

17BAU402	CORE - HUMAN RESOURCE MANAGEMENT	Semester IV			
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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. Kothari, C.R. (2009) , *Research Methodology*. New Delhi: Wishwa Prakashan. Publications.

REFERENCES

1. Zikmund, Babin, & Carr. (2009). *Business Research Methods* (8th ed.). New Delhi: South-Western.
2. Naresh Malhotra. (2012). *Basic Marketing Research: Integration of Social Media*. New Delhi: Pearson Publisher.
3. Mark. N.K., Saunders, Philip Lewis, & Adrian Thornhill. (2015). *Research Methods for Business Students*. (7th ed.). Vikas Publisher.
4. Rao, K.V. (2012) *Research methods for management and commerce*. Sterling Publishers Pvt., Ltd., Mumbai: Himalaya Publishing house.
5. Donald R.Cooper, & Pamela S. Schindler. (2008). *Business Research Methods*. New Delhi: Tata McGraw Hill.
6. Uma Sekaran. (2007). *Research Methods for Business*. New Delhi: Wiley Publications.



KARPAGAM ACADEMY OF HIGHER EDUCATION

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Coimbatore-641021

Department of Management

Name: **S.NEABA**

Department: **Management**

Semester: **IV**

Subject Code: **17BAU402**

Year: **2017-2020 Batch**

Subject: **HUMAN RESOURCE MANAGEMENT - Lesson Plan**

UNIT 1			
S.No	Lecture Hours	Contents	References
1	1	Human Resource Management – Concept	T1:89-92, 852
2	1	Functions – Roles	T1:49-50, 855-857
3	1	Skills and competencies	R2:6-9,24
4	1	Tutorial (Creating a hr job advertisement)	
5	1	HRD – Definition	R8:1.13-1.17
6	1	Goals and challenges - Changing environment of HRM	R2:632-624 R1:26-33
7	1	Globalization – cultural environment – technological	R2:12-15
8	1	Tutorial (discussion & presentation on technological & global changes in organization)	
9	1	Workforce diversity	R2:15,74-75
10	1	Corporate downsizing	W1
11	1	Changing skill requirement – HRM support for improvement programmes work life balance	W2
12	1	Tutorial (case discussion on top ten examples of corporate downsizing)	
13	1	HR role in strategy formulation and gaining competitive advantage	R2:86-89
14	1	HRM issues in Indian organization	T1:95
15	1	Tutorial(Discussion and presentation on real-life examples of HR managers in India)	
16	1	Recapitulation & discussion of important questions	
Total Number of hours planned for Unit 1			16

UNIT 2			
1	1	Human resource planning	T1:156-158
2	1	Process	T1:158-163
3	1	Forecasting demand and supply	T1:164-166
4	1	Tutorial (Discussion on HRD in manufacturing industry)	
5	1	Skill inventories human resource information system (HRIS)	R2:675-676
6	1	Succession planning	R2:174
7	1	Job analysis – uses, methods, job description and job specifications	T1:166-181
8	1	Tutorial (prepare and present job analysis for a position)	
9	1	HR accounting and HRD audit concept	T1:867-871
10	1	Recruitment selection and orientation	T1:185-190,192-194,198-200
11	1	Internal and external sources	T1:191-192
12	1	Tutorial (case study on succession planning)	
13	1	E-recruitment	W3
14	1	Selection process – orientation process	T1:201-202
15	1	Tutorial (conduct a mock interview)	
16	1	Recapitulation & discussion of important questions	
Total Number of hours planned for Unit 2			16
UNIT 3			
1	1	Training	T1:278-281
2	1	Concept	T1:282-283
3	1	Systematic approach to training	T1:288-291
4	1	Tutorial (training in communication skills)	
5	1	Methods of training	T1:297-312
6	1	Management development	T1:316-320
7	1	Concept & methods	T1:325,331-350
8	1	Tutorial(Role play of HR Manager)	

9	1	Performance management system	T1:361-364
10	1	Performance appraisal	T1:361-364
11	1	Performance management methods	T1:368-390
12	1	Tutorial (develop a critical incident scale for one of your professor)	
13	1	Factors that distort appraisal	T1:398
14	1	Appraisal interview	T1:396-397
15	1	Tutorial (case study on performance appraisal)	
16	1	Recapitulation & discussion of important questions	
Total Number of hours planned for Unit 3			16
UNIT 4			
1	1	Career planning – career anchors	R8:13.1-13.3
2	1	Career life stages	
3	1	Compensation	T1:433
4	1	Tutorial (role play of HR and provide compensation to fellow employee)	
5	1	Steps of determining compensation	T1:434-436
6	1	Job evaluation	T1:406-409
7	1	Components of pay structure	T1:439-443
8	1	Tutorial (conduct a job evaluation using any of method for various jobs) group activity	
9	1	Factors influencing compensation levels	T1:464-465
10	1	Wage differences and incentives	T1:466-468
11	1	Profit sharing – gain sharing	T1:474-477
12	1	Tutorial (case study on incentive plan)	
13	1	Employee stock option plans - Social security	R2:319,492
14	1	Health – retirement – other benefits	R3:278, R2:492-496
15	1	Tutorial (present health related benefits provided by PSU)	
16	1	Recapitulation & discussion of important questions	
Total Number of hours planned for Unit 4			16

UNIT 5			
1	1	Industrial relations – introduction to industrial relations	T1:828-837
2	1	Trade union role – types – functions – problems	T1:840-844
3	1	Tutorial (case study on industrial dispute)	
4	1	Industrial dispute – concept – causes and machinery for settlement of disputes	T1:815-821
5	1	Grievance, concepts	T1:741-746
6	1	Tutorial (present a grievance on your area problem)	
7	1	Causes and grievance redressal machinery	T1:746-752
8	1	Discipline concept, aspect of discipline and disciplinary procedure	T1:761-764
9	1	Tutorial (present disciplinary codes for employee/student)	
10	1	Collective bargaining – concept – types, process	T1:770-776
11	1	Problems- essentials of effective bargaining	T1:818-820
12	1	Tutorial (perform collective bargaining for marks awarded)	
13	1	Recapitulation & discussion of important questions	
14	1	Discussion of previous year ESE QP	
15	1	Discussion of previous year ESE QP	
16	1	Discussion of previous year ESE QP	
Total Number of hours planned for Unit			16
Total Number of hours allotted for all five units			80

SUGGESTED READINGS:**TEXT BOOKS**

T1. Memoria, C.B. (2014). Personnel Management and Industrial Relations. Mumbai: Himalaya Publishing House.

REFERENCES

R1. De Cenzo, D.A., & Robbins. (2012). Fundamentals of Human Resource Management (11th ed.). New York: John Wiley and Sons.

R2. Dessler, G. (2011). Human Resource Management (12th ed.). New Delhi: Pearson India.

R3. Arun Monappa, Mirza Saiyadain. (2001). Personnel Management (2nd ed.). New Delhi: Tata McGraw Hill.

R4. Rao, V.S.P. (2013). Human Resource Management - Text and Cases. New Delhi: Excel Books. Konark Publishers Pvt. Ltd.

R5. Wayne Mondy, R., & Rober M Noe. (2015). Human Resource Management (10th ed.). New Delhi: Pearson.

R6. Nair, N.G., & Latha Nair. (2004). Personnel Management and Industrial Relations New Delhi: S.Chand and Company Ltd.

R7. Kapoor, N.D. (2015). Elements of Industrial Law. NewDelhi: Sultan Chand and Sons.

R8. Tripathy. (2013). Personnel Management and Industrial Relations. New Delhi: Sultan Chand and Sons.

W1: www.thebalancecareers.com/whathappenswhenacompanydownsizer

W2: www.thebalancecareers.com/work_life_balance_1918292

W3: <https://www.hrhelpboard.com/recruitment/e-recruitment.htm>

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.

Human Resource Management

Human Resource Management is the process of recruiting, selecting, inducting employees, providing orientation, imparting training and development, appraising the performance of employees, deciding compensation and providing benefits, motivating employees, maintaining proper relations with employees and their trade unions, ensuring employees safety, welfare and health measures in compliance with labor laws of the country.

HRM Definition by various authors

Dale Yoder: “HRM is the provision of leadership and direction of people in their working or employment relationship.

Gray Dessler: “The policies and practices one needs to carry out the people or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising.”

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

Nature of HRM

HRM is a management function that helps managers to recruit, select, train and develop members for an organization. HRM is concerned with people's dimension in organizations. The following aspects constitute the core of HRM:

1. HRM Involves the Application of Management Functions and Principles. The functions and principles are applied for acquiring, developing, maintaining and providing remuneration to employees in organization.

2. Decision Relating to Employees must be integrated. Decisions on different aspects of employees must be consistent with other human resource (HR) decisions.

3. Decisions Made Influence the Effectiveness of an Organization. Effectiveness of an organization will result in betterment of services to customers in the form of high quality products supplied at reasonable costs.

4. HRM Functions are not confined to Business Establishments Only but applicable to non-business organizations such as education, health care, recreation and like. HRM refers to a set of programmes, functions and activities designed and carried out in order to maximize both employee as well as organizational effectiveness.

Objectives of HRM

The primary objective of HRM is to ensure the availability of competent and willing workforce for an organization. Beyond this, there are other objectives too. Specifically, HRM objectives are four fold: Societal, Organization, Functional and personal.

- **Personal Objectives:** To assist Employees in achieving their personal goals, at least in so far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be maintained, retained and motivated.
- **Functional Objectives:** To maintain the contribution of department at an appropriate level organization should fulfill the needs. Resources are wasted when HRM is either more or less sophisticated to suit the organizations demands.
- **Organizational Objectives:** To recognize the role of HRM in bringing about organizational effectiveness, HRM is not an end in itself but it is only a mean to assist the organization with its primary objectives organization
- **Societal Objectives:** To be ethically & socially responsible for the needs and challenges of society while minimizing the negative impact of such demands upon the organization to use their resources for society's benefits in ethical ways may lead to restriction.

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 organization comes under the preview 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.

- ❖ Human Resource Planning
- ❖ Design of the Organization and Job
- ❖ Selection and Staffing
- ❖ Training and Development
- ❖ Organizational Development
- ❖ Compensation and Benefits
- ❖ Employee Assistance
- ❖ Union/Labour Relations
- ❖ Personnel Research and Information System

a) Human Resource Planning: The objective of HR Planning is to ensure that the organization has the right types of persons at the right time at the right place. It prepares human resources inventory with a view to assess present and future needs, availability and possible shortages in human resource. Moreover, HR Planning forecast demand and supplies and identify sources of selection. HR Planning develops strategies both long-term and short-term, to meet the manpower requirement.

b) Design of Organization and Job: This is the task of laying down organization structure, authority, relationship and responsibilities. This will also mean definition of work contents for each position in the organization. This is done by :‘job description’. Another important step is “Job specification”. Job specification identifies the attributes of persons who will be most suitable for each job which is defined by job description.

c) Selection and Staffing: This is the process of recruitment and selection of staff. This involves matching people and their expectations with which the job specifications and career path available within the organization.

d) Training and Development: This involves an organized attempt to find out training needs of individuals to meet the knowledge and skill which is needed not only to perform current job but also to fulfill the future needs of the organization.

e) Organizational Development: This is an important aspect whereby “Synergetic effect” is generated in an organization i.e. healthy interpersonal and inter-group relationship within the organization.

f) Compensation and Benefits: This is the area of wages and salaries administration where wages and compensations are fixed scientifically to meet fairness and equity criteria. In addition labour welfare measures are involved which include benefits and services. g) Employee Assistance: Each employee is unique in character, personality, expectation and temperament. By and large each one of them faces problems everyday. Some are personal some are official. In their case he or she remains worried. Such worries must be removed to make him or her more productive and happy.

h) Union-Labour Relations: Healthy Industrial and Labour relations are very important for enhancing peace and productivity in an organization. This is one of the areas of HRM. i) Personnel Research and Information System: Knowledge on behavioral science and industrial psychology throws better insight into the workers expectations, aspirations and behavior. Advancement of technology of product and production methods have created working environment which are much different from the past.

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 organization 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.

Concept

The concept of Human Resource Management was first defined by Bakke (1966) who wrote : The general type of activity in any function of management is to use resources effectively for an organizational objective. The function which is related to the understanding, maintenance, development, effective employment, and integration of the potential in the resource of 'people' shall call simply the human resources function.

Evolution of HRM

The early part of the century saw a concern for improved efficiency through careful design of work. During the middle part of the century emphasis shifted to the availability of managerial personnel and employee productivity. Recent decades have focused on the demand for technical personnel, responses to new legislation and governmental regulations, increased concern for the quality of working life, total quality management and a renewed emphasis on productivity. The evolution and development of HRM has interrelationship with that of management. The development of HRM is classified as follows:

1) Industrial Revolution Era: The Industrial Revolution consisted essentially of the development of machinery. This brought about mass production of goods. Workers were treated like 'glorified machine tools'. Industrialization completely changed the way people earned their living. It was made possible by the replacement of human effort and skill by the work of machines. One of the contributions of the industrial Revolution was the development of the "factory" system. The factory system gave birth to a rationalization of work and a division of work. With the advent of the factory system personnel practices became autocratic, based upon a commodity concept of labor. Consequently, there was a total neglect of the human factor-the focus was upon materials, markets and production. In the late 1800's when unions were battling for recognition and violent strikes become a significant concern, these developments in management practices accelerated. By the early 1900's, many of the components of modern human resource management were falling into place.

2) Scientific Management Era: The scientific management movement owes its origin to Fredrick Winslow Taylor who is known as the father of scientific management. He showed scientific management as an alternative to the prevailing system of management by initiative and incentive. Scientific management is nothing but a systematic analysis and breakdown of work into its smallest mechanical elements and rearranging them into their most efficient combination. Taylor was concerned with worker inefficiency and the need for managers to gain the co-operative effort of the employees.

According to Taylor, "Planning should be the result of co-operation between the management and workers and that a provision should exist for compensating the personnel with financial incentives". Scientific Management represented a new attitude towards management and Taylor's work contributed greatly to the formalization and specialization of management.

