitative approaches.
- 6) Non-involvement of operating managers renders HRP ineffective. HRP is not strictly an HR department function. Successful planning needs a co-ordinated effort on the part of operating managers and HR personnel.

## **Human Resource Demand and Supply Forecasting**

Labour forecasting is key to an organization's ability to achieve its operational, production, and strategic goals.

### **Forecasting Human Resource Supply**

The objective of identifying future Human Resource supply requirements is to determine the number of employees in each job and their knowledge, skills, abilities, and other characteristics. In addition, forecasting Human Resource supply is essential in determining the characteristics of hiring sources within the predetermined planning horizon in order to establish whether future Human Resource supply is sufficient to match future Human Resource demands. For this, an organization needs to evaluate both their internal and external labour force. This step is dependent on an accurate assessment of the current workforce situation. Forecasting Human Resource supply involves an understanding of internal and external potential Human Resource supplies.

### **Forecasting External Human Resource Supply**

There are multiple levels at which external Human Resource supply can be predicted. Information that will help to develop an understanding of external Human Resource supply includes:

- Supply and demand of jobs or skills
- Educational attainment levels within a region
- Compensation patterns based on experience, education, or occupation
- Immigration and emigration patterns within an area
- Forecasts of economic growth or decline
- Competition for talent
- Industry or occupational expected growth levels.

### **Forecasting Internal Human Resource Supply**

By reviewing the data in the Human Resource audits, projections can be made for future

Human Resource supply. The internal labour force may be affected by temporary absences such as leaves, permanent absences or turnover etc.

Turnover refers to the termination of an individual's employment with an organization.

Total turnover is the total number of employees leaving an organization divided by the total number of employees in an organization. Turnover can be classified into two sub groups—voluntary and involuntary. Voluntary turnover is defined as employee-initiated turnover, mainly in the form of quits or resignations. In this instance, the decision to terminate employment with the firm is made by the employee, without management enticement. Involuntary turnover is defined as employer initiated turnover, mainly in the form of dismissals or layoffs.

### **Trend Analysis**

Trend analysis is considered one of the simplest methods of forecasting future Human Resource supply. It assumes that past trends and ratios in employee movement are stable and indicative of future trends and ratios in employee movement. The information collected in the Human Resource audit is used to identify labour patterns—hiring patterns, retirement patterns, productivity patterns, and turnover patterns. By examining the trends of the past, the Human Resource department can predict the effect of the same activity on the future of the organization, because it is assumed that these patterns will remain stable.

### **Skills/Competency Models**

Competency models focus on matching the right skills or competencies needed for each job with the skills available within the organization. The competency models focus on identifying the skills/competency supply within the organization, and helping focus future recruitment, selection,

retention, and training activity in core areas of key competencies needed for the organization to succeed.

A competency is a set of behaviours that encompass skills, knowledge, abilities, and personal attributes, that taken together, are critical to successful work accomplishment. The competency model is a future-oriented model that first reviews competencies that are aligned with an organization's mission, vision, and strategy, and then aims to identify an ideal workforce in terms of those competencies.

### **Replacement Charts**

A replacement chart is used to estimate vacancies in higher level jobs and identify how potential Human Resource supply can fill these vacancies via internal movements from lower levels jobs. A comprehensive replacement chart will include information regarding possible replacements for vertical or horizontal movement. Generally, a replacement chart includes information about employees' performance, readiness to fill the position, and education.

### **Staffing Tables**

A staffing table provides a clear graphical view of all organizational jobs and the current number of employees at each job. It presents a simple visual understanding of an organization's staffing level within each department and the organization as a whole, in an effort to help understand the combination of employees that make up an organization's internal workforce. This information is useful in evaluating staffing levels by department, branch, the types of staff at each level and the combination of staff in all categories.

### **Forecasting Human Resource Demand Analysis**

Demand analysis identifies the future human resource requirements needed to maintain the organization's mission and goals. The end result of a demand analysis is the identification of the

required number of employees in an organization and the necessary functions that the employee must perform to meet organizational objectives. Due to the high number of factors that influence demand, demand is often more difficult to predict than supply.

**Factors that need to be considered when forecasting demand include the following:**

1. Environmental scanning, including economic, legislative, and competitive pressures
2. The organization's future strategic goals and plans
3. Expected demand for products or services, including expected sales (across the organization or at the business unit level)
4. Estimated productivity measures of workforce (can be stable, increase, or decrease)
5. Organizational design or job design, including technological advancements and administrative changes
6. Projected budgets or financial resource availability
7. New products/processes/ventures that the organization will be launching in the future.

### **Quantitative Techniques for Forecasting Human Resource Demand**

The following are the different techniques available for human resource planning.

#### **Trend Analysis**

Trend analysis used to forecast internal Human Resource supply, past trends and ratios can also be used to forecast Human Resource demand. Trend analysis predicts the demand for labour based on projections of past relationship patterns over a number of years. As one of the simpler methods of forecasting Human Resource demand, trend analysis assumes that an organization's past employment needs are indicative of future needs when linked with an operational index.

### **Ratio Analysis**

Ratio analysis estimates future Human Resource demand based on ratios between assumed casual factors and the number of employees needed. Ratio analysis is very similar to trend analysis, but the primary difference is that there is no requirement for significant historical data collection. This allows organizations that do not have easy access to multiple years' worth of data to use current ratios to help estimate future demand

### **Regression Analysis**

Regression analysis is a method of estimating Human Resource demand, but allows for adjustment of seasonal fluctuation, long-term trends, and random movement when forecasting. This provides statistical projections using mathematical formulas to determine the correlation between multiple measureable output factors (independent variables) and an organization's employment level (dependent variable). A regression analysis is useful in predicting the strength and direction of a linear relationship between two variables, but in situations of a non-linear relationship, estimates would not be valid. When there is one independent variable, there is one regression. When there are multiple independent variables, there are multiple regressions.

A correlation depicts a value between  $-1$  and  $1$ . The closer the value is to  $0$ , the less predictive of the relationship between the two variables. The closer the value is to either  $-1$  or  $1$ , the more predictive the relationship between two variables. The positive or negative sign in front of the correlation number indicates the nature or direction of the relationship.

### **Qualitative Techniques for Forecasting Human Resource Demand**

#### **Delphi Method**

Delphi method process involves a panel of experts using their judgements to make estimates of short-term future demands. Experts use a variety of factors to make their judgements, including



economical, demographical, technological, legal, and social conditions outside of the organization, as well as production, sales, turnover, experiences, and education levels of the workforce within the organization. This method involves a number of stages. During the process, experts are not permitted to engage in direct face-to-face contact or communication. This is in an effort to prevent groupthink, influence of others, or confrontation of experts, which can influence the results.

Human Resource planning group, which then summarizes the results. The aggregated results are sent back to the experts, who are given an opportunity to adjust their forecasts based on the information provided in the summaries. These steps are repeated until the expert opinions converge. Each feedback loop provides an opportunity for experts to understand their position relative to others and the reactions of others to the summaries provided. One of the problems of the Delphi method is that it is subjective in nature, and thus may be difficult for those who prefer quantitative approaches to fully commit to. Moreover, the organization should be explicit with experts not to discuss their estimates with others, something that can happen when experts have strong working relationships or work in close proximity to others.

### **Nominal Group Technique**

The nominal group technique (NGT) was first developed by Delbecq and VandeVen as an alternative to individual brainstorming of ideas. This process involves multiple experts (usually line and department managers) meeting face to face to discuss independently formulated positions of an organizational issue, with the ultimate aim of securing an accurate assessment of a given situation.

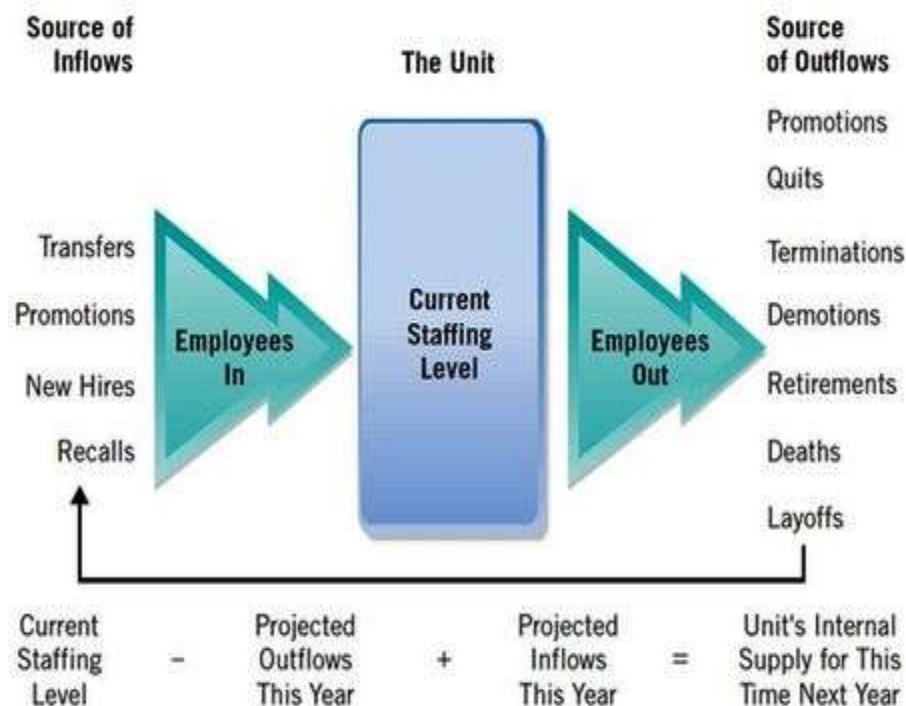
It can be used to help forecast Human Resource demand for an organization or can be used to solve other organizational issues.

### Succession analysis

Once a company has forecast the demand for labour, it needs an indication of the firm's labour supply. Determining the internal labour supply calls for a detailed analysis of how many people are currently in various job categories or have specific skills within the organization. The planner then modifies this analysis to reflect changes expected in the near future as a result of retirements, promotions, transfers, voluntary turnover, and terminations.

Demand forecasting helps in determining the number and type of personnel/human resources required in future. The next step in human resource planning is forecasting supply of human resources. The purpose of supply forecasting is to determine the size and quality of present and potential human resources available from within and outside the organisation to meet the future demand of human resources. Supply forecast is the estimate of the number and kind of potential personnel that could be available to the organisation.

### Estimating Internal Labor Supply for a Given Unit



### **Human Resource Information Systems (HRIS)**

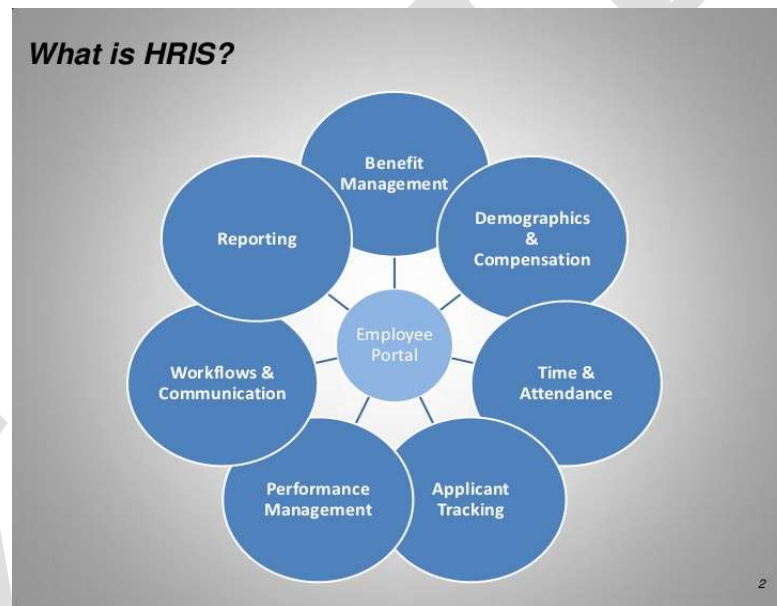
A human resource information system (HRIS) is a software package developed to aid human resources professionals in managing data. Human resource professionals utilize these systems to facilitate work flow, improve efficiency and store and collect information. Several companies offer HRIS packages to employers. HRIS packages can be customized to the specific needs and requirements of the employer.

A Human Resource Management System or HRIS (Human Resource Information System) is a form of HR software that combines a number of systems and processes to ensure the easy management of a business' employees and data. Human Resources Software is used by businesses to combine a number of necessary HR functions, such as storing employee data, managing payrolls, recruitment processes, benefits administration and keeping track of attendance records. It ensures everyday Human Resources processes are manageable and easy to access. It merges human resources as a discipline and, in particular, its basic HR activities and processes with the information technology field, whereas the programming of data processing systems evolved into standardized routines and packages of Enterprise Resource Planning (ERP) software. On the whole, these ERP systems have their origin from software that integrates information from different applications into one universal database. The linkage of its financial and human resource modules through one database is the most important distinction to the individually and proprietarily developed predecessors, which makes this software application both rigid and flexible.

Human Resource Information Systems provide a means of acquiring, storing, analyzing and distributing information to various stakeholders. HRIS enable improvement in traditional processes and enhance strategic decision-making. The wave of technological advancement has revolutionized each and every space of life today, and HR in its entirety was not left untouched. Early

systems were narrow in scope, typically focused on a single task, such as improving the payroll process or tracking employees' work hours. Today's systems cover the full spectrum of tasks associated with Human Resources departments, including tracking & improving process efficiency, managing organizational hierarchy, and simplifying financial transactions of all types. In short, as the role of Human Resources departments expanded in complexity, HR technology systems evolved to fit these needs.

### **Components of Human Resource Information Systems (HRIS)**



#### **1. Database**

HRIS core offering includes a database to store employee information. HR professionals can input all personnel data into the system which can be accessed from anywhere, round the clock. Types of data that HR professionals collect in the database include compensation history, emergency contact information, and performance review. The core database can also be viewed as an online backup for paper files.

## **2. Time and Labour Management**

Activities like time and labour management can highly time consuming. HRIS package allows employees to input their own hours worked and allows managers to immediately verify vacation requests, and the data is directly fed to the payroll. Time and labour management also improves the HR department's ability to track punctuality and attendance.

## **3. Payroll Function**

Payroll function is yet another major component of a HRIS model. HR can easily download or unload employee hours, and issue cheques or payroll deposits to employees. Salaried employees can also be paid with substantially reduced risk of errors. The HRIS payroll software usually improve tax compliance for locations with multiple tax levels.

## **4. Benefits**

Some HRIS employers allow employers to establish and maintain medical benefits and retirement investments through their software. Such applications allow employers to have one-stop shopping experience for all their human resources data management needs. Other HRIS packages facilitate medical benefits and retirement investment deductions for payroll but not the establishment of those benefits.

## **5. Employee Interface**

Most HRIS packages allow for an employee to have limited user access. Employee users access a part of the database where they can update their personal information, review pay scales, change retirement benefit programs, update direct deposit information or download benefit election documents.

## **6. Recruitment and Retention**

Finally, it can be said that recruitment and retention are the most important components of HRIS. It goes without saying that it is the anchor of all HR policies and systems. Finding new talent, acquiring them, keeping them engaged and finally being able to retain them are the major task of a HR person. HRs also have to ensure that employees are not only able to do their work, but they are also provided with the required training; receives proper compensation and benefits from the organization.

### **Functions of HRP**

- Retaining
- Hiring
- Administration
- Managing Payroll
- HR planning
- Recruiting/Learning management
- Performance record
- Employee self-service
- Scheduling
- Absence management
- Analytics
- Employee Reassign module
- Grievance handling by following precedents

The payroll module automates the pay process by gathering data on employee time and attendance, calculating various deductions and taxes, and generating periodic pay cheques and

employee tax reports. Data is generally fed from the human resources and timekeeping modules to calculate automatic deposit and manual cheque writing capabilities. This module can encompass all employee-related transactions as well as integrate with existing financial management systems.

The time and attendance module gathers standardized time and work related efforts. The most advanced modules provide broad flexibility in data collection methods, labor distribution capabilities and data analysis features. Cost analysis and efficiency metrics are the primary functions.

The benefits administration module provides a system for organizations to administer and track employee participation in benefits programs. These typically encompass insurance, compensation, profit sharing, and retirement.

### **I. Operational HRIS**

Operational HRIS is of immense help to the manager. It provides the manager with all the required data to support routine and repetitive human resource decisions. Many operational level human resource systems collect and report human resource data. These systems usually include information about the organization's employees and position and also about governmental regulations. Two major sub-divisions under operational HRIS comprise the following:

#### **Employee Information Systems**

Employee information systems is a major part of operational HRIS. Organizations need to keep a track of an employee's records and details pertaining to all kinds of personal and professional details including name, address, sex, minority status, citizenship, education, past professional experiences and much more.

### **2. Position Control Systems**

The concept of position control systems is introduced in an organization in order to identify each position within the organization; the job title within which the position is classified; and the



employee currently assigned to the position. Referring to the position control systems, a HR manager can identify the details about and unfilled position.

### **3. Performance Management Information Systems**

Performance Management Information Systems include performance appraisal data and productivity information data. This system is frequently used as an evidence in employee grievance matters. Careful documentation of employee performance and of how the performance was measured and reported is critical to acceptance of appraisal information in grievance hearing. Performance management systems can lead to a number of decisions beyond merely the decisions to retain, promote, transfer or terminate an employee.

## **II. Tactical HRIS**

Tactical human resource information systems provide managers with support for decisions that emphasize the allocation of resources. Within the domain of HR, these include recruitment decisions, job analysis, and design decisions, training and development and also employee compensation plans. Tactical HRIS also has a few subparts that are explained below:

### **Job Analysis and Design Information System**

The inputs to the job analysis and design information system, include data from supervisors and workers and affirmative action guidelines. Inputs also comprise information from external sources to the firm, such as labour unions, competitors and government agencies.

## **2. Recruiting Information Systems**

In order to direct the recruiting function, the organization needs to develop a proper recruiting plan. The plan is designed in order to address gaps such as vacant positions to be filled and skills required for the employees for these positions. If this plan is to be executed, a proper recruiting information system is pretty much required, so that everything is executed with proper ease.



### **3. Compensation and Benefits Information Systems**

This particular information systems may support a variety of tactical HR decisions, especially when it comes to compensation and benefits systems. Compensation and benefits plan an important role in the overall productivity of the organization.

### **4. Employee Training and Development systems**

Another major aspect where HRIS is extensively implemented is the domain of employee training and development. The training must be directed at those individuals who are not only interested but also capable of benefiting from it.

### **III. Strategic HRIS**

Strategic HRIS focuses on supporting labour negotiations, workforce planning, and certain specialized human resources software. The main purpose of this is to have an overall good idea about labour resources and workforce planning. Major types of strategic HRIS comprise the following:

#### **Information Systems Supporting Workforce Planning**

Organization that are involved in long-term strategic planning, such as those planning to expand into new market areas, construct factories or offices in new locations, or add new products, will need information about the quantity and quality of the available workforce to achieve their goals. Information systems that support workforce planning serve this purpose.

### **2. Specialized Human Resource Information Systems Software**

There has been a great deal of software that has been designed for the proper functioning of the human resources. Software that is specifically designed for the human resource management function can be divided into two basic categories: comprehensive human resource information systems software and limited-function packages that support one or a few human resource activities.

#### **IV. Comprehensive HRIS**

The computerization of HRIS has resulted in an integrated database of human resource files., employee files, position, skills inventory files, affirmative action files, job analysis and design files, occupational health and safety files, and many other human resource files are constructed in a coordinated manner using database management systems software so that application programs can produce reports from any or all of the files.

HRIS was introduced so that the overall human resources domain is able to function in a much easier and simpler way. Today, also most all organizations across the globe has started implementing HRIS and are benefiting from its use to a great extent.

#### **Succession planning**

Succession planning is a conscious decision by an organization to foster and promote the continual development of employees, and ensure that key positions maintainsome measure of stability, thus enabling an organization to achieve business objectives. Succession planning has sometimes taken a replacement approach, often focusing on executive-level positions.

One or two successors might be identified and selected, probably based on the exclusive input of their immediate supervisor, and then placed on the fast-track into a senior position. However, succession planning has evolved into a process that can be used to:

1. Replenish an organization's Human Resource at a broad or specific level;
2. Identify, assess and develop employee knowledge, skills and abilities to meet the current andfuture staffing needs of the organization; and
3. Ensure a continuous supply of talent by helping employees develop their potential.

### **Succession Planning Process**

Succession planning will vary slightly between organizations. Different resources, different organizational designs and different attitudes all mean that succession planning should be flexible and adaptable in order to accommodate varying needs and achieve business continuity. However, there is a general framework that departments can use as the basis and guide for their succession planning activities. This framework involves:

#### **Step 1 – Identifying Key Positions or Key Groups**

A key position can be defined in many different ways, but two important criteria that should be considered are criticality and retention risk. A critical position is one that, if it were vacant, would have a significant impact on the organization's ability to conduct normal business. The significance of the impact could be considered in terms of safety, operation of equipment, financial operation, efficiency, public opinion, and so on. Retention risk refers to positions where the departure of an employee is expected (e.g. retirement) or likely (e.g. history of turnover). By examining these criteria on a low-to-high scale, an organization can determine what positions require short- or long-term planning.

#### **Step 2 – Identifying Competencies**

All positions demand set of knowledge, skills and abilities that are expected of employees who are filling that function. Thus, knowing the competencies of a job is a mandatory component of recruitment. However, succession planning provides an opportunity to review the competencies traditionally associated with jobs, particularly with respect to current goals and objectives. Several ways to determine and develop required competencies include:

1. Reviewing job descriptions, advertisements, and relevant merit criteria
2. Interviewing current and former job incumbents

3. Interviewing supervisors, clients, and other stakeholders
4. Conducting focus groups or surveys
5. Reviewing any existing development programs (i.e. leadership competencies)
6. Reviewing organizational values

### **Step 3 – Identifying and Assessing Potential Candidates**

The objective of identifying and assessing employees against core job competencies is to help focus their learning and development opportunities in order to prepare them for future roles in the organization. Given the potential sensitivity around the decision-making process in these situations, an employee might be advised about their prospective opportunity for advancement in private. This process is not transparent and can negatively impact the morale of other employees and their relationship with the organization. Modern approaches to succession planning suggest that transparency and accountability are the best practices for an organization. Recruitment in the public service is based on merit, fairness and respect, and these concepts are maintained and supported by the succession planning process. Therefore, succession planning must be:

1. Objective and independent of personal bias;
2. Merit-based;
3. Communicated to and understood by all employees; and
4. Transparent at all stages of the process

### **Step 4 – Learning and Development Plans**

Once the relevant candidates have been identified, the organization must ensure that these employees have access to focused learning and development opportunities.

Some key points to remember when developing learning and development plans are:

1. Plans should focus on decreasing or removing the gap between expected competencies and the current knowledge, skills and abilities of candidates.
2. modern succession planning is based on learning and development to fulfill employee potential, rather than merely filling a vacancy.
3. There are a wide range of learning and development opportunities to consider, which can include:
  1. Job assignments that develop candidate's competencies;
  2. Job rotations; and
  3. Formal training.
4. Ensure appropriate strategies are in place to support the transfer of corporate knowledge to candidates for key jobs, which can include:
  - a. Mentoring, coaching or job-shadowing;
  - b. Documenting critical knowledge;

### **Step 5 – Implementation and Evaluation**

Evaluating succession planning efforts will help to ensure the effectiveness of the process by providing information regarding:

1. How the process operates – the relationship between inputs, activities, outputs, and outcomes
2. Impact of the process relative to stated goals and objectives
3. Functional strengths and weaknesses
4. Potential gaps in planning and assumptions
5. Cost-effectiveness and cost-benefit

### **Distinction between "Career Planning and "Succession Planning**

Career planning as well as succession planning constitute very important input to manpower planning. Sometimes, many people consider that the terms "Career' Planning" and "Succession

Planning" are synonymous. But it is not so. Distinction between them is made clear in the following box.

<b>Career Planning</b>	<b>Succession Planning</b>
1. Career planning is the process or activities offered by an organisation to the individuals or its employees to identify their strength, weaknesses, specific goals and the jobs they would like to occupy. Through career planning, the employees, individuals, identify and implement steps to attain their career goals.	1. Succession planning is the important process which involves identification of individuals or employees as the possible successors to the key or very senior positions in an organization which such position become vacant. Thus, in short, succession planning focuses on the identification of vacancies and locating probable successor.
2. In career planning, an organisation is concerned with strategic questions of career development.	2. In succession planning, the focus of attention is the persons who can occupy the vacant post.
3. Career Planning is a must for all managerial cadres and posts.	3. Succession planning is essential for all those who operate in key functional areas and also for key managerial cadres that are likely to become vacant.
4. Career Planning's basis is long term	4. Succession Planning is usually for

till the retirement of the employment contract.	2 to 5 or 2 to 7 years period for an individual but it is a continuous exercise for an organisation.
5. The important objective of career planning is to explore the opportunities to enable the individual employees to grow and to develop and also to encourage or motivate them for self-development.	5. The important objective of succession planning is to identify the most suitable, potentially qualified, efficient, skilled and experienced employees or individuals to occupy or succeed to key positions when they become vacant.

### **Job analysis**

According to Michael L. Jucius, “Job analysis refers to the process of studying the operations, duties and organizational aspects of jobs in order to derive specifications or as they called by some, job descriptions.”

According to DeCenzo and P. Robbins, “A job analysis is a systematic exploration of the activities within a job. It is a basic technical procedure, one that is used to define the duties, responsibilities, and accountabilities of a job.”

Job Analysis is a method by which pertinent information is obtained about a job. It is a detailed and systematic study of information relating to the operation and responsibilities of a specific job. Job analysis as can be defined as the process of determining, by observation and study, and reporting pertinent information relating to the nature of a specific job. It is the determination of the

tasks which comprise the job and of the skills, knowledge, abilities and responsibilities required of the worker for a successful performance and which differentiate one job from all others.

Job analysis provides the following information:

**1. Job Identification**

Its title, including its code number

**2. Significant Characteristics of a Job**

Its location, physical setting, supervision, union jurisdiction, hazards and discomforts;

**3. What the Typical Worker Does**

Specific operation and tasks that make up an assignment, their relative timing and importance, their simplicity, routine or complexity, the responsibility or safety of others for property, funds, confidence and trust;

**3. Which Materials and Equipment a Worker Uses**

Metals, plastics, grains, yarns, milling machines, punch presses and micrometers

**5. How a Job is Performed**

Nature of operation - lifting, handling, cleaning, washing, feeding, removing, drilling, driving, setting-up and many others;

**6. Required Personal Attributes**

Experience, training, apprenticeship, physical strength, co-ordination or dexterity, physical demands, mental capabilities, aptitudes, social skills;



## Methods of Job Analysis

Four methods or approaches are utilised in analysing jobs. They are:

- 1. Personal Observation:** The materials and equipment used, the working conditions and probable hazards, and an understanding of what the work involves are the facts which should be known by an analyst.
- 2. Sending out of Questionnaires:** Properly drafted questionnaires are sent out to job-holders for completion and are returned to supervisors.
- 3. Maintenance of Long Records:** The employee maintains a daily record of duties he performs, marking the time at which each task is started and finished.
- 4. Critical Incidents:** In this method, job holders are asked to describe incidents concerning the job on the basis of their past experience. The incidents so collected are analyzed and classified according to the job areas they describe
- 5. Personal Interviews:** Personal interviews may be held by the analyst with the employees, and answers to relevant questions may be recorded. But the method is time-consuming and costly.
- 6. Technical Conference Method:** This method utilizes supervisors with extensive knowledge of the job. Here, specific characteristics of a job are obtained from the “experts.”
- 7. Functional Job Analysis:** Functional job analysis (FJA) is employee- oriented analytical approach of job analysis. This approach attempts to describe the whole person on the job.

## Purposes and Uses of Job Analysis

The information provided by job analysis is useful in almost every phase of employee relations. Its purposes and uses can be understood from the following points:

- 1. Organisation and Manpower Planning:** It is helpful in organisational planning for it defines labour needs in concrete terms and coordinates the activities of the work force, and clearly

divides duties and responsibilities.

**2. Recruitment and Selection:** By indicating the specific requirements of each job (i.e., the skills and knowledge), it provides a realistic basis for hiring, training, placement, transfer and promotion of personnel.

**3. Wage and Salary Administration:** By indicating the qualifications required for doing specified jobs and the risks and hazards involved in its performance, it helps in salary and wage administration. Job analysis is used as a foundation for job evaluation.

**4. Job Re-engineering:** Job analysis provides information which enables us to change jobs in order to permit their being manned by personnel with specific characteristics and qualifications.

**5. Employee Training and Management Development:** Job analysis provides the necessary information to the management of training and development programmes.

**6. Performance Appraisal:** It helps in establishing clear-cut standards which may be compared with the actual contribution of each individual.

**7. Health and Safety:** It provides an opportunity for indentifying hazardous conditions and unhealthy environmental factors so that corrective measures may be taken to minimise and avoid the possibility of accidents.

Following are the important steps in the process of job analysis:

**1. Determine the Use of the Job Analysis Information:** Start by identifying the use to which the information will be put, since this will determine the type of data you collect and the technique you use to collect them.

**2. Collection of Background Information:** According to Terry, “The make-up of a job, its relation to other jobs, and its requirements for competent performance are essential information needed for a

job evaluation. This information can be had by reviewing available background information such as organization charts and the existing job descriptions.

**3. Selection of Jobs for Analysis:** Job analysis is a costly and time consuming process. Hence, it is necessary to select a representative sample of jobs for the purposes of analysis. Priorities of various jobs can also be determined.

**4. Collection of Job Analysis Data:** Job data on features of the job, required employee qualification and requirements, should be collected either from the employees who actually perform a job; or from other employees who watch the workers, or from the outside persons.

**5. Processing the Information:** Once job analysis information has been collected, the next step is to place it in a form that will make it useful to those charged with the various personnel functions. Several issues arise with respect to this. First, how much detail is needed? Second, can the job analysis information be expressed in quantitative terms? These must be considered properly.

**6. Preparing Job Descriptions and Job Classifications:** Job information which has been collected must be processed to prepare the job description form. It is a statement showing full details of the activities of the job. Separate job description forms may be used for various activities in the job and may be compiled later on. The job analysis is made with the help of these description forms. These forms may be used as reference for the future.

**7. Developing Job Specifications:** Job specifications are also prepared on the basis of information collected. It is a statement of minimum acceptable qualities of the person to be placed on the job. It specifies the standard by which the qualities of the person are measured.