3) Trade Unionism: The view point underlying trade unionism was to safeguard the worker's interest and to sort out of their problems such as use of child labor, long working hours and poor working conditions. Unions tried to improve the lot of workers through collective bargaining, resolving the grievances of workers relating to working conditions, pay and benefits, disciplinary actions, etc. For

the acceptance of their problems, this union used strikes, slowdowns, walkouts, picketing, boycotts and sabotage as weapons

. 4) Paternalistic Era: Management must assume a fatherly and protective attitude towards employees. Paternalism does not mean merely providing benefits but it means satisfying various needs of the employees as parents meet the requirement of the children.

Robert Owen, British Industrialist, reformer and humanitarian, is considered to be the first to adopt humanistic and paternalistic approach towards workers. He, who is considered to be the father of personnel management, worked for the welfare of the workers and tried to develop a spirit of co-operation between the workers and the management. He viewed that the returns from investment in human resources would be much higher than the investment in machinery and equipment. He regarded the workers as children who must be cautiously guided, trained and protected. He advised other manufacturers to devote more attention to workers in order to increase productivity because the workers according to Owen are the vital machines. In order to improve the productivity, it is necessary to improve conditions of employees by removing them from an adverse environment or by changing the environment with the provisions of more satisfactory living and working conditions.

5) Industrial Psychology Era: Hugo Munsterberg is regarded as the father of industrial psychology. His contributions to industrial management were particularly notable in the field of emotional requirements of workers. In industrial psychology era, greater emphasis was given to individual and group relationships in the workplace. Its main objective was to increase human efficiency by focusing on the maximum well-being of the worker and decreasing the physiological and psychological costs of work.

6) Human Relations Era: The organization is a social system that has both economic and social dimensions. The objective of human relations approach was to make employees productive and it was realized that employees' satisfaction is the best means of making the employee productive. The human relations' movement has been a major influence on modern human resource management. This movement is characterized by its focus on group behavior and workers' feelings as they relate to productivity and morale. Therefore, management must be mainly concerned with the informal, spontaneous behavior of work groups and the sentiments and attitudes of employees.

7) Behavioral Science Era: The behavioral science era assumes human behavior as a means to achieve efficiency in performance and it is an outgrowth of the human relations studies. The major contributions made by behavioral scientists are in the areas of motivation, leadership, communication, organizational culture and individual and group dynamics.

8) Personnel Specialist Era & Welfare Era: Employees are the most valuable assets of an organization. There should be a conscious effort to realize organizational goals by satisfying needs and aspirations of employees. Employees are considered to be the part in the progress of a company

and also having a feeling their own organization. To this end, managers must offer better quality of working life and offer opportunities to people to exploit their potential fully.

As organization consists of people, therefore acquiring them, developing their skills, providing them motivation in order to attain higher goal and ensuring that the level of commitment is maintained are the important activities.

Human Resources help in transforming the lifeless factors of production into useful products. They are capable of enlargement i.e. capable of producing an output that is greater than the sum of inputs. Once they get inspired, even ordinary people can deliver extraordinary results. They can help an organization achieve results quickly, efficiently and effectively.

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

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

Functions of Human Resource Management:

Functions of Human Resource Management:

Some of the major functions of human resource management are as follows:

1. Managerial Functions 2. Operative Functions

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. Organization

Under organization, the human resource manager has to organize the operative functions by designing structure of relationship among jobs, personnel and physical factors in such away so as to have maximum contribution towards organizational 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 organization 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 organization vis-a-vis 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.



Role of Human Resource Management

The human resources management team suggests to the management team how to strategically manage people as business resources. This includes managing recruiting and hiring employees, coordinating employee benefits and suggesting employee training and development strategies. In this way, HR professionals are consultants, not workers in an isolated business function; they advise managers on many issues related to employees and how they help the organization achieve its goals.

managers are responsible for designing healthy workplace cultures that will guide and lead engaged workers, develop leaders, and create a creative and inspiring environment. Oftentimes, this means creating a vision for the organization (usually in conjunction with upper management) and constantly ensuring the organization and its employees are moving towards it, motivating others to produce meaningful, lasting results.

Working Together

At all levels of the organization, managers and HR professionals work together to develop employees' skills. For example, HR professionals advise managers and supervisors how to assign employees to different roles in the organization, thereby helping the organization adapt successfully to its environment. In a flexible organization, employees are shifted around to different business functions based on business priorities and employee preferences.

Commitment Building

HR professionals also suggest strategies for increasing employee commitment to the organization. This begins with using the recruiting process or matching employees with the right positions according to their qualifications. Once hired, employees must be committed to their jobs and feel challenged throughout the year by their manager.

Building Capacity

An HRM team helps a business develop a competitive advantage, which involves building the capacity of the company so it can offer a unique set of goods or services to its customers. To build the an effective human resources, private companies compete with each other in a "war for talent." It's not just about hiring talent; this game is about keeping people and helping them grow and stay committed over the long term.

Addressing Issues

Human resource management requires strategic planning to address not only the changing needs of an employer but also a constantly shifting competitive job market. Employee benefit packages must be continually assessed for costs to the employer. Tweaking the packages also provides an opportunity to increase employee retention through the addition of vacation days, flexible working arrangements or retirement plan enhancements. For example, in recent years many human resource professionals have oversaw the addition of preventative health components to traditional health plans for both employment recruitment and retention efforts.

HR Skills and Competencies

Along with the competencies typically associated with human resource managers, such as recruitment, screening, employee relations, and performance management, today's human resource professionals will need to have a much broader, more complex skill set.

Business Management & Leadership Skills

Business management and leadership are fundamental skills that all human resource managers must have in order to be successful. Today's HR professionals need to be prepared to address organizational challenges in businesses of all sizes, from small, privately-held companies to nonprofit

institutions to large, multi-national corporations. These challenges may include, but are by no means limited to, handling the complex of issues diversity and inclusion, understanding hiring laws and employee rights, creating and managing competitive benefit packages, and overseeing a healthy organizational culture while effectively managing personnel issues.

Additionally, human resource managers must be effective leaders that can coach employees and develop them into leaders themselves. HR professionals must be able to cultivate an organization-wide leadership and coaching approach that will develop agile employees, build creative teams, and creative effective problem-solvers at all levels of the organization. Employees should look to human resource managers as organizational leaders helping to guide the organization towards success in a productive, positive way, with both the employee's and the employer's interests in mind.

Human Capital Development Skills

Great human resource management isn't just about hiring new employees and handling personnel issues when they arise, though those are both important tasks many HR managers are responsible for. The reality is that in today's world, hiring new employees is a costly, time-intensive process that isn't guaranteed to yield results in the form of longevity and success. Human resource professionals must shift their focus to workforce development, leveraging and managing the "human capital" of their organization--defined as "the collective skills, knowledge, or other intangible assets of individuals that can be used to create economic value for the individuals, their employers, or their community."

Essentially, this involves looking at employees as individuals with a diverse set of skills, competencies, needs, and interests beyond the confines of their current job description. Good employers--and good HR managers--will understand the importance of developing a comprehensive workforce development strategy that will allow them to truly invest in their employees through training, education, and opportunities for internal advancement. Instead of looking outside the organization to bring in new employees, these employers turn to the talent they already have within their organization and give them the tools they need to develop new soft skills and grow both as employees and as individuals. These strategies can include mentorship programs, tuition reimbursement plans, or structured training programs.

Human resource managers will be responsible for developing and managing these human capital investment initiatives, and will also be tasked with encouraging employees to take advantage of any and all employer offerings, such as using tuition reimbursement to pursue higher education.

Communication & Interpersonal Skills

One of the most important skills required for professional success in any field, but particularly human resources, is the ability to communicate well, and to relate to those around them. Human resources professionals are known for being good with people for a reason - they are constantly interacting with employees at every level of their organizations, and must know how to communicate with them in a warm, clear, and professional way. In most organizations, the human resources department is responsible for managing conflicts between coworkers, coaching employees looking to advance their careers, and counseling individuals in need of support - meaning that interpersonal relations and soft skills, such as the ability to listen well and to build rapport with all kinds of people, are key.

Because HR professionals are often dealing with, and delivering, sensitive information, it is essential that they be able to express themselves well both verbally and in writing. Knowing how to effectively modulate tone, manage body language, and personalize communication based on the individual being spoken to are key skills for effective human resource management.

Additionally, in today's increasingly diverse and global workforce, it's important that human resource professionals be culturally competent, demonstrating a developed and multicultural worldview to promote respectful, reciprocal interactions, setting an example for the rest of the organization. This includes, but is not limited to, taking care to use inclusive language that makes all individuals in the organization feel recognized and respected, regardless of race, ethnicity, gender, or social class.

Strategic Thinking & Planning Skills

While people skills are important in the human resources field, the ability to think strategically--and use that strategic thinking to successfully shape and help lead the organization--is just as important. Human resource managers must have a keen understanding of how organizations gain a sustainable, competitive advantage through investing in people--both new hires and existing employees. They must be very aware of the strategic needs of the organization, at all levels and in all departments, and must have the skills to find and retain people that meet those needs.

While big-picture thinking is one of the most important skills for HR, human resource managers must be equally as detail-oriented. They need to be meticulous planners, due to the fact that they have to juggle so many balls and are responsible for so many different tasks. A successful human resource professional will, in addition to these planning skills, be very comfortable making data-driven decisions based on metrics and analytics to drive and improve organization-wide recruitment, training, development, and retention efficiency.

Perhaps most importantly, they must be the champions for the human resource lens, and must ensure that it is fully incorporated into the organization's overall strategy and direction. Human resource professionals understand that their division within the organization isn't simply a box that needs to check: it is an essential piece of a successful business and, done well, will strengthen the organization's ability to meet its strategic goals.

Workplace Culture Development Skills

Finally, the last of the essential human resource management skills needed for success in this field is the ability to effectively develop, shape, and lead workplace culture. The concept of a strong workplace culture can vary based on the organization in question, but at its core it means a positive, productive, and healthy work environment for all employees, defined by the overarching values and behaviors of the group. This is often shaped by the employees in an organization, but is defined and led by the company's key decision makers--including human resources.

Human resource managers must be tuned into the value systems of the organization, both those that develop organically from within and those that are set out by those at the top. Human resource

Human Resource Development

Human resource development is a part and parcel of human resource management. It is the main function of HRM. Every organisation and its management have the responsibility to develop its human resources if at all it wanted to remain in business, face the competition and March towards prosperity and growth. In the modern times of growing awareness the human resource development is the task number one for any organization.

DEFINITION

Human Resource Development (HRD) is a framework for helping employees, develop there personal and organizational skills, knowledge and abilities. Human Resource Development includes such opportunities as employee training, employee carrier development, coaching, succession planning, key employee identification, tuition assistance and organizational development.

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.

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.

Goals and challenges of HRM

Goals of HRM

1. **Human resource or manpower planning:** The effective planning of manpower helps keep resources and overhead to a minimum, while eliminating waste. Making sure you have the right person for the job the first time reduces costs by avoiding new expenses incurred through the recruitment, rehiring and retraining process.
2. **Recruitment, selection and placement of personnel:** There should be a comprehensive plan in place for the recruitment, selection and placement of personnel to ensure you hire capable employees that can not only perform the tasks expected of them, but also in making sure they are a good fit for the culture of the organization.
3. **Training and development of employees:** Training and development is a key component of hiring and retaining good employees that will have longevity within your organization. Making sure they are well-equipped and continue learning will enhance the level of productivity and boost morale.
4. **Appraisal of performance of employees:** Employees need to know how they are doing in their position. Good human resources managers take the time to provide ongoing feedback to keep the lines of communication open while allowing employees an opportunity for improvement.
5. **Remuneration of employees:** Making sure employees are paid according to the industry standard or better will ensure you have happy, productive and loyal employees. Pay is one of the most crucial components of an organization. Human resources personnel should closely monitor what employees are paid, making sure they are properly compensated.
6. **Setting general and specific management policies for the organization:** Every organization has specific policies for their employees. It is very important that all employees know and understand these policies through new hire training, an employee handbook, and updates reflecting any changes in policy or within the organization. Employees who are vested in the success of the organization should be viewed as important stakeholders that make a difference.
7. **Developing and maintaining motivation for workers through incentives:** Good companies offer incentives for their employees, even if it's something small. Companies who encourage work and home life balances tend to have more stable organizations as a whole. The human resources management team should make a concerted effort in creating incentives that will not only assist employees at work, but can benefit their families as well.

Establishing and maintaining these objectives of human resource management within your organization is a key part of creating a well-thought strategic plan. All of these components should be part of a comprehensive human resources management plan to ensure your organization is poised to succeed and reach your goals.

THE CHALLENGE TO HRM

As Ulrich (1998) points out, environmental and contextual changes present a number of competitive challenges to organizations, which mean that HR has to be involved in helping to build new capabilities. Globalization requires organizations to move people, ideas, products and information around the world to meet local needs. Some of the important challenges are as follow:

1) Vision Penetration: Vision not only provides the fuel and directions to business strategy, but also helps managers evaluate management practices and make decisions. Penetration of vision shall therefore, become an important integral part of man management in future.

2) Internal Environment: Creating an environment, which is responsive to external changes, providing satisfaction to the members of the organization, and sustaining it through culture, useful traditions, practices, and even systems, will become another important dimension of managing managerial personnel.

3) Change in Industrial Relations: The practice of industrial relations has undergone sea change. Development of workers may need simpler and appropriate inputs, but both the workers and managers must be managed and developed by the same set of assumptions and HRM philosophy of the company.

4) Building Organizational Capabilities: The paradigm of managing managers would include not only assisting them to acquire new skills and knowledge and to evaluate environmental changes, to evolve business strategies, but also to live in a psychological state of readiness to continuous change.

5) Job Design & Organizational Structure: In designing organizations, soon give up uncritical acceptance of foreign concepts and fads like quality circles, TQM, etc. Instead of these, organizational structure and design will primarily base on task approach and people approach.

6) Increasing size of work force: The management of an increased workforce poses serious problems and challenges especially since the workers are becoming more conscious of their rights.

7) Changing Psycho-social system: In the traditional bureaucratic mode, the organizations were designed to perform technical functions with strict compartmentalization of work functions. But in future, human participation will be required not only in technical functions but also in establishing the democratic humanistic system.

8) Satisfaction of higher level needs: The workers are becoming much aware of their higher level needs. This awareness is likely to intensify further in the future workforce. Therefore, managers would be required to evolve appropriate techniques of motivating the workers and getting work for them.

9) Equalitarian Social System: Contemporary organizations are putting lesser emphasis on the hierarchical structures and thus moving towards a more equalitarian social system. This is going to be more common in days to come.

10) Technological Advance: In the wake of technological advances new jobs will be created and may old jobs will become redundant. Unemployment resulting from modernization could be liquidated by properly assessing manpower needs and training of redundant employees in alternate skills.

11) Computerized Information Systems: It will play a revolutionary role in managerial decision-making. It will also have an increasing impact in co-ordination and at strategic levels.

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.

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 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 organizations or international organizations separately.

4. 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.

Technological advances

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 a concept that supports the efforts of employees to split their time and energy between work and the other important aspects of their lives. Work-life balance is a daily effort to make time for family, friends, community participation, spirituality, personal growth, self-care, and other personal activities, in addition to the demands of the workplace.

Work-life balance is assisted by employers who institute policies, procedures, actions, and expectations that enable employees to easily pursue more balanced lives. The workplace that achieves this environment and culture is particularly motivating and gratifying to employees. Happy employees whose needs for work-life balance are achieved tend to stay with their employer and are more productive.

The pursuit of work-life balance reduces the stress employees experience. When they spend the majority of their days on work-related activities and feel as if they are neglecting the other important components of their lives, stress and unhappiness result. An employee who doesn't make time for self-care eventually damages their output and productivity.

Work-life balance enables employees to feel as if they are paying attention to all of the important aspects of their lives. It occurs when employees experience the flexibility of a workplace that allows them to pursue all components of a healthy life.

Because many employees experience a personal, professional, and monetary need to achieve, work-life balance is challenging. Employers can assist employees to experience work-life balance by offering such opportunities as flexible work schedules, paid time off (PTO) policies, responsibly paced time and communication expectations, and company-sponsored family events and activities.

They create a work environment in which work-life balance is expected, enabled, and supported. They retain outstanding employees to whom work-life balance is important—like parents.

Here are several ways employers can help employees achieve that ever-elusive goal of work/life balance. Consider:

- Allowing work from home, even part of the time. Consider whether even 1 day per week would be acceptable if you're not comfortable with full-time options. Or consider allowing meetings to be attended remotely (with the help of technology) rather than in person.
- Restricting hours worked. This means having a culture in which employees are not expected to work after they leave the worksite. It can also mean restricting how many hours are expected of any employee in a given week. Some organizations even stop their e-mail servers from forwarding messages after hours.
- Focusing on the image and culture that top management projects. If they're promoting (and living) the idea of work/life balance, employees will be more encouraged to do the same and be less fearful that the culture will not support it.

- Focusing on outcomes, not hours worked. High productivity doesn't necessarily come in 8-hour segments. In other words, productive employees may get their work done efficiently, and not need to be at the worksite a full 8 hours every day.
- Looking deeper at workplace culture. Does the culture promote overwork? Are there manageable workloads? Are there reasonable expectations?
- Promoting breaks in the work day, which can go a long way toward keeping stress in check. Take action to prompt employees to take lunch breaks and rest breaks—taking breaks has been shown to actually increase productivity levels. Higher productivity means less need to work late.
- Giving employees information about work/life balance. While simple, just the act of providing information about work/life balance to employees can foster a better culture. This idea can result in employees taking better care to ensure this balance exists.
- Allowing extra time off for charitable pursuits or volunteer work. This usually means employees are able to pursue things that keep them happy and satisfied in life, and it can also help the company image.
- Unlimited vacation time policies. If that's too much, consider expanding the number of vacation days available. Also consider giving extra days as a form of bonus for completion of goals or to celebrate milestones. A separate but related idea: consider encouraging all employees to use up their vacation time, rather than to let it sit.
- Providing childcare benefits. This could be in the form of discounts at nearby childcare centers or it could be in the form of on-site childcare options. Either way, if parents have options that remove some stress, it can help to achieve that balance.
- Offering maternity/paternity leave to new parents.
- Getting input from employees: ask them what other benefits may be useful. Also, pay attention to the signs of inadequate work/life balance to see if more adjustments are needed. Watch for stress and burnout.
- Providing help to employees to get everyday tasks done. This could be in the form of on-site or nearby benefits that allow employees to get more of their personal errands and household responsibilities handled during work hours. Employers could even offer a discount in some cases. This reduces total stress and allows more leisure time at home. Examples of perks that could be either on-site or discounted include:
 - ❖ Laundry facilities
 - ❖ Dry cleaning
 - ❖ Coffee/soda/tea/juice at work or discounted coffee shop or convenience store
 - ❖ Free lunches
 - ❖ Gym and/or fitness classes
 - ❖ Auto repairs and maintenance
 - ❖ Massage/spa

- ❖ Tax preparation services
 - ❖ Catering for personal events
 - ❖ Gift-wrapping services
 - ❖ Concierge service that coordinates other miscellaneous needs for employees
- Offering wellness plans. Having a healthier workforce can lead to less stress and fewer absences, which can boost productivity and reduce the need to work extra hours to stay caught up.
- Offering flexible hours. By allowing employees more flexibility in what hours they work in a given day, employees can better manage their time around all obligations. Some companies are even going for flexible work weeks in which employees can work 4 longer days and take a 3-day weekend every week. If this is too much, consider that flexible hours could even mean allowing employees to make up hours lost to personal appointments or errands, so they do not need to take time off to accomplish these things.

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.

HRM ISSUES IN INDIA

Human resource element works towards the Vision, Mission and Goals of an organization. The three roles of HRM in any organization are transactional, transformational, and transitional. The challenges faced by human resource managers in India are naturally evolving with the ever-transforming scenario in corporate India. Some of the major challenges which HR faces in India today are discussed hereunder.

Managing globalization: It is important for an HR Manager to study people management practices before implementing new practices which are global in nature. It has become a challenge for the HR to educate its workforce on how globalization can be leveraged and how an individual employee benefits or is affected by it. Instead of thrusting new practices upon them, it is ideal to study the existing practices which are in place.

Developing leadership skills: It is not just about knowledge, experience and expertise it is also about developing the right soft skills to give shape to the future leaders. Since the global economic and industrial scenario is very volatile and dynamic, what is required now is a skill set in the workforce which distinguishes them as team leaders.

Managing change: Change management is the call of the day with big organizations integrating Six Sigma methodologies in their businesses. Change management defines the response of the business to the changing external and internal environment. The industrial growth scenario in India demands that there should be change brought about within all factions of the industry. But there are internal and external forces which resist the change. It is a huge challenge to influence the resisting forces with the organization, manage internal conflicts, motivate them to embrace change and implement the changes.

Developing work ethics: With back to back slumps in the global economy, India has not remained unscathed. Employee morals and loyalty are being tested in a business's day to the day functioning. It has become very important to re-instill cultural values, loyalty, respect for the weak and elderly, and infuse qualities like empathy, charity, austerity, team spirits, ethics and bonding in the workforce.

Retaining Talent: Yes, this is one of the major challenges which HRM faces today. Poaching and cut-throat competition has given an impetus to high remuneration to the deserving. People have gained exposure and their yearning to rise is seen as them changing loyalty and organizations very frequently. This is especially observed in the IT and ITES sector. To manage low attrition rates and retain talent has become a mammoth hurdle which all organizations want to cross in order to reach their goals.

Managing fast changing technological trends: Most large and medium scale organizations today prefer to be technologically oriented. The technological trends in today's global scenario are fast changing. Educating the human resource about these changes, upgrading their knowledge and motivating them to learn, absorb and come out of their comfort zones is a great challenge faced by many organizations.

Developing Accountability: With the advent of Six Sigma methodologies, organizations have lowered their tolerance levels for mistakes, errors and delays. It is a challenge which HRM in India is facing like its global counterparts. It is not easy to train people to shoulder responsibility.

Managing workforce stress and employment relations: HR is the face of an organization. It hires and fires employees and if the HR of an organization is not emphatic towards its workforce it does not help in employment relations. This factor is fast becoming a challenge for HRM especially in sectors like hospitality, IT and allied support services, media and entertainment.

Managing inter-functional conflict: Earlier it was the friction between different levels of an organization and now the new emerging challenge for the HR is to manage inter-functional conflict within an organization. With organizational restructuring becoming common in the past few years, disputes and friction between different functions has been on the rise.

Managing workplace diversity: With globalization and India's economy changing gears to accelerate growth, organizations hire as well depend on a people from different countries, cultures and ethnicity. To manage the diverse workforce who have fairly diverse physiological and the psychological influences, is also a huge challenge for the HR in the emerging Indian economy.

This is not an exhaustive list of some of the challenges of HR in India which includes many other factors like retrenchment and downsizing specifically in the BPO and finance sectors, managing knowledge workers, occupational shifts, trade unionism in the public sector and manufacturing sector, limited exposure and research in the field of human resource management and limited training resources to handle.

KARPAGAM ACADEMY OF HIGHER EDUCATION
DEPARTMENT ON MANAGEMENT
COURSE NAME - HUMAN RESOURCE MANAGEMENT
COURSE CODE - 17BAU402

UNIT 1

s.no	Questions	Option A	Option B	Option C	Option D	Answer
1	Who coined the word human resources	F.W.Taylor	Maslow	Peter. F.Drucker	Oliver Sheldon	Peter. F.Drucker
2	If company defines authority and communication channels for employees, it is performing	staffing	organizing	leading	controlling	organizing
3	Human resource management refers to	concept and techniques used in leading people at work	concepts and techniques for organizing work activities	management techniques for controlling people at work	the management of people at work	the management of people at work
4	_____ are the resources that provide utility value to other resources	Human	Material	Money	Machinery	Human
5	The human resources are _____ in nature	Heterogeneous	homogenous	ductility	none of the above	Heterogeneous
6	Which of the following management function includes setting standards for everyone in the organization?	Planning	Organizing	Leading	Controlling	Planning
7	Which of the following is the main responsibility of an HR department?	Attracting candidates for job	Ensure staff development	Keep employees motivated	All of the above	All of the above
8	Human resource practices that support strategy includes	Performance management	Production scheduling	staffing practices	Policies and procedures	Production scheduling
9	The knowledge, education, training, skills, and	Physical capital	management's Philosophy	production capital	human capital	Human capital

	expertise of a firms workers is known as:					
10	Which of the following activities is the traditional role of personnel management	coaching and mentoring	handling union management relationship	being a part of strategy planning discussions	Hiring and firing employees	Hiring and firing employees
11	In early 1990's personnel administration was then called as	Closely tied to union management relationship	focused on improving human element in organization	played a low-key role in organizations	served as advisor role in organizations	played a low-key role in organizations
12	The second phase of personnel management	minimum wage legalization	health and safety legalization	decrease in unionizing activities	decrease momentum of scientific management movement	minimum wage legalization
13	The third phase of personnel management was a result	government intervention following depression	a desire for professionalism	impact for human relations movement	increase in the amount of government legalization	increase in the amount of government legalization
14	The fourth phase of HRM is concerned with	Equality of employees	employees are company's competitive advantage	employees are motivated by compensation and rewards	Social influence are no longer important	employees are company's competitive advantage
15	The third phase of personnel management is concerned with	health and safety	payroll	corporate contribution and proactive management	benefits and administration	corporate contribution and proactive management
16	characteristics of work force are known as	unionization	demographics	diversity	organizational climate	diversity
17	The ratio of organization's output and its input is results in	productivity	outsourcing	labor market	work-force diversity	productivity
18	The company's plan to balance strength , weakness , opportunities and threats	environmental scanning	HR strategy	policies and procedure	strategy	strategy

	to maintain competitive advantage is known as					
19	The operational responsibility of HR staff members include	setting goals and objectives	collecting metrics	analyzing metrics	interpreting health and safety legalization	Collecting metrics
20	HR manager are generally _____ managers	line	middle-level	top-level	Staff	staff
21	Which of following function sets standards for everyone in the organization	Planning	organizing	leading	Controlling	Planning
22	All except one of the following are the different aspects of HRD	Job evaluation	Training and development	Career planning	Performance appraisal	Job evaluation
23	Which of the following HR approaches is most popular currently ?	Human resources approach	System approach	Scientific management approach	Technical approach	Human resources approach
24	HR department maintains a set of proposals and actions that acts as reference points for managers in their dealings with employees. what is this called?	HR guides	HR ethics	HR policy	Managerial policies	HR policy
25	Strategic decision making can take place at various levels of an organization, what are the three most common?	Operational, board, and industrially	Governmental, locally, and individually	Corporate, Business, and Functional	Board of Director, Chief Executive, and Junior Management	Corporate, Business, and Functional
26	PESTLE is an acronym for what?	Political, environmental, technological, legal, and environmental	Political, environmental, shareholding, technological, logistical, and e-marketing	Political, environmental, social, technological, legal, and environmental	Political, environmental, societal, technological, learning, and e-marketing	Political, environmental, social, technological, legal, and environmental
27	Technological advances in manufacturing have	decreased the importance of white-collar	eliminated many blue-collar jobs	lead to increase in employment if persons with	resulted in decline of work-force diversity	eliminated many blue-collar jobs

		jobs		disability		
28	The tendency of firms to extend their sales or manufacturing and manufacturing units abroad is known as	domestication	international marketing	product diversification	Globalization	Globalization
29	Globalization has resulted	increase of prices of products and services	employee turnover	international competition	quality of products and services	international competition
30	Shifting from manual to computerized system is resulted due to	Work-force diversity	Globalization	stake holder involvement	Technological advancement	Technological advancement
31	Strength and weakness are generally associated with _____environment	internal	external	central	Societal	Internal
32	The HRM function can be carried out at	relative and strategic	proactive and strategic	operational and strategic	technical and operational	operational and strategic
33	Objectives of the HRM function, according to Torrington include the following except:	Change management	performance management	administrative objective	employee ownership	employee ownership
34	External influences on HRM include the following except:	Demographic changes	Legislative changes	Personnel changes	Economic changes	Personnel changes
35	In what situation redundancy not considered as unfair	Changing business situations require few employees	when executive bonuses fall	when business needs to make efficiency claims	when company staff cutbacks are required	Changing business situations require few employees
36	What does attrition in the context of redundancy means	transferring to other departments	compulsory reductions	reduction in staff numbers without job cuts	Measured job cuts	reduction in staff numbers without job cuts
37	corporate downsizing refers to	Procurement	Providing lesser compensation	reduction in labor cost	permanent scaling down of human resources	permanent scaling down of human resources