### **Sources of Information for Job Analysis**

According to George R. Terry, “the make-up of a job, its relation to other jobs, and its requirements for competent performance are essential information needed for a job analysis”.

Information on a job may be obtained from three principal sources:

- (a) From the employees who actually perform a job;
- (b) From other employees such as supervisors and foremen who watch the workers doing a job and thereby acquire knowledge about it; and
- (c) From outside observers specially appointed to watch employees performing a job. Such outside persons are called the trade job analysts.

### **Job Description**

Job description is a written record of the duties, responsibilities and requirements of a particular job. It is concerned with the job itself and not with the work. It is a statement describing the job in such terms as its title, location, duties, working conditions and hazards. In other words, it tells us what is to be done and how it is to be done and why. It is a standard of function, in that it defines the appropriate and authorised contents of a job.

A job description contains the following:

- 1. Job identification**, which includes the job title, alternative title, department, division, plant and code number of the job. The job title identifies and designates the job properly.
- 2. Job Summary** serves two important purposes. First it provides a short definition which is useful as additional identification information when a job title is not adequate. Second, it serves as a summary to orient the reader.
- 3. Job duties** give us a comprehensive listing of the duties together with some indication of the frequency of occurrence or percentage of time devoted to each major duty. It is regarded as the heart of a job.
- 4. Relation to other jobs:** This helps us to locate the job in the organisation by indicating the job immediately below or above it in the job hierarchy. It also gives us an idea of the vertical

relationships of work flow and procedures.

**5. Supervision:** Under it is given the number of persons to be supervised along with their job titles, and the extent of supervision involved – general, intermediate or close supervision.

**6. Working conditions** usually give us information about the environment in which a job holder must work.

### **Job Specification**

The job specification states the minimum acceptable qualifications that the incumbent must possess to perform the job successfully. Based on the information acquired through job analysis, the job specification identifies the knowledge, skills, and abilities needed to do the job effectively.

According to Dale Yoder, “The job specification, as such a summary properly described is thus a specialized job description, emphasizing personnel requirement and designed specially to facilitate selection and placement.”

A Job Specification should include:

- (i) Physical characteristics, which include health, strength, endurance, age, height, weight, vision, voice, eye, hand and foot co-ordination, motor co-ordination, and colour discrimination.
- (ii) Psychological and social characteristics such as emotional stability, flexibility, decision making ability, analytical view, mental ability, pleasing manners, initiative, conversational ability etc.
- (iii) Mental Characteristics such as general intelligence, memory, judgement, ability to concentrate, foresight etc.
- (iv) Personal Characteristics such as sex, education, family background, job experience, hobbies, extracurricular activities etc.

## **Human Resource Accounting**

### **Meaning**

Human resources are considered as important assets and are different from the physical assets. Physical assets do not have feelings and emotions, whereas human assets are subjected to various types of feelings and emotions. In the same way, unlike physical assets human assets never gets depreciated.

Therefore, the valuations of human resources along with other assets are also required in order to find out the total cost of an organization. In 1960s, Rensis Likert along with other social researchers made an attempt to define the concept of human resource accounting (HRA).

### **Definition**

1. The American Association of Accountants (AAA) defines HRA as follows: ‘HRA is a process of identifying and measuring data about human resources and communicating this information to interested parties’.
2. Flamhoitz defines HRA as ‘accounting for people as an organizational resource. It involves measuring the costs incurred by organizations to recruit, select, hire, train, and develop human assets. It also involves measuring the economic value of people to the organization’.
3. According to Stephen Knauf, ‘ HRA is the measurement and quantification of human organizational inputs such as recruiting, training, experience and commitment’.

### **Need for HRA**

The need for human asset valuation arose as a result of growing concern for human relations management in the industry.

**Behavioural scientists concerned with management of organizations pointed out the following reasons for HRA:**

1. Under conventional accounting, no information is made available about the human resources employed in an organization, and without people the financial and physical resources cannot be operationally effective.
2. The expenses related to the human organization are charged to current revenue instead of being treated as investments, to be amortized over a period of time, with the result that magnitude of net income is significantly distorted. This makes the assessment of firm and inter-firm comparison difficult.
3. The productivity and profitability of a firm largely depends on the contribution of human assets. Two firms having identical physical assets and operating in the same market may have different returns due to differences in human assets. If the value of human assets is ignored, the total valuation of the firm becomes difficult.
4. If the value of human resources is not duly reported in profit and loss account and balance sheet, the important act of management on human assets cannot be perceived.
5. Expenses on recruitment, training, etc. are treated as expenses and written off against revenue under conventional accounting. All expenses on human resources are to be treated as investments, since the benefits are accrued over a period of time.

**Objectives of HRA**

1. Providing cost value information about acquiring, developing, allocating and maintaining human resources.
2. Enabling management to monitor the use of human resources.
3. Finding depreciation or appreciation among human resources.

4. Assisting in developing effective management practices.
5. Increasing managerial awareness of the value of human resources.
6. For better human resource planning.
7. For better decisions about people, based on improved information system.
8. Assisting in effective utilization of manpower.

**Methods of Valuation of Human Resources:**

There are certain methods advocated for valuation of human resources. These methods include historical method, replacement cost method, present value method, opportunity cost method and standard cost method. All methods have certain benefits as well as limitations.

**Benefits of HRA**

**There are certain benefits for accounting of human resources, which are explained as follows:**

1. The system of HRA discloses the value of human resources, which helps in proper interpretation of return on capital employed.
2. Managerial decision-making can be improved with the help of HRA.
3. The implementation of human resource accounting clearly identifies human resources as valuable assets, which helps in preventing misuse of human resources by the superiors as well as the management.
4. It helps in efficient utilization of human resources and understanding the evil effects of labour unrest on the quality of human resources.
5. This system can increase productivity because the human talent, devotion, and skills are considered valuable assets, which can boost the morale of the employees.
6. It can assist the management for implementing best methods of wages and salary administration.



### **Limitations of HRA**

**HRA is yet to gain momentum in India due to certain difficulties:**

1. The valuation methods have certain disadvantages as well as advantages; therefore, there is always a bone of contention among the firms that which method is an ideal one.
2. There are no standardized procedures developed so far. So, firms are providing only as additional information.
3. Under conventional accounting, certain standards are accepted commonly, which is not possible under this method.
4. All the methods of accounting for human assets are based on certain assumptions, which can go wrong at any time. For example, it is assumed that all workers continue to work with the same organization till retirement, which is far from possible.
5. It is believed that human resources do not suffer depreciation, and in fact they always appreciate, which can also prove otherwise in certain firms.
6. The lifespan of human resources cannot be estimated. So, the valuation seems to be unrealistic.

### **Recruitment**

Recruitment means search of the prospective employee to suit the job requirements as represented by job specification. It is the process of attracting people to apply for jobs in an organisation.

According to Edwin B. Flippo: "Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation."

### **Factors affecting Recruitment**

The factors affecting recruitment can be classified as internal and external factors.

#### **The internal factors are:**

- Wage and salary policies;
- The age composition of existing working force;
- Promotion and retirement policies;
- Turnover rates;
- The nature of operations involved the kind of personnel required;
- The level and seasonality of operations in question;
- Future expansion and reduction programmes;
- Recruiting policy of the organisation;
- Human resource planning strategy of the company;
- Size of the organisation and the number of employees employed;
- Cost involved in recruiting employees, and finally;
- Growth and expansion plans of the organisation.

#### **The external factors are:**

- Supply and demand of specific skills in the labour market
- Company's image perception of the job seekers about the company.
- External cultural factors: Obviously, the culture may exert considerable check on recruitment. For example, women may not be recruited in certain jobs in industry.

- Economic factors: such as a tight or loose labour market, the reputation of the enterprise in the community as a good pay master or otherwise and such allied issues which determine the quality and quantity of manpower submitting itself for recruitment.
- Political and legal factors also exert restraints in respect of nature and hours of work for women and children, and allied employment practices in the enterprise, reservation of Job for SC, ST and so on.

### **Sources of Recruitment**

The various sources of recruitment are generally classified as internal source and external source.

(a) **Internal Sources:** This refers to the recruitment from within the company. The various internal sources are promotion, transfer, past employees and internal advertisements.

(b) **External Sources:** External sources refers to the practice of getting suitable persons from outside. The various external sources are advertisement, employment exchange, past employees, private placement agencies and consultants, walks-ins, campus recruitment, trade unions, etc.

The following external sources of recruitment are commonly used by the big enterprises:

**1. Direct Recruitment:** An important source of recruitment is direct recruitment by placing a notice on the notice board of the enterprise specifying the details of the jobs available. It is also known as recruitment at factory gate.

**2. Casual Callers or Unsolicited Applications:** The organisations which are regarded as good employers draw a steady stream of unsolicited applications in their offices. This serves as a valuable source of manpower.

**3. Media Advertisement:** Advertisement in newspapers or trade and professional journals is generally used when qualified and experienced personnel are not available from other sources.

**4. Employment Agencies:** Employment exchanges run by the Government are regarded as a good source of recruitment for unskilled, semi-skilled and skilled operative jobs. In some cases, compulsory notification of vacancies to the employment exchange is required by law.

**5. Management Consultants:** Management consultancy firms help the organisations to recruit technical, professional and managerial personnel they specialise middle level and top level executive placements.

**6. Educational Institutions or Campus Recruitment:** Big organisations maintain a close liaison with the universities, vocational institutes and management institutes for recruitment to various jobs. Recruitment from educational institutional is a well - established practice of thousand of business and other organisations.

**7. Recommendation:** Applicants introduced by friends and relatives may prove to be a good source of recruitment.

**8. Labour Contractors:** Workers are recruited through labour contractors who are themselves employees of the organisation. Recruitment through labour contractors has been banned for the public sector units.

**9. Telecasting:** The practice of telecasting of vacant posts over T.V. is gaining importance these days. Special programmes like 'Job Watch', 'Youth Pulse', ' Employment News', etc. over the T.V have become quite popular in recruitment for various types of jobs.

**10.Raiding:** Raiding is a technical term used when employees working elsewhere are attracted to join organisations. The organisations are always on the lookout for qualified professionals, and are willing to offer them a better deal if they make the switch.

### Merits of External Source of Recruitment

The merits of external sources of recruitment are as under:

- 1. Qualified Personnel:** By using external sources of recruitment the management can make qualified and trained people to apply for vacant Jobs in the organisation.
- 2. Wider choice:** When vacancies are advertised widely a large number of applicants from outside the organisation apply. The management has a wider choice while selecting the people for employment.
- 3. Fresh Talent:** The insiders may have limited talents. External sources facilitate infusion of fresh blood with new ideas into the enterprise. This will improve the overall working of the enterprise.
- 4. Competitive Spirit:** If a company can tap external sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.

### Demerits of External Sources

The demerits of filling vacancies from external sources are as follows:

- 1. Dissatisfaction among Existing Staff:** External recruitment may lead to dissatisfaction and frustration among existing employees. They may feel that their chances of promotion are reduced.
- 2. Lengthy Process:** Recruitment from outside takes a long time. The business has to notify the vacancies and wait for applications to initiate the selection process.
- 3. Costly Process:** It is very costly to recruit staff from external sources. A lot of money has to be spent on advertisement and processing of applications.
- 4. Uncertain Response:** The candidates from outside may not be suitable for the enterprise.

There is no guarantee that the enterprise will be able to attract right kinds of people from external sources.

## **Selection**

Human resource selection is the process of preferring qualified individuals who are available to fill positions in an organization. Selection involves both picks up the fits and rejects the unfits. Therefore, sometimes, it is called a negative process.

According to Thomas Stone, “Selection is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job”.

### **Difference between Recruitment and Selection**

- 1. Difference in Objective:** The basic objective of recruitment is to attract maximum number of candidates so that more options are available. The basic objective of selection is to choose best out of the available candidates.
- 2. Difference in Process:** Recruitment adopts the process of creating application pool as large as possible and therefore. It is known as positive process. Selection adopts the process through which more and more candidates are rejected and fewer candidates are selected or sometimes even not a single candidate is selected. Therefore, it is known as negative process or rejection process.
- 3. Technical Differences:** Recruitment techniques are not very intensive, and not require high skills. As against this, in selection process, highly specialised techniques are required. Therefore, in the selection process, only personnel with specific skills like expertise in using selection tests, conducting interviews, etc., are involved.
- 4. Difference in Outcomes:** The outcome of recruitment is application pool which becomes input for selection process. The outcome of selection process is in the form of finalising candidates who will be offered jobs.

### **Selection Procedure**

**1. Application Pool:** Application pool built-up through recruitment process is the base for selection process. The basic objective at the recruitment level is to attract as much worthwhile applications as possible so that there are more options available at the selection stage.

**2. Preliminary Screening and Interview:** It is highly noneconomic to administer and handle all the applicants. It is advantageous to sort out unsuitable applicants before using the further selection steps. For this purpose, usually, preliminary interviews, application blank lists and short test can be used. All applications received are scrutinised by the personnel department in order to eliminate those applicants who do not fulfil required qualifications or work experience or technical skill, his application will not be entertained. Such candidate will be informed of his rejection.

**3. Application Blank or Application Form:** An application blank is a traditional widely accepted device for getting information from a prospective applicant which will enable the management to make a proper selection. Information is generally taken on the following items:

**(a) Biographical Data:** Name, father's name, data and place of birth, age, sex, nationality, height, weight, identification marks, physical disability, if any, marital status, and number of dependants.

**(b) Educational Attainment:** Education (subjects offered and grades secured), training acquired in special fields and knowledge gained from professional/technical institutes or through correspondence courses.

**(c) Work Experience:** Previous experience, the number of jobs held with the same or other employers, including the nature of duties, and responsibilities and the duration of various assignments, salary received, grades, and reasons for leaving the present employer.

**(d) Salary and Benefits:** Present and expected.

**(e) Other Items:** Names and addresses of previous employers, references etc. An application blank is a brief history sheet of an employee's background and can be used for future reference, in case needed.

**4. Selection Tests:** Many organisations hold different kinds of selection tests to know more about the candidates or to reject the candidates who cannot be called for interview etc.

normally supplement the information provided in the application forms. Such forms may contain factual information about candidates.

**A. Aptitude Tests:** These measure whether an individual has the capacity or talent ability to learn a given job if given adequate training. These are more useful for clerical and trade positions.

**B. Personality Tests:** At times, personality affects job performance. These determine personality traits of the candidate such as cooperativeness, emotional balance etc. These seek to assess an individual's motivation, adjustment to the stresses of everyday life, capacity for interpersonal relations and self-image.

**C. Interest Tests:** These determine the applicant's interests. The applicant is asked whether he likes, dislikes, or is indifferent to many examples of school subjects, occupations, amusements, peculiarities of people, and particular activities.

**D. Performance Tests:** In this test the applicant is asked to demonstrate his ability to do the job. For example, prospective typists are asked to type several pages with speed and accuracy.

**E. Intelligence Tests:** This aim at testing the mental capacity of a person with respect to reasoning, word fluency, numbers, memory, comprehension, picture arrangement, etc. It measures the ability to grasp, understand and to make judgement.



**F. Knowledge Tests:** These are devised to measure the depth of the knowledge and proficiency in certain skills already achieved by the applicants such as engineering, accounting etc.

**G. Achievement Tests:** Whereas aptitude is a capacity to learn in the future, achievement is concerned with what one has accomplished. When applicants claim to know something, an achievement test is given to measure how well they know it.

**H. Projective Tests:** In these tests the applicant projects his personality into free responses about pictures shown to him which are ambiguous.

## **5. Interview**

An interview is a procedure designed to get information from a person and to assess his potential for the job he is being considered on the basis of oral responses by the applicant to oral inquiries by the interviewer. Interviewer does a formal in-depth conversation with the applicant, to evaluate his suitability. It is one of the most important tools in the selection process. This tool is used when interviewing skilled, technical, professional and even managerial employees. It involves two way exchange of information. The interviewer learns about the applicant and the candidate learns about the employer.

### **Principles of Interviewing**

To make it effective, an interview should be properly planned and conducted on certain principles; Edwin B. Flippo has described certain rules and principles of good interviewing to this end:

Provide proper surroundings. The physical setting for the interview should be both private and comfortable.

- The mental setting should be one of rapport. The interviewer must be aware of non-verbal behaviour.
- Plan for the interview by thoroughly reviewing job specifications and job descriptions.

- Determine the specific objectives and the method of the interviewing.
- Inform yourself as much as possible concerning the known information about the interviewee.
- The interviewer should possess and demonstrate a basic liking and respect for people.
- Questions should be asked in a manner that encourages the interviewee to talk.
- Put the applicant at ease.
- Make a decision only when all the data and information are available. Avoid decisions that are based on first impressions.
- Conclude the interview tactfully, making sure that the candidate leaves feeling neither too elated nor frustrated.
- Maintain some written record of the interview during or immediately after it.
- Listen attentively and, if possible, protectively.
- Questions must be stated clearly to avoid confusion and ambiguity. Maintain a balance between open and overtly structured questions.
- 'Body language' must not be ignored.
- The interviewer should make some overt sign to indicate the end of the interview.

## **6. Background Investigation**

The next step in the selection process is to undertake an investigation of those applicants who appear to offer potential as employees. This may include contacting former employers to confirm the candidate's work record and to obtain their appraisal of his or her performance/ contacting other job-related and personal references, and verifying the educational accomplishments shown on the application.

### **7. Physical Examination**

After the selection decision and before the job offer is made, the candidate is required to undergo physical fitness test. Candidates are sent for physical examination either to the company's physician or to a medical officer approved for the purpose. Such physical examination provides the following information.

### **8. Approval by Appropriate Authority**

On the basis of the above steps, suitable candidates are recommended for selection by the selection committee or personnel department. Though such a committee or personnel department may have authority to select the candidates finally, often it has staff authority to recommend the candidates for selection to the appropriate authority.

### **9. Final Employment Decision**

After a candidate is finally selected, the human resource department recommends his name for employment. The management or board of the company offers employment in the form of an appointment letter mentioning the post, the rank, the salary grade, the date by which the candidate should join and other terms and conditions of employment. Some firms make a contract of service on judicial paper. Usually an appointment is made on probation in the beginning. The probation period may range from three months to two years. When the work and conduct of the employee is found satisfactory, he may be confirmed.

### **10. Evaluation**

The selection process, if properly performed, will ensure availability of competent and committed personnel. A period audit, conducted by people who work independently of the human resource department, will evaluate the effectiveness of the selection process. The auditors will do a thorough and the intensive analysis and evaluate the employment programme.

## **E - Recruitment**

### **Definition**

The E-Recruitment, also called as Online Recruitment, is the process of hiring the potential candidates for the vacant job positions, using the electronic resources, particularly the internet.

E-Recruitment includes the entire process of finding the prospective candidates, assessing, interviewing and hiring them, as per the job requirement. Through this, the recruitment is done more effectively and efficiently.

Generally, the job vacancies are advertised on the world wide web (www), where the applicants attach their CV or resume, to get recognized by the potential recruiters or the employers.

The companies undertake their online promotional activities via their official websites, wherein the complete information about the corporation is enclosed. Through this information, the prospective candidate could decide whether to be a part of a firm or not. Thus, the firm's official website is considered to be an essential element of E-Recruitment.

### **Advantages of E-Recruitment**

- Low cost per candidate, as compared to the physical recruitment process.
- Wide geographical coverage, i.e. the candidates can be hired from any part of the world.
- Beneficial for both the employer and the job seeker, the corporations can find the prospective candidates through their CVs attached to world wide web, and similarly, the candidates can search the employer through their job vacancy advertisement posted on the internet.
- Less time required in hiring the potential candidate for the firm.
- Right people for the right job can be easily found through E-Recruitment, by matching the candidate's CVs with the job profile.

- The recruitment process becomes more efficient and easy to record details of the applicant.
- The E-Recruitment software and systems are available, through which the entire recruitment process becomes automated. One of the systems is the Recruitment Management System, which is a portal that involves hiring the candidates online and each step involved in the recruitment process is automatized.

**Possible Questions**

**Part B – 2 Marks**

1. Define Human Resource Planning
2. What is meant by Human Resource Information System?
3. Give the meaning of succession planning?
4. List out the methods of job analysis?
5. Give the meaning of job description?
6. What is meant by HR accounting?
7. Give the meaning of HRD Audit?
8. Define E- Recruitment?
9. State the sources of recruitment
10. Define job specification

**Part C – 6 Marks**

1. Define human resource planning? Explain the steps in HRP
2. Discuss the importance of human resource planning
3. Determine the importance of HRP in detail
4. Discuss the components of Human resource information system?
5. Discuss the functions of HRP?
6. Explain the functions of Succession planning in detail?
7. Distinguish between career planning and succession planning?
8. Enumerate the significance of job analysis in detail?
9. Explain the need and objectives of Human Resource Accounting?
10. Explain the sources of recruitment with suitable examples?
11. Explain the steps involved in selection process?

**Karpagam Academy of Higher Education****Human Resource Management****UNIT II - Concept of HRP and Recruitment****Multiple Choice Questions - Each Question Carries ONE Mark**

<b>S.No.</b>	<b>Questions</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>	<b>Answers</b>
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 standard of job personnel	job	specification	job specification	sturcted	specification
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
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	Job Performance	Personal Observation	Critical Incidents	Interview	Critical Incidents
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 of a job in relation to other jobs.	Job Analysis	Job Evaluation	Peformance Appraisal	Job Performance	Job Evaluation
11	___ is a systematic way of gathering information about a job	Job Analysis	Job Evaluation	Peformance Appraisal	Job Performance	Job Analysis



12	_____ is the systematic description of an employee's job-related strengths and weaknesses	Job Analysis	Job Evaluation	Performance Appraisal	Job Performance	Performance Appraisal
13	_____ methods is simplest method of job evaluation	Classification Method	Ranking Method	Comparison Method	Point Method	Ranking Method
14	A job is a collection of-----	duty	task	in turn	duty and task	duty and task
15	Human relations relate to the interaction of---- -----	job	people	work	people and work	people and work
16	Human relations is-----	systematic	preferable	non-systematic	informal integration	informal integration
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
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, etc.,	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	In big five models, 'agreeableness' is tendency to be _____	Sociable	trusting	compliant	trust and complaint	trust and complaint

25	An organization performance results-----.	improve	prouductivly	people	informative	prouductivly
26	Human resource planning helps to carry its---- -----.	duty	income	work	responsibility	work
27	A statement containing the details of works to be performed & responsibilities involved is known	Job analysis	Job evaluation	Job specification	Job description	Job analysis
29	___ is the binding of the individual to behavioural acts	Commitment	Job Analysis	Stress Management	Skills inventory	Commitment
30	___ describes congruence between personal and organisational goals	Job Analysis	Stress Management	Skills inventory	Involvement	Involvement
31	___ is based on the belief that more satisfied employees are more productive employees	Human Resources Approach	Human Relations Approach	Involvement Approach	Resource Appraoch	Human Relations Approach
32	Delphi technique is used in_____	(Organizing	Operating	Staffing	Forecasting	Forecasting
33	___ is another way of hiring people from within the organization	Job Posting	Sources	References	Campus Interview	Job Posting
34	A selection is ----- process.	negative	long	clear	marker	negative
35	A----- procedure is essential to source people.	hiring	taking	process	managing	hiring
36	Selection candiates are-----	perfect	screened	employed	clear	screened
37	A----- data gives the place and date of birth of employees	sensory data	personnal	information	biographical data	personnal
38	___ are devices that assess the probable match between applicants and job requirements	Interview	Employment Tests	Training	Performance Appraisal	Employment Tests
39	----- is considered for selection.	people	persons	bio-data	activity	people

40	Process of identifying, assessing and developing leadership is called _____	Employment planning	Human resource planning	Succession planning	Strategic planning	Succession planning
41	Study of different employment needs of company is _____	ratio analysis	ratio analysis	scatter plot	trend analysis	trend analysis
42	A skills inventory contains-----.	system	data	people	static	system
43	____ tests expect the candidates to interpret problems or situations based on their own motives, attitudes, values, etc.	Interest	Projective	Preference	Achievement	Projective
44	____ tests show the areas of work in which a person is most interested	Interest	Projective	Preference	Achievement	Interest
45	____ tests try to compare employee preferences with the job and organisational requirements	Interest	Projective	Preference	Achievement	Preference
46	____ tests are designed to measure what the applicant can do on the job currently	Interest	Projective	Preference	Achievement	Achievement
47	____-is a test which duplicates many of the activities and problems an employee faces while at work	Projective	Achievement	Simulation Test	Preference	Simulation Test
48	_____ is an extended work sample	The In-basket	Assessment Centre	Group Discussion	Business Games	Assessment Centre
49	The primary source of information for recruiting is _____	managerial Interviews	testing	interview with applicants	job analysis	job analysis
50	A good source of hiring technical staff would be _____	private search firm	vocational school	employment exchange	rival firms	vocational school
51	Recruitment expenses will be low when the labour turnover is _____	high	normal	Low	very high	Low
52	A list; consisting job duties and responsibilities is part of _____	Job descriptions	Job analysis	Job Evaluationm	Job specifications	Job descriptions

53	Determining duties and characteristics of positions to be staffed is _____	Job descriptions	Job analysis		Job specifications	Job analysis
54	Halo Effect is related with _____	Performance appraisal	Wage	Selection	Transfer	Selection
55	three to five interviewers who take turns asking questions	Panel	Stress	Situational	Behavioural	Panel
56	duties and responsibilities necessary to do a job	Job Analysis	Selection	Recruitment	Human Resource Planning	Job Analysis
57	Workflow detailed picture is called _____	Organization chart	Process chart	Process management	Production unit	Process chart
58	HR plans of any organization does not include _____	personnel plans	production plans	compensation plans	training and development plans	production plans
59	_____ is actually a linking function, joining together those with jobs to fill and those seeking jobs	Planning	Organizing	Staffing	Recruitment	Recruitment
60	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	Projective test is one type of _____	Aptitude test	Achievement test	Interest test	Personality test	Personality test
59	A----- is a prospects of learning	training	selection	improve	recruit	training
60	_____ is a process of matching the qualification of applicants with the web requirements	Recruitment	Promotion	Selection	Training	Recruitment

### **Unit III – Concept of Training and Appraisal**

Training - Concept - Needs - Systematic approach to training - Methods of training -  
Management Development - Concept and Methods - Performance Management System -  
Performance Appraisal - Performance Management Methods - Factors that Distort appraisal -  
Appraisal Interview

Training is an organised activity for increasing the knowledge and skills of people for a definite purpose. It involves systematic procedures for transferring technical know-how to the employees so as to increase their knowledge and skills for doing specific jobs with proficiency. In other words, the trainees acquire technical knowledge, skills and problem solving ability by undergoing the training programme.

According to Edwin B. Flippo, “Training is the act of increasing the knowledge and skills of an employee for doing a particular job”.

### **Objectives of Training**

- (i) To impart to new entrants the basic knowledge and skill they need for an intelligent performance of definite tasks;
- (ii) To assist employees to function more effectively in their present positions by exposing them to the latest concepts, information and techniques and developing the skills, they will need in their particular fields;
- (iii) To build up a second line of competent officers and prepare them to occupy more responsible positions;

(iv) To broaden the minds of senior managers by providing them with opportunities for an interchange of experiences within and outside with a view to correcting the narrowness of the outlook that may arise from over-specialisation;

(v) To impart customer education for the purpose of meeting the training needs of Corporations which deal mainly with the public. In a nutshell, the objectives of training are —to Bridge the gap between existing performance ability and desired performance.

### **Need and Importance of Training**

**1. Increasing Productivity:** Instruction can help employees increase their level of performance on their present job assignment. Increased human performance often directly leads to increased operational productivity and increased company profit.

**2. Improving Quality:** Better informed workers are less likely to make operational mistakes.

Quality increases may be in relationship to a company product or service, or in reference to the intangible organisational employment atmosphere.

**3. Helping a Company Fulfil its Future Personnel Needs:** Organisations that have a good internal educational programme will have to make less drastic manpower changes and adjustments in the event of sudden personnel alternations. When the need arises, organisational vacancies can more easily be staffed from internal sources if a company initiates and maintains an adequate instructional programme for both its non-supervisory and managerial employees.

**4. Improving Organisational Climate:** An endless chain of positive reactions results from a well-planned training programme. Production and product quality may improve; financial incentives may then be increased, internal promotions become stressed, less supervisory pressures ensue and base pay rate increases result.

**5. Improving Health and Safety:** Proper training can help prevent industrial accidents. A safer work environment leads, to more stable mental attitudes on the part of employees.

**6. Obsolescence Prevention:** Training and development programmes foster the initiative and creativity of employees and help to prevent manpower obsolescence, which may be due to age, temperament or motivation, or the inability of a person to adapt himself to technological changes.

**7. Personal Growth:** Employees on a personal basis gain individually from their exposure to educational experiences. Again, Management development programmes seem to give participants a wider awareness, an enlarged skin, an enlightened altruistic philosophy, and make enhanced personal growth possible.

### **Distinction between Training and Development**

#### **Training Development**

1. Training means learning skills and knowledge for doing a particular job. It increases job skills. Development means the growth of an employee in all respects. It shapes attitudes.

2. The term 'training' is generally used to denote imparting specific skills among operative workers and employees.

The term 'development' is associated with the overall growth of the executives.

3. Training is concerned with maintaining and improving current job performance. Thus, it has a short-term perspective.

Executive development seeks to develop competence and skills for future performance. Thus, it has a long-term perspective.

4. Training is job-centred in nature. Development is career-centred in nature.

5. The role of trainer or supervisor is very important in training.

All development is 'self development'. The executive has to be internally motivated for self-development

## **Methods of training**

The following methods are generally used to provide training :

### **On-the-Job Training Methods**

This type of training is imparted on the job and at the work place where the employee is expected to perform his duties.

**1. On Specific Job:** On the job training methods is used to provide training for a specific job such as electrical, motor mechanic, plumbing etc.

**(a) Experience :** This is the oldest method of on-the-job training. Learning by experience cannot and should not be eliminated as a method of development, though as a sole approach; it is a wasteful, time consuming and inefficient.

**(b) Coaching:** On-the-Job coaching by the superior is an important and potentially effective approach is superior. The technique involves direct personnel instruction and guidance, usually with extensive demonstration.

**2. Job Rotation:** The major objective of job rotation training is the broadening of the background of trainee in the organisation. If trainee is rotated periodically from one job to another job, he acquires a general background.