38	Factors which are important when encouraging people to choose voluntary redundancy include	a recognition that development is unlikely	alternatively being fired	intensification of work	declining conditions of work	a recognition that development is unlikely
39	What do organizations need to adopt to overcome competition?	Relocation strategy	Creation of subsidiaries	Competitive strategy	Collusion	Competitive strategy
40	What benefit is derived from competitive rivalry?	Higher marketing budgets	Price differentiation	Differentiation	Alliances	Differentiation
41	What is the maximum amount of time an employee has to lodge a claim for redundancy payment?	6 months	9 months	1 year	2 years	6 Months
42	Why are organizations expressing an increasing interest in work-life balance?	Changing labor demographics	Changing consumer demographics	Changing technology	Changing Government legislation	Changing labor demographics
43	Which of these is not a reason for a business to use work-life balance practices?	Greater staff retention	Increase discretionary effort made by employees	Higher employee productivity	It is required law	It is required law
44	Which of these is not a reason why someone may not wish to take a work-life balance practice?	Fear of having 'special privileges'	Lack of career progression	A new addition to the family	Work intensification	A new addition to the family
45	Which of these is a barrier to the implementation of homeworking?	Employees do not want to work from home	Management fear homeworkers may be 'slackers'	Employees perform best in an office environment	Technology has not progressed enough to allow homeworking	Management fear homeworkers may be 'slackers'
46	Which reason for requesting a work-life balance practice is viewed most favorably?	For childcare purposes	For pet care purposes	For leisure purposes	For parent care purposes	For childcare purposes
47	Work-life balance practices are usually taken by:	Women without children	Men with children	Women with children	Men without children	Women with children

48	Why do women often have the responsibility for childcare?	Men are not responsible enough to care for a child	The feminist movement opened the door for women employment but the delegation of domestic responsibilities has changed little	Women want to care for children more than men	Men are never afforded a work-life balance practice	The feminist movement opened the door for women employment but the delegation of domestic responsibilities has changed little
49	Work-life balance practices interrelate with...	Gender	Class	Ethnicity	All of the above	All of the above
50	Work-life balance practices concern:	How work is performed	How work hours are arranged	Who does certain work	Maternity and Paternity leave	How work hours are arranged
51	Which of these is not a work-life balance practice?	Condensed working hours	Homeworking	Part-time working	Overtime	Overtime
52	The term procurement refers to	recruitment and selection	training and development	Payment	health and safety	recruitment and selection
53	Human resource management is generally refers to	Proactive	Reactive	combative	none of the above	Proactive
54	Human resource management functions aims at	ensuring human resource are possess adequate resources to perform job successfully	Helping organizations to deal with employees at different stages	increasing organization's creditworthiness	All of the above	Helping organizations to deal with employees at different stages
55	Which of the following describes role of a HR manager ,staff advisors and	staff advisors focus more	line managers are more	staff, advisors res solely	line managers are solely responsible	staff advisors focus more

	line managers	developing HR managers, while line manager more involved in implementing of those programs	involved in developing HR Programs while staff members are involved in implementing them	responsible for developing implementing HR programmes	for developing implementing HR programme	developing HR managers, while line manager more involved in implementing of those programs
56	The scope of HRM includes	Procurement	training and development	compensation	all of the above	all of the above
57	Managerial function of HR managers include	Procurement	Development	Organizing	Performance Appraisal	Organizing
58	Which of following is not a source of work force diversity?	age	gender	education	Resentment	Resentment
59	In which decade did HRM originate	1950	1970	1970	1990	1990
60	Strategic Human resource management aims to achieve competitive advantage in market through	price	Product	people	process	Process

PART B

1. Define Human Resource Management
2. Differentiate between HRM and Personnel Management?
3. List out the HRM functions?
4. Define HRD?
5. List out the skills and competencies required by Human Resource Manager.
6. State the concept of Workforce diversity
7. Give the meaning of work life balance

PART C

1. Discuss the functions of Human Resource Management?
2. Explain the skills and competencies of human resource manager
3. Enumerate 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?

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.

Human Resource Planning

Human resources planning is one of the important part of overall human resources system of the organization. The quality of this system decides the overall human resources quality in the organization. It is very important to study and evaluate human resources planning process in order to understand the overall status of human resources system in an organization. This is a forward looking process which decides future requirement and quality of manpower to achieve organizational goals. This process helps the organization decide and achieve the human resources for future needs.

The process involves planning and forecasting of human resources on the basis of organizational needs and how to arrange the human resources. It is very important to have right kind of people at the right time and right place in order to meet the individual and organizational goals completely. Human resources plan is part of the over all business or corporate plan of the organization. In order to make an optimal human resources plan it is necessary to study the organization's objectives for the given period. The human resources planning involve all the steps of planning i.e. anticipating, looking at present available human resources, forecasting of human resources, and planning for future requirements on the basis of business plans of the organization. This is important for making arrangements of manpower as and when needed as per the required quality in terms of qualification, experience, competency etc.

The objective of human resources planning system is to achieve optimum utilization of existing human resources and planning for the future requirements. The human resources planning system identifies the development requirements of individual employees so that they can be useful in future.

In order to compare the present human resources to the future requirement on the basis of growth, expansion plans, identification of skills and competency gaps and then making and developing plans for arrangement of human resources needed in future is the basic process of human resource planning. The process takes care of all the aspects of manpower including the requirement of future skills and competencies. The comparison is made with a view to look in the future requirements of number as well as competencies. All such requirements are aligned with the future requirements of the organization which are derived from business requirements. Human resources planning provide a deliberate basis for taking human resource decisions in anticipation of the future changes. The process of human resources planning is not only concerned with manpower demand projections or employee turn over projections but also helps in planning for retirements, succession planning and replacements in a systematic manner. Human resource planning has become an important strategic function for the entire organization. This is a required not only to achieve current goals and objectives but also to create a competitive edge.

Definitions of Human Resource Planning by various authors

Dale S. Beach has defined it as “a process of determining and assuring that the organisation will have an adequate number of qualified persons available at the proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved.”

Objectives of HR Planning

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

1. Ensure adequate supply of manpower as and when required.
2. Ensure proper use of existing human resources in the organisation.
3. Forecast future requirements of human resources with different levels of skills.
4. Assess surplus or shortage, if any, of human resources available over a specified period of time.
5. Anticipate the impact of technology on jobs and requirements for human resources.
6. Control the human resources already deployed in the organisation.
7. Provide lead time available to select and train the required additional human resource over a specified time period.

Need for and Importance of HRP:

The need for human resource planning in organisation is realised for the following reasons:

Despite growing unemployment, there has been shortage of human resources with required skills, qualification and capabilities to carry on works. Hence the need for human resource planning.

- Large numbers of employees, who retire, die, leave organisations, or become incapacitated because of physical or mental ailments, need to be replaced by the new employees. Human resource planning ensures smooth supply of workers without interruption.
- Human resource planning is also essential in the face of marked rise in workforce turnover which is unavoidable and even beneficial. Voluntary quits, discharges, marriages, promotions and seasonal fluctuations in business are the examples of factors leading to workforce turnover in organisations. These cause constant ebb and flow in the work force in many organisations.
- Technological changes and globalisation usher in change in the method of products and distribution of production and services and in management techniques. These changes may also require a change in the skills of employees, as well as change in the number of employees required. It is human resource planning that enables organisations to cope with such changes.
- Human resource planning is also needed in order to meet the needs of expansion and diversification programmes of an organisation.
- The need for human resource planning is also felt in order to identify areas of surplus personnel or areas in which there is shortage of personnel. Then, in case of surplus personnel, it can be redeployed in other areas of organisation. Conversely, in case of shortage of personnel, it can be made good by downsizing the work force.

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.

Levels of Human Resource Planning:

Human resource planning is useful at different levels.

At the National Level:

Human resource planning by Government at the national level covers population projections, programme of economic development, educational and health facilities, occupational distribution and growth, mobility of personnel across industries and geographical regions.

At the Sector Level:

This would cover manpower requirements of the agricultural sector, industrial sector and service sector.

At the Industry Level:

This would forecast manpower need for specific industries, such as engineering, heavy industries, textile industries, plantation industries, etc.

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 is 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 experience 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 spans from six monthsto one year, while long term plans spread over three to twenty years. The extent of time perioddepends upon the degree of uncertainty that is prevailing in an organizations 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.
- 5) 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

Demand forecasting (Manpower Forecasting) is the process of estimating the future numbers of people required and the likely skills and competences they will need. Forecasting human resource demand is the process of estimating the future human resource requirement of right quality and right number. As discussed earlier, potential human resource requirement is to be estimated keeping in view the organisation's plans over a given period of time. Analysis of employment trends; replacement needs of employees due to death, resignations, retirement termination; productivity of employees; growth and expansion of organization; absenteeism and labour turnover are the relevant factors for human resourced forecasting.

At a more practical level, forecasting demand involves determining the numbers and kinds of personnel that an organization will need at some point in the future. Most managers consider several factors when forecasting future personnel needs. The demand for the organization's product or service is paramount. Thus, in a business, markets and sales figures are projected first. Then, the personnel needed to serve the projected capacity are estimated.

Supply Forecasting measures the number of people likely to be available from within and outside the organization, having allowed for absenteeism, internal movements and promotions, wastage and changes in hours and other conditions of work. The supply analysis covers areas like: Existing number of people employed by occupation, skill and potential, source of supply from within the condition and Effect of changing condition of work and absenteeism

Human Resource supply forecasting is the process of estimating availability of human resource followed after demand for testing of human resource. For forecasting supply of human resource we need to consider internal and external supply. Internal supply of human resource available by way of transfers, promotions, retired employees & recall of laid-off employees.

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

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.

Techniques for Forecasting Human Resource Demand

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

(a) Managerial Judgement: Managerial judgement technique is very common technique of demand forecasting. This approach is applied by small as well as large scale organisations. This technique involves two types of approaches i.e. 'bottom-up approach' and 'top-down approach'. Under the 'bottom-up approach', line managers send their departmental requirement of human resources to top management. Top management ultimately forecasts the human resource requirement for the overall organisation on the basis of proposals of departmental heads. Under the 'Top-down approach', top management forecasts the human resource requirement for the entire organisation and various departments. This information is supplied to various departmental heads for their review and approval. However, a combination of both the approaches i.e. 'Participative Approach' should be applied for demand forecasting. Under this approach, top management and departmental heads meet and decide about the future human resource requirement. So, demand of human resources can be forecasted with unanimity under this approach.

(b) Work-Study Technique: This technique is also known as 'work-load analysis'. This technique is suitable where the estimated work-load is easily measureable. Under this method, estimated total production and activities for a specific future period are predicted. This information is translated into number of man-hours required to produce per units taking into consideration the capability of the workforce. Past-experience of the management can help in translating the work-loads into number of man-hours required. Thus, demand of human resources is forecasted on the basis of estimated total

production and contribution of each employee in producing each unit items. The following example gives clear idea about this technique.

Let us assume that the estimated production of an organisation is 3,00,000 units. The standard man-hours required to produce each unit are 2 hours. The past experiences show that the work ability of each employee in man-hours is 1500 hours per annum. The work-load and demand of human resources can be calculated as under:

- Estimated total annual production = 300000 units
- Standard man-hours needed to produce each unit = 2 hrs
- Estimated man-hours needed to meet estimated annual production (i x ii) = 600000 hrs
- Work ability/contribution per employee in terms of man-hour = 1500 units
- Estimated no. of workers needed (iii / iv) = $600000/1500 = 400$ units

The above example clearly shows that 400 workers are needed for the year. Further, absenteeism rate, rate of labour turnover, resignations, deaths, machine break-down, strikes, power-failure etc. should also be taken into consideration while estimating future demand of human resources/manpower.

(c) Ratio-Trend Analysis: Demand for manpower/human resources is also estimated on the basis of ratio of production level and number of workers available. This ratio will be used to estimate demand of human resources. The following example will help in clearly understanding this technique.

Estimated production for next year = 1,40,000 units

Estimated no. of workers needed

(on the basis of ratio-trend of 1: 200) will be = 700

(d) Econometrics Models: These models are based on mathematical and statistical techniques for estimating future demand. Under these models relationship is established between the dependent

variable to be predicted (e.g. manpower/human resources) and the independent variables (e.g., sales, total production, work-load, etc.). Using these models, estimated demand of human resources can be predicted.

(e) 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.

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.

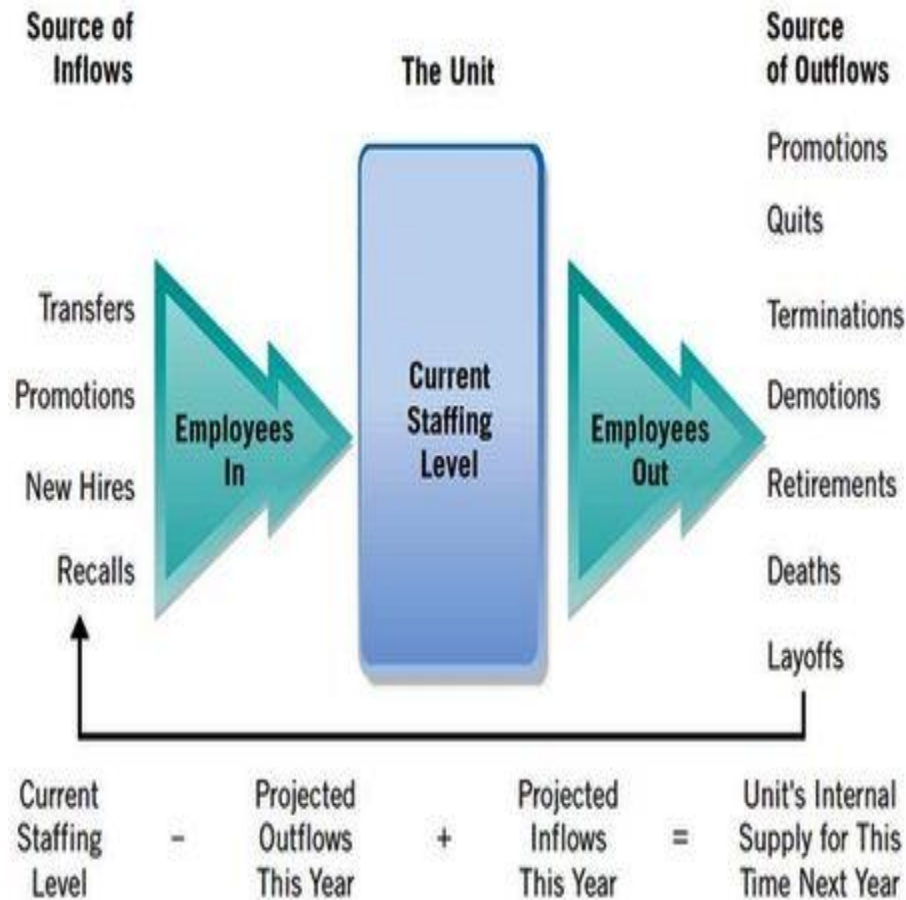
A competency is a set of behaviours that encompass skills, knowledge, abilities, and personal attributes, that taken together, are critical to successful work accomplishment. The competency model is a future-oriented model that first reviews competencies that are aligned with an organization's mission,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

Estimating Internal Labor Supply for a Given Unit**Human Resource Information Systems (HRIS)**

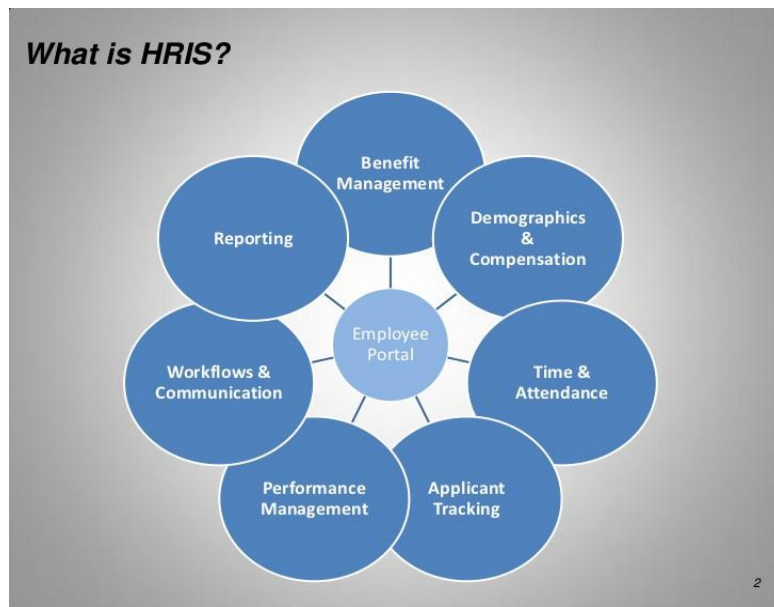
A human resource information system (HRIS) is a software package developed to aid human resources professionals in managing data. Human resource professionals utilize these systems to facilitate work flow, improve efficiency and store and collect information. Several companies offer HRIS packages to 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

Distinction between "Career Planning and "Succession Planning

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

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.

Career Planning	Succession Planning
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 till the retirement of the employment contract.	4. Succession Planning is usually for 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

Job Analysis is a process to identify and determine in detail the particular job duties and requirements and the relative importance of these duties for a given job. Job Analysis is a process where judgments are made about data collected on a job.

Definition of job :

Job Analysis is a process to identify and determine in detail the particular job duties and requirements and the relative importance of these duties for a given job. Job Analysis is a process where judgments are made about data collected on a job.

Each job has a definite title based on standard trade specializations within a job. Each job is different from other jobs like peon, clerk, supervisor, and accountant, manager, etc. A job may include many positions. A position is a particular set of duties and responsibilities regularly assigned to an individual.

Definition of job analysis:

Edwin B. Flippo has defined job analysis as the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of this analysis are job descriptions and job specifications”.

In the opinion of Herbert G. Hereman III, et. al., “A job is a collection of tasks that can be performed by a single employee to contribute to the production of some product or service provided by the organisation. Each job has certain ability requirements (as well as certain rewards) associated with it. Job analysis is the process used to identify these requirements”. Now, job analysis can be defined as an assessment that describes jobs and the behaviours necessary to perform them.

Uses of job analysis

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'.

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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. 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.

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.

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.

Human resource development audit

HR audit is an important management control device. It is a tool to judge organisations performance and effectiveness of HR management. According to Dale Yoder, “Personnel audit refers to an examination and evaluation of policies, procedures and practices to determine the effectiveness of personnel management.”

It is an analytical, investigative and comparative process. It gives feedback about HR functions to operating managers and HR specialists. It enables to know about the effectiveness of personnel programmes. It further provides feedback about how well managers are meeting their HR duties. It provides quality control check on HR activities. It refers to determine the effectiveness and efficiency of HRM.

Features:

The essential features of HR audit are:

- (1) The measurement and effectiveness HR management's mission, goals, strategies, policies, programmes and activities, and
- (2) To determine the action plan for future in response to the results from such measurement.

According to R.D. Gray, "the primary purpose of audit is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organization by identifying the gap between objectives and results for the end product of an evaluation should be to formulate plans for corrections or adjustments."

Objectives:

Objectives of HR Audit:

- (1) To review every aspect of management of HR to determine the effectiveness of each programmes in an organisation.
- (2) To seek explanation and information in respect of failure and success of HR.
- (3) To evaluate implementation of policies.
- (4) To evaluate the performance of personnel staff and employees.
- (5) To seek priorities, values and goals of management philosophy.

Need for Human Resource Audit:

Though there is no legal obligation to have HR audit as in case of financial accounts but the managements have realized its need and usefulness. Therefore they have taken up HR audit voluntarily.

It is done to fulfill the following needs:

- (1) The managements of organisations have realized the need for HR audit because of powerful influence on motivation of employees at work due to participation of employees in decision making.
- (2) Growth of organisation needs HR audit. Large organisation requires continuous feedback for improvement in performance of its employees.
- (3) Mounting pressures from trade unions of employees and their participation in formulating employment policy and questioning of managerial competence have raised the need for HR audit.
- (4) An effective two way communication system has also facilitated the need for HR audit.
- (5) Many plants are located at large distances. This also made the HR audit compulsory.
- (6) The HR audit becomes essential because of delegation of authority and decentralization of power.

According to William Werther and Keith Davis, there are five approaches for the purpose of evaluation.

These are briefly outlined as under:

(1) Comparative Approach:

Under this approach auditors identify one model company and the results obtained of the organisation under audit are compared with it.

(2) Outside Authority Approach:

In outside authority approach a benchmark is set to compare own results. A standard for audit set by outside consultant is used as benchmark.

(3) Statistical Approach:

Under statistical approach the statistical information maintained by the company in respect of absenteeism, employee turnover etc. is used as the measures for evaluating performance.

(4) Compliance Approach:

Under compliance approach the auditors make a review of past actions to determine to see whether those activities are in compliance with the legal provisions and in accordance with the policies and procedures of the company.

(5) MBO Approach:

Under MBO approach specific targets are fixed. The performance is measured against these targets.

The auditors conduct the survey of actual performance and compare with the goals set.

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.

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 is 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, date 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.

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.

Orientation

An introductory stage in the process of new employee assimilation, and a part of his or her continuous socialization process in an organization. Major objectives of orientation are to

- (1) gain employee commitment,
- (2) reduce his or her anxiety,
- (3) help him or her understand organization's expectations, and
- (4) convey what he or she can expect from the job and the organization.

It is commonly followed by training tailored to specific job positions. See also acculturation and company orientation.

The various stages of orientation process are:

The Pre-Orientation Stage

Although all the levels of orientation are essential, some companies skip the pre-orientation stage for new hires, and that could be a mistake. Pre-orientation begins before the start date of your new employees and involves sending a package of information via email or postal service. This package typically includes documents such as an organizational chart, vision statement, mission statement, explanation of benefits, annual report and a checklist of what the actual orientation will cover. Sending a pre-orientation package increases the level of comfort your new hires will have when they arrive to work on their first day, and it allows them to prepare questions in advance. Some companies also include a small giveaway in the package, such as a company mug or T-shirt, which can help create a sense of camaraderie.

The Introduction to the Job-Site Stage

In this orientation stage, the goal is to make new hires comfortable in their new work environment. In the first part of this orientation stage, new recruits are given information about the company's aims, objectives, culture, organizational structure, strategic plan, customer base and future goals. The second part of this orientation stage typically is a tour of the workplace, including seeing equipment, identifying potential safety hazards, and meeting some of the managers and supervisors in each department. The purpose of this job-site orientation is to make new hires familiar with the basic

layout of the company and to understand the general precepts that govern how the workplace functions. This orientation usually takes a day to complete.

The Job-Specific Orientation Stage

In this stage, new hires are given job- or task-specific orientation, typically by their immediate supervisor. New employees learn details about their specific department or team, including information about breaks, absences, parking facilities, personal phone calls, email and internet policy, as well as the standards of performance for their work. The goal is to shrink the orientation to the actual tasks that the new employee will perform, with an understanding of the normal workday processes that will ensure maximum efficiency. In some instances, you may want to assign a “buddy” to your new hire. This buddy’s job is to become a guide during the new hire’s first weeks or months of work, answering questions, acting as a sounding board, and relaying critical information about projects and deadlines.

The Follow-Up Orientation Stage

Although there are multiple levels of orientation that last several days, the truth is that new hire orientation is a months-long process. That’s why the follow-up stage is so critical – it allows to determine how well new employee is adjusting to the job. Follow-up usually occurs on a weekly basis. Supervisors or managers meet with the new employee to discuss any issues and problems that have arisen. Supervisors should encourage new employees to ask questions and honestly express challenges they are facing. The follow-up orientation stage lets you determine how well your employee is performing assigned duties and also reveals how well your company has done in providing all the tools and help necessary for new hires to flourish. Of all the levels of orientation, this one is most critical to long-term success.

KARPAGAM ACADEMY OF HIGHER EDUCATION						
DEPARTMENT ON MANAGEMENT						
COURSE NAME - HUMAN RESOURCE MANAGEMENT						
COURSE CODE - 17BAU402						
UNIT 2						
S.No	Questions	Option A	Option B	Option C	Option D	Answers
1	Which of the forecasting technique is the fastest?	Work study technique	Flow models	Ratio trend analysis	HR demand Forecast	Ratio trend analysis
2	What does the ratio trend analysis studies for forecasting?	Profits and loss	Retirements and requirements	Past and future ratios of workers and sales	None of the above	Past and future ratios of workers and sales
3	Which is the simplest flow model used for forecasting?	Semi - Markov Model	Resource based Model	Markov Model	Vacancy Model	Markov Model
4	where Human Resource Information System can be used.	Succession planning	Retirement	Designing jobs	Inducting new hires	Succession planning
5	_____ is the process of collecting job related information.	Job analysis	Job design	Methods of collecting job data	None of the above	Job analysis
6	Which of the following details is mentioned in job specification?	Materials and forms used	Location	Hazards	Physical skills	Physical skills

7	Which of the following is a benefit of job analysis?	Laying the foundation for performance appraisal	Laying the foundation for safety and health	Laying the foundation for safety and health	All of the above	All of the above
8	Which of the following is not a method of collecting job data?	Checklists	Interviews	Case study	All of the above	All of the above
9	What does MPDQ stand for?	Mutual Psychological Development Questionnaire	Multi - Priority Dual Queue	Management Position Description Questionnaire	None of the above	Management Position Description Questionnaire
10	Which of the following questions are included in a management position description questionnaire?	Autonomy of actions	Complexity and stress	Public and customer relations	All of the above	All of the above
11	Which of these is the purpose of recruitment?	Make sure that there is match between cost and benefit	Help increase the success rate of the selection process by reducing the number of visibly under qualified or over qualified job applicants.	Help the firm create more culturally diverse work - force	None of the above	Help increase the success rate of the selection process by reducing the number of visibly under qualified or over qualified job applicants.
12	The poor quality of selection will mean extra cost on _____ and supervision.	Training	Recruitment	Work quality	None of the above	Training

13	Which of these is the most important external factor governing recruitments?	Sons of soil	Labor market	Unemployment rate	Supply and demand	Supply and demand
14	While recruiting for non - managerial, supervisory and middle - management positions which external factor is of prime importance?	Political - Legal	Unemployment rate	Labor market	Growth and Expansion	Labor market
15	Which of the following act deals with recruitment and selection?	Child labour act	The apprentices act	Mines act	All of the above	All of the above
16	A major internal factor that can determine the success of the recruiting programme is whether or not the company engages in _____.	HRP	Selection	Induction	None of the above	HRP
17	_____ refers to the process of identifying and attracting job seekers so as to build a pool of qualified job applicants.	Selection	Training	Recruitments	Induction	Recruitments
18	How many stages does the recruitment process comprise of?	2	6	9	5	5

19	_____ express the relationship of applicant inputs to outputs at various decision points.	Number of contacts	Yield Ratios	Type of contacts	Technological sophistication	Yield Ratios
20	Which of the following are the decisions to be made while devising the strategies to hire?	Geographic distribution of labour markets comprising job seekers	Make or buy employees	Sequencing the activities in the recruitment process	All of the above	All of the above
21	Which decision in strategy development relates to the methods used in recruitment and selection?	Sources of recruitment	Technological sophistication	Sequencing the activities in the recruitment proces	make or buy employees	Technological sophistication
22	What is the main objective of the recruitment and selection process?	Recruit the right candidates	Meet the high labour turnover	To reduce the costs of recruiting	None of the above	Meet the high labour turnover
23	Which mode of recruitment is through advertisements, newspapers and want ads?	Direct	Indirect	On payroll	None of the above	Indirect
24	Which is the least expensive method for recruitments?	Walk - ins, write - ins and talk - ins	Campus placements	Employment exchanges	Consultants	Walk - ins, write - ins and talk - ins
25	Types of testing used in employee selection includes	personality tests	ability tests	integrity testing	all of the above	all of the above