**3. Special Projects:** This is a very flexible training device. The trainee may be asked to perform special assignment; thereby he learns the work procedure.

**4. Apprenticeship:** Under this method, the trainee is placed under a qualified supervisor or instructor for a long period of time depending upon the job and skill required. Wages paid to the trainee are much less than those paid to qualified workers.



**5. Vestibule Training:** Under this method, actual work conditions are created in a class room or a workshop. The machines, materials and tools under this method is same as those used in actual performance in the factory.

**6. Multiple Management:** Multiple management emphasizes the use of committees to increase the flow of ideas from less experience managers and to train them for positions of greater responsibility.

### **Off-the-job Training Methods**

Following are the off the job training techniques:

**1. Special Courses and Lectures:** Lecturing is the most traditional form of formal training method Special courses and lectures can be established by business organizations in numerous ways as a part of their development programmes.

**2. Conferences:** This is also an old method, but still a favorite training method. In order to escape the limitations of straight lecturing many organizations have adopted guided, discussion type of conferences in their training programmes. In this method, the participant's pools, their ideas and experience in attempting to arrive at improved methods of dealing with the problems, which are common subject of discussion;

**3. Case Studies:** This technique, which has been developed, popularized by the Harvard Business School, U.S.A is one of the most common forms of training. A case is a written account of a trained reporter of analyst seeking to describe an actual situation.

**4. Brainstorming :** This is the method of stimulating trainees to creative thinking This approach developed by Alex Osborn seeks to reduce inhibiting forces by providing for a maximum of group participation and a minimum of criticism. A problem is posed and ideas are invited.

Quantity rather quality is the primary objective. Ideas are encouraged and criticism of any idea is discouraged. Chain reactions from idea to idea often develop. Later these ideas are critically

examined. There is no trainer in brainstorming and it has been found that the introduction of known reports into it will reduce the originality and practicability of the group contribution.

### **5. Laboratory Training**

Laboratory training adds to conventional training by providing situations in which the trainees themselves experience through their own interaction some of the conditions they are talking about. In this way, they more or less experiment on themselves. Laboratory training is more concerned about changing individual behaviour and attitude. There are two methods of laboratory training: simulation and sensitivity training.

#### **(a) Simulation**

An increasing popular technique of management development is simulation of performance. In this method, instead of taking participants into the field, the field can be simulated in the training session itself. Simulation is the presentation of real situation of organisation in the training session. There are two common simulation methods of training. They are role-playing and business game.

#### **(i) Role-playing**

Role-playing is a laboratory method, which can be used rather easily as a supplement of conventional training methods. Its purpose is to increase the trainee's skill in dealing with other people. One of its greatest uses, in connection with human relations training, but it is also used in sales training as well. It is spontaneous acting of a realistic situation involving two or more persons, under classroom situations. Dialogue spontaneously grows out of the situation, as the trainees assigned to it develop it.

#### **(ii) Gaming**

Gaming has been devised to simulate the problems of running a company or even a particular department. It has been used for a variety of training objectives from investment

strategy, collective bargaining techniques to the morale of clerical personnel. It has been used at all the levels, from the executives for the production supervisors. Gaming is a laboratory method in which role-playing exists but its difference is that it focuses attention on administrative problems, while role-playing tend to emphasis mostly feeling and tone between people in interaction.

### **(b) Sensitivity Training**

Sensitivity training is the most controversial laboratory training method. Many of its advocates have an almost religious zeal in their enhancement with the training group experience. Some of its critics match this favour in their attacks on the technique. As a result of criticism and experience, a revised approach, often described as “team development” training has appeared.

### **Systematic Approach to Training**

Utilizing a systematic approach to training is beneficial in that it prioritizes a company’s objectives and goals prior to initiating phases of training. A systematic approach to training is a type of formal training designed to ensure training begins and ends with the company’s needs. Through a methodical tactic, this approach equips personnel with the knowledge and tools to pursue the company’s interest with competent job performance.

#### **Analysis**

The first phase includes determination of training needs through analysis of employee performance and behavior, and comparisons of organizational goals. Input from supervisory staff is critical to efforts to identify needs. It may sometimes be difficult to distinguish between training requirements and other issues that lead to problems. For example, an inaccurate or late report might be due to insufficient training, but it also might be the result of willful negligence. Once training needs are established, the next phase can be initiated.

**Design**

In the design stage, input gathered during the analysis stage is used to create learning objectives, stipulate instructional methods, identify training materials to be used and specify the location at which training will take place. It will produce end-of-course evaluations of course content and examine students' competency.

**Development**

The development phase is used primarily for producing or acquiring materials needed for the upcoming training. This stage can be compared to producing a recording of a song from a page of sheet music. Hand-outs, tests, and evaluations are printed, slides are assembled and the use of multimedia tools is arranged.

**Implementation**

The implementation phase can be considered the climax of a strategic approach to training. It is the culmination of all the previous steps. The actual training is conducted for your staff. This is the component that integrates the research and data from the analysis phase, and in which your employees use learning tools and materials that emerge from the design and development stages.

**Evaluation**

Evaluation is conducted throughout the process. The effectiveness of each step must be continually assessed. An overarching evaluation of the entire approach measures the value of the training program as it applies to company goals and employee performance and behavior. Evaluations can be completed by testing knowledge and skills immediately after completion of training or through consultation with employees and supervisors after work has resumed.

## **Meaning and its Benefits**

### **Training Evaluation - Meaning and its Benefits**

Evaluation involves the assessment of the effectiveness of the training programs. This assessment is done by collecting data on whether the participants were satisfied with the deliverables of the training program, whether they learned something from the training and are able to apply those skills at their workplace. There are different tools for assessment of a training program depending upon the kind of training conducted.

Since organisations spend a large amount of money, it is therefore important for them to understand the usefulness of the same. For example, if a certain technical training was conducted, the organisation would be interested in knowing whether the new skills are being put to use at the workplace or in other words whether the effectiveness of the worker is enhanced. Similarly in case of behavioural training, the same would be evaluated on whether there is change in the behaviour, attitude and learning ability of the participants.

### **Benefits of Training Evaluation**

Evaluation acts as a check to ensure that the training is able to fill the competency gaps within the organisation in a cost effective way. This is specially very important in wake of the fact the organisations are trying to cut costs and increase globally. Some of the benefits of the training evaluation are as under:

Evaluation ensures accountability - Training evaluation ensures that training programs comply with the competency gaps and that the deliverables are not compromised upon.

Check the Cost - Evaluation ensures that the training programs are effective in improving the work quality, employee behaviour, attitude and development of new skills within the employee

within a certain budget. Since globally companies are trying to cut their costs without compromising upon the quality, evaluation just aims at achieving the same with training.

Not many organisations believe in the process of evaluation or at least do not have an evaluation system in place. Many organisations conduct training programs year after year only as a matter of faith and not many have a firm evaluation mechanism in place. Organisations like IBM, Motorola only, it was found out, have a firm evaluation mechanism in place.

### **The Way Forward**

There are many methods and tools available for evaluating the effectiveness of training programs. Their usability depends on the kind of training program that is under evaluation. Generally most of the organisations use the Kirk Patrick model for training evaluations which evaluates training at four levels - reactions, learning, behaviour and results.

After it was found out that training costs organisations a lot of money and no evaluation measures the return on investment for training, the fifth level for training evaluation was added to the training evaluation model by Kirk Patrick which is called as the ROI.

Most of the evaluations contain themselves to the reaction data, only few collected the learning data, still lesser measured and analysed the change in behaviour and very few took it to the level of increase in business results. The evaluation tools including the Kirk Patrick model will be discussed in detail in other articles.

**Distinction between Training and Development**

S.No.	Training	Development
1	Training means learning skills and knowledge for doing a particular job. It increases job skills.	Development means the growth of an employee in all respects. It shapes attitudes.
2	The term 'training' is generally used to denote imparting specific skills among operative workers and employees.	The term 'development' is associated with the overall growth of the executives.
	Training is concerned with maintaining and improving current job performance. Thus, it has a short-term perspective.	Executive development seeks to develop competence and skills for future performance. Thus, it has a long-term perspective.
4	Training is job-centred in nature.	Development is career-centred in nature.
5	The role of trainer or supervisor is very important in training.	All development is 'self development'. The executive has to be internally motivated for self-development

**Management Development**

Management Development is described as the process from which the managers learn and improve their skills & knowledge not only to benefit themselves but also their employing organizations.

Management Development has become very important in today's competitive environment. According to a survey, those companies that align their management development with tactical planning are more competitive than the companies who are not. It has also been indicated that 80% of the companies report MDP, compared with 90% that provide executive leadership training. For most of the companies 37% of the training budgets go to management development and learning programs. Therefore, it is important to consider management development as an important part of organizational competitiveness.

### **Characteristics of Management Development**

#### **1. Growth Oriented**

Management development is growth oriented. It focuses its activities to enhance the skills, knowledge and capabilities to meet for the higher level responsibilities. After management development, employees get the opportunity of higher responsibility which assists for personal growth.

#### **2. Future oriented**

Management development is future oriented. Main objective of management development is to develop the human competencies for the future job responsibilities. On the basis of succession planning and market analysis, management development aims to uplift the skills, knowledge and capabilities of managerial employees so that future demand can be fulfilled.

#### **3. Focus to managerial employees**

Management development focuses only to the managerial level employees. It prepares the educational programs to enhance interpersonal skills, decision skills, and technical skills to the managerial employees.



#### **4. Educational process**

Beyond training, management development is an educational program which stands in learning progress. It focuses on overall personality development for business communication, environmental and industry analysis, business planning, maintaining human and business relation, etc. This is possible only through educational programs.

#### **5. Proactive**

Management development is advance thinking. This aims to prepare human resources ready for any types of emergencies. It is not conducted only after realizing the need.

#### **6. Self-motivation**

Since management development is basis of personal growth. So, each manager wants to participate in such types of management development programs. External motivation is not necessary for management development as in training.

#### **7. Behavioral change**

Managerial development aims to enhance the knowledge and skills of managers. Such programs include different new techniques of doing job, supervising and motivating employees, and interpersonal communication. Such programs change the attitude and behavior of managers. The way of events and jobs are expected to be changed positively after the managerial development.

#### **8. Continuous process**

Management development is not spontaneous learning process. It is long term planned learning process. It starts with analysis of organizational objectives, future scopes, strategies and succession planning. As managers require involving in many managerial activities, they need to acquire different skills which are not possible in single program. So, managerial development must be arranged as continuous learning process.

## **Objectives of Management Development**

Main objective of management development is to prepare managers for overall responsibilities. More specially, management development has following objectives:

### **1. To increase managerial capabilities**

One of the primary objectives of management development is to increase managerial capability. Managers require accomplishing varieties of activities. They need to supervise, motivate, communicating, leading, planning, organizing, etc. Such functions demand special skills, knowledge and capabilities. Management development programs aim to increase capabilities essential to conduct such managerial functions.

### **2. To enhance managerial potential**

Management development also aims to increase the future potentiality of each managerial employees. Each managerial employee may have specific skills and qualities. Such qualities should be awarded with special responsibilities. Management development prepares different plans and programs to prepare them.

### **3. To provide personal growth**

In order to increase the tenure of managerial employees at the organization, their personal growth should be ensured. Future of each manager should be planned in the organization. Through management development programs, the opportunity for personal growth is secured.

### **4. To improve decision making**

Managerial decisions are vital for the success and failure of organization. The quality of decisions of managers determines the milestone of the organization. Customer satisfaction, relation with venders, relation with employees, productivity and profitability of organization all are dependent

on decision of managers. So, decision making quality of employees should be improved. Management development aims to improve decision making capability of employees.

### **5. To aim succession planning**

Managerial positions at the future can be generated by market expansion, resignation, expiry, etc. For managerial job, it is risky to fulfill through external source. So, organization prepare succession plans to prepare future managers. In this course of action, management development plays vital role.

### **6. To cope with change**

Managing change is one of the most important objective of management development. To analyze the changing environment, managers required special skills, knowledge and capability. Management development prepares managerial employees for this purpose. So, by preparing managers for analyzing the changing environment, it aims to adapt change.

### **7. To bring change in behavior**

Behavior of managerial employees is the most important in motivating employees. Their attitude and behavior towards employees, job and organization affects on behavior of subordinates. Therefore, by implementing educational programs, management development aims to change the behavior of employees.

### **8. To foster team work**

Managerial success depends upon the team work. Management development develops mutual understanding, feelings of cooperation and mutual trust. This foster team work which leads for the organizational success.

### **9. To increase job satisfaction**

Managerial employees get the opportunity of personal growth. They enhance their skills, knowledge and capability by which their efficiency will be increased. Their effort will have the constructive support for organizational success. All these facts help to increase managerial job satisfaction.

### **Methods of Managerial Development**

Management development can be done by two methods namely on the job method and off the job method. These methods are described as below:

#### **A. On the job management development methods:**

In this method, managers learn different skills, knowledge and competency developing techniques at their working place doing their day to day job responsibilities. Technical competencies required to managers are provided by this method. Expert managers supervise the development programs under which learner managers need to work. Experts guide for each task of learner managers wherever they are weak. There are various methods under on the job management development as follows:

##### **i. Coaching Method**

Under this method, expert managers actively guide to their immediate supervisors with their experience. Direction advice, criticism and suggestion are provided by coach at the appropriate time. This method provides opportunity for interaction between the coach and learner. Effectiveness of the program depends upon the interest and willingness of learner managers because of expert managers may be unwilling to coach in their own motives.

**ii. Understudy Assignment**

Learner managers are given certain job with the staff post under an experienced managers. Learner managers get a chance to learn the job skills, knowledge and capabilities under senior managers. In this method, one learner gets one supervisor or expert manager therefore she/he gets direct instruction, guidance and supervision. In case of emergency, or during vacation times, such understudy managers act as substitutes for the managers.

**iii. Job Rotation Method**

Job rotation method involves shifting the managers from one job responsibility to another so that they learn skills, knowledge and competencies required for top level management. This method can be planned rotation, situational rotation or line and staff rotation. Managerial jobs can be shifted horizontally or lateral job transfer. Planned rotation is the job rotation under which learner managers are rotated as per the plan to certain time interval. Under situational rotation, learner managers are rotated as per situation or needs. Under line and staff rotation, learner managers are rotated under the capacity of staff managers and line manager. Under rotation method, in general, only the job responsibilities are changed but not the position or level in the organizational structure. Sometimes vertical rotation is also done in which additional higher level job responsibilities are given.

**iv. Committee Assignment**

This method is also called planned work assignment. In order to accomplish the work effectively, a group discussion. This method provides opportunity to each learner manager to explore their internal capabilities. Special project assignment is given to managers to make them more capable. In the project they plan on the basis of mutual understanding. They identify the problem with common effort and make solution with the common agreements. Here, they will get the chance to

learn the skills from others in the group. Every member get opportunity to share own skills and knowledge to other. This method helps to prepare managers working in the team.

#### **v. Internship**

Internship is the management development method which combines classroom - oriented theoretical knowledge with practical experience at real working environment. Learner managers are placed as internee i.e., trainee managers in organization for a specified period. Best internee may get job opportunity as well.

#### **Advantages of on the job management development method:**

##### **1. Simple to administer:**

On the job management development is simple to administer. Learner managers are allowed working in actual working condition. They implement the theoretical knowledge into practice. So, the objectives of the program can be achieved easily.

##### **2. Cost effective**

This method is less costly because additional manpower is not essential during the development period. At the same time additional space and experts are also not necessary. All these provision reduce the management development cost.

##### **3. Less time consuming**

This method consumes less time for transfer of the skills and knowledge. They work in regular job responsibilities as well. Learning by doing facilitates quick learning.

##### **4. No delay in operation**

This method allows to work during the development period as well. There will be no shortage of managers to conduct regular activities. So, because of on the job management development programs, there is no chance of delay in operation.

**Disadvantages of on the job management development method:****1. Defective output**

Trainee managers lack sufficient knowledge and skills to accomplish their job. But, in this method, they conduct job activities during their training period. Because of this reason, their performance output may be defective. This may not be retrieved at managerial level.

**2. Low productivity**

Trainee managers have to work in their job station at the regular basis during the management development period as well. They have to work under the supervision of other managers. They need to learn for this they have to ask, consult and need instruction from other senior and experienced managers. Because of this, regular and experienced managers also get disturbed. This reduces the overall productivity of organization.

**3. Lack of seriousness**

Trainee managers may lack seriousness specially in internship for their job responsibilities. Such attitude of the managers may negatively affect to the organizational image.

**B. Off the job management development methods**

In off the job management development, managers attend management development classes or seminars anywhere outside their working place. It is believed that if the programs are conducted out from their working place, they can learn more effectively because of low job stress. Off the job management development programs can be in house classroom instruction as well as sponsored in universities and organization specializing in management development. In this method, trainee managers are being defective output can be low:

Following methods are commonly used for off the job management development:

**i. Lecture and Seminar**

Lectures are formal course conducted by professional in special area of knowledge. This method is based on oral communication of knowledge information. Managers learn experience and skills delivered by experts in their areas of experience. In seminars, experts present different papers in different areas of knowledge to the participants. Audio-visual tools are used to make lectures and presentation more interesting and lively. In such lectures, large number of trainee managers can be included at a time but there is little chance of getting quick feedback of attaining the objectives of program.

**ii. Simulation Exercise**

In simulation, participants are placed in artificial environment similar to actual working place. This means, real world working situations are abstracted in classroom or laboratory. Through case study, incident method, role play and management games, managers receive development programs. Managers learn through their repeated mistakes. This method helps to resemble the real working environment at management development session which helps to decrease accidents at working time after the development program.

**iii. Behavior Modeling**

This methods combines role play with modeling. In role play method, trainee managers reflect the behavioral of actual working situation at the artificial environment environment. In modeling, training managers watch films, videos, computer programming or documentary relating to the actual work place problems, Interaction problems to be faced by managers can be identified, practiced and transferred to job. This method is more realistic even having off the job. Trainee managers can learn more practically within the specified time period.



**iv. Sensitivity Training Method**

This method is also called laboratory training method. It is a method of changing behavior through unstructured group interaction in a free and open environment. Participants discuss on the problem topic and develop their ideas, belief and attitudes towards the problems and share their impressions with each other. They become sensitive to the behaviors of self and others. The program increases awareness of own behavior the other perceive them. They learn by self consciousness regarding their weakness and strengths of other managers.

**v. Transaction Analysis method:**

This method concerns about the interaction between individuals and between groups as transactions. This method is develop by Eric Berne and Thomas Harris. This method focuses on the study of personality to improve the interpersonal relations. This method argues that an individual's personality consists of three ego states namely the parent ego state, the adult ego state and the child ego state.

Child and parent ego state feel and react directly. Personality with parent ego state demands authority, superiority and controlling. The personality with the child ego state show more emotion and impulse. But, adult state thins twice before acting. So, TA method aims at the adult ego state. TA method develop skills in interpersonal relationships. Managers become capable of understanding others better and improve their managerial style.

**vi. Action learning**

In this method, trainee managers are allowed to work in full time basis where they identify actual problem and probable solution. They periodically meet to each other and discuss on the problems and identified potential solutions. They discuss on the the findings and progress. In this method, high level managing directors are required to participate.

**Advantages of off the job management development method:****1. No errors on performance**

Since the trainee managers participate in management development program, they do not influence in regular activities of organizations. There is no chance of negative effect of trainee managers on the performance of organization. This protects the management having error in managerial performance.

**2. Cost effective**

In this method, maximum trainee managers can be included in same program. This helps to reduce the cost of management development.

**3. Planned development**

In this method, trainee managers get knowledge and skills as per the plan and schedule. Managerial jobs do not require skills and knowledge at regular basis. So, on the job management program cannot impart knowledge in schedule. This problem can be overcome in off the job management development method.

**4. High productivity**

Trainee managers do not involve in regular managerial job responsibilities. Therefore there will be no effect in the performance output. Wastage and errors can be minimized. This helps to increase the overall productivity.

**Disadvantages of off the job management development method****1. Less effective**

Trainee managers do not get chance to implement skills and knowledge of the program immediately to the practice. Immediate feedback cannot be obtained. Managers may show the

positive impression even without being clear in the subject matter. So, this method is less effective in comparison to on the job management development.

## **2. Effect on regular activities**

Trainee managers do not attend regular job during the management development. This affects on the regular managerial activities of organization. There may be negative impact to the customer and other concern parties which reduces the image of organization.

## **3. No base for future programs**

Organizations invest huge amount on management development programs outside the organization. This investment does not support to the future development programs.

## **Performance Management System**

The fundamental goal of performance management is to promote and improve employee effectiveness. It is a continuous process where managers and employees work together to plan, monitor and review an employee's work objectives or goals and his or her overall contribution to the organization.

The components included in Performance Management systems include:

1. Lists of Accomplishments
2. Goals and Objectives
3. Results from 360-Degree Feedback Processes
4. Supervisor Ratings
5. Individual Development Plans

## **Effective Performance Management Systems are**

1. Are fair, consistent, and reliable
2. Use established performance measures

3. Supported by managers and executives
4. Communicates performance expectations regularly
5. Hold employees accountable for their actions
6. Promotes continuous employee development
7. Are flexible and efficient
8. Aligns individual goals to the department and organization
9. Seek to maximize employee performance
10. Can be used for succession planning
11. Links performance to compensation, rewards, and recognition

### **Performance Appraisal**

Performance appraisal or Performance evaluation is a method of evaluating the behaviour of employees in a work place, normally including both the quantitative and qualitative aspect of job performance. Performance here refers to the degree of accomplishment of the tasks that makeup an individual's job. It indicates how well an individual fulfilling the job demands. Performance is measured in terms of results. Thus, Performance appraisal is the process of assessing the performance or progress of an employee, or a group of employees on th given job, as well as his potential for future development. Thus, performance appraisal comprises all formal procedures used in organisations to evaluate contributions, personality, and potential of individual employees.

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

### Characteristics of Performance Appraisal

- 1. A Process:** Performance appraisal is not a one-act play. It is rather a process that involves several acts or steps.
- 2. Systematic Assessment:** Performance appraisal is a systematic assessment of an employee's strengths and weakness in the context of the given job.
- 3. Main Objective:** The main objective of it is to know how well an employee is going for the organisation and what needs to be improved in him.
- 4. Scientific Evaluation:** It is an objective, unbiased and scientific evaluation through similar measure and procedures for all employees in a formal manner.
- 5. Periodic Evaluation :** Although informal appraisals tend to take place in an unscheduled manner (on continuous) basis with the enterprises a supervisors evaluate their subordinates work and as subordinates appraise each other and supervisors on a daily basis.
- 6. Continuous Process:** In addition to being periodic performance usually is an ongoing process.

### Purposes of Performance Appraisal

The following are the main purposes of performance appraisal:

- 1. Appraisal Procedure:** It provides a common and unified measure of performance appraisal, so that all employees are evaluated in the same manner. It gives an in discriminatory rating of all the employees.
- 2. Decision Making:** Performance appraisal of the employees is extremely useful in the decision making process of the organization. In selection, training, promotion, pay increment and in transfer, performance appraisal is very useful tool.
- 3. Work Performance Records:** Performance appraisal gives us a complete information in

the form of records regarding every employee. In the case of industrial disputes even arbitrator accepts these records in the course of grievance handling procedure.

**4. Employees Development:** Performance appraisal guides the employees in removing their defects and improving their working. The weaknesses of the employee recorded in the performance appraisal provide the basis for an individual development programme. If properly recorded and used, the performance appraisal gives the fair opportunities to employees to correct and rectify their mistakes.

**5. Enables Supervisors to be More Alert and Competent :** Performance appraisal enables supervisor to be more alert and competent and to improve the quality of supervision by giving him a complete record of employee's performance. He can guide an employee, where he is prone to commit mistakes.

**6. Merit Rating :** Merit rating is another name of performance appraisal, it gives supervisors a more effective tool for rating their personnel. It enables them to make more careful analysis of employee's performance and make them more productive and useful.

**7. Improves Employer Employee Relations :** Performance appraisal is not only a useful guide for the supervisors and employees but it improves the employer-employee relations by creating a more conductive and amicable atmosphere in the organization. It also stimulates free exchange of thoughts and ideas between the supervisor and his men. In this way performance appraisal bridges the emotional gap between the employer and employee by bringing them more close and by reducing man-to-man differences in the organization.

### **Uses of Performance Appraisal**

Performance appraisal helps the employees in Self-improvement and Self-development. It helps the management in taking decisions about Placement, Promotions, Transfer, Training and

Development, etc. It helps to achieve individual and organisational goals. It is useful to the employees and the organisation. Therefore, Performance Appraisal should be conducted objectively from time to time.

**1. Help in Deciding Promotion:** It is in the best interest of the management to promote the employees to the positions where they can most effectively use their abilities. A well-organised, development and administered performance appraisal programme may help the management in determining whether an individual should be considered for promotion.

**2. Help in Personnel Actions:** Personnel actions such as lay-offs, demotions, transfers and discharges etc. may be justified only if they are based on performance appraisal.

**3. Help in Wage and Salary Administration:** The wage increase given to some employees on the basis of their performance may be justified by the performance appraisal results.

**4. Help in Training and Development:** An appropriate system of performance appraisal helps the management in devising training and development programmes and in identifying the areas of skill or knowledge in which several employees are not at par with the job requirements.

**5. Aid to Personnel Research:** Performance appraisal helps in conducting research in the field of personnel management. Theories in personnel field are the outcome of efforts to find out the cause and effect relationship between personnel and their performance. By studying the various problems which are faced by the performance appraiser, new areas of research may be developed in personnel field.

**6. Help in Self Evaluation:** Performance appraisal helps the employee in another way also.

Every employee is anxious to know his performance on the job and his potentials for higher jobs so as to bring himself to the level of that position.

### Essentials of an Effective Performance Appraisal System

- 1. Mutual Trust:** The existence of an atmosphere of confidence and trust so that both supervisor and employee may discuss matters frankly and offer suggestions which may be beneficial for the organisation and for an improvement of the employee. An atmosphere of mutual trust and confidence should be created in the organisation before introducing the appraisal system.
- 2. Clear Objectives:** The objectives and uses of performance appraisal should be made clear and specific. The objectives should be relevant, timely and open.
- 3. Standardisation:** Well-defined performance factors and criteria should be developed. These factors as well as appraisal form, procedures and techniques should be standardised. It will help to ensure uniformity and comparison of ratings.
- 4. Training :** Evaluators should be given training in philosophy and techniques of appraisal. They should be provided with knowledge and skills in documenting appraisals, conducting post appraisal interviews, rating errors, etc.
- 5. Job Relatedness:** The evaluators should focus attention on job-related behaviour and performance of employees. The results of performance rather than personality traits should be given due weight.
- 6. Strength and Weaknesses:** The raters should be required to justify their ratings. The supervisor should try to analyse the strength and weaknesses of an employee and advise him on correcting the weakness.
- 7. Individual Differences:** While designing the appraisal system, individual differences in organisations should be recognised. Organisations differ in terms of size, nature, needs and environment. Therefore, the appraisal system should be tailor-made for the particular organisation.



**8. Feedback and Participation :** Arrangements should be made to communicate the ratings to both the employees and the raters. The employees should actively participate in managing performance and in the ongoing process of evaluation. The superior should play the role of coach and counsellor.

**9. Post Appraisal Interview:** A post-appraisal interview should be arranged so that employees may be supplied with feedback and the organisation may know the difficulties under which employees work, so that their training needs may be discovered.

**10. Review and Appeal :** A mechanism for review of ratings should be provided. Which particular technique is to be adopted for appraisal should be governed by such factors as the size, financial resources, philosophy and objectives of an organisation.

### **Process of Performance Appraisal**

Various steps in appraising performance of employees are as follows:

**1. Establishing Performance Standard:** The process of evaluation begins with the establishment of Performance Standards. While designing a job and formulating a job description, performance standards are usually developed for the position. This standard should be very clear and objective enough to be understood and measured.

**2. Communicating Performance Expectations to Employees:** The next important step is to communicate the aforesaid standards to the concerned employees. Their jobs and jobs-related behaviour should be clearly explained to them.

**3. Measuring Actual Performance:** The third step is the measurement of actual performance. To determine what actual performance is, it is necessary to acquire information about it we should be concerned with how we measure and what we measure. Four sources of information are frequently used to measure actual performance: personal observation, statistical reports, oral reports and written reports.

**4. Comparing Actual Performance with Standards:** The next step is comparison of actual performance with the standards. By doing so the potentiality for growth and advancement of an employee can be appraised and judged. Efforts are made to find out deviations between standard performance and actual performance.

**5. Discussing the Appraisal with the Employee:** After comparing actual performance with standards, the next step is to discuss periodically the appraisal with the employee. Under this discussion good points, weak points, and difficulties are indicated and discussed so that performance is improved.

**6. Initiating Corrective Action:** The final step is the initiation of corrective action whenever necessary. Immediate corrective action can be of two types. One is immediate and deals predominantly with symptoms. The other is basic and delves into causes.

### **Methods or Techniques of Performance Appraisal**

Several methods and techniques are used for evaluating employee performance. They may be classified into two broad categories. They are Traditional Methods and Modern Methods.

#### **Traditional Methods**

**1. Ranking Method:** Ranking method is the oldest and simplest method of rating. Here, each employee is compared with all others performing the same job and then he is given a particular rank i.e. First Rank, Second Rank etc. This method ranks all employees but it does not tell us the degree or extent of superiority. In this method, the performance of individual employee is not compared with the standard performance. Here, the best is given first rank and poorest gets the last rank.

**2. Paired Comparison:** In method is comparatively simpler as compared to ranking method. In this method, the evaluator ranks employees by comparing one employee with all other employees in the

group. The rater is given slips where, each slip has a pair of names, the rater puts a tick mark next to those employee whom he considers to be the better of the two. This employee is compared number of times so as to determine the final ranking.

**3. Grading Method:** Under this method of performance appraisal, different grades are developed for evaluating the ability of different employees and then the employees are placed in these grades. These grades may be as follows:

(i) Excellent; (ii) very good; (iii) Good; (iv) Average; (v) Bad; (vi) Worst.

**4. Man-to-Man Comparison Method:** This method was first used in USA army during the 1<sup>st</sup> World War. Under this method, few factors are selected for analysis purposes. These factors are: leadership, dependability and initiative. After that a scale is designed by the rate for each factor. A scale of person is also developed for each selected factor. Each person to be rated is compared with the person in the scale, and certain scores for each factor are awarded to him/her. In other words, instead of comparing a whole man to a whole man personnel are compared to the key man in respect of one factor at a time. We can use this method in job evaluation. This method is also known as the Factor Comparison Method.

**5. Graphic Rating Scale Method:** This is the very popular, traditional method of performance appraisal. Under this method, scales are established for a number of fairly specific factors. A printed form is supplied to the rater. The form contains a number of factors to be rated. Employee characteristics and contributions include qualities like quality of work, dependability, creative ability and so on. These traits are then evaluated on a continuous scale, where the rater places a mark somewhere along the scale. The scores are tabulated and a comparison of scores among the different individuals is made. These scores indicate the work of every individual.

**6. Check-list Method:** The main reason for using this method is to reduce the burden of evaluator. In this method of evaluation the evaluator is provided with the appraisal report which consist of series of questions which is related to the appraise. Such questions are prepared in a manner that reflects the behavior of the concerned appraise.

**7. Critical Incidents Method:** This method is very useful for finding out those employees who have the highest potential to work in a critical situation. Such an incidence is very important for organization as they get a sense, how a supervisor has handled a situation in the case of sudden trouble in an organization, which gives an idea about his leadership qualities and handling of situation. It is also said to be a continuous appraisal method where employees are appraised continuously by keeping in mind the critical situation. In this method, only the case of sudden trouble and behaviour associated with these incidents or trouble are taken for evaluation.

**8. Essay Method:** In this method, the rater writes a detailed description on an employee's characteristics and behavior, Knowledge about organizational policies, procedures and rules, Knowledge about the job Training and development needs of the employee, strengths, weakness, past performance, potential and suggestions for improvement. It is said to be the encouraging and simple method to use. It does not need difficult formats and specific training to complete it.

### **Modern Methods**

#### **1. Management by Objective (MBO)**

It was Peter F. Drucker who first gave the concept of MBO to the world in 1954 when his book The Practice of Management was first published. Management by objective can be described as, a process whereby the superior and subordinate managers of an organisation jointly identify its

common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members.

### **Essential Characteristics of MBO:**

- 1. A Philosophy:** Management by objective is a philosophy or a system, and not merely a technique.
- 2. Participative Goal Setting:** It emphasises participative goal setting.
- 3. Clearly Define Individual Responsibilities:** Management by objective (MBO) clearly defines each individual's responsibilities in terms of results.
- 4. Accomplishment of Goal:** It focuses a tension on what goal must be accomplished rather than on how it is to be accomplished (method).
- 5. Objective Need into Personal Goal:** MBO converts objective need into personal goals at every level in the organisation.

### **The Process of MBO**

#### **1. Establishment of Goal**

The first step is to establish the goals of each subordinate. In some organisations, superiors and subordinates work together to establish goals. While in other organisation, superiors establish goals for subordinates. The goals typically refer to the desired outcome to be achieved. Thereafter these goals can be used to evaluate employee performance.

#### **2. Setting the Performance Standard**

The second step involves setting the performance standard for the subordinates in a previously arranged time period. As subordinates perform, they know fairly well what there is to do, what has been done, and what remains to be done.

**3. Comparison of Actual Goals with the Standard Goals :** In the third step the actual level goal attainment is compared with the standard goals. The evaluator explores reasons of the goals that were not met and for the goals that were exceeded. This step helps to determine possible training needs.

**4. Establishing New Goals, New Strategies:** The final step involves establishing new goals and, possibly, new strategies for goals not previously attained. At this point, subordinate and superior involvement in goal-setting may change. Subordinates who successfully reach the established goals may be allowed to participate more in the goal-setting process next time.

## **II. Assessment Centres:**

It is a method which was first implemented in German Army in 1930. With the passage of time industrial houses and business started using this method. This is a system of assessment where individual employee is assessed by many experts by using different technique of performance appraisal. The techniques which may be used are role playing, case studies, simulation exercises, transactional analysis etc. In this method employees from different departments are brought together for an assignment which they are supposed to perform in a group, as if they are working for a higher post or promoted. Each employee is ranked by the observer on the basis of merit .The basic purpose behind assessment is to recognize whether a particular employee can be promoted, or is there any need for training or development. This method has certain advantages such as it helps the observer in making correct decision in terms of which employee has the capability of getting promoted, but it has certain disadvantages also it is costly and time consuming, discourages the poor performers etc.

### **3. 360 Degree Performance Appraisals:**

This method is also known as ‘multi-rater feedback’, it is the appraisal in a wider perspective where the comment about the employees’ performance comes from all the possible sources that are directly or indirectly related with the employee on his job. In 360 degree performance appraisal an

employee can be appraised by his peers, managers (i.e. superior), subordinates, team members, customers, suppliers/ vendors - anyone who comes into direct or indirect contact with the employee and can provide necessary information or feedback regarding performance of the employee the “on-the-job”.

The four major component of 360 degree performance appraisal are:

1. Employees Self Appraisal
2. Appraisal by Superior
3. Appraisal by Subordinate

**4. Peer Appraisal.**

Employee self appraisal gives an option to the employee to know his own strengths and weaknesses, his achievements, and judge his own performance. Appraisal by superior forms the traditional part of the 360 degree performance appraisal where the employees’ responsibilities and actual performance is judged by the superior. Appraisal by subordinate gives a chance to evaluate the employee on the basis of communication and motivating abilities, superior’s ability to delegate the work, leadership qualities etc. It is also known as internal customers; the correct opinion given by peers can aid to find employees’ who are co-operative, employees who ready to work in a team and understanding towards others.

**4. Cost Accounting Method:**

In this method performance of an employee is evaluated on the basis of monetary returns the employee gives to his or her organization. A relationship is recognized between the cost included in keeping the employee in an organization and the benefit the organization gets from him or her. The evaluation is based on the established relationship between the cost and the benefit. The following factors are considered while evaluating an employee’s performance:



1. Interpersonal relationship with others.
2. Quality of product produced or service given to the organization.
3. Wastage, damage, accidents caused by the employee.
4. Average value of production or service by an employee.
5. Overhead cost incurred.

### **5. Behaviorally Anchored Rating Scales (BARS):**

This method is a combination of traditional rating scales and critical incidents methods. It consists of preset critical areas of job performance or sets of behavioural statements which describes the important job performance qualities as good or bad (for e.g. the qualities like interpersonal relationships, flexibility and consistency, job knowledge etc). These statements are developed from critical incidents. These behavioral examples are then again translated into appropriate performance dimensions. Those that are selected into the dimension are retained. The final groups of behavior incidents are then scaled numerically to a level of performance that is perceived to represent. A rater must indicate which behavior on each scale best describes an employee's performance.

### **Limitations of Performance Appraisal**

The main limitations of Performance Appraisal are explained below :

- 1. Time Consuming :** Performance appraisal is a time taking affair. It is a very lengthy process under which different forms are to be filled in and various observations are required to be noted in a careful manner.
- 2. Lack of Reliability :** Reliability implies stability and consistency in the measurement. Lack of consistency over time and among different raters may reduce the reliability of performance appraisal.



**3. Incompetence :** Raters may fail to evaluate performance accurately due to lack of knowledge and experience. Post appraisal interview is often handled ineffectively.

**4. No Uniform Standards :** The standards used for appraisal purpose are not uniform within the same organisation. This makes the rating unscientific. Similarly, the rating is done on the basis of an overall impression, which is not proper.

**5. Absence of Effective Participation of Employees :** In performance appraisal effective participation of concerned employee is essential. In many methods of appraisal he is given a passive role. He is evaluated but his participation or self evaluation is rather absent.

**6. Resistance of Employees to Appraisal :** Employees oppose the system as they feel that then system is only for showing their defects and for punishing them. The managers resist the system as they are not willing to criticise their subordinates or have no capacity to guide them for self improvement or self development.

**7. Paperwork :** Some supervisors feel that performance appraisal is paperwork. They make such complaints because many a times, performance appraisal reports are found only in the files rather than rendering any practical use.

**8. Fear of Spoiling Relations :** Performance appraisals may also affect superior-subordinate relations. As appraisal makes the superior more of a judge rather than a coach, the subordinate may look upon the superior with a feeling of a suspicion and mistrust.

**9. Stereotyping :** This implies forming a mental picture of a person on the basis of his age, sex, caste or religion. It results in an over-simplified view and blurs the assessment of job performance.

**10. Negative Approach :** Performance appraisal loses most of its value when the focus of management is on punishment rather than on development of employees.

**11. Multiple Objectives :** Raters may get confused due to too many objectives or unclear objective of performance appraisal.

**12. Resistance :** Trade unions may resist performance appraisal on the ground that it involves discrimination among its members. Negative ratings may affect interpersonal relations and industrial relations particularly when employees/unions do not have faith in the system of performance appraisal.

**13. Halo Effect:** Generally, there is the presence of a 'halo' effect which leads to a tendency to rate the same individual first, which once have stood first.

**14. Individual Differences:** Some people are more distinct while some are very liberal in assigning the factors, points or number to the employees. They are unable to maintain a fair distinction between two individuals. It also nullifies the utility of this system.

**15. Unconfirmed:** Sometimes the results of performance appraisals are not confirmed by other techniques of motivation, incentive wages plans and so on. Factors are introduced in the managerial appraisal because of a fact or bias in the person concerned conducting the appraisal.

### **Important factors that can distort performance appraisal**

#### **1. Leniency error**

Each evaluator has his own value system which acts as a standard against which appraisals are made. Relative to the true performance an individual exhibits, some evaluators mark high and others low.

The former is referred to as positive leniency error and the latter as negative leniency error. When evaluators are positively lenient in their appraisal an individual's performance is overstated while in the opposite case leniency error understates performance. If all individuals in an organisation

were appraised by the same person, there would be no problem. The difficulty arises when we have different raters with different leniency errors making judgments.

## **2. Halo error**

Halo error or halo effect is a tendency to rate high or low on all factors due to the impression of a high or low rating on some specific factor. As an example, if an employee tends to be dependable, we might become biased towards him to the extent that we will rate him high on many desirable attributes.

## **3. Similarity error**

When evaluators rate other people in the same way that the evaluators perceive themselves, they are making a similarity error. Due to this perception that evaluators have of themselves, they project those perceptions onto others.

For example, the evaluator who perceives himself as aggressive may evaluate others by looking for aggressiveness. Those who demonstrate this characteristic tend to benefit, while others are penalised.

## **4. Low appraiser motivation**

If the evaluator knows that a poor appraisal could hurt the employee's future, say, opportunities for promotion, the evaluator may be reluctant to give a realistic appraisal.

## **5. Central tendency**

Raters who are prone to the central tendency error are those who continually rate all employees as average. For example, if a manager rates all subordinates as 2 on a scale of 1 to 4 then no differentiation among the subordinates exists. Failures to rate subordinates as 4, for those who deserve that rating, will only create problems if this information is used for pay increase.

## **6. Inappropriate substitutes for performance**

In many jobs it is difficult to get consensus on what is a good job and it is still more difficult to get agreement on what criteria will determine performance. For a salesman the criterion may be the money value of sales in his territory but even this criterion is affected by factors beyond the salesman's control, such as action of competitors.

## **Appraisal interview**

An appraisal interview is an exchange between a manager and an employee that is designed to evaluate the employee and create a career development plan.

### **Definition**

An appraisal interview is a formal discussion process between an employee and his/her manager. It is one of the best ways for an employee to increase productivity and change work habits. In appraisal interview, the employer and the employee discuss the performances of the individual and the key areas of improvement and how the employee can grow through a feedback mechanism. A performance appraisal interview is the first stage of the performance appraisal process and involves the employee and his or her manager sitting face to face to discuss threadbare all aspects of the employee's performance and thrash out any differences in perception or evaluation. The performance appraisal interview provides the employee with a chance to defend himself or herself against poor evaluation by the manager and also gives the manager a chance to explain what he or she thinks about the employee's performance.

An appraisal interview gives the employee the chance to shield himself/herself from poor evaluation by the manager. It also gives the manager an opportunity to spell out his/her reviews. It helps the employees to determine whether there is a need for training if they lack in any particular skill and who will be promoted, demoted, retained or fired.

### Types

- 1. Satisfactory-Promotable:** The employee's performance is satisfactory and there is a promotion ahead. This interview's objective is to develop is to discuss the employee's career plans and to develop a specific action plan for the professional development that he/she needs to move up.
- 2. Satisfactory-Not promotable:** The employee's performance is satisfactory but there is no possibility for promotion. This interview's objective is to motivate the employee enough so that the performance satisfactory.
- 3. Unsatisfactory-Correctable:** The interview's objective is to find a way to correct the unsatisfactory performance.
- 4. Unsatisfactory-Uncorrectable:** This interview is usually to warn the employee about his/her performance. The worst case would be that the employee is fired.

### Guidelines for conducting Appraisal Interviews

The following things should be kept in minds while conducting appraisal interviews:

1. Use of work data: Use of actual numbers like productivity reports, leaves, orders and so on.
2. Don't get personal: Try and avoid negative sentences that directly affects the employee. Compare the employee's performance with a standard not with other people.
3. Value employee's opinion: Encourage the employee to talk. Ask his/her opinion to improve the situation.
4. Don't tiptoe around: Make sure the employee gets to know what he/she is doing correctly or incorrectly. Advise the employee on how to improve things.

**Possible Questions**

**Part B – 2 Marks**

1. Define training
2. What is meant by performance management system
3. Give the meaning of performance appraisal
4. What is meant by appraisal interview?
5. Give the meaning of on the job training?
6. What is meant by performance management system?

**Part C – 6 Marks**

1. Explain the need and importance of training
2. Discuss the methods of training with suitable examples?
3. Explain the characteristics of management development
4. Describe the objectives of management development
5. Discuss the methods of management development
6. Enumerate the significance of performance appraisal system?
7. Discuss the methods of performance appraisal?
8. Explain the process of performance appraisal in detail
9. Discuss the important factors that distort performance appraisal
10. Explain the methods of appraisal interview and discuss the guidelines for conducting Appraisal Interview?

**Karpagam Academy of Higher Education**

**Human Resource Management (16BAU402)**

**UNIT III - Concept of Training and Appraisal**

**Multiple Choice Questions - Each Question carries ONE Mark**

<b>S.No .</b>	<b>Questions</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>	<b>Answer</b>
1	___ is the task of introducing the new employees to the organisation	Orientation	Socialization	Follow up	Modelling	Orientation
2	___ is the task of introducing the new employees to the organisation	Socialization	Follow up	Modelling	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 held by others in the organisation	Follow up	Socialization	Transcribing	Induction	Socialization
6	___ helps the newcomers to interact freely with employees working at various levels and learn behaviours that are acceptable	Orientation	Socialization	Follow up	Modelling	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	Modelling	Follow up
8	___ is simply copying someone else's behaviour	Modelling	Motivation	Reinforcement	Feedback	Modelling

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
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	Under ____ economic, political, socio-cultural and technological environment of the organisation is examined	Environmental Scanning	Organization Analysis	Resource Utilization Analysis	Labour Analysis	Environmental Scanning
17	__ analysis ascertains climate of an organisation	Environmental Scanning	Utilization Analysis	Organization Climate Analysis	Labour Analysis	Organization Climate Analysis
18	__ 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
19	__ focus is on the individual in a given job	Task Analysis	Resource Utilization Analysis	Organization Climate Analysis	Person Analysis	Person Analysis



20	____ 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
21	____ may be defined as an informal, unplanned training and development activity provided by supervisors and peers	Job Instruction Training	Coaching	Mentoring	Job Rotation	Coaching
22	____ is to help an employee attain psychological maturity and effectiveness and get integrated with the organisation	Job Instruction Training	Coaching	Mentoring	Job Rotation	Mentoring
23	____ are those aspects of the relationship that enhance career advancement	Sponsorship	Exposure and Visibility	Coaching	Career Functions	Career Functions
24	Under ____ method mentors actively nominate a junior person (called 'mentee') for promotions or desirable positions	Sponsorship	Exposure and Visibility	Coaching	Career Functions	Sponsorship
25	____ 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
26	____ involves the movement of trainee from one job to another	Psychological Functions	Job Rotation	Apprenticeship Training	Apprenticeship Training	Job Rotation
27	In ____ trainees are asked to solve an actual organisational problem	Job Rotation	Apprenticeship Training	Committee Assignments	Special Purpose Training	Committee Assignments
28	In ____ training actual work conditions are simulated in a class room	Role Playing	Vestibule	Lecture Method	Conference	Vestibule
29	____ is a traditional and direct method of instruction	Vestibule	Lecture Method	Conference	Role Playing	Lecture Method
30	____ means analysis, review or evaluation of performance or behaviour analysis of an employee	Human Resource Planning	Job Evaluation	Performance Appraisal	Job Specification	Performance Appraisal

31	___ 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
32	___ 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	Choice Description Method
33	___ 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
34	___ 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
35	___ 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
36	___ is an evaluation of an employee by multiple judges	Group Appraisal Method	Critical Incident Method	Free Easy Method	Checklist Method	Group Appraisal Method
37	___ 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)
38	___ helps a new employee overcome such fears and perform better on the job	Socialization	Follow up	Modelling	Induction	Induction
39	Action taken to repeal a person from undesirable action is ___	Rewarding	Reinforcement	Motivation	Punishment	Punishment
40	___ is used primarily to teach workers how to do their current jobs	Coaching	Mentoring	Instruction Training	Job Rotation	Instruction Training

41	___ is a kind of daily training and feedback given to employees by immediate supervisors	Job Instruction Training	Coaching	Mentoring	Job Rotation	Coaching
42	___ method is mostly used for developing interpersonal interactions and relations	Vestibule	Lecture Method	Conference	Role Playing	Role Playing
43	___ serves as a valuable source of information to new recruits	Induction	Socialization	Follow up	Modelling	Induction
44	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
45	___ method of training involves action, doing and practice	Vestibule	Lecture Method	Conference	Role Playing	Role Playing
46	Make an appraise on the basis of ----- information.	complete	relevant	proper	performance	performance
47	Be ----- on performance assessment.	honest	kind	healthy	consider	honest
48	A----- is the output provided by job analysis.	recruitment	selection	job evaluation	job nature and value	job nature and value
49	Man to man comparison is one of the methods of _____	Selection	Grading	Performance appraisal	Merit rating	Performance appraisal
50	A negative aspect of promotion from within is _____	lower morale	employee turnover	career prospects	idea stagnation	idea stagnation
51	First step in validating a test is to _____	Analyze job	choose tests	administer tests	Relate test scores	Analyze job work
52	Measuring performance on basis of job tasks actually done is called _____	Sampling technique	work sampling technique	work sample	Data	sampling technique

53	A company's HR department can create an advisory relationship through_____	Line authority	Staff authority	Hiring authority	Top authority	Staff authority
54	Counseling and compensation of employees is part of _____	Staffing	Controlling	Leading	Organizing	Staffing
55	On the job management development techniques include__	Job rotation	Sensitivity training	Coaching	Transactional analysis	Coaching
56	An aim of performance appraisal is to	fire employee	motivate employee	counsel employee	hire employee	motivate employee
57	Performance management is always	goal oriented	performance oriented	sales oriented	Task Oriented	goal oriented
58	An evaluation process of employee's performance, in comparison to set standards is called_____	performance appraisal	compensation	counseling	design of evaluation	performance appraisal
59	Mostly employees' promotion decision is based on	performance appraisal	training results	hiring tests	in-house development	performance appraisal
60	First step in appraising process is	defining job	training session	feedback session	interview sessions	defining job

### **Unit IV – Career Planning and Compensation**

Career Planning - Career Anchors - Career Life Stages - Compensation - Steps of determining compensation - Job evaluation - Components of pay structure - Factors influencing compensation levels - Wage differentials and incentives - Profit sharing - Gain sharing - Employees' stock option plans - Social Security - Health - Retirement - other benefits.

### **Career Planning**

Career Planning is the systematic process by which one selects career goals and the path to these goals. From the organization's viewpoint, it means helping the employees to plan their career in terms of their capacities within the context of organization's needs. It involves designing an organizational system of career movement and growth opportunities for employees from the employment stage to the retirement stage. Individuals who can fill planned future positions are identified and prepared to take up these positions. Career planning is the process of matching career goals and individual capabilities with opportunities for their fulfilment.

### **Objectives of Career Planning**

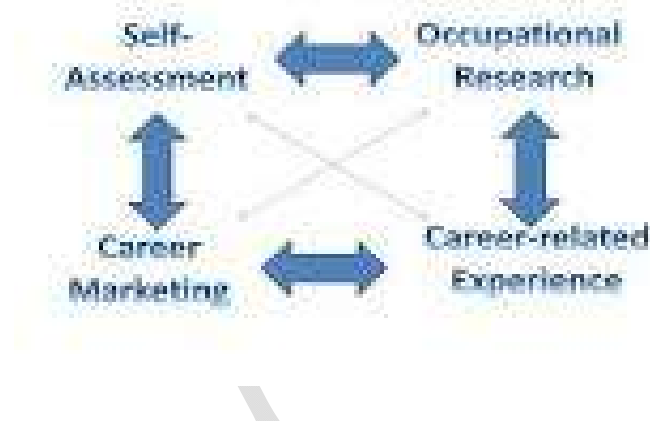
Career Planning seeks to achieve the following aims:

1. To attract and retain the right type of persons in the organization.
2. To map out careers of employees suitable to their ability, and their willingness to be trained and developed for higher positions.
3. To ensure better use of human resources through more satisfied and productive employees.
4. To have a more stable workforce by reducing labour turnover and absenteeism.

5. To improve employee morale and motivation by matching skills to job requirements and by providing opportunities for promotion.
6. To provide guidance and encourage employees to fulfil their potentials.
7. To achieve higher productivity and organizational development.

### **Career Development Process**

Career development and the career planning process include a number of specific steps that help to identify personal skills and attributes. Following are the important steps in the process of career development:



#### **Step 1: Self-Assessment**

Self-assessment is the first step in the process. This involves a student identifying their values, interests, skills and personality.

#### **Step 2: Exploration**

Exploration in the second step and involves research, using career library resources to find out about careers of interest. Informational interviews are a great way to start building your network of people in jobs and industries you desire.

**Step 3: Reality Testing**

Reality testing is the third step and provides an opportunity for students to job shadow, find an internship or volunteer position to “test the waters.” It is also an opportunity to conduct more informational interviews with professionals at work.

**Step 4: Implementation**

Implementation is the last step in the process. Students prepare for the job interview or complete applications to graduate school. This process involves practice interviewing, networking and revising resumes and cover letters.

It is not uncommon for students to feel uncertain about any or all of the steps described above. The Career Center career counseling and internship advising team is here to support students every step of the way.

**Career Anchor**

A “Career Anchor” is a combination of perceived areas of competence, motives, and values relating to professional work choices.

Often, people select a career for all the wrong reasons, and find their responses to the workplace are incompatible with their true values. This situation results in feelings of unrest and discontent and in lost productivity.

To help people avoid these problems, Career Anchors help people uncover their real values and use them to make better career choices.

**Career Anchors** – include talents, motives, values and attitudes which give stability and direction to a person’s career – it is the ‘motivator’ or ‘driver’ of that person.

A career anchor is the one element in your self-concept that you will not give up, even in the face of difficult choices.

<b>career anchor category</b>	<b>Traits</b>
Technical/functional competence	This kind of person likes being good at something and will work to become a guru or expert. They like to be challenged and then use their skills to meet the challenge, doing the job properly and better than almost anyone else
Managerial competence	These people want to be managers. They like problem-solving and dealing with other people. They thrive on responsibility  To be successful, they also need emotional competence
Autonomy/independence	These people have a primary need to work under their own rules and 'steam. They avoid standards and prefer to work alone
Security/stability	These people seek stability and continuity as a primary factor of their lives. They avoid risk and are generally 'lifers' in their job
Entrepreneurial creativity	These people like to invent things, be creative and most of all to run their own businesses. They differ from those who seek autonomy in that they will share the workload. They find ownership very important They get easily bored Wealth, for them, is a sign of success
Service/dedication to a cause	Service-orientated people are driven more by how they can help other people than by using their talents. They may work in public services or in areas such as human resources



Pure challenge	People driven by challenge seek constant stimulation and difficult problems that they can tackle .Such people will change jobs when the current one gets boring, and their career can be varied
Lifestyle	Those who are focused first on lifestyle look at their whole pattern of living. Rather than balance work and life, they are more likely to integrate the two .They may even take long periods of time off work in which

### **Career Stages**

The **Career Stages** refers to the stages of career development that an individual passes through. Basically, there are 5 career stages, which an individual has to undergo during his lifetime.

## **CAREER STAGES**



### **1. Exploration**

The exploration stage is the pre-employment stage, wherein the individuals are in their mid-twenties and enter from their college life to the work environment. The individuals narrow down their work preferences on the basis of the directions shown by their parents, friends, family,

teachers. At this stage, several expectations about the work are created that may be the fantasies, or unrealistic beliefs about the work, very much before entering into the firm.

## **2. Establishment**

At this stage, an individual actually experiences the work culture in his first job. Here, all the expectations and fantasies come to an end, and one has to face the reality of life. This stage covers about 10 years from the 25 years of age.

It is also called as a learning stage; wherein the fresher learns under the guidance of a mentor. At this stage, the fresher commits many mistakes and try to learn from these, thereby gaining a position in the society and working for his career advancement.

## **3. Mid-Career**

This stage covers the age period of 35 to 45 years. At this stage, the individual is no longer considered to be a fresher and his mistakes are taken seriously by the senior management.

Here, the employee must evaluate his current career position, i.e. whether he is advancing, or has stabilized or has started to decline and look for the future career prospects. At this stage, an individual has to maintain a balance between his career and his personal life i.e. spouse and children.

## **4. Late-Career**

At this stage, an individual reaches to a particular position in the organization hierarchy, on the basis of his career graph which is characterized by growth or stagnation. If an individual grows even after the mid-career (i.e. 20 years after mid-forties), then he is considered to be having the pleasant experience with the work. Here, an individual becomes the mentor and guide others through his experiences.

## **5. Decline**

This is the last stage of career development. At this stage, an individual has to step out of his work or get a retirement from his official commitments. It is considered as one of the difficult stages, as it is very hard for the employees to leave the firm who are doing excellent even after their late career.

Thus, every individual passes through these five stages of career development as they move along their life cycle.

## **Meaning of Compensation**

In layman's language the word 'compensation' means something, such as money, given or received as payment for service. The word compensation may be defined as money received in the performance of work, plus the many kinds of benefits and services that organization provides their employee. It refers to wide range of financial and non-financial rewards to employee for their service rendered to the organization. It is paid in the form of wages, salaries, special allowance and employee benefits such as paid vacation, insurance, maternity leaves, free travel facility, retirement benefits etc.

### **Definition**

According to Wendell French, "Compensation is a comprehensive term which includes wages, salaries and all other allowance and benefits."

### **Objectives of Compensation Planning**

The basic purpose or objective of establishing sound compensation is to establish and maintain an equitable rewards system. The other aim is the establishment and maintenance of an equitable compensation structure i.e an optimal balancing of conflicting personnel interest so that the satisfaction of employees and employers is maximised and conflicts minimized, the compensation management is concerned with the financial aspect of employees need, motivation and rewards.

A sound compensation structure tries to achieve these objectives:

- ❖ To attract manpower in a competitive market.
- ❖ To control wages and salaries and labour costs by determining rate change and frequency of increment.
- ❖ To maintain satisfaction of employees by exhibiting that remuneration is fair adequate and equitable.
- ❖ To induce and improved performance, money is an effective motivator.

**a) To Employees:**

- i. Employees are paid according to requirement of their jobs i.e highly skilled jobs are paid more compensation than low skilled jobs. This eliminates inequalities.
- ii. The chances of favouritism are minimised.
- iii. Jobs sequence and lines of promotion are established wherever they are applicable.
- iv. Employee's moral and motivation are increased because of the sound compensation structure.

**b) To Employers:**

- i. They can systematically plan for and control the turnover in the organization.
- ii. A sound compensation structure reduces the likelihood of friction and grievance over remunerations.
- iii. It enhance an employee morale and motivation because adequate and fairly administrative incentives are basis to his wants and need.
- iv. It attracts qualified employees by ensuring and adequate payment for all the jobs.
- v. In dealing with a trade union, they can explain the basis of their wages programme because it is based upon a systematic analysis of jobs and wages facts.

## **Job evaluation**

A job evaluation is a systematic way of determining the value/worth of a job in relation to other jobs in an organization. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure.

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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 and different roles.

### **The process of job evaluation involves the following steps:**

#### **Gaining acceptance**

Before undertaking job evaluation, top management must explain the aims and uses of the programme to managers, emphasizing the benefits. Employees and unions may be consulted, depending on the legal and employee relations environment and company culture. To elaborate the program further, presentations could be made to explain the inputs, process and outputs/benefits of job evaluation.

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

It is not possible for a single person to evaluate all the key jobs in an organization. Often 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, at various levels.

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

This requires the preparation of a job description and also an analysis of job specifications for successful performance. Selecting the method of evaluation: The method of evaluating jobs must be identified, keeping the job factors as well as organisational demands in mind. Selecting a method also involves consideration of company culture, and the capacity of the compensation and benefits function or job evaluation committee.

### **Evaluating jobs**

The relative worth of various jobs in an organisation may be determined by applying the job evaluation method. The method may consider the "whole job" by ranking a set of jobs, or by comparing each job to a general level description. Factor-based methods require consideration of the level of various compensable factors (criteria) such as level and breadth of responsibility, knowledge and skill required, complexity, impact, accountability, working conditions, etc.

### **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 organization. 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. Jobs are usually ranked in each department and then the department rankings are combined to

develop an organizational ranking. 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 organization. Its simplicity however works to its disadvantage in big organizations because rankings are difficult to develop in a large, complex organization. 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 (Grading 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 - Unskilled workers: This category may comprise peons, messengers, housekeeping staff, Daftaris[clarification needed], File clerks, Office boys, etc.

The job grading 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. The weaknesses of the Grading method are:

**Factor comparison method or Point method**

This method is widely used and is considered to be one of the reliable and systematic approach for job evaluation in mid and large size organisations. Most consulting firms adopt this method, which was pioneered by Edward Hay in 1943. Here, jobs are expressed in terms of key factors. Points are assigned to each factor after prioritizing 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:

1. Select key jobs. Identify the factors common to all the identified jobs such as skill, effort, responsibility, etc.
2. 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.
3. Find the maximum number of points assigned to each job (after adding up the point values of all sub-factors of such a job).
4. 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 organization.