26	_____ provides complete job related information (both positive and negative) to the applicants so that they can make right decisions before taking the job.	Job Compatibility Questionnaire	Realistic job preview	Market survey	None of the above	Realistic job preview
27	_____ is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job	False negative error	Training	Selection	None of the above	Selection
28	Selection is _____ in its application as much as it seeks to eliminate as many unqualified applications as possible in order to identify the right candidates.	Both negative and positive	Positive	Negative	None of the above	Negative
29	Selection is now _____ and is handled by the human resource department.	Unplanned	Outsourced	Centralized	None of the above	Centralized
30	What techniques are used while analyzing the internal supply?	Inflows and outflows	Turnover rate	Conditions of work and absenteeism	. All of the above	All of the above

31	Which of the following is requisite for a typical succession planning?	Career counseling	Performance appraisal	Compensation plan	Employees quitting	Career counseling
32	Type of tests which are not part of ability test are	Myers-Briggs test	work sample tests	physical ability tests	A. psychomotor tests	Myers-Briggs test
33	The development and application of employees' skills and energies to accomplish the goals and objectives of the organization is called:	Human resource management.	Human resource planning.	Selection.	recruiting	Human resource planning.
34	Tests used in employee selection which measures abilities such as mathematical reasoning, thinking and verbal ability are classified as	psychomotor tests	work sample tests	cognitive ability tests	physical ability tests	cognitive ability tests
35	The first step in conducting a job analysis is _____	deciding how to use the information	reviewing relevant background information	selecting representative positions	collecting data on job activities	developing a job description and job specification
36	who is interviewed by managers collecting job analysis data	individual employees	groups of employees with the same job	supervisors who know the job	all of the above	all of the above

37	Which of the following statements is not true about an HR audit?	It establishes a benchmark for measuring the performance of the HR department.	It is done by internal employees or external consultants.	It gathers data about people, processes, structures and policies.	It is a statutory requirement for an organization.	It is a statutory requirement for an organization.
38	Which of the following pieces of information is normally not considered for HR audit?	job description and job specification statements	hiring policies, practices and procedures	details about exit and other interviews	None of the above	None of the above
39	When the efficiency of the HR activity is measured in terms of the organizational productivity and cost, it is called the _____ approach.	internal	External	self-directed team	task force	internal
40	Which of the following conditions is essential for an effective HR audit?	top management's commitment	clarity in HR audit objectives	regularity and continuity	All of the above	All of the above
41	When the cost incurred on recruiting, training and developing the employees is considered for determining the value of employees, it is called	the replacement cost approach	the historical cost approach	the opportunity cost approach	none of the above	the historical cost approach
42	The opportunity cost approach in human resource accounting was introduced by	Hekimian and Jones	Rensis Likert	Eric G. Flamholtz	William C. Pyle	Hekimian and Jones

43	The aggregate payment approach in human resource accounting was developed by	Myers and Flowers	Hermanson	S. K. Chakraborty	none of the above	S. K. Chakraborty
44	The value of human resources is the function of the average salary of the employees and their average employment tenure in the organization. This is the essence of the	aggregate payment model	five-dimensional model	causal, intervening and end-result model	unpurchased goodwill model	aggregate payment model
45	Fixing the value of an employee depending upon his productivity, promotability transferability and retainability is the core of the	certainty equivalent model	stochastic reward valuation model	human asset multiplier model	present value of future earnings model	present value of future earnings model
46	The automation of attendance keeping, payroll preparation and applicant tracking are some of the activities carried out at the _____ level.	management information system	decision support system	electronic data processing	None of the above	electronic data processing
47	The simulation of a situation is the uniqueness of the _____ model.	management information system	decision support system	electronic data processing	None of the above	decision support system

48	Which of the following is not an advantage of the Human Resource Information System?	a reduction in labour cost	the ability to manage voluminous data	better supervision and control over the human resources	None of the above	None of the above
49	Which of the following is not normally an essential condition for an effective HRIS?	Ensuring clarity of HRIS goals	Strengthening the infrastructure and other supporting systems	Changing the HR manager	Sustained enhancement of the HRIS capabilities	Changing the HR manager
50	Which of the following is/are the sub-system(s) of HRIS?	Position control and budgeting system	Compensation management system	Performance management system	All of the above	All of the above
51	Which of the following is not an objective of employee orientation?	preventing employee alienation	developing team spirit	acclimatizing the employees	acclimatizing the employees	raising the salary of the employee
52	The process of finding an appropriate fit between the people and the positions in an organization is called	orientation	Placement	socialization	none of the above	socialization
53	The process of introducing or integrating the new employees into the organizational culture is known as	placement	Socialization	orientation	none of the above	orientation
54	The values, attitudes and other behaviours already acquired by the new employees before their entry into the firm is	anticipatory socialization	organizational socialization	tournament-oriented socialization	disjunctive socialization	anticipatory socialization

	called					
55	When the experienced superiors conduct a socialization programme for the new employees before they are placed in the organization, it is specifically called	sequential strategy	investiture strategy	collective strategy	contest-oriented strategy	sequential strategy
56	Socialization programmes that aim at reinforcing the values and beliefs brought in by the new employees is called	tournament-oriented strategy	contest-oriented strategy	investiture strategy	divestiture strategy	investiture strategy
57	The method that depends mainly on the ability and experience of the supervisors for gathering relevant information about the job is called the	task inventory analysis method	technical conference method	diary maintenance method	critical incident method	technical conference method
58	A structured questionnaire method for collecting data about the personal qualities of employees is called	functional job analysis	management position description questionnaire	work profiling system	none of the above	work profiling system

59	The model that aims at measuring the degree of each essential ability required for performing the job effectively is known as	Fleishman Job Analysis System	common metric questionnaire	management position description questionnaire	functional job analysis	Fleishman Job Analysis System
60	The process of grouping of similar types of works together is known as	job classification	job design	job evaluation	job description	job classification

PART B

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

PART C

1. Enumerate in detail the process of human resource planning
2. Discuss the importance of human resource planning
3. Enumerate the various forecasting demand techniques adopted by an organization.
4. Discuss the components of Human resource information system?
5. Discuss the various steps involved in implementing the HRIS in an organization.
6. Explain the functions of Succession planning in detail?
7. Distinguish between career planning and succession planning?
8. Enumerate the need and importance of job analysis in detail?
9. Elucidate in detail the various techniques of job analysis.
10. Explain the need and objectives of Human Resource Accounting?

11. Explain the sources of recruitment with suitable examples?

12. Explain the steps involved in selection process?

UNIT III – TRAINING AND PERFORMANCE 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

Training is the process for providing required skills to the employee for doing the job effectively, skillfully and qualitatively. Training of employees is not continuous, but it is periodical and given in specified time. Generally training will be given by an expert or professional in related field or job.

Training is required at every stage of work and for every person at work. To keep oneself updated with the fast changing technologies, concepts, values and environment, training plays a vital role. Training programmes are also necessary in any organisation for improving the quality of work of the employees at all levels. It is also required when a person is moved from one assignment to another of a different nature. Taking into account this context, this unit aims at providing insight into the concept, need and methods of training, also areas of evaluation of training, retraining and dimensions of organisational learning.

Training is concerned with increasing the knowledge and skills of employees for doing specific jobs, and development involves the growth of employees in all aspects.

Training is a process of learning a sequence of programmed behavior. It is the application of knowledge & gives people an awareness of rules & procedures to guide their behavior. It helps in bringing about positive change in the knowledge, skills & attitudes of employees. Training is investment in getting more and better quality work from your talent.

Thus, training is a process that tries to improve skills or add to the existing level of knowledge so that the employee is better equipped to do his present job or to mould him to be fit for a higher job involving higher responsibilities. It bridges the gap between what the employee has & what the job demands.

Since training involves time, effort & money by an organization, so an organization should be very careful while designing a training program. The objectives & need for training should be clearly identified & the method or type of training should be chosen according to the needs & objectives established. Once this is done accurately, an organization should take a feedback on the training program from the trainees in the form of a structured questionnaire so as to know whether the amount & time invested on training has turned into an investment or it was a total expenditure for an organization.

Recurrent training is training that is scheduled at periodic intervals in order to keep employee skill abilities at a maximum level. Recurrent training often occurs in certain industries, like health care and aviation where human safety is involved. Recurrent training can be outsourced, provided by a visiting instructor, or performed by instructors from a corporate training department.

Definition of training

Training is that process by which the efficiency of the employees increases and develops. Training is a specialised knowledge which is required to perform a specific job.

Training has been defined by different scholars of management. Some important definitions of training are as under:

In the words of **Dale S. Beach**, "Training is the organised procedure by which people learn knowledge and Improve skill for a definite purpose."

In the words of **Michael J. Jucius**, "Training is a process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased."

According to **Edwin B. Flippo**, "Training is the act of increasing the knowledge and skill of an employee for doing a particular job."

In the words of **Dale Yoder**, "Training is the process by which manpower is filled for the particular job it has to perform."

In simple words, to provide ability to the employee to perform a specific job is called training. Thus, the art. Knowledge and skill to accomplish a specific job in a specific way is called training.

At all levels of organisation training and development programmes are needed in order to make qualitative improvement in the work of the employees.

Employee Training is bifurcated into on-the-job training and off-the-job training methods having different sub-methods of training given for different purposes to different types of employees holding or going to hold different jobs. In India At NTPC (National Thermal Power Corporation), is providing one year training program to its newly joined employees, off-the-job training by way of classroom method for period of six months and on-the-job training by way of job rotation method for remaining six months. Boston Consulting Group's (BCG) India, is providing on-the-job training by live case studies for its newly joined employees followed by induction programme.

Objectives of training

The objectives of training is different according to the employees belonging to different levels of organization. The objectives depend on the nature of the organization where training has to be provided, the skills desired and the current skill levels.

1. Induction: – Training constitutes a significant entry into the company's way of life. Organizations have to provide induction training to all employees entering the organization to let them know,

- What is company's culture?
- How does structure function?
- What are policies & rules of organization?
- What are designs of freedom or limits of behavior?

2. Updating: - A significant objectives of training is to prevent the Obsolescence of the employees by updating their skills & knowledge.

3. Preparing for future Assignments.

4. Improvement in Performance: Training will be an important aid to managers for developing themselves as well as their subordinates. It is not a substitute for development on the job, which comes from doing, experiencing, observing, giving and receiving feedback and coaching.

Training can bring about an improvement in a person's:

- Knowledge
- Skills
- Attitude, thereby raising his potential to perform better on the job.

5. Growth

Training is also focused towards developing people for higher levels of responsibility thereby reducing the need for recruiting people from outside. This would have the effect of improving the morale of the existing employees.

6. Organizational Effectiveness

Training provides a means for bringing about organizational development. It can be used for strengthening values, building teams, improving inter-group relations and quality of work life. The ultimate objective of training in the long run is to improve the company's performance through people performing better.

Need and Importance of training

Training is crucial for organizational development and success. It is fruitful to both employers and employees of an organization. An employee will become more efficient and productive if he is trained well.

Training is given on four basic grounds:

1. New candidates who join an organization are given training. This training familiarize them with the organizational mission, vision, rules and regulations and the working conditions.
2. The existing employees are trained to refresh and enhance their knowledge.
3. If any updating and amendments take place in technology, training is given to cope up with those changes. For instance, purchasing a new equipment, changes in technique of production, computer impartment. The employees are trained about use of new equipment's and work methods.
4. When promotion and career growth becomes important. Training is given so that employees are prepared to share the responsibilities of the higher level job.

The need for training of employees arises due to the following factors:

(i) Higher Productivity:

It is essential to increase productivity and reduce cost of production for meeting competition in the market. Effective training can help increase productivity of workers by imparting the required skills.

(ii) Quality Improvement:

The customers have become quality conscious and their requirement keep on changing. To satisfy the customers, quality of products must be continuously improved through training of workers.

(iii) Reduction of Learning Time:

Systematic training through trained instructors is essential to reduce the training period. If the workers learn through trial and error, they will take a longer time and even may not be able to learn right methods of doing work.

(iv) Industrial Safety:

Trained workers can handle the machines safely. They also know the use of various safety devices in the factory. Thus, they are less prone to industrial accidents.

(v) Reduction of Turnover and Absenteeism:

Training creates a feeling of confidence in the minds of the workers. It gives them a security at the workplace. As a result, labour turnover and absenteeism rates are reduced.

(vi) Technology Update:

Technology is changing at a fast pace. The workers must learn new techniques to make use of advance technology. Thus, training should be treated as a continuous process to update the employees in the new methods and procedures.

(vii) Effective Management:

Training can be used as an effective tool of planning and control. It develops skills among workers and prepares them for handling present and future jobs. It helps in reducing the costs of supervision, wastages and industrial accidents. It also helps increase productivity and quality which are the cherished goals of any modern organization.

Benefits of training

The benefits of training can be summed up as:

1. Improves morale of employees- Training helps the employee to get job security and job satisfaction. The more satisfied the employee is and the greater is his morale, the more he will contribute to organizational success and the lesser will be employee absenteeism and turnover.
2. Less supervision- A well trained employee will be well acquainted with the job and will need less of supervision. Thus, there will be less wastage of time and efforts.
3. Fewer accidents- Errors are likely to occur if the employees lack knowledge and skills required for doing a particular job. The more trained an employee is, the less are the chances of committing accidents in job and the more proficient the employee becomes.
4. Chances of promotion- Employees acquire skills and efficiency during training. They become more eligible for promotion. They become an asset for the organization.
5. Increased productivity- Training improves efficiency and productivity of employees. Well trained employees show both quantity and quality performance. There is less wastage of time, money and resources if employees are properly trained.

Systematic approach to training

The Systematic Approach To Training - SAT



The following are the steps involved in systematic approach to training

1. Identifying training needs
2. Plan and design training
3. Implement training
4. Assess results

Identifying training needs:

Improving performance or overcoming performance problems may occur in organisations, departmental, or with individuals. The first stage of the Systematic approach Training is therefore to use various types of analysis to identify the nature of the problems, as precisely as possible. Techniques used for identifying training needs range from the general to the specific:

a) Organisational Training Needs Analysis is used to consider such questions as policy, productivity, new technology and cost escalation. Rarely can these issues be dealt with in isolation. This type of analysis will identify performance problems and how training can contribute to improvement.

b) Job Analysis takes the analytical process a stage further by investigating in more detail the jobs people do. This will provide information, for example, about tasks they perform, areas of responsibilities and relationships with others. Other disciplines also use job analysis (e.g. job evaluation, and recruitment and selection).

c) Task Analysis investigates the procedures, knowledge, skills and attitudes needed to ensure satisfactory performance of a job's key tasks. A task is an element of work leading to a specific results. Tasks are work related activities, where each task should have a clearly defined beginning and an end. Some examples of tasks:

- Interviewing a client
- Writing a letter
- Formulating projects.

For systematic training to be effective in meeting performance problems, it is essential that all three types of analysis, as illustrated below in Fig. 2, are either done, or considered. Using them with a degree of discretion is equally important, recognizing the contribution each can make, but balancing this against the time and costs incurred.

Plan and Design Training

Once we have identified training needs, we can plan and design appropriate training. Some problems and needs may fall within existing training provision. Others require special attention. A training intervention takes account of the full extent of training needed to help people to improve their performance. We can plan these for groups or for individuals, and they can vary in duration from a few days to a year or more. All training interventions should have one feature in common, which is that they have not been completed until satisfactory performance has been attained. This stage of the systematic approach to training is concerned with planning the best use of available training resources and using them to design training activities. These have to be planned within constraints such as budgets, operational demands, facilities, availability of personnel and so on.

Implement Training

Within the systematic approach to training, this is the stage where people undertake learning activities. This requires the active, wholehearted participation of the trainee, supported by skilled facilitation. The degree to which the trainee is willing to participate in training activities depends on such factors as whether:

- The trainee recognises the need for training
 - The trainee is sufficiently motivated to learn - During implementation this motivation is maintained or increased
 - The design of learning events is realistic within the context of the organisation - Clearly defined objectives are used to direct learning activities
 - The trainers possess sufficient technical and instructional skills - Personnel in the organisation who are associated with the training activities, (management, supervisors and colleagues) support the application and development of newly acquired knowledge, skills and attitudes
- The success of the implementation stage relies on these and many other factors. It is the often fragile process by which learning is organised and the means by which performance problems are resolved.

Assess Results

Training is only as good as the results it achieves and the benefits derived from it by individuals and their organisations. The fourth and final stage is therefore to assess and evaluate the results obtained from training activities. This may depend upon the terms of reference and data being used for

measurement, and the extent to which this is common to the people involved - trainers, trainees, line management, general management, training agencies, etc.

Methods of training

Training is generally imparted in two ways:

On the job training- On the job training methods are those which are given to the employees within the everyday working of a concern. It is a simple and cost-effective training method. The inproficient as well as semi- proficient employees can be well trained by using such training method. The employees are trained in actual working scenario. The motto of such training is “learning by doing.” Instances of such on-job training methods are job-rotation, coaching, temporary promotions, etc.

Off the job training- Off the job training methods are those in which training is provided away from the actual working condition. It is generally used in case of new employees. Instances of off the job training methods are workshops, seminars, conferences, etc. Such method is costly and is effective if and only if large number of employees have to be trained within a short time period. Off the job training is also called as vestibule training, i.e., the employees are trained in a separate area(may be a hall, entrance, reception area, etc. known as a vestibule) where the actual working conditions are duplicated.

1. On-the-job Training (OJT) Methods:

This is the most common method of training in which a trainee is placed on a specific job and taught the skills and knowledge necessary to perform it.

1. Job rotation:

This training method involves movement of trainee from one job to another gain knowledge and experience from different job assignments. This method helps the trainee under-stand the problems of other employees.

2. Coaching:

Under this method, the trainee is placed under a particular supervisor who functions as a coach in training and provides feedback to the trainee. Sometimes the trainee may not get an opportunity to express his ideas.

3. Job instructions:

Also known as step-by-step training in which the trainer explains the way of doing the jobs to the trainee and in case of mistakes, corrects the trainee.

4. Committee assignments:

A group of trainees are asked to solve a given organizational problem by discussing the problem. This helps to improve team work.

5. Internship training:

Under this method, instructions through theoretical and practical aspects are provided to the trainees. Usually, students from the engineering and commerce colleges receive this type of training for a small stipend

The advantages of OJT are as follows:

1. On the job method is a flexible method.
2. It is a less expensive method.
3. The trainee is highly motivated and encouraged to learn.
4. Much arrangement for the training is not required.

2. Off-the-job Methods:

On the job training methods have their own limitations, and in order to have the overall development of employee's off-the-job training can also be imparted. The methods of training which are adopted for the development of employees away from the field of the job are known as off-the-job methods.

The following are some of the off-the-job techniques:

1. Case study method:

Usually case study deals with any problem confronted by a business which can be solved by an employee. The trainee is given an opportunity to analyse the case and come out with all possible solutions. This method can enhance analytic and critical thinking of an employee.

2. Incident method:

Incidents are prepared on the basis of actual situations which happened in different organizations and each employee in the training group is asked to make decisions as if it is a real-life situation. Later on, the entire group discusses the incident and takes decisions related to the incident on the basis of individual and group decisions.

3. Role play:

In this case also a problem situation is simulated asking the employee to assume the role of a particular person in the situation. The participant interacts with other participants assuming different

roles. The whole play will be recorded and trainee gets an opportunity to examine their own performance.

4. In-basket method:

The employees are given information about an imaginary company, its activities and products, HR employed and all data related to the firm. The trainee (employee under training) has to make notes, delegate tasks and prepare schedules within a specified time. This can develop situational judgments and quick decision making skills of employees.

5. Business games:

According to this method the trainees are divided into groups and each group has to discuss about various activities and functions of an imaginary organization. They will discuss and decide about various subjects like production, promotion, pricing etc. This gives result in co-operative decision making process.

6. Grid training:

It is a continuous and phased programme lasting for six years. It includes phases of planning development, implementation and evaluation. The grid takes into consideration parameters like concern for people and concern for people.

7. Lectures:

This will be a suitable method when the numbers of trainees are quite large. Lectures can be very much helpful in explaining the concepts and principles very clearly, and face to face interaction is very much possible.

8. Simulation:

Under this method an imaginary situation is created and trainees are asked to act on it. For e.g., assuming the role of a marketing manager solving the marketing problems or creating a new strategy etc.

9. Management education:

At present universities and management institutes give great emphasis on management education. For e.g., Mumbai University has started bachelors and postgraduate degree in Management. Many management Institutes provide not only degrees but also hands on experience having collaboration with business concerns.

10. Conferences:

A meeting of several people to discuss any subject is called conference. Each participant contributes by analyzing and discussing various issues related to the topic. Everyone can express their own view point.

Management Development

Meaning of management development

Since 1950, Management or Executive Development has been the most prominent area of personnel or human resources management. It is also called management revolution.

Management development is a systematic process of management training and growth by which individuals (aspiring to rise on the ladder of management) gain and apply knowledge, skills, insights, and attitudes to manage managers, workers and work organisations effectively.

Management development, therefore, means any planned, guided or directed activity undertaken by a manager to help himself become more competent in his present and/or to consciously prepare himself for assuming higher and more important managerial duties and responsibilities so that he can claim promotion by merit or competence.

There are two ways to develop as managers:

1. Active and intelligent participation in the formal courses of instructions and management training programmes.
2. Learning the techniques of management through actual job experiences in a work environment itself.

A company should provide the training programme and opportunities for development to its present as well as potential managers and offer ample scope for talents to come forward. But it should be clearly noted that training programmes such as case studies, lectures, role playing, readings, job rotation and so on cannot automatically guarantee the accelerated output of managers.

Please note that no man can develop another. More important and vital counterpart of planned training programme is the individual efforts of the person himself. In the final analysis, self-development is an important component of any management development programme.

The urge for advancement and development must come from within the individual and a manager has to develop himself. In other words, self-motivation is the pivot of management development programme. Top management must create an environment in which self-development is encouraged and facilitated.

Management development programme must be based on three principles:

1. All development is self- development,
2. Development programme should recognise individual differences, and
3. Development programme is a long-range process and a manager cannot be produced overnight.

Importance of Management Development:

Executive talent is the most important asset of an organisation. It is not shown on the corporate balance sheet, but it influences appreciably the growth, progress, profits and the share values, than any other corporate assets.

Managerial asset is not costly to acquire. It is a low-cost resource with a high-profit potential. In reality, top management should give more thought and care to the acquisition, maintenance and growth of men and women who possess managerial talent and calibre than the thought and care given to planning and development of a plant or a product.

Nature of Management Development:

Management or executive development is an organised and planned process and programme of training and growth by which individual manager or executive at each level of management hierarchy gains and applies knowledge, skills, insights and attitudes to manage workers and the work organisations effectively.

Of course, it is beyond the shadow of doubt that the company can only create the favourable climate for the development of managers. Ultimately, in any programme of management development, self-development will be the key-factor to determine the success of the programme of executive development.

In other words, the participants in this programme must have the capacity to learn and develop and they must be highly motivated to achieve the planned objectives. Executive development is the guided self-discovery and self-development.

Objectives of Management Development Program

The primary aims and objectives are:

1. To ensure that the company is staffed both now and in the future with a sufficient number of managers with necessary skills, experience and ability to secure continued” growth and profitability the right man/woman at the right time in the right place. Thus, we will have a steady source of competent people at all levels to meet organisational needs at all lines.

2. To check that human resources of a company are being properly and fully used, and that potential and talent in human terms are neither wasted nor overlooked, and they are offered ample and timely scope to grow, so that both individuals as well as organisational needs are adequately met. This will ensure optimum utilisation of human capital.

3. To provide an opportunity for staff within a company to prepare themselves for higher assignments and to reach their maximum capabilities. The staff should be enabled to fulfill their career expectations by training that will enable them to do a bigger and a richer job which they can get through a sound promotion policy, viz, promotion from within by merit.

In addition, there are many other objectives, such as prevention of managerial obsolescence (becoming out of date) preparation for new business and expansions, to replace old executives with younger talents, to Indianise management, to promote a high morale and good organisational climate, to promote productivity, profits and so on.

Management Development Programme (MDP):

The process of management development begins with top management's recognition of the need for MDP. Development of suitable policy guidelines and assignment of special responsibility for executing the policy create a favourable climate of on-the-job growth, personal improvement and development of managers.

A special committee of senior executives will look after planning and guiding management development. The personnel manager and special training staff will administer the routine of MDP.

METHOD OF MANAGEMENT DEVELOPMENT

They are mainly two types of methods by which managers can acquire the knowledge, skills and attitudes and make themselves competent managers. One is through formal training and the other is through on-the-job experience.

On-the-job training is of utmost importance as real learning takes place only when the learner uses what he has learnt. The saying, "an ounce of practice is worth tons of theory" is true, whoever said it. But it should also be remembered that class-room training or pedagogical techniques have also got their own importance in gaining new knowledge, learning new techniques and broader concepts.

On-the-job techniques

The importance of on-the-job training technique are coaching, job rotation, under study and multiple management.

Coaching: in coaching, the trainee is placed under a particular supervisor who acts as an instructor and teaches job knowledge and skills to the trainee. He tells him what he wants him to do, how it can be done and follow up while it is being done and carry out its errors. Coaching should be distinguished from counseling. Counseling involves discussion between the boss and his subordinates of areas concerned with man's hopes, fears, emotions, and aspirations. It reaches into very personal and dedicated matters. To be done correctly, counseling demands considerable background and ability on the part of the counselors. If carried out poorly, it may do considerable change.

The act of coaching can be done in several ways. The executive apart from asking them to do the routine work may ask them to tackle some complex problems by giving them a chance to participate in decision making.

One of the most important limitations of this technique is that the individual cannot develop much beyond the limit of his boss's abilities.

Job rotation: the transferring of executives from one job to job and from department to department in a systematic manner is called job rotation. When a manager is posted to a new job as part of a program, it is not merely an orientation assignment. He also has to assume the full responsibility and perform all kinds of duties.

The idea behind this is to give him the required diversified skills and a broader outlook which are important at the senior management levels. It is up to the management to provide a variety of job experiences, for those who have the potential for higher ranks before they are promoted.

Job rotation increases the inter-departmental co-operation and reduces the monotony of the work. It makes to executives general management and does not allow them to confine themselves to their specialized field only.

Under Study: an understudy is a person who is in training to assume at a future time, the full responsibility of the position currently held by his superior, this method supplies the organization a person with as much competence as the superior to fill his post which may fall vacant because of promotion, retirements.

As under study may be chosen by the department or its head, he will then teach what his entire job involves and gives him a feel of what his job is. This under study also learns the decision-making as his superior involves him in the discussion in the daily operating problems as well as long-term problems. The leadership skills can also be taught by assigning him a task of supervising two or three people of the department.

Multiple Management: multiple management is a system in which permanent advisory committees of managers study problems of the company and makes recommendations to the higher management.

It is also called junior-board of executives system. These committees discuss the actual problems and different alternatives solutions after which the decisions are taken.

The technique of multiple management has certain advantage over the other technique, they are;

Members have the opportunities to acquire the knowledge of various aspects of business.

It helps to identify the members who have the skills and capabilities of an effective manager.

Members have the opportunity to participate in the group interaction and thereby gain the practical experience of group decision making.

Off-the-job methods

Because of the fact that on-the-job techniques have their own limitations, these off-the-job techniques are considered important to fill those gaps. The following are some of the important off-job-techniques;

- The case study
- Incident method
- Role playing
- In basket method
- Business game
- Sensitivity training
- Simulation
- Grid training
- Conferences
- Lectures
- Behavior.

The case study: cases are prepared on the basis of actual business that happened in various organizations. The trainees are given cases for discussing and deciding upon the case. Then they are asked to identify the apparent and hidden problems for which they have to suggest the solution.