**Advantages of job Evaluation**

1. **Reduction in inequalities in salary structure** - It is found that people and their motivation is dependent upon how well they are being paid. Therefore the main objective of job evaluation is to have external and internal consistency in salary structure so that inequalities in salaries are reduced.
2. **Specialization** - Because of division of labour and thereby specialization, a large number of enterprises have got hundred jobs and many employees to perform them. Therefore, an attempt



should be made to define a job and thereby fix salaries for it. This is possible only through job evaluation.

3. **Helps in selection of employees** - The job evaluation information can be helpful at the time of selection of candidates. The factors that are determined for job evaluation can be taken into account while selecting the employees.
4. **Harmonious relationship between employees and manager** - Through job evaluation, harmonious and congenial relations can be maintained between employees and management, so that all kinds of salaries controversies can be minimized.
5. **Standardization** - The process of determining the salary differentials for different jobs become standardized through job evaluation. This helps in bringing uniformity into salary structure.
6. **Relevance of new jobs** - Through job evaluation, one can understand the relative value of new jobs in a concern.

### **Factors Affecting Employee Compensation**

The **Compensation** is the monetary and non-monetary rewards given to the employees in return for their work done for the organization. Basically, the compensation is in the form of salaries and wages. There are several internal and external factors affecting employee compensation, which are discussed in detail below.

**Internal factors:** The internal factors exist within the organization and influences the pay structure of the company. These are as follows:

**Ability to Pay:** The prosperous or big companies can pay higher compensation as compared to the competing firms whereas the smaller companies can afford to maintain their pay scale up to the level of competing firm or sometimes even below the industry standards.

**Business Strategy:** The organization's strategy also influences the employee compensation. In case the company wants the skilled workers, so as to outshine the competitor, will offer more pay as compared to the others. Whereas, if the company wants to go smooth and is managing with the available workers, will give relatively less pay or equivalent to what others are paying.

**Job Evaluation and Performance Appraisal:** The job evaluation helps to have a satisfactory differential pays for the different jobs. The performance Appraisal helps an employee to earn extra on the basis of his performance.

**Employee:** The employee or a worker himself influences the compensation in one of the following ways.

**Performance:** The better performance fetches more pay to the employee, and thus with the increased compensation, they get motivated and perform their job more efficiently.

**Experience:** As the employee devote his years in the organization, expects to get an increased pay for his experience.

**Potential:** The potential is worthless if it gets unnoticed. Therefore, companies do pay extra to the employees having better potential as compared to others.

**External Factors:** The factors that exist out of the organization but do affect the employee compensation in one or the other way. These factors are as follows:

**Labour Market:** The demand for and supply of labor also influences the employee compensation. The low wage is given, in case, the demand is less than the supply of labor. On the other hand, high pay is fixed, in case, the demand is more than the supply of labor.

**Going Rate:** The compensation is decided on the basis of the rate that is prevailing in the industry, i.e. the amount the other firms are paying for the same kind of work.

**Productivity:** The compensation increases with the increase in the production. Thus, to earn more, the workers need to work on their efficiencies, that can be improved by way of factors which are beyond their control. The introduction of new technology, new methods, better management techniques are some of the factors that may result in the better employee performance, thereby resulting in the enhanced productivity.

**Cost of Living:** The cost of living index also influences the employee compensation, in a way, that with the increase or fall in the general price level and the consumer price index, the wage or salary is to be varied accordingly.

**Labour Unions:** The powerful labour unions influence the compensation plan of the company. The labour unions are generally formed in the case, where the demand is more, and the labour supplies is less or are involved in the dangerous work and, therefore, demands more money for endangering their lives. The non-unionized companies or factories enjoy more freedom with respect to the fixation of the compensation plan.

**Labour laws:** There are several laws passed by the Government to safeguard the workers from the exploitation of employers. The payment of wages Act 1936, The Minimum wages act 1948, The payment of Bonus Act 1965, Equal Remuneration Act 1976, Payment of Gratuity Act 1972 are some of the acts passed in the welfare of the labor, and all the employers must abide by these.

## **Wages and Salary Administration**

### **Principles of Wages and Salary Administration**

Since the issue of wage and salary determination has always enjoying the major consideration for any organization, it should be develop and maintain based on sound principles , some of them are narrated below, attempt should be made to incorporate them as far as possible while designing the compensation system.

- 1) There should be a definite plan and system to ensure that differences in pay for jobs are based upon variations in job requirements, means maintaining equity in the distribution of wages and salaries in the organization.
- 2) Maintaining competitiveness in the wage market means the general level of wage and salary should be reasonably in line with that prevailing in the market.
- 3) Matching employees' expectations and it should avoid unjustified discrimination by providing equal pay for equal work.
- 4) Reinforcing positive employee behavior and contribution to the organization, differences in the compensation package should be based on contribution, productivity, job performance, achievement etc.
- 5) Devising a system that is the most efficient for the organization, as far as possible it must eliminate any discrepancies or exploitation of the employees.
- 6) The compensation system should formulate and define rules and regulations for determining, changing, adjusting wages in the organization.
- 7) The compensation package must ensure fairness, should maintain harmonious relationship between the employee and employer.
- 8) Compensation system should be flexible enough so that future changes can be incorporated.
- 9) The wage and salary administration should take care of and comply all the rules and regulations laid down by the legislator for protecting the employees' interest.
- 10) Optimization of management and employee interests

### **Essentials of Sound Wage and Salary Administration**

Sound Wage and salary administration demands some essentials to satisfy, so that one who is shoulder with the responsibility of designing administrative aspects with this regards, may come out

with efficient system for managing the issues related with it. Some of the pre requisites for the sound compensation system are:

**I. Rational Job Analysis:** It is an important exercise with regards to each category of jobs. It reveals detailed aspects of the job, like duties, responsibilities associated with the performance, performance standards as a fair parameter for evaluation of the performance. It gives fair idea about job specification i.e. qualification, experience, skill and other essential requirements that job performer must satisfy. Thus rational job analysis always put policy decider in a better condition to lay down appropriate content in policy design.

**II. Proper Job Evaluation:** Job evaluation is a systematic process of analyzing and evaluating jobs to determine the relative worth of job in an organization. It forms the basis for designing the sound compensation system in an organization. Since wage and salary administration and the perceived fairness of approach adopted under it have a immense influence on employee morale, motivation and satisfaction, proper job evaluation exercise demands sensible consideration.

**III. In Depth Knowledge About an Organization and Market Factors:** Apart from job evaluation, the various other factors that determine the administrative aspects for wage and salary administration are the size and structure of the organization and the industry in which it operates, the strength of employees union, position of a person and his importance to the organization, demand and supply for particular skill sets in the industry, organizational ability and capacity to pay and its economic condition like profitability, and legislative aspects related with wage determination. Sound system for compensation management demands detail knowledge about all these factors in order to its sound framework and operation in the organization.

#### **IV. Clarity of Objectives or Purposes of Wage and Salary Administration :**

Last but not the least in terms of its significance, in order to have effective and efficient administration of compensation as an area in the organization, one must have accurate clarity about the purposes that it may tries to satisfy through policy decisions .objectives may be attracting talented resources; retaining and motivating employees; financial management of an organization; satisfying legal requirement; and many more. Sometimes these objectives are conflicting in nature also. So it is very essential that one, who is going to carry out this responsibility of designing the compensation system in the organization, should have reasonable clarity for objectives to be satisfied with the design.

#### **Factors affecting Wage and Salary Administration**

The term employee's remuneration includes both wages and salaries. Wages are commonly considered as the price of labour paid to the workers for the services rendered to the organization employing them. Where quantum of services rendered is difficult to measure the payment is called salary. Normally, payment made to workers is referred to as wages, and remuneration paid periodically to persons whose output cannot be measured such as clerical, supervisory and managerial staff, is called salary. Wage and salary administration is affected by so many factors and most of them are uncontrollable in nature. Major factors affecting wage and salary administration are discussed as under:

**1) Demand and Supply:** Demand for and supply of labor and its availability will have great influence on the determination of wage rates. If there is a shortage of labor, the wages demanded will be high. If, on the other hand labor is plentiful, workers will be too willing to work at low rates of wages. However, wages cannot be regarded today merely a price for services rendered. In recent years therefore, both management and labor has been becoming less and less dependent on this factor

as a basic factor. An employee will not hesitate to accept lower wages if he has opportunities for growth in the organization. Today, the money which is paid as compensation should enable a worker to buy goods and services which will enable him and his family to live a better and fuller life and satisfy his hierarchical needs.

**2) Organization's Ability to Pay:** This is a major affecting factor in determining wage and salary structure of an organization. Financial position and soundness of an organization can put it in a position to offer attractive compensation package. Some of the reputed economically sound organizations are offering good compensation package and thereby successful in obtaining and maintaining talented workforce. Good compensation package helps in attracting and retaining quality talent in an organization. Generally wages in most of the organization decide through collective bargaining and , organization's ability and capacity to pay attractive wages depends upon over all financial soundness and economic condition of an organization.

**3) Prevailing Market Rate or "Going Wage Rate":** This is practically the major factor that induces any organization to take it as a base while determining wage and salary structure for it. Prevailing market rate is also known as 'most comparable rate of wage', and most popular method for wage rate determination, especially for lower cadre positions. There are many reasons for an organization to pay wages at a market rate like competition and a practice of 'Brain Drain' prevails in the market. Further more certain laws framed laid down principal of 'minimum wages', 'equal wage for equal work'. In addition to this trade unions are also prefer to bargain upon and in accordance with market rate of wages.

**4) Productivity:** Productivity is measured in terms of output per man hour. It a result of several factors such as technology, labour efforts, method of doing work, management contribution and



support and so on. However, productivity has always remained as base for wage differences since it a base which is apparently justifiable and acceptable to all in the organization.

**5) Cost of Living:** It is always expected that there has to be adjustment in pay rates in accordance with prevailing cost of living. The changes in the cost of living affect purchasing power of the person. Trade union also considers this as a base for collective bargaining on wage issues.

**6) Trade Union's Bargaining Power:** Generally the mechanism for fixing of wages for majority of workers is collective bargaining or negotiation, and collective bargaining and negotiations depends upon the trade union's strength. If there is a strong union operates in the organization, it may dictate its terms on wage fixation and revision over a period of time and vice versa. The strength and power of the trade union depends upon its membership, financial strength and leadership it may have, for its functioning.

**7) Job Requirements:** From the organizational perspective appropriate job analysis and job evaluation exercise is a base for the wage determination and revision. It is quite obvious also that wages to be paid to the workers should be in accordance with the duties, responsibilities and the efforts likely to be put for job performance. Wage or compensation package vary in accordance with job description and job specification.

**8) Management Attitude:** Attitude of employer or management towards the working community of the organization does influence in wage determination and revision at an appropriate time. Some reputed and professional organization does prefer to pay wage in accordance with their reputation or prestige of an organization in the market. They may give participation to workers in sharing profits. On the other hand conservative organizations do not prefer to go for such profit sharing.

**9) Psychological and Social Factors:** Psychologically person perceive wages and compensation package as sole parameter for success or failure in the life. Compensation package plays significant



role in the employees pride, moral, motivation and psychological engagement and involvement in the work. Therefore such variable should not be overlooked by the organization while determining wage and salary structure. Socially and ethically also people feels that “equal work should carry equal pay “ i.e. wage should be in accordance with efforts and workers should not be felt like being cheated. Compensation policy should not make any discrimination on the basis of caste, color, Sex or region, and must try to satisfy condition for fairness equity and justice.

**10) Legislative Considerations:** Legislative provisions do provide protection to the working community by fixing bottom line for wage payments. Many a time it was found that the bargaining power of the workers was not strong enough to ensure fair wages. Consequently, the state legislative frame work stepped in to regulate wages and provide for certain benefits to the workers. Legislation like Minimum Wages Act, 1936, provides for statutory minimum wages to be prevails in the industrial organization so that workers can satisfy their bare requirements and maintain their minimum living standard. These aspects are also considered while deciding compensation policy for an organization.

**Methods of Wage Payments** Basically there are two methods for wage payments, viz.

- (1) Time rate wage system; and
- (2) Piece rate wage system.

**I. Time Rate Wage System:** It is the oldest and the simplest form of wage fixing. Under this system, workers are paid according to the work done during a certain period of time at a rate of per hour, per day, per week, per fortnight, or per month or any other fixed period of time. According to the section4 of the Payments of Wages Act,1936, not more than one month must elapse between two wage period. Time wage system adopts time as the basis of worker remuneration without taking in to

account the units produced. The worker is guaranteed a specified sum of money for a fixed period of his time taking no account of the quality or quantity of the work done.

**II. Piece Rate Wage System:** Under this system, workers are paid according to the amount of work done or numbers of units produced or completed, the rate of each unit being settled in advance, irrespective of the time taken to do the work. This does not mean that the workers can take any time to complete a job because of his performance far exceeds the time which his employer expects he would take, the overhead charges for each unit of article will increase. There is an indirect implication that a worker should not take more than average time.

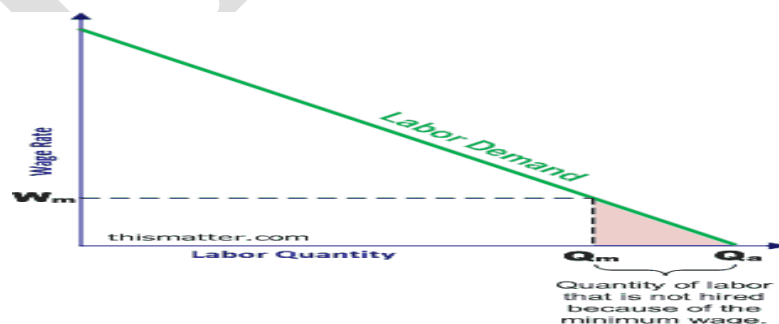
**III. Balance and Debt System:** This system combines time rate and piece rate. Under it a minimum weekly wage is guaranteed for a full weeks' work, with an alternative piece-rate determined by the rate fixed on the assumption that the worker would put enough effort to earn his minimum wage. If the wages calculated on piece bases are in excess of the time rate, the worker earns the excess. If the piece rate wages are less than the time-rate earnings, he would still get weekly wage, but on the condition that he shall have to make good the excess paid to him out of the subsequent wage he would earn. Suppose a worker is expected to complete at least 10 pieces during the week in order to earn the minimum wage of rs.60, the piece rate has been fixed at a rate of Rs.6 per unit. If the worker produces 12 units within the week, his earning will be Rs.72. If on the other hand he produces only 9 units , he will still be paid Rs. 60 his minimum weekly wage but as on the basis of piece rate his earning should amount to only Rs. 54, the sum of Rs. 6 paid in excess will be debited to him to be deducted out of his subsequent earnings. Thus under this system workers' wages are determined, by both the number of hours he works and the pieces he produces. So it a hybrid system producing the same benefits and limitations of both the time rate and piece rare system.

## Wage Differential

A wage differential refers to the difference in wages between people with similar skills within differing localities or industries. It can also refer to the difference in wages between employees who have dissimilar skills within the same industry. It is generally referenced when discussing the given risk of a certain job. For example, if a certain line of work requires someone to work around hazardous chemicals, then that job may be due a higher wage when compared to other jobs in that industry that do not necessitate coming into contact with dangerous chemicals. There are also geographical wage differentials where people with the same job may be paid different amounts based on where exactly they live and the attractiveness of the area.

The wage paid to workers varies greatly. These wage differentials are mostly the result of differences in worker ability and the workers' effort in performing the job, but may also result if the job is unionized, since the goal of labor unions is to increase compensation over and above what would otherwise be provided based on free market conditions. There are also wage differentials across occupations, because of differences in the demand and supply of laborers for particular jobs or occupations. These differences arise primarily because of differences in the amount of education or training required and in the desirability of the job itself.

### Labour Wage differentials



Most governments impose a minimum wage, which is the minimum that an employer may pay an employee. The purpose of the minimum wage is to enable unskilled workers to earn a living.

Many economists are critical of the minimum wage because, as they argue, it reduces total employment — some workers benefit from the higher wage while others are unemployed because of reduced demand for the higher-priced labor. Moreover, many of the people who benefit from the minimum wage are often people who do not need to maintain their own living, such as teenagers who still live at home. Indeed, many of these teenagers live in middle class households.

However, others argue that the minimum wage is so minimal that it has little effect on actual employment and that the minimum wage helps to reduce turnover, which helps to reduce the employer's cost of training new employees. If employers paid as little as possible, then workers would continually search for higher paying jobs.

### **Occupational Wage Differentials**

Obviously, certain occupations pay more than others. Surgeons make more than teachers, who make more than retail salespeople. Most of these wage differentials are the result of educational and training requirements, often referred to as human capital. Surgeons require more than a decade of education and training after high school before they can earn a living as surgeons, while retail salespeople can get a job right of high school, or even while they are still in school.

Education and training limit the supply of labor in that they take a certain amount of time to complete and require a certain level of skill. In many cases, people who attend college or training school do not have the time to work a full-time job. Therefore, they also incur an opportunity cost equal to the amount of money that they could have earned had it not been for the educational or training requirement.

Another primary factor that determines wages is the demand for the worker, which is a derived demand for the product or service that the worker provides. If the worker provides a product or service that is highly desirable, then a higher wage will prevail for a given supply of workers who could do that job.

Sometimes, ability makes a very large difference in wage potential that far outweighs the differences in ability. The winning horse earns a lot more than the one that comes in 2nd even though it is only a little faster. There are only so many jobs for professional athletes, so only the very best are going to be chosen for those high-paying jobs. Likewise, only the best musicians or those producing the most desirable music will become wealthy. People only have so much time and money for entertainment, so they tend to select entertainment performed by the best people, especially entertainment packaged for mass consumption.

### **Compensating Differentials**

Some jobs pay more because they are less desirable. They may be hazardous, dirty, and employment may be sporadic or seasonal. For instance, construction pays more than retail sales because of these compensating differentials, which are nonmonetary differences between jobs where higher or lower wages are paid because of differences in the desirability of the job itself. Most retail jobs take place in air-conditioned or heated stores where the worker can wear nice clothing, stay clean, engage in friendly conversations with customers, and expend little physical effort. By contrast, construction workers may perform hazardous work, will become dirty during the job requiring them to spend additional time cleaning up afterwards, and will often have to work long hours to get the job finished, and they may not get work during the winter months. Hence, to attract enough workers to construction, the industry has to pay more.

In many cases, status or power, or the lack thereof, may also be a compensating differential. After all, you never hear a kid saying I want to grow up to be a garbage collector. On the other hand, much more money is spent to elect someone to the presidency of the United States than they will ever earn at the job, and many lawyers earn more than Supreme Court justices, yet few of those lawyers would turn down an appointment to the Supreme Court.

### **Wage Differentials Due to Locality**

For any given type of job, wages are usually higher in one locality than in others. Much of this difference is because of differences in the cost-of-living. However, most people are reluctant to move because they do not want to leave their friends, sell their house, be subjected to the cost and uncertainty of a new job in a new community, and the children may not want to change schools. People may also be unwilling to give up pension plans, health insurance, or seniority at their current job. Hence, wage differentials in different localities may persist, even if people know that higher wages can be earned elsewhere.

The requirement for occupational licensing may also be an impediment to moving to a different area for higher wages. Many occupations require state licensing, such as law and medicine, so if a licensed worker wanted to move to a new state, she would have to obtain a new license and may have to satisfy additional requirements. Many localities also have their own licensing requirements for certain occupations, such as for beauticians or barbers.

### **Wage Differentials Due To Market Imperfections**

In economics, there is a presumption that people will migrate to higher paying jobs from lower paying jobs of the same type and with the same requirements. However, this can only happen if people know about the jobs. People tend to look for jobs in their own locality by searching the local newspaper or local Internet listings. Moreover, many people get jobs from their network of friends and

acquaintances, who tend to live in the same area. Hence, the lack of information can lead to persistent differences in wage differentials for the same type of job.

### **Incentives**

Incentives are monetary benefits paid to workmen in lieu of their outstanding performance. Incentives vary from individual to individual and from period to period for the same individual. They are universal and are paid in every sector. It works as motivational force to work for their performance as incentive forms the part total remuneration. Incentives when added to salary increase the earning thus increase the standard of living. The advantage of incentive payment are reduced supervision, better utilisation of equipment, reduced scrap, reduced lost time, reduced absenteeism and turnover & increased output.

According to Burack & Smith, “An incentive scheme is a plan or programmes to motivate individual or group on performance. An incentive programme is most frequently built on monetary rewards (incentive pay or monetary bonus), but may also include a variety of non monetary rewards or prizes.”

**Kinds of Incentives** Incentives can be classified under the following categories:

1. Individual and Organizational Incentives
2. Financial and Non-Financial Incentives
3. Positive and Negative Incentives

#### **1) Individual and Organizational Incentives-**

According to L.G. Magginson, “Individual incentives are the extra compensation paid to an individual for all production over a specified magnitude which stems from his exercise of more than normal skill, effort or concentration when accomplished in a predetermined way involving standard tools, facilities and materials.” individual performance is measured to calculate incentive where as

organizational or group incentive involve cooperation among employees, management and union and purport to accomplish broader objectives such as an organization-wide reduction in labour, material and supply costs, strengthening of employee loyalty to company, harmonious management and decreased turnover and absenteeism.

**I) Individual Incentive System is of two types:**

- a) Time based System- It includes Halsey Plan, Rowan Plan, Emerson Plan and Bedeaux Plan
- b) Production based System- it includes Taylor's Differential Piece Rate System, Gantt's Task and Bonus Plan

**II) Group Incentive System is of following types** a) Scalton Plan b) Priestman's Plan c) Co-Partnership Plan d) Profit Sharing Some important these plans of incentive wage payments are as follows:

**Halsey Plan:** Under this plan a standard time is fixed in advance for completing a work. Bonus is rewarded to the worker who performs his work in less than the standard time and paid wages according to the time wage system for the saved time.

**The total earnings of the worker = wages for the actual time + bonus**

**Rowan Plan:** Under this method minimum wages are guaranteed given to worker at the ordinary rate for the time taken to complete the work. Bonus is that proportion of the wages of the time taken which the time saved bears to the standard time allowed. Incentive = Wages for actual time for completing the work + Bonus

**Emerson Plan:** Under this system, wages on the time basis are guaranteed even to those workers whose output is below the standard. The workers who prove efficient are paid a bonus. For the purpose of determining efficiency, either the standard output per unit of time is fixed, or the standard time for a



job is determined, and efficiency is determined on the basis of a comparison of actual performance against the standard.

**Bedeaux Plan:** It provide comparable standards for all workers. The value of time saved is divided both to the worker and his supervisor in the ratio of  $\frac{3}{4}$  and  $\frac{1}{4}$  respectively. A supervisor also helps a worker in saving his time so he is also given some benefit in this method. The standard time for each job is determined in terms of minutes which are called Bedeaux points or B's. Each B represents one minute through time and motion study. A worker is paid time wages up to standard B's or 100% performance. Bonus is paid when actual performance exceeds standard performance in terms of B's.

**Taylor's Differential Piece Rate System :** F.W. Taylor, founder of the scientific management evolved this system of wage payment. Under this system, there is no guarantee of minimum wages. Standard time and standard work is determined on the basis of time study. The main characteristics of this system are that two rates of wage one lower and one higher are fixed. Those who fail in attaining the standard, are paid at a lower rate and those exceeding the standard or just attaining the standard get higher rate. Under this system, a serve penalty is imposed on the inefficient workers because they get the wages at lower rates. The basic idea underlying in this scheme is to induce the worker at least to attain the standard but at the same time if a worker is relatively less efficient, he will lose much. For example, the standard is fixed at 40 units per day and the piece rate are 40 P. and 50 P. per unit. If a worker produces 40 units or more in a day, he will get the wages at the rate of 50 P per unit and if he produces 39 units will get the wages at 40 paise per unit for the total output.

**Gantt's Task and Bonus Plan** - In this, a minimum wage is guaranteed. Minimum wage is given to anybody, who completes the job in standard time. If the job is completed in less time, then there is a hike in wage-rate. This hike varies between 25% to 50% of the standard rate.

## **Profit Sharing**

Profit sharing refers to various incentive plans introduced by businesses that provide direct or indirect payments to employees that depend on company's profitability in addition to employees' regular salary and bonuses. In publicly traded companies these plans typically amount to allocation of shares to employees.

The profit sharing plans are based on predetermined economic sharing rules that define the split of gains between the company as a principal and the employee as an agent. For example, suppose the profits are  $x$ , which might be a random variable. Before knowing the profits, the principal and agent might agree on a sharing rule  $s(x)$ . Here, the agent will receive  $s(x)$  and the principal will receive the residual gain  $x - s(x)$ .

## **Gain Sharing**

Gain sharing is a program that returns cost savings to the employees, usually as a lump-sum bonus. It is a productivity measure, as opposed to profit-sharing which is a profitability measure. There are three major types of gain sharing:

- Scanlon plan: This program dates back to the 1930s and relies on committees to create cost-sharing ideas. Designed to lower labour costs without lowering the level of a firm's activity. The incentives are derived as a function of the ratio between labour costs and sales value of production (SVOP).
- Rucker plan: This plan also uses committees, but although the committee structure is simpler the cost-saving calculations are more complex. A ratio is calculated that expresses the value of production required for each dollar of total wage bill.
- Improshare: Improshare stands for "Improved productivity through sharing" and is a more recent plan. With this plan, a standard is developed that identifies the expected number of hours to

produce something, and any savings between this standard and actual production are shared between the company and the workers

### **Employees' Stock Option Plans**

Employee stock option plan was introduced in USA in 1910. But in India employee stock option scheme came in 1998. In this scheme the employees of the company are allotted the company's shares below market price generally 10 to 20% or on the provision of instalment buying. Under this scheme only permanent employees of the company can enter. This plan is generally for the executives. The employees feel committed to the organization and work for the growth of the organization. It helps in holding the talented employees. However, as per the SEBI guidelines only 5% of the new issue or maximum 200 shares per employee are reserved for the ESOS.

ESOPs serving a 2-fold purpose for both the company & the employee

- ❖ It acts as a tool of motivation for the employees for a basic reason that once they own a stock they feel responsible for performance of the company, as it determines the value of the stocks of the company. If the company performs well, the value of the stocks rises and vice-versa.
- ❖ It helps the employer to retain the company and assure a good level of performance in the work.

### **Advantages of ESOPs**

ESOPs provide advantages like:

- Aligning the interest of the managers with those of the owners.
- It is a non-cash compensation tool to compete for the best human resources.
- It gives an opportunity to corporate to pay without a reduction in book profits [accounting advantage].
- Sense of Ownership and Belongingness amongst the Employees.

- Lower Attrition Rates.
- Boosted Morale of Employees.
- Greater Effort on the Part of Employees.
- More Equitable Distribution of Profits.

### **Basic Features and Types of ESOPs**

The conventional stock option plans give the employees a choice or option to a fixed proportion of shares in the company or their employer. These offers vest over a period to an employee subject to fulfilment of certain conditions such as-

- continued employment for a specified period or
- There can be performance based plans wherein the employee has to meet certain level of performance as laid down by the Company.

When it comes to classifying the ESOPs, it can be divided under two categories, namely:

- Non-Compensatory Plan
- Compensatory Plan

### **Non-Compensatory Plan**

It is the one under which the employees do not get compensation. The basic purpose of such plan is to either diversify ownership to include the employees or to raise additional capital for the Company. Under a non-compensatory plan the shares can be in future at the market price on the date of exercise/vesting.

### **Compensatory Plan**

Under this category, the employees are compensated. In other words, services rendered by the employees are partially compensated for the issuance of shares of a certain value. Companies use

these kind of plans to motivate the employees. Compensatory plans are particularly useful for the fast growing knowledge-based companies that usually do not pay large salaries to the employees.

### **Various Stock Options Schemes Available**

#### **❖ Employee Stock Option Scheme (ESOS)**

An Employee Stock Option Scheme or ESOS is a right to buy shares at a pre-determined price. The option provided under this scheme confers a right but not an obligation on the employee. Stock options are subject to vesting that requires continued service over a specified period of time. Upon vesting of options, employees can exercise the options to get shares by paying the pre-determined exercise price.

#### **❖ Employee Stock Purchase Plan (ESPP)**

An ESPP provides the employees an option to purchase company shares often at a discount on FMV (fair market value) at grant or on exercise.

The plan term determines the date and price at which the employee is entitled to purchase company stock.

#### **❖ Stock Appreciation Right (SAR)/Phantom Equity Plan (PEP)**

Under SAR/PEP, the employees are allotted notional shares/units at a pre-determined price. When the employee fulfills the vesting conditions, he is paid cash equivalent to the net gain i.e. appreciation in the price of underlying shares without any cash investment.

These plans generally result in cash outflow for the company.

#### **❖ Restricted Stock Award (RSA)**

Under RSA, an employee receives an award of stock, subject to certain underlying conditions. If the underlying conditions are not met, the shares are forfeited.

The employee is considered to be the owner of the shares from the date of award, along with an entitlement to receive dividends and the voting rights.

The forfeiture conditions may be based on continued service over a specified period of time. The employee may be required to pay for RSA at grant which may be at a discount or more. It is usually awarded the stock at no cost.

#### ❖ **Restricted Stock Unit (RSU)**

Under RSU, an employee is awarded an entitlement to receive stock at some specified date in the future, subject to certain conditions.

These conditions may relate to performance or tenure of employment. Until shares are actually delivered, the employee is not a shareholder and does not have voting rights or rights to receive dividends.

### **Social Security**

Social security refers to protection provided by the society to its members against providential mishaps over which a person has no control. The underlying philosophy of social security is that the State shall make itself responsible for ensuring a minimum standard of material welfare to all its citizens on a basis wide enough to cover all the main contingencies of life. In other sense, social security is primarily an instrument of social and economic justice.

#### **Definition**

According to a definition given in the ILO publication, “Social security is the security that society furnishes through appropriate organisation against certain risks to which its members are exposed. These risks are essentially contingencies of life which the individual of small means cannot effectively provide by his own ability, or foresight alone or even in private combination with his fellows”.

### **Objectives of Social Security:**

1. Compensation
2. Restoration
3. Prevention

A brief description of these is given as under:

#### **Compensation**

Compensation ensures security of income. It is based on this consideration that during the period of contingency of risks, the individual and his/her family should not be subjected to a double calamity, i.e., destitution and loss of health, limb, life or work.

#### **Restoration**

It connotes cure of one's sickness, reemployment so as to restore him/her to earlier condition. In a sense, it is an extension of compensation.

#### **Prevention**

These measures imply to avoid the loss of productive capacity due to sickness, unemployment or invalidity to earn income. In other words, these measures are designed with an objective to increase the material, intellectual and moral well-being of the community by rendering available resources which are used up by avoidable disease and idleness.

#### **Health and Safety**

Health and Safety initiatives are part of a strategic approach to HRM. No longer just a "thing" that companies have to comply with, health and safety is being used as part of a company's overall strategy for talent retention, overall objectives, and loss-time prevention.

Consider the benefits of loss-time prevention: the most obvious benefit is to the bottom line. Healthy employees are productive employees, and productive employees have very positive effects on the

company's bottom line. When employees start to feel that their work is unsafe or that their employers do not care about their health or well-being, productivity may start to slip. Witnessing injuries or having to cover jobs while other workers are out injured can also impact productivity; as well as morale and retention.

Investment in health and safety programs, including disability management, proactive health and wellness programs, preventative measures, and a sound on-boarding and training program, produces quantifiable bottom-line returns. By using health and safety to prevent loss-times injuries and keep productivity at a premium, companies are using health and safety programs to help achieve overall goals and objectives.

Not only can health and safety be a part of a company's overall success strategy, but it can also be used as a tool for talent retention. Employee health, safety, and wellness management are important determinants of employee perceptions regarding fair treatment by the organization. In fact, a bountiful and comprehensive wellness program can be a powerful incentive for new talent to strive to work for your company, as well as a strong retention tool. Health, safety, and wellness programs can include anything from training and education opportunities, subsidized gym memberships, nutrition counselling, and/or an Employee Assistance Program (EAP). What is included in a health and wellness program is limited only by the imagination (and funding) of the organization.

### **Fringe Benefits**

Employees are paid several benefits in addition to wages, salary, allowances and bonus. These benefits and services are called 'fringe benefits' because these are offered by the employer as a fringe. Employees of the organization are provided several benefits and services by the employer to maintain and promote employee's favorable attitude towards the work and work environment. It not only increases their morale but also motivate them. These provided benefits and services forms the part of



salary and are generally referred as fringe benefits. According to D. Belcher, “Fringe benefits are any wage cost not directly connected with the employees productive effort, performance, service or sacrifice”.

**Kinds of Fringe Benefits** The various organizations in India offer fringe benefits that may be categorized as follows:

**1) Old Age and Retirement Benefits** - these include provident fund schemes, pension schemes, gratuity and medical benefits which are provided to employee after their retirement and during old age as a sense of security about their old age.

**2) Workman's Compensation** - these benefits are provided to employee if they are got injured or die under the working conditions and the sole responsibility is of the employer.

**3) Employee Security-** Regular wage and salary is given to employee that gives a feeling of security. Other than this compensation is also given if there is lay-off or retrenchment in an organization.

**4) Payment for Time Not Worked** – Under this category of benefits, a worker is provided payment for the work that has been performed by him during holidays and also for the work done during odd shifts. Compensatory holidays for the same number in the same month are given if the worker has not availed weekly holidays.

**5) Safety and Health** – Under this benefit workers are provided conditions and requirements regarding working condition with a view to provide safe working environment. Safety and Health measures are also taken care of in order to protect the employees against unhealthy working conditions and accidents.

**6) Health Benefits** – Employees are also provided medical services like hospital facility, clinical facility by the organization.

**Possible Questions**

**Part B – 2 Marks**

1. Define career planning
2. Give the meaning of career anchors
3. What is meant by compensation?
4. Give the meaning of job evaluation?
5. List out the health benefits of employee
6. State the concept of gain sharing?
7. Give the meaning of profit sharing

**Part C- 6 Marks**

1. Explain the career development process with suitable chat?
2. Explain the stages involved in career development with diagram?
3. Discuss the factors determine employee compensation?
4. Determine the principles of wage and salary administration
5. Explain the factors affecting wage and salary administration
6. Explain the methods of wage and salary administration with examples?
7. Briefly explain the different kinds of incentives?
8. Discuss the various stock options plans of employees with examples?
9. Discuss the methods to evaluate the job?
10. Explain the employee fringe benefits with examples?

**Karpagam Academy of Higher Education**  
**Human Resource Management**  
**UNIT IV -Career Planning and Compensation**

**Multiple Choice Questions - Each Question carries ONE Mark**

S. No.	Questions	Option 1	Option 2	Option 3	Option 4	Answer
1	An----- is paid according to jobs.	employee	work	data	amount	employee
2	Remuneration is paid to -----	job	wages	workers	individual	workers
3	The wages should be according to -----	wage plan	seen	reasonable	plan	wage plan
4	A----- are paid in addition to the basic wages.	allowances	work	job	amount	allowances
5	___ is what employees receive in exchange for their contribution to the organisation	Appreciation	Compensation	Recognition	Reward	Compensation
6	___ refers to the base wages and salaries employees normally receive	Pay	Recognition	Reward	Appreciation	Pay
7	___ is the basic compensation an employee gets, usually as a wage or salary	Base Pay	Variable Pay	Benefits	Compensation	Base Pay
8	___ is the compensation that is linked directly to performance accomplishments	Base Pay	Variable Pay	Benefits	Compensation	Variable Pay
9	___ is the compensation that is linked to an individual or group of employees as a part of organisational membership	Base Pay	Variable Pay	Benefits	Compensation	Benefits
10	___ is the comparison to similar jobs in the labour market	Internal Equity	External Equity	Individual Equity	Group Equity	External Equity

11	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
12	_____ ensures that more difficult jobs are paid more	Internal Equity	External Equity	Individual Equity	Group Equity	Internal Equity
13	wages over a period of time including holiday pay, overtime pay, bonus, social security	Basic Wages	Dearness Allowance	Provident Fund	Allowances	Allowances
14	order to enable them to face the increasing dearness of essential commodities	Basic Wages	Dearness Allowance	Provident Fund	Allowances	Dearness Allowance
15	benefit accruing from savings in costs, time, improvement in quality, etc.	Basic Wages	Bonus	Commission	Premium	Bonus
16	The wage and salary structure should fulfill the-----needs.	human	job	worker	nature	worker
17	_____ pay plans attempt to relate individual effort to pay	Individual Incentive Plan	Group Incentive Plan	Joint Incentive Plan	Multiple Incentive Plan	Individual Incentive Plan
18	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
19	the standard output are not penalised by the low piece rate	Standard Hour Plans	Differential Piece Rate	Gantt Task and Bonus Plan	Piece Rate System	Differential Piece Rate
20	_____ method recognises individual efficiency and pays bonus on the basis of time saved.	Standard Hour Plans	Differential Piece Rate	Gantt Task and Bonus Plan	Piece Rate System	Standard Hour Plans
21	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
22	expressed in terms of so many standard minutes	Bedeaux Plan	Haynes Mani Plan	Emerson's Efficiency Plan	Premium Bonus Plan	Bedeaux Plan
23	Bonus Plan because the premium is paid at varying rates for increasing efficiency	Bedeaux Plan	Haynes Mani Plan	Emerson's Efficiency Plan	Premium Bonus Plan	Premium Bonus Plan
24	_____ is an incentive payment that is given to an employee beyond one's normal standard wage	Basic Wages	Bonus	Commission	Premium	Bonus

25	_____ is a reward based on how well an employee has done the assigned job	Merit Pay	Bonus	Commission	Premium	Merit Pay
26	Wages fund theory was developed by----- -----	karl max	adam smith	george	philp kotler	adam smith
27	decreasing labour costs and sharing the resultant gains (usually a lumpsum payment)	Profit Sharing	Gain Sharing	Stock Ownership	Bonus	Gain Sharing
28	Under _____ the eligible employees are allotted company's shares below the market price	Profit Sharing	Gain Sharing	Stock Ownership	Bonus	Employees Stock Ownership Plans
29	workers during short-term periods of unemployment due to layoffs and termination	Income Continuation	Income Continuation	Deferred Income	Family Income Protection	Income Continuation
30	employee from current job to another that is higher in pay, responsibility and/or	Promotion	Transfer	Retrenchment	Lay off	Promotion
31	Under _____ where a person is moved to a higher level job without increase in pay	Dry Promotion	Transfer	Retrenchment	Lay off	Dry Promotion
32	_____ means elevating the place of the job in the organisational hierarchy	Promotion	Upgradation	Transfer	Retrenchment	Upgradation
33	_____ implies horizontal movement of an employee to another job at the same level	Promotion	Upgradation	Transfer	Retrenchment	Transfer
34	because of superior performance in the current job	Merit-based promotions	based promotions	Dry Promotion	Transfer	Merit-based promotions
35	Promoting an employee who has the longest length of service is known as _____	Merit-based promotions	based promotions	Dry Promotion	Transfer	Seniority-based promotions
36	A Good wage plan should be-----.	structured	clear	stable	unstable	structured
37	Incentive is a -----	profit	data	compensation	knowledge	compensation
38	Transfers initiated to increase the versatility of employees is known as _____	Replacement Transfers	Rotation Transfers	Shift Transfers	Remedial Transfers	Rotation Transfers

39	_____ of the following is not a type of wage differentials	Occupational	Geographical	Industrial	Social	Social
40	indisciplinary action of employees is known as _____	Replacement Transfers	Rotation Transfers	Shift Transfers	Penal Transfers	Penal Transfers
41	_____ decreases group cohesiveness	Agreement on group goals	Frequency of interaction	Large group size	small group size	Large group size
42	_____ occur when employees cease to be members of an organisation	Employee Separation	Promotion	Demotion	Transfer	Employee Separation
43	organisation 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	A----- attracts employees more.	reward	foreman	nature	wear	reward
47	_____ is the permanent termination of an employee's services due to economic reasons	Dismissal	Resignation	Retirement	Retrenchment	Retrenchment
48	organisation owing to resignation, retirement or death is known as _____	Job Hoping	Transfer	Attrition	Resignation	Attrition
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	_____ country uses the graphology test to select candidates	U.S	India	Germany	China	U.S
52	The poor quality of selection will mean extra cost on _____ and supervision.	Training	Recruitment	Work quality	Development	Training

53	_____ is one of the non - analytical methods of job evaluation	Job - grading	Point ranking	Factor comparison	Graphic rating	Job - grading
54	Decision-making process is guided by _____	Policy	Procedure	Programme	Strategy	Policy
55	_____ is a change in job assignment	Promotion	Upgradation	Transfer	Retrenchment	Transfer
56	Wages and salary would be a ----- plan	simple	risk	definite	difficult	risk
57	Wages and salary should be-----	planed	reasonable	checked	unplaned	planed
58	Wages are-----.	fied	provided weekly	flexible	fluctuated	provided weekly
59	Wages represents the worker to -----	work	remuneration	rank	the work and remunerate	the work and remunerate
60	A workers ----- are calculated.	earnings	work	performance	people	performance

### **Unit V – Concept of Industrial Relations**

Industrial Relations - Introduction to Industrial Relations - Trade unions role - Types - Functions - Problems - Industrial dispute - Concept - Causes and Machinery for settlement of disputes - Grievance, Concepts, Causes and grievance redressal machinery - Discipline concept, aspect of discipline and disciplinary procedure, Collective Bargaining - Concept - Types, Process- Problems - Essentials of Effective Collective Bargaining.

#### **Concept of Industrial Relations**

The term 'Industrial Relations' comprises of two terms: 'Industry' and 'Relations'. "Industry" refers to "any productive activity in which an individual (or a group of individuals) is (are) engaged". By "relations" we mean "the relationships that exist within the industry between the employer and his workmen."

The term industrial relations explains the relationship between employees and management which stem directly or indirectly from union-employer relationship.

#### **Definitions**

The term 'industrial relations' has been variously defined. J.T. Dunlop defines industrial relations as "the complex interrelations among managers, workers and agencies of the governments".

According to Dale Yoder "industrial relations is the process of management dealing with one or more unions with a view to negotiate and subsequently administer collective bargaining agreement or labour contract"



### **Importance of Industrial Relations**

The healthy industrial relations are key to the progress and success. Their significance may be discussed as under –

#### **Uninterrupted production**

The most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all from manager to workers. The resources are fully utilized, resulting in the maximum possible production. There is uninterrupted flow of income for all. Smooth running of an industry is of vital importance for several other industries; to other industries if the products are intermediaries or inputs; to exporters if these are export goods; to consumers and workers, if these are goods of mass consumption.

#### **Reduction in Industrial Disputes**

Good industrial relations reduce the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, go-slow tactics, gherao and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.

#### **High morale**

Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and generously with his workers. In other words, complete unity of thought and action is the main achievement of industrial peace. It increases the place of workers in the society and their ego is

satisfied. It naturally affects production because mighty co-operative efforts alone can produce great results.

### **Mental Revolution**

The main object of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer's authority. It will naturally have impact on production because they recognize the interest of each other.

### **Reduced Wastage**

Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastage of man, material and machines are reduced to the minimum and thus national interest is protected.

### **Objectives of Industrial Relations**

**The main objectives of industrial relations system are:-**

- ❖ To safeguard the interest of labor and management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.
- ❖ To avoid industrial conflict or strife and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country.
- ❖ To raise productivity to a higher level in an era of full employment by lessening the tendency to high turnover and frequency absenteeism.

- ❖ To establish and promote the growth of an industrial democracy based on labor partnership in the sharing of profits and of managerial decisions, so that each individual's personality may grow to its full stature for the benefit of the industry and of the country as well.
- ❖ To eliminate or minimize the number of strikes, lockouts and gheraos by providing reasonable wages, improved living and working conditions, and fringe benefits.
- ❖ To improve the economic conditions of workers in the existing state of industrial managements and political government.
- ❖ Socialization of industries by making the state itself a major employer
- ❖ Vesting of a proprietary interest of the workers in the industries in which they are employed.

### **Meaning of Trade Union**

Trade union is a voluntary organization of workers formed to protect and promote their interests through collective action. These may be formed on plant basis, industry basis, firm basis, regional basis or national basis.

Different writers and thinkers have defined the trade union differently. A few definitions are given below:

(1) Trade Union is a “continuous association of wage earners for the purpose of maintaining and improving the conditions of their working lives”.

– Webb

“A labour union or trade union is an organization of workers to promote, protect and improve, through collective action the social economic and political interests of its members”.

- Edwin B. Flippo

## **Functions of Trade Unions**

The basic function of unions is to protect and promote the interest of the workers and conditions of their employment. The other factors are:

- i) achieving higher wages and better working and living conditions for the members;
- ii) Acquiring the control of industry by workers;
- iii) Minimizing the helplessness of the individual workers by making them stand collectively and increasing their resistance power through collective bargaining; protecting the members against victimization and injustice of the employers;
- iv) Raising the status of the workers as partners of industry and citizens of society by demanding increasing share for the workers in the management of industrial enterprises;
- v) Providing a worker self-confidence and a feeling that he is not simply a cog in the machine;
- vi) Imbibing-sincerity and discipline in workers; and
- vii) Taking up welfare measures for improving the morale of the workers.

**The functions of trade unions can be divided into five categories, viz.:**

- (a) Militant or Protective or Intra-Mural Functions
- (b) Fraternal or Extra-Mural
- (c) Social Functions
- (d) Political Functions
- (e) Ancillary Functions

**Militant or Protective or Intra-Mural 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.

**(b) Fraternal or Extra-Mural Functions** - These functions include providing financial and non-financial assistance to workers during the periods of strikes and lockouts, extension of medical facilities during slackness and casualties, provision of education, recreation, recreational and housing facilities, provision of social and religious benefits, etc.

**(c) Social Functions** - These functions include carrying out social service activities, discharging social responsibilities through various sections of the society like educating the customers.

**(d) Political Functions** - These functions include affiliating a union to a political party, helping the political party in enrolling members, collecting donations, canvassing during election-period, seeking the help of political parties during the strikes and lockouts.

**(e) Ancillary Functions** - Ancillary functions of trade unions include:

(i) Communication: Trade Unions communicate its activities, programmes, decisions, achievements, etc., to its members through publication of newsletters or magazines.

(ii) Welfare Activities: Trade Unions undertake welfare activities like acquiring of house sites, construction of houses, establishment of cooperative housing societies, cooperative thrift and credit societies, organizing training activities, etc.

(iii) Education: Trade Unions provide educational facilities to its members and their family members.

(iv) Research: Trade Unions arrange to conduct research programmes. They systematically collect and analyze data and information for collective bargaining, preparing of notes for union officials, for court cases, etc.

They also arrange to analyze macro data about the economy, industry and different sectors, etc.

**The following principles regulate trade union functions:**

- (i) The Doctrine of Vested Interest** - According to this doctrine, “wages and other conditions of employment hitherto enjoyed by any section of workmen ought under no circumstances be interfered with for the worse”.
- (ii) The Doctrine of Supply and Demand** - This doctrine relies on the method of collective bargaining and implies that because of collective action on the part of labourers, trade unions are able to attain their objectives.
- (iii) The Doctrine of Living Wage** - This doctrine empowers the workers to maintain their right to demand to living wage.
- (iv) The Doctrine of Partnership** - This doctrine implies that the workers are to be accepted as partners in industry as such they should be associated with the affairs of the management.
- (v) The Doctrine of Socialism** - This doctrine implies that every worker has a right to work, rest and leisure, maintenance in old age, sickness and disability and equal pay for equal work.

### **Types of Trade union**

There are four main types of trade unions.

These are:

#### **i. Craft unions**

These represent workers with particular skills e.g. plumbers and weavers. These workers may be employed in a number of industries.

#### **ii. General unions**

These unions include workers with a range of skills and from a range of industries.

### **iii. Industrial unions**

These seek to represent all the workers in a particular industry, for instance, those in the rail industry.

### **iv. White collar unions**

These unions represent particular professions, including pilots and teachers. Unions in a country, often belong to a national union organisation. For example, in India, a number of unions belong to the All India Trade Union Congress (AITUC).

This is the oldest and one of the largest trade union federations in the country. A number of them also belong to international trade union organisations such as the International Confederation of Free Trade Unions, which has more than 230 affiliated organisations in 150 countries.

## **Role of Unions**

Unions carry out a number of functions. They negotiate on behalf of their members on pay scales, working hours and working conditions. These areas can include basic pay, overtime payments, holidays, health safety, promotion prospects, maternity and paternity rights and job security.

Depending on the circumstances, unions may try to protect or improve workers' rights. They also provide information on a range of issues for their members, for instance on pensions. They help with education and training schemes and may also participate in measures designed to increase demand for the product produced and hence for labour.

Some also provide a range of benefits to their members including strike pay, sickness pay and unemployment pay. In addition many get involved in pressurizing their governments to adopt a legislation, which will benefit their members or workers in general, such as fixing a national minimum wage.

## **Problems in trade Union**

### **1. Small Size**

According to the veteran trade union leader V.V. Giri, “the trade union movement in India is plagued by the predominance of small sized unions”. To quote there were 9,023 trade unions submitting returns during the year 1992. The total membership of these unions was 57.4 lakhs, with an average membership of 632 per union. Nearly three-fourths of the unions have a membership of less than 500. Smallness in size of the union implies, among other things, weakness in bargaining power.

### **2. Poor Finance**

Small size of unions has its direct bearing on its financial health. Total income and total expenditure of 9,073 trade unions with a membership of 57.4 lakhs were Rs. 3,238 lakhs and Rs. 2,532 lakhs respectively in 1992. The per member income and expenditure, thus, come to Rs. 56.4 and Rs. 44.1 respectively”. These are, by all means, very low. It is the small size of trade unions accompanied by small subscriptions; the trade unions cannot undertake welfare activities.

### **3. Politicization**

A serious defect of the trade union movement in India is that the leadership has been provided by outsiders’ especially professional politicians. Leaders being affiliated to one or the other party, the unions were more engrossed in toeing the lines of their political leaders than protecting workers’ interests.

Ironically, in many cases, the political leaders possess little knowledge of the background of labour problems, fundamentals of trade unionism, the techniques of industry, and even little general education. Naturally, unions cannot be expected to function efficiently and on a sound basis under the guidance of such leaders.



#### **4. Multiplicity of Unions**

Trade unionism in India is also characterised by multiplicity of unions based on craft, creed and religion. This is well indicated by the socio-political realities after the mandalisation of polity and heightened sectarian consciousness after the demolition of the disputed structure of Ayodhya.

As noted earlier, the multiplicity of unions is mind-boggling in the DTC (50), the SAIL (240) and the Calcutta Corporations (100). The implication of multiplicity of trade unions is that it leads to union's rivalry in the organization. Obviously, multiplicity of unions contributes to fragmentation to workers leading to small-sized unions.

#### **5. Lack of Enlightened Labour Force**

The lack of an enlightened labour force capable of manning and conducting the movement efficiently, purposefully and effectively has been a major problem in the development of trade unions in the country. Lack of education, division by race religion, language and caste, migratory nature, lack of self consciousness, and non-permanent class of workers have been attributed as the causes for the lack of enlightened labour force in India.

#### **6. Miscellaneous Problems**

The other problems from which trade union movement has suffered include:

s(i) The majority of registered unions are independent unions as only 16,000 units out of 50,000 registered unions are affiliated to the Central Trade Unions (CTUs). One possible reason for this is the educated workers' preference to the independent unions,

#### **Concept of Industrial Disputes**

In common parlance, dispute means difference or disagreement of strife over some issues between the parties. As regards industrial dispute, since its settlement proceeds as per the legal

provisions contained in the 'Industrial Disputes' Act, 1947, hence it seems pertinent to study the concept of industrial disputes from a legalistic angle.

According to Section 2 (k) of the Industrial Disputes Act, 1947, the term 'industrial dispute' means "any dispute or difference between employers and employees or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment and conditions of employment of any person".

#### **Nature of an industrial dispute:**

1. The dispute must affect a large number of workmen who have a community of interest and the rights of these workmen must be affected as a class.
2. The dispute must be taken up either by the industry union or by a substantial number of workmen.
3. The grievance turns from individual complaint into a general complaint.
4. There must be some nexus between the union and the dispute.
5. According to Section 2A of the Industrial Disputes Act, 1947, a workman has a right to raise an industrial dispute with regard to termination, discharge, dismissal, or retrenchment of his or her service, even though no other workman or any trade union of workman or any trade union of workmen raises it or is a party to the dispute.

#### **Forms of Industrial Disputes**

The industrial disputes are manifested in the following forms:

**Strikes:** Strike is the most important form of industrial disputes. A strike is a spontaneous and concerted withdrawal of labour from production. The Industrial Disputes Act, 1947 defines a strike as "suspension or cessation of work by a group of persons employed in any industry, acting in combination or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed to continue to work or accept employment".

According to Patterson “Strikes constitute militant and organised protest against existing industrial relations. They are symptoms of industrial unrest in the same way that boils symptoms of disordered system”.

Depending on the purpose, Mamoria et. al. have classified strikes into two types: primary strikes and secondary strikes.

### **(i) Primary Strikes**

These strikes are generally aimed against the employers with whom the dispute exists. They may include the form of a stay-away strike, stay-in, sit-down, pen-down or tools- down, go-slow and work-to-rule, token or protest strike, cat-call strike, picketing or boycott.

### **(ii) Secondary Strikes**

These strikes are also called the ‘sympathy strikes’. In this form of strike, the pressure is applied not against the employer with whom the workmen have a dispute, but against the third person who has good trade relations with the employer.

However, these relations are severed and the employer incurs losses. This form of strike is popular in the USA but not in India. The reason being, in India, the third person is not believed to have any locus standi so far the dispute between workers and employer is concerned.

General and political strikes and bandhs come under the category of other strikes:

### **Lock-Outs**

Lock-out is the counter-part of strikes. While a ‘strike’ is an organised or concerted withdrawal of the supply of labour, ‘lock-out’ is withholding demand for it. Lock-out is the weapon available to the employer to shut-down the place of work till the workers agree to resume work on the conditions laid down by the employer. The Industrial Disputes Act, 1947 defined lock-out as “the temporary shutting down or closing of a place of business by the employer”.

Lock-out is common in educational institutions also like a University. If the University authority finds it impossible to resolve the dispute raised by the students, it decides to close-down (or say, lock-out) the University till the students agree to resume to their studies on the conditions laid down by the University authority. Recall, your own University might also have declared closure sometimes for indefinite period on the eve of some unrest / dispute erupted in the campus.

### **Gherao**

It is a Hindi word which means to surround. The term ‘Gherao’ denotes a collective action initiated by a group of workers under which members of the management of an industrial establishment are prohibited from leaving the business or residential premises by the workers who block their exit through human barricade.

A human barricade is created in the form of a ring or a circle at the centre of which the persons concerned virtually remain prisoners of the persons who resort to gherao. Gheraos are quite common in India these days. Gheraos are resorted to not only in industrial organisations, but also in educational and other institutions. The persons who are gheraoed are not allowed to move nor do any work.

### **Picketing**

When workers are dissuaded from reporting for work by stationing certain men at the factory gates, such a step is known as picketing. If picketing does not involve any violence, it is perfectly legal. It is basically a method of drawing the attention of public towards the fact there is a dispute between the management and the workers.

## **Causes of Industrial Disputes**

**We can classify the causes of industrial disputes into two broad groups:**

- (i) Economic causes, and
- (ii) Non-economic causes.

### **Economic causes include:**

- (i) Wages,
- (ii) Bonus,
- (iii) Dearness allowance,
- (iv) Conditions of work and employment,
- (v) Working hours,
- (vi) Leave and holidays with pay, and
- (vii) Unjust dismissals or retrenchments.

### **Non-economic causes include**

- (i) Recognition of trade unions,
- (ii) Victimisation of workers,
- (iii) Ill-treatment by supervisory staff,
- (iv) Sympathetic strikes,
- (v) Political causes, etc.

### **Measures to Improve Industrial Relations:**

The following measures should be taken to achieve good industrial relations:

#### **1. Progressive Management**

There should be progressive outlook of the management of each industrial enterprise. It should be conscious of its obligations and responsibilities to the owners of the business, the

employees, the consumers and the nation. The management must recognise the rights of workers to organise unions to protect their economic and social interests.

The management should follow a proactive approach, i.e., it should anticipate problems and take timely steps to minimise these problems. Challenges must be anticipated before they arise otherwise reactive actions will compound them and cause more discontent among the workers.

## **2. Strong and Stable Union**

A strong and stable union in each industrial enterprise is essential for good industrial relations. The employers can easily ignore a weak union on the plea that it hardly represents the workers. The agreement with such a union will hardly be honoured by a large section of workforce. Therefore, there must be a strong and stable union in every enterprise to represent the majority of workers and negotiate with the management about the terms and conditions of service.

## **3. Atmosphere of Mutual Trust**

Both management and labour should help in the development of an atmosphere of mutual cooperation, confidence, and respect. Management should adopt a progressive outlook, and should recognise the right of workers.

Similarly, labour unions should persuade their members to work for the common objectives of the organisation. Both the management and the unions should have faith in collective bargaining and other peaceful methods of settling industrial disputes.

## **4. Mutual Accommodation**

The right of collective bargaining of the trade unions must be recognised by the employers. Collective bargaining is the cornerstone of industrial relations. In any organisation, there must be a great emphasis on mutual accommodation rather than conflict or uncompromising attitude. Conflicting attitude does not lead to amicable labour relations; it may foster union militancy as the

union reacts by engaging in pressure tactics. The approach must be of mutual “give and take” rather than the “take or leave”.

### **5. Sincere Implementation of Agreements**

The management should sincerely implement the settlements reached with the trade unions. The agreement between the management and the unions should be enforced both in letter and spirit.

### **6. Workers' Participation in Management**

The participation of workers in the management of the industrial unit should be encouraged by making effective use of works committees, joint consultation and other methods. This will improve communication between managers and workers, increase productivity and lead to greater effectiveness.

### **7. Sound Personnel Policies**

Personnel policies should be formulated in consultation with the workers and their representatives if they are to be implemented effectively. The policies should be clearly stated so that there is no confusion in the mind of anybody. The implementation of the policies should be uniform throughout the organisation to ensure fair treatment to each worker.

### **8. Government's Role**

The Government should play an active role for promoting industrial peace. It should make law for the compulsory recognition of a representative union in each industrial unit. It should intervene to settle disputes if the management and the workers are unable to settle their disputes. This will restore industrial peace.

### **Settlement of Disputes**

In spite of all efforts at avoiding occasions and causes of disputes, disputes may and do occur. It is, therefore, necessary to have some machinery for the settlement of disputes after they have arisen.

There are usually two methods of meeting such situations:

- (i) Conciliation, and
- (ii) Arbitration.

### **Conciliation**

The essential feature of this method is that the settlement is reached by representatives of the workers and the employers themselves, with or without the mediation of an outside person.

### **Arbitration**

In the case of arbitration, the question at issue is placed before an outside person for settlement. Arbitration may be voluntary as in Britain or compulsory as in Australia and New Zealand. Under voluntary arbitration, the award is not binding on the parties.

### **Definition of Grievance**

A grievance is a sign of employee's discontent with job and its nature. The employee has got certain aspirations and expectations which he thinks must be fulfilled by the organisation where he is working. When the organisation fails to satisfy the employee needs, he develops a feeling of discontent or dissatisfaction. Thus, grievance is caused due to the difference between the employee expectation and management practices.

Keith Davis defines it as "any real or imagined feeling of personal injustice which an employee has concerning his employment relationship".



The International Labour Organisation defines grievance as “a complaint of one or more workers in respect of wages, allowances, conditions of work, and interpretation of service stipulations, covering such areas as overtime, leave, transfer, promotion, seniority, work assignment and termination of services”.

On analysis of these various definitions, it may be noted that:

1. A Grievance may be unvoiced or expressly stated by an employee.
2. It may be written or verbal
3. It may be valid and legitimate, untrue or completely false, or ridiculous; and
4. It may arise out of something connected with the organization or work.

### **Causes or sources of Grievances**

Generally employee's grievances may be due to the following:

#### **1. Grievance arising out of working conditions**

1. Poor physical circumstances of work environment
2. Non-availability of appropriate tools and machines
3. Failure to maintain good discipline
4. Mismatch of worker with job
5. Very high production targets
6. Poor relationship with the supervisor

#### **2. Grievance arising from Management Policy**

1. Wage rates and method of wage payment
2. Overtime and incentive schemes
3. Seniority
4. Transfers

5. Promotion, Demotion and Discharge
6. Penalties imposed for misconduct
7. Leave
8. Lack of opportunities for career development

### **3. Grievances arising from Violation**

1. Violation of collective bargaining agreement
2. Violation of company rules and regulations
3. Violation of past practice
4. Violation of Central and State Governments Laws
5. Violation of Responsibilities of Management.

### **Grievance Handling Procedure**

A standardized grievance handling procedure consists of the following steps:

1. Employee gives written statement of Grievance
2. Meeting is held and the employer informs the employee of the outcome.
3. Appeal, if necessary.

### **Causes & Approaches towards Disciplinary Action**

#### **Causes for Infringement of Discipline**

The main reasons for breach of discipline in any organization may be stated under following Heads

#### **(I) Causes Related To the Worker**

- (a) Illiteracy and low intellectual level of workers.
- (b) Workers personal problems like their fears, hope, aspirations etc.
- (c) Inborn tendencies of workers to flout rules.



acknowledgement of receipt of such feedback. Another possible reinforcement may be done by taking digitized input, which can be processed using scantron machines.

### **Contact Us Links**

Websites of organizations generally carry the Contact Us page, which lists the email and phone numbers to use to submit any concerns. Many websites also provide a form to fill that automatically gets sent by email, with confirmation to the reporter.

### **Customer-driven Feedback Websites**

Websites such as Yelp and Trip Advisor allow customers to post grievances and recommendations about organizations from personal experience. Designated representatives of these organizations have the option to respond to such communications, though these responses are often just standard text. The feedback also tends to be subjective and unlikely to be auto-sorted and forwarded for action.

### **Organization-oriented Portals**

Organizations can subscribe to grievance redressal portals such as ActPlease.com to invite their customers to report their grievances and request action. As such portals are configured by the organizations themselves, they can ensure that complaints are directed properly. ActPlease, being a third party site, handles anonymity of the reporter from the organization when necessary, while ensuring the genuine nature of the person, through SMS verification. Such SaaS Portals are easy to use and easily affordable for all organizations including SMEs, while empowering them with the latest tools such as Mobile Apps and Customized Websites.

### **Custom-developed Ticketing Systems**

Large organizations involved in customer service set up their own ticketing systems with similar features as the SaaS portals, but with greater customization in the processing of grievances.

Examples of such organizations are Bharat Sanchar Nigam Limited and Torrent Power. Large-scale ERP software, such as SAP and Genie also provide facility for setting up ticketed grievance redressal and customer support systems.

### **Essentials of Good Grievance Handling Procedure**

The basic principles or essentials of a sound grievance handling procedure are the following:

1. **Procedural Fairness:** The process of grievance handling should be fair and impartial. The grievant should be informed about the process and the implications of making a formal complaint before proceeding.
2. **Substantive Fairness:** The grievance handler should not assume guilt. They should determine that the complaint is substantiated only after hearing from both sides, checking other relevant evidences and taking into account any mitigating circumstances.
3. **Confidentiality:** A grievant should be able to raise a complaint and get advice in confidence.
4. **Timeliness:** Delays in any stage of the grievance handling procedure can result in a denial of procedural fairness.
5. **Record keeping:** It is also necessary to keep records about details of allegations, responses and actions.
6. **Transparency:** There must be sufficient scope for transparency in the effective implementation of policies and procedures.
7. **Openness, Honesty and Fair dealing:** Openness, honesty, fair and accurate reporting should be ensured.

## **Discipline**

### **Meaning & Definition of Discipline**

Discipline means getting obedience to rules and regulations of the organization. Discipline is absolutely essential for the smooth running of business. Fayol, stated that discipline is obedience, application, energy and outward mark of respect. According to Webster's Dictionary, the word discipline has three meanings. "First, it is the training that corrects moulds, strengthens or perfects individual behaviour. Second, it is control gained by enforcing obedience. The third meaning, it is punishment or chastisement

### **Definition of Discipline**

According to Dr. Spriegel, "Discipline is the force that prompts an individual or a group to observe the rules, regulations and procedures which are deemed to be necessary to the attainment of an objective; it is force or fear of force which restrain an individual or a group from doing things which are deemed to be destructive of group objectives. It is also the exercise of restraint or the enforcement of penalties for the violation of group regulations." Thus discipline can be regarded as a force that requires employees to follow the rules and regulations of an organization considered vital for its efficient working. In brief, discipline is an employee's self control which motivates him to comply with the organization's goals and objectives.

### **Aspects of Discipline**

**Negative Aspect** - This aspect uses "fear" as a force to enforce discipline in the organization.

If any employee or worker defies the rules and regulation strict punishment is levied on them. This is categorized as traditional concept of discipline.

### **Positive Discipline**

Now a days the management of various organizations have adopted positive progressive outlook for disciplining the employees. With the ever increasing awareness among the workers concerning their rights and responsibility, it was required on the part of management to reconsider the negative approach of fear used by them so far.

Thus management emphasized on the concept of self – discipline. This approach of self control asserts on cooperative efforts of employees to abide by the rules of the organization. Thus positive aspect of discipline plays a much greater role in safeguarding industrial peace and prosperity.

### **Main Characteristics of Discipline**

The following are the main characteristics of Discipline can be summed up as follows:-

- (i) To guarantee successful fulfilment of organizational goals it motivates workers to abide by the instructions issued by the management or superiors.
- (ii) It is a negative approach in the sense that it discourages employees in under taking some activities while encouraging undertaking the few others.
- (iii) On Violation or disobedience of organization rules it imposes fine or reprimand, therefore, it is also called as punitive or big stick approach.

### **Aims & Objectives of Discipline**

The aims and objectives of discipline are as follows:-

- (i) For the achievement of organizational goals it tries to earn the willing approval of employees.
- (ii) To introduce the component of uniformity and assurance despite the numerous organization.
- (iii) For improving the quality of production by enhancing the morale and working efficiency of the employees.
- (iv) To generate respect for human relations in the organization.

(v) To confer and seek direction and responsibility.

### **Importance of Discipline in Industry**

Discipline acts as a cornerstone for the smooth functioning of any enterprise. Absence of discipline in any industry can create a great amount of commotion and confusion thereby decreasing its productivity. For any enterprise however big or small manpower is the most pivotal resource and thereby all efforts should be made to discipline them. All steps should be taken to encourage mutual trust and confidence between the workers and the management which is indispensable to bring about needed discipline at the workplace. Maintenance of discipline is a precondition for attaining the aims and purposes of the organization swiftly.

### **Indiscipline**

Disciplined employers will assist in creation of pleasant industrial environment which indiscipline may be expressed as non – compliance to formal and informal rules and regulations of an organization. Indiscipline may prove to have detrimental effects on the morale and motivation of the employees as well as on the organization as a whole.

### **Factors Responsible for Indiscipline**

There are various socio-economic and cultural factors that play a role in creating indiscipline in an organization. The important among them are:

1. Unfair labour practices
2. Wage differentials
3. Wrong work assignments
4. Defective grievance procedure
5. Payment of very low wages
6. Poor communication



7. Victimization by management

8. Ineffective leadership.

### **Guidelines of a Disciplinary Action**

**(a) Fixation of Responsibility** – the responsibility for sustaining discipline in the organization should be given to a responsible person, say personnel officer.

**(b) Proper Framing & Communication of Rules** – the rules and regulations should be cautiously and accurately formulated and published in employee handbooks.

**(c) Rules and Regulations Should be Reasonable** – the work standards set Should be attainable by the employees and the rules be modified at frequent intervals to suit the changing organizational circumstances.

**(d) Equal Treatment** – Rules and penalties should be applied equitably. Identical punishment should be granted for identical offences.

**(e) Prompt Action** – care should be taken to make sure that the penalty is imposed soon after the violation of a rule has occurred.

**(f) Search for the Facts** – before proceeding to take any action against an employee , provide him with sufficient time to present his side of the case i.e. What and why it Happened ....?

**(g) Natural Justice** – the punishment or penalty imposed on the indisciplined worker must satisfy the principle of natural justice. The punishment should always justify with the gravity of the offence.

### **Mc Gregor's Hot Stove Rule**

The model method for enforcement of discipline should have the four important Characteristics of a red– hot – stove.

**(i) Advance Warning** – a red – hot stove tells us, “don’t touch me, you will suffer” Similarly a worker knows what is expected of him and what will be the result if he fails to live up to those

expectations.

**(ii) Immediate Effect** - if one overlooks the advance warning and touches the stove, gets immediate result (fingers may suffer burns) likewise workers may get instantaneous effect on committing any act of indiscipline.

**(iii) Consistency** – every time we touch a red – hot stove we get the same result. Every time a worker commits the insufficient act, he should be penalized.

**(iv) Impersonal Approach** – red – hot stove functions uniformly for all, doing away with any favouritism. In the same way, management should not discriminate in imposing punishment on basis of caste, creed, colour, sex etc. It should guarantee the fundamental right to equality. Thus these four characteristics should be kept in mind before administering any disciplinary action.

### **Procedure for Disciplinary Action**

The following steps should be taken care of while administering a disciplinary action:

**(a) Ascertaining the Statement of the Problem** - First look into the violation of rule and the number of employees involved in the matter. Then ascertain the gravity of the violation and the conditions under which it occurred.

**(b) Searching for the Underlying Facts** – This calls for thorough examination of the case together the relevant facts.

**(c) Deciding upon the Type of Penalty** – The penalty or punishment should be such which discourages future reoccurrence of the offence or violation. But it should always relate to the gravity of the offence.

**(d) Application of Penalty** – The selected penalty may be imposed on the wrong doers and if the offence is not of a serious nature then it may be disposed off quickly.

**(e) Follow-up on Disciplinary Action** – Vigilant supervision of the person against whom a

disciplinary action is taken should be done.

### **Principles of Industrial Discipline**

Industrial Discipline should be based on certain just and fair principles to be accepted by the employees. The basic Prerequisites or principles to be observed are:-

- (i) The very objectives of industrial discipline should be clearly laid out
- (ii) The code of conduct should be framed with consultation & collaboration of the workers or their representatives.
- (iii) The code of conduct must be communicated to all concerned in the organization.
- (iv) The rules and regulation concerning the discipline should understandable by all.
- (v) The rules of conduct must able to settle the grievances if any arising during the period be of employment.
- (vi) The approach of discipline policy should be preventive i.e. stress be laid on prevention of violation of discipline rather than on the administration of penalties.
- (vii) The quantum of reprimand for each case of misconduct should be specified clearly in advance by publishing them in employee's handbook.
- (viii) The enforcement authority must be specified.
- (ix) Discipline policy should not discriminate against the employees; it should be uniform for all employees without favoring any one worker or employee.
- (x) A disciplinary committee in the advisory capacity be constituted to look into the matters of indiscipline and put forth the necessary suggestions.

## **Collective Bargaining**

### **Meaning and Concept**

Collective bargaining is the technique that has been adopted by unions and managements to reconcile their conflicting interests. It is called collective because the employees, as a group, select representatives to meet and discuss differences with the employer. Collective bargaining is opposite of individual bargaining which takes place between management and a worker, as an individual, apart from his fellow employees. Collective bargaining plays a significant role in improving labour-management relations and in ensuring industrial harmony.

The phrase collective bargaining is made up of two words – collective, which implies group action through its representatives; and bargaining, which suggests haggling and/or negotiating. The phrase, therefore, implies “collective negotiation of a contract between the management’s representatives on one side and those of the workers on the other”.

According to the Encyclopaedia of Social Sciences, “collective bargaining is a process of discussion and, negotiation between two parties, one or both of whom is a group of persons acting in concert. The resulting bargain is an understanding as to the terms and conditions under which a continuing service is to be performed. More specifically, collective bargaining is a procedure by which employers and a group of employees agree upon the conditions of work”.

### **Characteristics of Collective Bargaining**

The characteristics of collective bargaining as observed from the analysis of the definitions of collective bargaining are:

- i) It is a group or collective action as opposed to individual actions and is initiated through the representatives of employees.

ii) It is flexible and not static.

iii) It is a two way process. It is mutual give and take rather than just takes it method of arriving at a solution to a dispute. It is successful only when two parties participate in collective bargaining seriously and with an approach of give and take.

iv) It is a continuous process, which proves a mechanism for regular negotiations and discussions for a continuous sound relationship between labour and management. It facilitates to arrive at an amicable solution to the problems at all stages including the stage of strike and other forms of agitations.

It is dynamic and not static, as this concept is growing, expanding and changing in view of attitudes, opinions and perceptions of both the parties.

vi) It ensures democracy at work-place.

vii) It is not a competitive process but essentially a complementary process.

viii) It is an art as it is an advanced form of understanding and maintaining human relations.

ix) It is a voluntary process. Both workers and management voluntarily participate in the negotiations, discuss and arrive at a solution.

x) The unique feature of Collective Bargaining, is that usually the parties concerned start negotiations with entirely divergent interests and reach a middle point acceptable to both. For example, the union may start negotiations with a demand to increase wages at par with that of production and management rejecting any raise. At the end of the process both the parties may agree for a raise in wages to a certain percentage of total increase in production.

### **Essential Conditions for the Success of Collective Bargaining**

- i) Constructive consultation between trade union and management is possible only when the bargaining power of two parties is relatively equal and is exercised with responsibility and discrimination.
- ii) Two parties of collective bargaining accept the principle of 'free consultation' and 'free enterprise' consistent with the advancement of public interest.
- iii) The willing acceptance by management to recognize representative union for this purpose.
- iv) Both the parties must have mutual confidence, good faith and a desire to make collective bargaining machinery a success.
- v) Management should not wait for the union to raise problems, but should make every reasonable effort not to provide them any opportunity to raise demands.
- vi) An emphasis upon a problem solving approach with deem phases upon excessive legalism.
- vii) Dispose of the issues in the same meeting and minimize of the pending of items.
- viii) Desire of the management to settle the issues to the satisfaction of employees. This does not mean that management must relinquish its right to direct the company or that it must accede to all union demands.
- ix) Unions must understand the economic implications of collective bargaining and realize that union demands must be met from the income and resources of the organization.
- x) Both the parties should respect the rights and responsibilities of each other.
- xi) The process of bargaining should be free from unfair practices.

xii) Unanimity among workers: Before entering into negotiations, there must be unanimity among workers. At least the representatives of workers should be able to represent the opinion or demands of majority of workers.

xiii) The attitudes of the parties (involved) should be positive. Both the parties should reach the negotiating table with an intention to find better solutions.

xiv) The parties involved in collective bargaining should be prepared to give away something in order to gain something.

xv) Both the parties to collective bargaining should observe and follow the terms and conditions of previous agreements that are reached. Collective Bargaining, being a continuous process, can be effective only with the successful implementation of previous agreements. Any lapse on the part of any party concerned shows its impact on present process.

xvi) The representatives of both the parties should fully understand and be clear about the problems and their implications.

### **Types of Collective Bargaining**





### **Conjunctive or Distributive Bargaining**

In this form of collective bargaining, both the parties viz. The employee and the employer try to maximize their respective gains. It is based on the principle, “my gain is your loss, and your gain is my loss” i.e. one party wins over the other.

The economic issues such as wages, bonus, other benefits are discussed, where the employee wishes to have an increased wage or bonus for his work done, whereas the employer wishes to increase the workload and reduce the wages.

### **Co-operative or Integrative Bargaining**

Both the employee and the employer sit together and try to resolve the problems of their common interest and reach to an amicable solution. In the case of economic crisis, such as recession, which is beyond the control of either party, may enter into a mutual agreement with respect to the working terms.

For example, the workers may agree for the low wages or the management may agree to adopt the modernized methods, so as to have an increased production.

### **Productivity Bargaining**

This type of bargaining is done by the management, where the workers are given the incentives or the bonus for the increased productivity. The workers get encouraged and work very hard to reach beyond the standard level of productivity to gain the additional benefits.

Through this form of collective bargaining, both the employer and the employee enjoy the benefits in the form of increased production and the increased pay respectively.

### **Composite Bargaining**

In this type of collective bargaining, along with the demand for increased wages the workers also express their concern over the working conditions, recruitment and training policies,



environmental issues, mergers and amalgamations with other firms, pricing policies, etc. with the intention to safeguard their interest and protect the dilution of their powers.

Thus, the purpose of the Collective Bargaining is to reach a mutual agreement between the employee and the employer with respect to the employment terms and enjoy a long term relationship with each other.

Problems and objectives of bargaining

Moreover, problems and goals of the bargaining process, such as those listed below, are widely shared by social actors.

### **Problems in Collective Bargaining**

**(1) Problems with Unions:** Collective Bargaining process mainly depends on the strength of Unions. But still there are not many strong unions in India. Indian unions are marked with multiplicity, inter and intra-union rivalry, weak financial position and non-recognition. Weak trade unions cannot initiate strong arguments during negotiations. There is usually no unanimous decision among workers to be presented at the negotiating table.

**(2) Problems from Government:** The Government has not been making any strong effects for the development of Collective Bargaining. The Government has imposed many restrictions regarding strikes and lockouts, which is an obstacle for the development of collective bargaining process.

**(3) Legal Problems:** Now adjudication is easily accessible. As such now collective bargaining process is losing its importance.

**(4) Political Interference:** Interference of political leaders in all aspects of union matters has increased over the years. Almost all unions are associating themselves with some political party or the other. And there are many such unions. To protect their own unions, all political parties interfere into the matters, creating inter union rivalries.

**(5) Attitude of Management:** In India managements have negative attitude towards Unions. They do not appreciate their workers joining unions.

As strong unions are a must for collective bargaining process this attitude of management hampers the process.

### **Pre-requisites of Successful Collective Bargaining**

If collective bargaining is to be generally adopted in the country, the following facts must be recognized:

- i) There must be a change in the attitude of employers and employees. They should realize that the collective bargaining approach does not imply litigation, as it does under adjudication. It is an approach which indicates that the two parties are determined to resolve their differences in their respective claims in a peaceful manner, relying only on their own strength and resources; they do not look to a third party for the solution of their problems.
- ii) Collective bargaining is best conducted at plant level. The bargaining agents of both the parties should be determined to arrive at an agreed solution of their respective problems. The employers should be represented by the management and the workers by their trade union. Both should know which one is the recognized union, in case there is more than one in a plant; and this union, recognized in the proper manner, should be the sole bargaining agent of all the workers in an organization.
- iii) Employers and employees should enter upon negotiations on points of difference or on demands with a view to reaching an agreement. The trade union should not make or put forward unreasonable demands. Any refusal to negotiate on the part of either side should be looked upon as an unfair practice. Rigid attitudes are out of place in a collective bargaining system.

iv) Negotiations can be successful only when the parties rely on facts and figures to support their respective points of view. The trade union should be assisted by such specialists as economists, productivity experts and professionals, so that their case is properly presented to the representatives of the management. In order to bring this to pass, the organizational set up of a trade union will have to be changed; and the latter should adopt a constructive approach at the bargaining table rather than the present agitational or litigation-oriented approach.

v) To ensure that collective bargaining functions properly, unfair labour practices should be avoided and abandoned by both sides. The negotiations between the management and the recognized trade union will then be conducted in an atmosphere of goodwill, which will not be vitiated by malpractices, and neither side would take advantage of the other by resorting to unfair practices.

vi) When negotiations result in an agreement, the terms of the contract should be put down in writing and embodied in a document. When no agreement is reached, the parties should agree to conciliation, mediation or arbitration. If no settlement is arrived at even then, the workers should be free to go on a strike, and the employers should be at liberty to declare a lock-out. To restrict this right is to inhibit and defeat the very process of collective bargaining.

vii) Once an agreement is reached, it must be honoured and fairly implemented. No strike or lock-out should be permitted in respect of issues which have already been covered in the contract; and the trade union should not be allowed to raise fresh demands.

viii) A provision for arbitration should be incorporated in the agreement, which should become operative when there is any disagreement on the interpretation of its terms and conditions. The disputes arising out of the agreement should be referred to an agreed third party with a view to arriving at a final and binding decision.

### **Possible Questions**

#### **Part B – 2 Marks**

1. Define industrial relations?
2. Define trade union
3. List out the principles of trade union
4. State the concept of industrial dispute?
5. Define grievance
6. Give the meaning of discipline
7. State any three objectives of discipline
8. Define the term collective bargaining?

**Part C- 6 Marks**

1. Discuss the objectives and importance of industrial relations
2. Explain the functions of trade union?
3. Discuss the types and role of trade union?
4. Determine the problems in trade union with examples?
5. Discuss the various forms of industrial dispute?
6. Explain the casus of industrial disputes?
7. Discuss the measures to improve industrial dispute?
8. Discuss the sources of grievance with examples?
9. Briefly explain the grievance redressal machinery with suitable chart?
10. Discuss the guidelines and procedure for disciplinary action?
11. Enumerate the essentials for effective collective bargaining?
12. Discuss the types of collective bargaining with suitable chart?
13. Explain the problems of collective bargaining?

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**UNIT V - Concept of Industrial Relations**

**Multiple Choice Questions - Each Question carries ONE Mark**

S.No.	Questions	Option 1	Option 2	Option 3	Option 4	Answer
1	----- Relations is one of the most complex problems in industrial society.	Industrial	trade	collective	bargaining	Industrial
2	Collective bargaining is an action of_____	an individual	manager	state	group	group
3	A----- bargaining is one of the best strategy.	single	one	interactive	double	single
4	A union and management should have mutual trust and-----.	company	loyalty	confidence	dissatisfaction	loyalty
5	Collective bargaining solves the-----.	employers	employees	collective problems	direction	collective problems
6	Find the machinery which is not method of settlement of industrial dispute:	Consultation	Works committee	Conciliation	Adjudication	Consultation
7	_____ of the following is the meaning of 'Golden handshake	It is a bribe	It is a gift	It is a gratis	It is compensation	It is compensation
8	An employer's refusal to provide work opportunities is classified as _____	Grievance procedure	Lock out	Injunction	Strike procedure	Lock out
9	A combined refusal to use or buy product of employers, by members of union or all employees is classified as _____	Boycott	Impasse boycott	Strike	Picketing	Boycott
10	Voluntary withdrawal of labor of company is classified as _____	Strike	Picketing	Boycott	Impasse boycott	Strike

11	_____ is not a traditional method of organisational development	Survey feedback	Sensitivity training	Process consultation	Managerial grid	Survey feedback
12	Negotiation of labour contract by Union and Management is referred to as _____	Industrial Relations	Trade Union	Consumerism	Collective Bargaining	Collective Bargaining
13	A test which measure, what it is intended to measure is _____	Reliable test	Standardised test	Objective test	Valid test	
14	A complaint becomes a -----	grievance	trade	union	negative	grievance
15	A grievance is a-----.	person	dissatisfaction	people	right	dissatisfaction
16	Grievances exist in the between of-----.	company	structure	men	supervisors	men
17	The company does not allow----- to settle grievances.	problems	loss	supervisors	worker	supervisors
18	A grievance procedure is a -----.	clear	clear and definite	closed type	open type	clear and definite
19	A grievances can be-----.	direct	valid	indirect	invalid and indirect	invalid and indirect
20	A grievance procedure is ----- process.	formal	way	informal	structured	informal
21	Disputes has to be _____	settled	unsettled	define	un analysed	settled
22	Grievances is -----.	employer relation	Disopinon and complaint	employee relation	worker cooperation	and complaint
23	Industrial relations refers to a -----concept.	dynamic	desire	relations	trade	dynamic
24	A----- is the essence of industrial relations	persons	organization integration	collective bargaining	group integration	organization integration

25	The functions of trade union should be -----	reduced	broadened	treated	informalized	broadened
26	A----- activity is concentrated on large scale industries.	trade union	industry	collective	people	trade union
27	Trade unions first concentrates on-----	organization	company	finance	workers	workers
28	A----- should be honest.	resource	employees	trade union	disobedient	trade union
29	Trade unions should be-----.	personal	seasonal	towards their activity	democratic	towards their activity
30	Trade unions should improve the -----.	wages	persons	employees	Employees carrier	Employees carrier
31	A----- should have a sense of responsibility.	management	organization	trade union	industrial relation	industrial relation
32	A trade union should bring industrial-----.	harmony	growth	development	communication	harmony
33	Trade unions mostly concentrates on----- cities.	metropolitan	slum	district	state	metropolitan
34	An industry should have only-----Trade union.	three	one	two	five	three
35	All----- should be treated as insiders.	single	equally	same	ex-insiders	equally
36	A-----is a force that helps to undertake rules.	policy	rules	regulations	discipline	policy
37	Grievances affect the employees_____	Promotion	Training	Wages	Morale	Morale
38	A negative disciplinary action refers to-----.	punishment	action	seen	activity	punishment



39	Employee morale and industrial peace are----- -.	accepted	seen	linked	integration	integration
40	Positive discipline refers to-----.	profit	reward	duty	loss	reward
41	_____ participation has to be encouraged	workers	organization	foreman	supervisors	workers
42	worker_____ is intellectual in making a decision to the organization	motivation	encourage	participation	prospective	participation
43	Industrial relationship means the harmonious relationship_____	employer employee	&women of an industry	among employers	employers& employees	employer employee
44	Trade unions always aim at_____	minimizing punishment	mobilizing labour	maximizing salary	supporting govt	mobilizing labour
45	The objective of Trade union is to improve the working condition and-----.	trade	safety	people knowledge	policy	people knowledge
46	Economic policies are created in----- factors.	economic	social	political	public	social
47	Trade union is a -----.	union	consumer	political	member	union
48	Collective bargaining is a-----process.	individual	single	group	one	group
49	A company Involves in _____.	collective bargaining	trade	union	negotiation	negotiation
50	A----- strike is of quick,sudden and unauthorized work stoppage.	basic	demand	purposeful	wildcat	purposeful
51	The strength of trade unions is their ____	unity	Work	Economic security	training	unity
52	Industrial relations has its own-----	rules	employees	amount	procedures	rules

53	In big five model, 'conscientiousness' is tendency to be _____	Unconventional	assertive	achievement	autonomous	achievement
54	A test, in which examinees respond to situations representing jobs is called _____	Situational test	reasoning test	simulation test	job training	Situational test
55	Assistance to top level management for strategic plans is provided by _____	Transactional HR group	Corporate HR group	Embedded HR group	Center of expertise	Corporate HR group
56	Team building' is an example of _____	Human process intervention	structural interventions	strategic intervention	HRM interventions	process intervention
57	Transactional Analysis (TA) is related to _____	Learning	Attitudes	Perception	Personality	Personality
58	A profit sharing is-----	simple	voluntary	seen	single	voluntary
59	Profit sharing creates----- hamony	trade	collective	industrial	company	industrial
60	____are the most widely used pay for performance plans in industry	Individual Incentive Plan	Group Incentive Plan	Stock Ownership	Bedaux Plan	Incentive Plan

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**HUMAN RESOURCE MANAGEMENT (16BAU402)**

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2	16BAU002	ARUN KUMAR.S	Functions of HRM
3	16BAU003	ASHIK.B	Role of HR Manager
4	16BAU004	ASUTHULLAH.A	Skills and competencies of HR manager
5	16BAU005	CHIDHAMBARAM.K	HRD – Meaning, objectives and benefits
6	16BAU006	DINESH KUMAR.P	Goals and challenges of HRD
7	16BAU007	HARITHA.A	The changing environment of HRM
8	16BAU008	INDHIRANI.S	The concept of work force diversity
9	16BAU009	INDUJA.S	Corporate downsizing
10	16BAU010	JAVIDULLA.S	HR role in strategy formulation
11	16BAU011	KABILAN.N	HRM issues in Indian organizations
12	16BAU012	KALPANA.A	Human Resource Planning
13	16BAU014	KARTHICK.R	Forecasting demand in HRP
14	16BAU016	KARUPPUSAMY.P	Forecasting supply in HRP
15	16BAU017	KIRTHI.S	HR information system
16	16BAU018	MANOJ KUMAR.E	Job analysis, uses and techniques
17	16BAU019	MARAPPAN.E	Job description
18	16BAU020	NAMITHA KRISHNA.R	Job specification
19	16BAU021	RAGUL.V	HR accounting
20	16BAU022	RAJESH KUMAR.R	HRD Audit
21	16BAU023	SABARIGIRINATHAN.R	Meaning and sources of Recruitment

22	16BAU024	SAKTHI.P	Selection
23	16BAU025	SANTHIYA PRIYA.M	Orientation
24	16BAU026	SATHISH.S	E- recruitment
25	16BAU027	SELVAKUMAR.K	Training – meaning, need and systematic approach to training
26	16BAU028	SHAHID SALEEM.B	Methods of training
27	16BAU029	SHEIK FAYAZ.H	Methods of management development
28	16BAU030	SHESHADRI SAIPRASAD RAMMOHAN	Performance appraisal – objectives and importance
29	16BAU031	SIVAPRAKASH.A	Methods of performance appraisal
30	16BAU032	SUSMITHA.R	Factors that desort appraisal
31	16BAU033	SYED ABUTHAHIR.K.S	Appraisal interview
32	16BAU034	TAMILSELVAN.K	Career planning
33	16BAU035	THAMARAI SELVAN. S	Compensation
34	16BAU036	THOUFEEK.M.A	Job evaluation
35	16BAU037	VIGNESH.S	Wage determination
36	16BAU038	VIJAY.K	Profit sharing
37	16BAU039	VIJAY.S	Gain sharing
38	16BAU040	VINITHKUMAR.S	Employee stock option plan
39	16BAU041	VINOTH.S	Social security
40	16BAU042	VINOTHINI.V	Industrial relation
41	16BAU043	VISHAL SAMIAIAH	Trade union
42	16BAU044	VISHNU. S	Industrial dispute
43	16BAU045	YUVARAJ.V	Concept of discipline
44	16BAU046	NAJMUL.S	Causes of discipline

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**COIMBATORE – 641021**

**(For the candidates admitted from 2016 onwards)**

**First Internal Examination – January 2018**

**II BBA – IV Semester**

**HUMAN RESOURCE MANAGEMENT**

**Date : 19.01.2018**

**Time: 2 Hours**

**Session : AN**

**Maximum: 50 Marks**

**PART – A (20 X 1 = 20 Marks)**

**ANSWER ALL QUESTIONS**

1. Human resources are asset to the \_\_\_\_\_  
a) Person    b) Selection    c) Management    d) Duty
2. Manpower\_\_\_\_\_ determines manpower requirements  
a) Statement    b) Person    c) Planning    d) Training
3. Human resources are utilized\_\_\_\_\_  
a) Maximum    b) Simple    c) Certain    d) Minimum
4. If company defines authority and communication channels for employees, it is performing\_\_\_\_\_  
a) Staffing function    b) Organizing function    c) Leading function    d) Controlling function
5. A company's HR department can create an advisory relationship through\_\_\_\_\_  
a) Line authority    b) Staff authority    c) Hiring authority    d) Line and staff authority
6. One who assists other managers in HR functions of management process is\_\_\_\_\_  
a) Line manager    b) First line supervisor    c) staff manager    d) General Manager
7. Comparison of employees' actual performance with set standards is involved in\_\_\_\_\_  
a) Leading    b) organizing    c) controlling    d) staffing
8. The focus of Human Resource Management revolves around\_\_\_\_\_  
a) Machine    b) Motivation    c) Money    d) Men
9. An organization performance results\_\_\_\_\_  
a) Improve    b) Productively    c) People    d) Informative
10. Human resource planning helps to carry its\_\_\_\_\_.  
a) Duty    b) Income    c) Work    d) Responsibility
11. A performance appraisal is a process of evaluating employees\_\_\_\_\_  
a) Behaviour at job    b) Contribution towards job    c) Character    d) Quantity of work done

12. \_\_\_\_\_ management is concerned with managing people  
 a) Personnel                      b) Production                      c) Plan                      d) procedure
13. One of the traditional method in performance appraisal is \_\_\_\_\_  
 a) Check lists                      b) Pointing                      c) correcting                      d) Ranking
14. Personnel management deals to the maintain of-----  
 a) Man                      b) Labour                      c) Employees                      d) Manpower
15. Each employee is not unique in \_\_\_\_\_  
 a) Character                      b) same                      c) similar                      d) Nature
16. People are real \_\_\_\_\_ of an organization  
 a) Asset                      b) Cash                      c) Growth                      d) Plan
17. A job is a collection of \_\_\_\_\_  
 a) Duty                      b) Task                      c) In turn                      d) Duty and task
18. Job analysis describes the duties of a \_\_\_\_\_  
 a) Work                      b) Job                      c) Employee                      d) Foreman
19. The actual achievements compared with the objectives of the job is  
 a) Job performance                      b) Job evaluation                      c) Job description                      d) Job specification
20. The \_\_\_\_\_ programme once installed must be continued on a permanent basis.  
 a) Job evaluation                      b) Training and Development                      c) Selection                      d) Recruitment

**PART – B (3 X 2 = 6 Marks)**

**ANSWER ALL QUESTIONS**

21. Define Human Resource Management
22. State any two differences between HRM and Personnel Management
23. What is meant by Human Recourse Information System?

**PART – C (3 X 8 = 24 Marks)**

**ANSWER ALL QUESTIONS**

24. a) Discuss the functions of Human Recourse Management?  
 (Or)  
 b) Explain the skills and competencies of human resource manager?
25. a) Describe the changing environment of HRM in detail?  
 (Or)  
 b) Discuss the HRM issues in Indian organizations?
26. a) Explain the process of Human Resource Planning in detail?  
 (Or)  
 b) Describe the methods of job analysis with suitable examples?



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**Time: 2 Hours**

**Session : AN**

**Maximum: 50 Marks**

**PART – A (20 X 1 = 20 Marks)**

**ANSWER ALL QUESTIONS**

1. Management
2. Planning
3. Maximum
4. Organizing function
5. Staff authority
6. Staff manager
7. Organizing
8. Men
9. Productively
10. Work
11. Contribution towards job
12. Personnel
13. Check lists
14. Manpower
15. Nature
16. Asset
17. Duty and task
18. Employee
19. Job performance
20. Job evaluation

**PART – B (3 X 2 = 6 Marks)**

**ANSWER ALL QUESTIONS**

**21. Define Human Resource Management**

The National Institute of Personal Management (NIPM) of India has defined human resources – personal management as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and having regard for the well – being of the individuals and of working groups, to enable them to make their best contribution to its success”

**22. State any two differences between HRM and Personnel Management**

<b>HRM</b>	<b>Personnel Management</b>
HRM is the latest development in the evaluation of management of man	Personnel management precedes HRM
It gives more importance to the abilities of employees rather than evaluating them as per rules.	Performance is evaluated within the framework of rules.

**23. What is meant by Human Recourse Information System?**

A Human Resource Management System or HRIS (Human Resource Information System) is a form of HR software that combines a number of systems and processes to ensure the easy management of a business' employees and data. Human Resources Software is used by businesses to combine a number of necessary HR functions, such as storing employee data, managing payrolls, recruitment processes, benefits administration and keeping track of attendance records. It ensures everyday Human Resources processes are manageable and easy to access. It merges human resources as a discipline and, in particular, its basic HR activities and processes with the information technology field, whereas the programming of data processing systems evolved into standardized routines and packages of Enterprise Resource Planning (ERP) software.

**PART – C (3 X 8 = 24 Marks)**

**ANSWER ALL QUESTIONS**

**24. a) Discuss the functions of Human Recourse Management?**

The main functions of human resource management are classified into two categories: (a) Managerial Functions and (b) Operative Functions

(a) Managerial Functions: Following are the managerial functions of Human Resource Management

**1. Planning**

The planning function of human resource department pertains to the steps taken in determining in advance personnel requirements, personnel programmes, policies etc. After determining how many and what type of people are required, a personnel manager has to devise ways and means to motivate them.

**2. Organisation**

Under organisation, the human resource manager has to organise the operative functions by designing structure of relationship among jobs, personnel and physical factors in such away so as to have maximum contribution towards organisational objectives. In this way a personnel manager performs following functions: (a) preparation of task force; (b) allocation of work to individuals; (c) integration of the efforts of the task force; (d) coordination of work of individual with that of the department.

**3. Directing**

Directing is concerned with initiation of organised action and stimulating the people to work. The personnel manager directs the activities of people of the organisation to get its function performed properly. A personnel manager guides and motivates the staff of the organisation to follow the path laid down in advance.

#### **4. Controlling**

It provides basic data for establishing standards, makes job analysis and performance appraisal, etc. All these techniques assist in effective control of the qualities, time and efforts of workers.

**(b) Operative Functions:** The following are the Operative Functions of Human Resource Management:

##### **1. Procurement of Personnel**

It is concerned with the obtaining of the proper kind and number of personnel necessary to accomplish organisation goals. It deals specifically with such subjects as the determination of manpower requirements, their recruitment, selecting, placement and orientation, etc.

##### **2. Development of Personnel**

Development has to do with the increase through training, skill that is necessary for proper job performance. In this process various techniques of training are used to develop the employees. Framing a sound promotion policy, determination of the basis of promotion and making performance appraisal are the elements of personnel development function.

##### **3. Compensation to Personnel**

Compensation means determination of adequate and equitable remuneration of personnel for their contribution to organisation objectives. To determine the monetary compensation for various jobs is one of the most difficult and important function of the personnel management. A number of decisions are taken into the function, viz., job-evaluation, remuneration, policy, incentive and premium plans, bonus policy and co-partnership, etc. It also assists the organisation for adopting the suitable wages and salaries, policy and payment of wages and salaries in right time.

##### **4. Maintaining Good Industrial Relation**

Human Resource Management covers a wide field. It is intended to reduce strifes, promote industrial peace, provide fair deal to workers and establish industrial democracy. It the

personnel manager is unable to make harmonious relations between management and labour industrial unrest will take place and millions of man-days will be lost. If labour management relations are not good the moral and physical condition of the employee will suffer, and it will be a loss to an organisation vis-a-vis a nation. Hence, the personnel manager must create harmonious relations with the help of sufficient communication system and co-partnership.

## **5. Record Keeping**

In record-keeping the personnel manager collects and maintains information concerned with the staff of the organisation. It is essential for every organisation because it assists the management in decision making such as in promotions.

## **6. Personnel Planning and Evaluation**

Under this system different type of activities are evaluated such as evaluation of performance, personnel policy of an organisation and its practices, personnel.

## **25. b) Explain the skills and competencies of human resource manager?**

### **1. Human Resources Knowledge**

Today's job seekers have access to more information than ever before. Therefore, the best HR professionals must be prepared to meet these informed candidates with industry expertise of their own. According to "Leading Now, Leading the Future," a report from the Society for Human Resources Management knowledge tops the list of contemporary HR manager skills and competencies.

Understanding how and why individuals enter and move within an organization is at the core of everything else you will do in human resources. HR managers who truly add value are always attuned to "the big picture" of how HR practices relate to a successful business.

### **2. A Commitment to Ongoing HR Learning**

Today's business landscape is complex and in a state of constant flux. The field of HR is dynamic and our ability to process and understand it needs self-motivation.

Growing in your job means being receptive to new ideas, wherever they may come from. Have you demonstrated a commitment to ongoing learning by taking advantage of conferences, other colleagues in HR, or graduate studies?

HR professionals who never stop learning are well-positioned to translate well thought out industry trends and data into actionable insights.

### **3. Communication Skills in Human Resources**

The primary function of the typical HR professional's job involves facilitating discussion between employees and employers. If a human resources manager can't communicate clearly they will not be successful. Both oral and written skill are required to effectively relay information.

One aspect of communication that gives people an edge is a strong ability for conflict resolution. Even in the most agreeable workplaces, problems arise that need a diplomatic ear, an eye for assessment, and a hand for getting the problem settled. This particular skill is invaluable when negotiating solutions and keeping things on track.

### **4. Analytical and Critical Thinking**

Analytical and critical thinking skills are a must for HR leaders. An HR manager has to exercise sound judgment and engage in high-impact decision-making in a number of areas. The ability to analyze situations and view the implications of certain decisions from a critical perspective is particularly useful for HR leaders. For example, the decision whether to outsource one or several HR functions isn't something that happens without considering the impact outsourcing has on individual employees as well as the organization overall. HR managers also are involved in representing the company in matters involving employment litigation, which requires that they be able to justify the company's actions related to employment decisions such as hiring and firing.

### **5. An Ethical Approach for Human Resources**

The importance of ethics as an HR core competency cannot be overstated. Every day, HR professionals face ethical challenges related to everything from managing private employee

information to protecting the reputation of their organizations. Adopting an unwavering and unilateral commitment to ethics not only helps attract top talent while safeguarding your organization, but also fosters a culture of trust and loyalty.

Part of being ethical is truly caring about people. Empathy for tough situations and “real life” goes a long way to setting you apart from those who just do it “by the book.”

Some ethical principles are enshrined in law. Making sure your company’s policies and practices are in legal compliance is a mainstay in the world of human resources. Avoiding discrimination in regard to ethnic background, disability, religious belief, and many other factors is important because of the hurt it will avoid and to foster a better, more diverse work environment.

Laws are always changing, sometimes incrementally, sometimes as part of a great cultural shift. Therefore, staying up to date on national news, trends, and laws is particularly important; ignorance of the law is not a winning defense. Legal compliance, of course, also protects the company and its officers.

## **6. Human Resources Organizational Skills**

HR management is a juggling act. The more organized you are, the better you’ll be able to stay ahead of what you need to do and have time for things you would like to do. If you think organization is something you either have or you don’t, think again. Organization can be honed by understanding where you work, and doing a few things the same every day to build a routine.

While these six HR core competencies may seem like a tall order, they’re embodied by the best HR managers in workplaces across the country. Great work experience can help, but that takes time. A Master of Science in Human Resources helps develop all these skills quickly. Not only will an advanced degree help you develop a richer understanding of how to be a better HR leader, but you’ll learn how to apply these skills appropriately for success.

## **7. Relationship-Building**

Creating a cohesive HR department that works collaboratively to achieve the goals of the department as well as help the organization reach its goals related to workforce development is a competency that HR managers must have. Relationship-building and interpersonal relationship skills are fundamental to an HR manager's success. One of the challenges HR faces is establishing credibility with employees -- many employees equate their HR departments with the school principal's office, which suggests a level of intimidation and trepidation associated with their view of HR's purpose. That being said, an HR manager must have the ability to establish credibility and trust as well as balance the obligation to be an advocate for both the organization and its employees.

## **8. Leadership**

Leadership skills are an essential competency for HR managers. HR managers are responsible for creating strategic plans for the HR department as well as the overall workforce. Therefore, leadership skills are critical, particularly in the process of justifying the functional elements of a strategic plan to the company's management team. In addition, HR managers have to direct the activities of the HR department, and in doing so, they need the type of leadership skills that influence HR generalists' and HR specialists' commitment to the HR department goals.

### **26. a) Describe the changing environment of HRM in detail?**

The five factors involved in the changing environment of HRM are as follows:

1. Work force Diversity
2. Economic and Technological Change
3. Globalization
4. Organisational Restructuring
5. Changing Nature of Work.



Business environment is changing environment and so is HR environment. The changing environment of HRM includes work force diversity, economic and technological change, globalisation, organisational restructuring, changes in the nature of jobs and work and so on.

### **1. Work force Diversity**

Diversity has been defined as any attribute that humans are likely to use to tell themselves, that person is different from me and, thus, includes such factors as race, sex, age, values, and cultural norms'. The Indian work force is characterized by such diversity that is deepening and spreading day by day.

It is likely to be more diverse as women, minority- group members, and older workers flood the work force. With the increasing number of women entering the work force due to a combination of factors like women's emancipation, economic needs, greater equality of sexes, education and so on, additional pressures of managing a different set of problems at the work place have arisen. As such, the number of women is on increase in all walks of life i.e., teachers, lawyers, doctors, engineers, accountants, pilots, parliamentarians and so on.

However, increasing number of women in the work force has been necessitating the implementation of more flexible work scheduling, child care facilities, maternity and now paternity leave also and transfer to location of husband's place of posting.

Also, as the work force ages, employers will have to grapple with greater health care costs and higher pension contributions. On the whole, the increased diversity of work force will place tremendous demands on the HR management function.

Further, creating unanimity from a diverse work force has also become a challenge for HR manager. This is because, as several experts' put it; diversity is marked by two fundamental and inconsistent realities operating today with it. One is that organisations claim they seek to maximize diversity in the work place, and maximize the capabilities of such a diverse work force.

The other is that traditional human resources system will not allow diversity, only similarity. These experts emphasize that employers traditionally hire, appraise, and promote people who fit a

particular employer's image of what employees should believe and act like. At the same time, there is corresponding tendency to screen out those who do not fit.

## **2. Economic and Technological Change**

Along with time, several economic and technological changes have occurred that have altered employment and occupational pattern. In India too, there is a perceptible shift in occupational structure from agriculture to industry to services.

The New Economic Policy, 1991 has led to liberalization and globalization giving genesis to multinational organisations with their multicultural dimensions having certain implications for HRM. The implications of globalization for HRM are discussed subsequently. The Indian economy has already become an open economy but it will be more so from April 2003 with the complete lifting of quantitative restrictions (QRs) on imports in India.

Technology has become the hallmark of the modern organisations. As such, modern organisations have become the technology-driven organisations. So to say, men are replaced by machinery. Manufacturing technology, for example, has changed to automation and robotisation.

Manufacturing advances like these will eliminate many blue-collar jobs, replacing them with fewer but more highly skilled jobs. Similar changes are taking place in office automation, where personal computers, word processing, and management information system (MIS) continue to change the nature of office work.

The explosive growth of information technology linked to the internet has ushered in many changes throughout the organisation. One of the major changes led by information technology is that it has hastened what experts call the "fall of hierarchy", i.e., managers depend less and less on yesterday's "stick-to-the-chain-of-command approach," to their organising function.

This is so because earlier it used to be, if one wanted information, one had to go up, over and down through the organisation. Now, one just taps in. That's what broke down the hierarchy. So now employees do not need to be present at a definite work place.

Instead, they can work from their own places/ residences through the net. This has given genesis to a new breed of organisations, called ‘virtual organisations.’ (VO).

### **3. Globalization**

The New Economic Policy, 1991 has, among other things, globalised the Indian economy. There has been a growing tendency among business firms to extend their sales or manufacturing to new markets abroad. The rate of globalization in the past few years in India has been nothing short of phenomenal.

Globalization increases competition in the international business. Firms that formerly competed only with local firms, now have to compete with foreign firms/competitors. Thus, the world has become a global market where competition is a two-way street.

Globalization has given genesis to the multinational corporations (MNCs). The MNCs are characterised by their cultural diversities, intensified competition, variations in business practices and so on. As an international business expert puts it, ‘the bottom line is that the growing integration of the world economy into a single, huge market place is increasing the intensity of competition in a wide range of manufacturing and service industries.

Given these conditions, from tapping the global labour force to formulating selection, training and compensation policies for expatriate employees have posed major challenges for HRM in the next few years. This has underlined the need for studying and understanding HRM of multinational organisations or international organisations separately.

### **4. Organisational Restructuring**

Organisational restructuring is used to make the organisation competitive. From this point of view, mergers and acquisitions of firms have become common forms of restructuring to ensure organisational competitiveness. The mega-mergers in the banking, telecommunications and petroleum companies have been very visible in our country. Downsizing is yet another form of organisational restructuring.

As a part of the organisational changes, many organisations have “rightsized” themselves by various ways like eliminating layers of managers, closing facilities, merging with other organisations, or out placing workers. There has been a practice to flatten organisations by removing several layers of management and to improve productivity, quality, and service while also reducing costs. Whatever be the form of restructuring, jobs are redesigned and people affected.

One of the challenges that HRM faces with organisational restructuring is dealing with the human consequences of change. For example, the human cost associated with downsizing has been much debated and discussed in the popular press. As such, HRM needs to focus on the changed scenario uniquely and that is not so simple. Thus, management of HR activities has become crucial for HR managers.

## **5. Changing Nature of Work**

Along with changes in technology and globalization, the nature of jobs and work has also changed. For example, technological changes like introduction of fax machines, information technology, and personal computers have allowed companies to relocate operations to locations with lower wages. There is also a trend toward increased use of temporary or part-time workers in organisations.

One most significant change in the nature of work is that it has changed from manual to mental/ knowledge work. In this context, the management expert Peter Drucker’s views are worth citing. He said that the typical business will soon bear little resemblance to the typical manufacturing company of 30 years ago.

The typical business will be knowledge-based, an organisation composed largely of specialists who direct and discipline their own performance through organized feedback from colleagues, customers, and headquarter. For this reason, it will be what he calls an information-based organization.

As a result, the organizations are giving and will give growing emphasis on their human capital i.e., the knowledge, education, training, skills, and expertise of employees, the expense of physical capital like equipment, machinery and physical plants. This growing emphasis on education and human capital has, among other things, changed the nature of economy as service-oriented economy.

In the changed economic scenario, jobs demand a certain level of expertise that is far beyond that required of most workers 20 or 30 years ago. This means that companies are relying more on employee's creativity and skills, i.e., employee's brain power.

As Fortune magazine has rightly said:

"Brain power ....has never before been so important for business. Every company depends increasingly on knowledge—patents, processes, management skills, technologies, information about customers and suppliers, and old-fashioned experience. Added together, this knowledge is intellectual capital".

As such, the HR environment has changed. The challenge posed by changed environment is fostering intellectuals or human capital needs managing these differently than those of previous generation. Here, Drucker puts that the centre of gravity in employment is moving fast from manual or clerical workers to knowledge workers, who resist the command and control model that business took from the military 100 years ago. Now that the changing environment of HRM is delineated, we can conveniently present the new HR management practices in such changing environment.

## **25. b) Discuss the HRM issues in Indian organizations?**

### **1. Change Management**

Since this is generally not a focal point for HR professional training and development, change management represents a particular challenge for personnel management. The WFPMA finds that "This may also be the reason why it is cited as the foremost issue as HR continues to attempt to help businesses move forward. An intensified focus on training may be needed to develop added competencies to deal with change management."

## **2. Leadership Development**

As the second of the biggest challenges for human resource management, leadership development needs to be a critical strategic initiative. HR professionals are faced with being expected to provide the essential structures, processes, tools, and points of view to make the best selection and develop the future leaders of the organization. The WFPMA reports that, "Across the globe leadership development has been identified as a critical strategic initiative in ensuring that the right employees are retained, that the culture of the organization supports performance from within to gain market position, and that managers are equipped to take on leadership roles of the future so that the organization is viable in the long term."

## **3. HR Effectiveness Measurement**

How can improvement happen without the right tools to measure HR effectiveness? As with many other areas of business, this profession also needs to be able to measure results in terms of transaction management, as well as in terms of the positive influence on business. "Utilizing metrics to determine effectiveness is the beginning of a shift from perceiving HR's role as purely an administrative function to viewing the HR team as a true strategic partner within the organization," the WFPMA says. "In fact, the next section reports that survey participants believe a critical future issue for HR will be organizational effectiveness - again supporting HR's critical role as a strategic partner to management."

### **27. a) Explain the process of Human Resource Planning in detail?**

#### **1. Analysis of Organisational Plans and Objectives**

Human resource planning is a part of overall plan of organisation. Plans concerning technology, production, marketing, finance, expansion and diversification give an idea about the volume of future work activity. Each plan can further be analysed into sub-plans and detailed programmes. It is also necessary to decide the time horizon for which human resource plans are to be prepared. The future organisation structure and job design should be made clear and changes in the organisation structure should be examined so as to anticipate its manpower requirements.

#### **2. Forecasting Demand for Human Resources**

Human resource planning starts with the estimation of the number and type of personnel required at different levels and in different departments. The main steps involved in HRP process are (a) to determine and to identify present and prospective needs of human resource, (b) to discover and recruit the required number of persons. (c) to select the right number and type from

the available people. (d) to hire and place in the positions for which they are qualified, (e) to provide information to the selected people about the nature of work assigned to them, (f) to Promote or to transfer as per the needs and the performance of employees, (g) to denote if the employees are disinterested or their performance is not up to the mark, (h) to terminate if they are not needed or their performance is below standard and shows no hopes of improvement. It is the most crucial and critical area of HRD. This HRD manager must pay attention to place right man to the right job through recruitment selection Training and Placement of employees. This calls for the adoption of a systematic procedure to complete recruitment and selection.

### **3. Forecasting Supply of Human Resources**

One of the important areas of human resources planning is to deal with allocation of persons to different departments depending upon the workload and requirements of the departments. While allocating manpower to different departments, care has to be taken to consider appointments based on promotions and transfers. Allocation of human resource should be so planned that available manpower is put to full use to ensure smooth functioning of all departments.

### **4. Estimating Manpower Gaps**

Net human resource requirements or manpower gaps can be identified by comparing demand and supply forecasts. Such comparison will reveal either deficit or surplus of human resources in future. Deficits suggest the number of persons to be recruited from outside whereas surplus implies redundant to be redeployed or terminated. Similarly, gaps may occur in terms of knowledge, skills and aptitudes. Employees deficient in qualifications can be trained whereas employees with higher skills may be given more enriched jobs.

### **5. Matching Demand and Supply**

It is one of the objectives of human resource planning to assess the demand for and supply of human resources and match both to know shortages and surpluses on both the side in kind and in number. This will enable the human resource department to know overstaffing or understaffing.

Once the manpower gaps are identified, plans are prepared to bridge these gaps. Plans to meet the surplus manpower may be redeployment in other departments and retrenchment in consultation, with the trade unions. People may be persuaded to quit through voluntarily retirement. Deficit can be met through recruitment, selection, transfer, promotion, and training plans. Realistic plans for the procurement and development of manpower should be made after considering the macro and micro environment which affect the manpower objectives of the organisation.

**26. b) Describe the methods of job analysis with suitable examples?**

Four methods or approaches are utilised in analysing jobs. They are:

- 1. Personal Observation:** The materials and equipment used, the working conditions and probable hazards, and an understanding of what the work involves are the facts which should be known by an analyst.
- 2. Sending out of Questionnaires:** Properly drafted questionnaires are sent out to job-holders for completion and are returned to supervisors.
- 3. Maintenance of Long Records:** The employee maintains a daily record of duties he performs, marking the time at which each task is started and finished.
- 4. Critical Incidents:** In this method, job holders are asked to describe incidents concerning the job on the basis of their past experience. The incidents so collected are analyzed and classified according to the job areas they describe
- 5. Personal Interviews:** Personal interviews may be held by the analyst with the employees, and answers to relevant questions may be recorded. But the method is time-consuming and costly.
- 6. Technical Conference Method:** This method utilizes supervisors with extensive knowledge of the job. Here, specific characteristics of a job are obtained from the “experts.”
- 7. Functional Job Analysis:** Functional job analysis (FJA) is employee- oriented analytical approach of job analysis. This approach attempts to describe the whole person on the job.



Reg. No.....

[12BAU302]

**KARPAGAM UNIVERSITY**

(Under Section 3 of UGC Act 1956)

COIMBATORE – 641 021

(For the candidates admitted from 2012 onwards)

**BBA DEGREE EXAMINATION, NOVEMBER 2013**

Third Semester

**BUSINESS ADMINISTRATION**

**PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS**

Time: 3 hours

Maximum : 100 marks

**PART – A (15 x 2 = 30 Marks)**

Answer ALL the Questions

1. Define personnel management.
2. Write any two objectives of personnel management.
3. What is line organization?
4. What do you understand by man power planning?
5. Write any two methods of gathering job information for job analysis.
6. Give short note on personality test.
7. List out any two problems of performance appraisal.
8. Define job evaluation.
9. What is promotion?
10. Give the meaning of wages.
11. Write short note on "Fair Wages".
12. What do you mean by Negative incentives?
13. What are the importance of Industrial Relations?
14. Define Trade Union.
15. List out any two causes of Grievance.

**PART B (5 X 14= 70 Marks)**

Answer ALL the Questions

16. a. Enumerate the various functions of a personnel department.  
Or  
b. Discuss the nature of various challenges which personnel management is facing recently.

17. a. Discuss various steps in the process of job analysis.

Or

- b. Briefly explain the steps involved in selection procedure.

18. a. Define performance appraisal. Discuss its objectives.

Or

- b. What are the problems and barriers in performance appraisal methods? How can these be overcome?

19. a. Discuss the essential characteristics of a good wage payment system.

Or

- b. Describe the various types of incentives.

20. a. Discuss the different factors which may affect the scope of industrial relations.

Or

- b. What do you understand by employee safety? Discuss the component of safety programme.

Reg. No.....

[11BBU601]

**KARPAGAM UNIVERSITY**

(Under Section 3 of UGC Act 1956)

COIMBATORE – 641 021

(For the candidates admitted from 2011 onwards)

**BBM DEGREE EXAMINATION, APRIL 2014**

Sixth Semester

**BUSINESS MANAGEMENT (COMPUTER APPLICATIONS)**

**PERSONNEL MANAGEMENT AND INDUSTRIAL RELATION**

Time: 3 hours

Maximum : 100 marks

**PART – A (15 x 2 = 30 Marks)**

**Answer ALL the Questions**

1. Define Personnel Management.
2. What is procurement?
3. Explain line and staff function.
4. What is Human Resources Development?
5. What is meant by recruit?
6. Define job analysis.
7. What is performance appraisal?
8. Define MBO.
9. What is Demotions?
10. What is incentive compensation?
11. Explain ESI.
12. What is meant by safety training programme?
13. Discuss Grievances.
14. Explain industrial dispute.
15. What is collective bargaining?

**PART B (5 X 14= 70 Marks)**

**Answer ALL the Questions**

16. a. What are the functions of personnel management?  
Or  
b. What are the qualities of a good personnel manager?
17. a. What is recruitment and explain various sources of recruitment?  
Or  
b. What is selection and explain selection techniques?

18. a. What is performance appraisal and explain performance appraisal methods.  
Or  
b. Explain various types of transfer.
19. a. What are the factors affecting wages?  
Or  
b. What are the components of a safety services?
20. a. What are the functions of Trade unions?  
Or  
b. What are the conditions essentials for successful collective bargaining?

Reg. No.....

[13BAU403]

**KARPAGAM UNIVERSITY**

(Under Section 3 of UGC Act 1956)

COIMBATORE – 641 021

(For the candidates admitted from 2013 onwards)

**BBA DEGREE EXAMINATION, APRIL 2015**

Fourth Semester

**BUSINESS ADMINISTRATION**

**PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS**

Time: 3 hours

Maximum : 60 marks

**PART – A (10 x 2 = 20 Marks)**

**Answer any TEN Questions**

1. State the qualities of a personnel manager?
2. List out any four objectives of personnel management?
3. Define manpower planning
4. What is meant by recruitment?
5. Define Selection
6. Give the merits in job evaluation?
7. List out the two methods of training?
8. State the benefits of MBO programme?
9. Write a short note on transfer
10. Give the merits of wage incentive schemes?
11. List out the essentials of a good wage plan?
12. Give any four benefits of performance appraisal?
13. Define grievance
14. Write a short note on collective bargaining?
15. List out the merits in trade union?

**PART B (5 X 8= 40 Marks)**

**Answer ALL the Questions**

16. a. Elaborate the steps in selection process?  
Or  
b. Elucidate the methods of recruitment?

17. a. Determine the significance of promotion, transfer and separation?

Or

- b. Elaborate the history of human relation and elucidate human relation movement?

18. a. Describe the steps involved in determining the wage rate?

Or

- b. Define performance appraisal and state its importance?

19. a. Elaborate the objectives and functions of trade union?

Or

- b. Describe the do's and don'ts in grievance handling?

**20. Compulsory : -**

Elucidate the functions of personnel management?

Reg. No.....

[14BAU403]

**KARPAGAM UNIVERSITY**  
Karpagam Academy of Higher Education  
(Established Under Section 3 of UGC Act 1956)  
COIMBATORE – 641 021  
(For the candidates admitted from 2014 onwards)  
**BBA DEGREE EXAMINATION, APRIL 2016**  
Fourth Semester

**BUSINESS ADMINISTRATION**

**PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS**

Time: 3 hours

Maximum : 60 marks

**PART – A (20 x 1 = 20 Marks) (30 Minutes)**  
**(Question Nos. 1 to 20 Online Examinations)**

**PART B (5 x 8 = 40 Marks) (2 ½ Hours)**  
**Answer ALL the Questions**

21. a. Define personnel management and elaborate its functions?  
Or  
b. Briefly describe the qualities of a personnel manager?
22. a. Describe the process of recruitment with suitable example?  
Or  
b. 'Great persons are not born they were trained' discuss the importance of training?
23. a. Describe the various methods of performance appraisal?  
Or  
b. Determine the importance of promotion and demotion?
24. a. Describe the essentials of good wage plan?  
Or  
b. Describe the monetary and non-monetary benefits available to the employees?
25. a. Determine the role of trade union among employer and employees perspective?  
Or  
b. Define grievance and state the importance of handling grievance with procedures?