The situation is generally described in a comprehensive manner and the trainee has to distinguish the significant fact from the insignificant, analyze the facts, identify the different alternatives solutions, select and suggest the best. This whole exercise improves the participant's decision-making skills by sharpening their analytical and judging abilities

Incident method: this method was developed by Paul Pigors. It aims to develop the trainee in the areas of intellectual ability, practical judgment and social awareness. Under this method, each employee develops in a group.

Incidents are prepared on the basis of actual situations which happened in different organizations. Each employee in the training group is asked to study the incidents and to make short-term decisions in the role of a person who has to cope with the incidents, based on group interaction and decisions relating to incidents, based on the group interaction and decisions taken from each member. Thus, this method is similar to a combination of a case study and in basket method.

Role playing: a problem situation is simulated by asking the participant to assume the role of a particular person in the situation. The participant interacts with other participants assuming different roles. The mental set of the role is described but no dialogue is provided. The whole play may be tape recorded and the trainee may thus be given the opportunity to examine his or her own performance.

Role playing gives the participant vicarious experiences which are of much use to understand people better. This method teaches human relation skills through actual skills. The exemplary role playing situations are employment interviews, a grievances discussion.

In basket method: the trainees are first given background information about a simulated company, its products, key personnel, various memoranda, request and all data pertaining to the firm. The trainee has to understand all this, make notes, delegate task and prepare memos within a specified amount of time. abilities that all this kind of notes develops are; situational judgment in being able to recall details, establish priorities, interrelates items and determines need for more, social sensitivity in exhibiting courtesy in written notes, scheduling meetings with personnel involved and explaining reasons for actions taken and willingness to make decision and take action.

Business games: under this method, the trainees are divided into groups or different teams. Each team has to discuss and arrive at the decision concerning such subject as production, pricing, research expenditure and advertising. Assuming it to be of the management of the simulated firm. The other teams assume themselves as competitors and react to the decision. This immediate feedback helps to know the relative performance of each team. The team's co-operative decision promotes greater interactions among participants and gives them the experiences in co- operative group. All this develops organizational ability, quickness of thinking, leadership qualities and the ability to adapt under stress.

Sensitivity training: The main objective of sensitivity training is the development of awareness of and sensitivity of behavioral patterns of oneself and others". This development results in the, increased openness with others, greater concerns for others, increased tolerance for individual difference, less ethnic prejudice, understanding of group process, enhanced listening skills, and increased trust and support.

The role played by the trainee here is not structured one as in role play. It is laboratory situation where one gets a chance to know more about himself and impact of his behavior on others. It develops managerial sensitivity, trust and respect for others. One of the limitations of sensitivity training is that it attracts a huge emotional cost from the manager.

Simulation: under this method, the situation is duplicated in such a way that it carries a closer resemblance to the actual job situation. The trainees experience a feeling that he is actually encountering all those condition. Then he is asked to assumes a particularly in circumstances and solve the problems by making a decision. He is immediately given a feedback of his performance.

One of the limitations of sensitivity training is that it extracts a huge emotional cost from manager, and it is difficult to duplicate the situational to the extent of making the trainee feel the pressures and realities of actual decision-making on the job. The very fact that the trainee knows that it is an artificial situation prevents him from experiencing in real job situation.

Managerial grid: it is sixth phase programs lasting from five years. It starts with upgrading managerial skills, continues to group improvement, improves inter group relations, goes into corporate planning, develops implementation method and ends with evaluation phase.

Difference 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	All development is 'self

	important in training.	development'.The executive has to be internally motivated for self-development
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Performance Management system

Performance management can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. It is a means for promoting superior performance by communicating expectations, defining roles within a required competence framework and establishing achievable benchmarks.

According to Armstrong and Baron (1998), Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals.

The term performance management gained its popularity in early 1980's when total quality management programs received utmost importance for achievement of superior standards and quality performance. Tools such as job design, leadership development, training and reward system received an equal impetus along with the traditional performance appraisal process in the new comprehensive and a much wider framework. Performance management is an ongoing communication process which is carried between the supervisors and the employees through out the year. The process is very much cyclical and continuous in nature. A performance management system includes the following actions.

- ✓ Developing clear job descriptions and employee performance plans which includes the key result areas (KRA') and performance indicators.
- ✓ Selection of right set of people by implementing an appropriate selection process.
- ✓ Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- ✓ Providing continuous coaching and feedback during the period of delivery of performance.
- ✓ Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programs for improvement.
- ✓ Holding quarterly performance development discussions and evaluating employee performance on the basis of performance plans.
- ✓ Designing effective compensation and reward systems for recognizing those employees who excel in their jobs by achieving the set standards in accordance with the performance plans or rather exceed the performance benchmarks.
- ✓ Providing promotional/career development support and guidance to the employees.

- ✓ Performing exit interviews for understanding the cause of employee discontentment and thereafter exit from an organization.

Evolution of Performance Management

First Phase: The origin of performance management can be traced in the early 1960's when the performance appraisal systems were in practice. During this period, Annual Confidential Reports (ACR's) which was also known as Employee service Records were maintained for controlling the behaviors of the employees and these reports provided substantial information on the performance of the employees.

Any negative comment or a remark in the ESR or ACR used to adversely affect the prospects of career growth of an employee. The assessments were usually done for ten traits on a five or a ten point rating scale basis. These traits were job knowledge, sincerity, dynamism, punctuality, leadership, loyalty, etc. The remarks of these reports were never communicated to the employees and strict confidentiality was maintained in the entire process. The employees used to remain in absolute darkness due to the absence of a transparent mechanism of feedback and communication. This system had suffered from many drawbacks.

Second Phase: This phase continued from late 1960's till early 1970's, and the key hallmark of this phase was that whatever adverse remarks were incorporated in the performance reports were communicated to the employees so that they could take corrective actions for overcoming such deficiencies. In this process of appraising the performance, the reviewing officer used to enjoy a discretionary power of overruling the ratings given by the reporting officer. The employees usually used to get a formal written communication on their identified areas of improvements if the rating for any specific trait used to be below 33%.

Third Phase: In this phase the term ACR was replaced by performance appraisal. One of the key changes that were introduced in this stage was that the employees were permitted to describe their accomplishments in the confidential performance reports. The employees were allowed to describe their accomplishments in the self appraisal forms in the end of a year. Besides inclusion of the traits in the rating scale, several new components were considered by many organizations which could measure the productivity and performance of an employee in quantifiable terms such as targets achieved, etc. Certain organizations also introduced a new section on training needs in the appraisal form. However, the confidentiality element was still being maintained and the entire process continued to be control oriented instead of being development oriented.

Fourth Phase: This phase started in mid 1970's and its origin was in India as great business tycoons like Larsen & Toubro, followed by State Bank of India and many others introduced appreciable reforms in this field.

In this phase, the appraisal process was more development driven, target based (performance based), participative and open instead of being treated as a confidential process. The system focused on performance planning, review and development of an employee by following a methodical approach.

In the entire process, the appraisee (employee) and the reporting officer mutually decided upon the key result areas in the beginning of a year and reviewed it after every six months. In the review period various issues such as factors affecting the performance, training needs of an employee, newer targets and also the ratings were discussed with the appraisee in a collaborative environment.

This phase was a welcoming change in the area of performance management and many organizations introduced a new HR department for taking care of the developmental issues of the organization.

Fifth Phase: This phase was characterized by maturity in approach of handling people's issues. It was more performance driven and emphasis was on development, planning and improvement. Utmost importance was given to culture building, team appraisals and quality circles were established for assessing the improvement in the overall employee productivity.

The performance management system is still evolving and in the near future one may expect a far more objective and a transparent system.

A performance management process sets the platform for rewarding excellence by aligning individual employee accomplishments with the organization's mission and objectives and making the employee and the organization understand the importance of a specific job in realizing outcomes. By establishing clear performance expectations which includes results, actions and behaviors, it helps the employees in understanding what exactly is expected out of their jobs and setting of standards help in eliminating those jobs which are of no use any longer. Through regular feedback and coaching, it provides an advantage of diagnosing the problems at an early stage and taking corrective actions.

To conclude, performance management can be regarded as a proactive system of managing employee performance for driving the individuals and the organizations towards desired performance and results. It's about striking a harmonious alignment between individual and organizational objectives for accomplishment of excellence in performance.

Need for an Effective Performance Management System

In the era of cut throat competition and globalization, organizations have realized the importance of strategic HR practices for gaining a competitive edge over the competitors. A well designed performance management system can play a crucial role in streamlining the activities of the employees in an organization for realizing the ultimate corporate mission and vision. Performance management is a useful tool for aligning all the major organizational functions and sub functions so that the focus is directed towards attainment of the organizational goal.

Performance management is a much broader system as it is linked with the processes of planning, implementing, reviewing and evaluating, for augmenting growth and productivity at both the individual and organizational level.

By clearly defining both individual and team based responsibilities in the form of KRA's as well as by creating an understanding of shared mutual accountabilities, a good performance management system enables, empowers and facilitates the development of staff members.

Managing the performance of the employees is one of the toughest challenges which the organizations are facing today as this completely depends upon the employee's commitment, competence and clarity of performance. If managed efficiently through a well planned reward practice and feedback mechanism, a performance management system can serve as an important tool for employee motivation and development. The need for the introduction of a robust system of performance management was felt during the period when the traditional performance appraisal mechanism started failing and its limitations were surfacing up. The performance appraisal system of the earlier period was missing objectivity as the diameters or the parameters for measuring performance were not clearly specified and the focus was on traits instead on behaviors or measurable targets. As a result, the employee's morale and motivation to work was adversely affected due to an absence of a transparent feedback mechanism and lack of employee involvement in the entire process of appraisal. A performance management system overcomes the drawbacks of the traditional performance appraisal system by maintaining a futuristic approach instead of assessing the past contributions of the employees for evaluating the performance of the employees.

Performance management is a strategic tool and is holistic in nature as it pervades in every activity of the organization which is concerned with the management of individual, team and the overall organizational performance. The process is indispensable and very important for an organization as it is concerned with establishing a culture in which the individuals and teams can excel by continuously improving in terms of skill sets and the business processes.

Performance management facilitates improvement of quality of relationship amongst the members of the organization by encouraging sharing of expectations and building a climate of openness and mutuality. The significance of performance management has grown in recent times because most of the organizations are giving a lot of importance to employee development and talent management. The contemporary organizations are working towards grooming the competencies of the employees for maintaining a leadership in the competitive market and performing outstandingly. Arvind Mills of Lalbhai Group, realized the importance of strategic HRM practices and the implementation of a pro active performance management system in their organization after facing serious threats from the business competitors. The company created a Manpower Planning and Resource Group which took

the charge of preparing job descriptions and structuring the jobs for the employees and was responsible for implementing the recruitment and selection procedures. An innovative online recruitment system was introduced which was known as Selection Information System, for fixing interviews, generating call letters, etc. This system was linked with the Compensation Information System and Training Information System. The training requirements of the employees were taken care by the Management and Organizational Development Group. The company also introduced MBO system, for setting smart goals for the employees which may motivate them for a superior performance.

Performance management has attracted the attention of many organizations and in the near future its importance will still grow as it will become more integrated with the processes like talent management, career management, pay based on performance, development and talent management.

Performance Appraisal and Performance Management

The contemporary organizations are undergoing a transformation for coping against the changing needs of the environment and excelling in the business by building up their adaptive capabilities for managing change proactively. The traditional performance appraisal system did not suffice the needs of the changing scenario as it was mainly used as a tool for employee evaluation in which the managers were impelled to make subjective judgments about the performance and behavior of the employees against the predetermined job standards.

The main objective of the performance appraisal system was to exercise control over the activities of the employees through disciplinary actions and management of rewards and promotions. The supervisors were expected to rate their employees on certain traits ranging between a scale of unsatisfactory to outstanding performance and these ratings were susceptible to various errors like central tendency, bias, halo effect, etc.

Performance appraisals were mostly carried out annually for measuring the degree of accomplishment of an individual and were implemented on a top down basis in which the supervisors had a major role to play in judging the performance of an employee without soliciting active involvement of the employee. Performance appraisals were mostly discredited because it was backward looking concentrating largely on the employee's inabilities and flaws over a period of a year instead of looking forward by identifying the development needs of the employees and improving them. Traditionally, the performance appraisals were organized in a bureaucratic manner and suffered from unnecessary delays in decisions and corruption. Performance appraisals were mostly narrowly focused and functioned in isolation without bearing any linkage with the overall organizational vision

or goals. The side effects of the performance appraisal system was it generated skepticism amongst the managers and the employees on any new initiative of the HR.

In the present scenario, the organizations have shifted their focus from performance appraisals to performance management as a result of internationalization of human resources and globalization of business. The functions of HRM have become far more complicated as today the major focus of strategic HRM practices is on the management of talent by implementing such development programmes which enhance the competencies of the employees. The performance management approach focuses more on observed behaviors and concrete results based on the previously established smart objectives. By adopting techniques like Management by Objectives (MBO), smart objectives are established in terms of either facts and figures and in the entire process the superior plays the role of a coach or a facilitator. The objectives are mutually decided at the beginning of the performance season and serve as a standard of performance for evaluation. In this method, the employees can offer a feedback on their contributions by filling up a self appraisal form. Performance management is a much broader term in comparison with performance appraisal as it deals with a gamut of activities which performance appraisals never deal with. This system is a strategic and an integrated approach which aims at building successful organizations by developing high performance teams and individuals and improving the performance of people. This process starts when a job is defined. Performance management emphasizes on front end planning instead of looking backward unlike performance appraisals and the focus is on ongoing dialogue instead of appraisal documents and ratings. Thus, performance management may be regarded as a continuous process.

A table depicted below shows a comparison between performance appraisal and performance management:

Performance Appraisal	Performance Management
Focus is on top down assessment	Stresses on mutual objective setting through a process of joint dialogue
Performed annually	Continuous reviews are performed
Usage of ratings is very common	Usage of ratings is less common
Focus is on traits	Focus is on quantifiable objectives, values and behaviors
Monolithic system	Flexible system
Are very much linked with pay	Is not directly linked with pay

Performance appraisal:

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

Objectives of Performance Appraisal

Performance Appraisal can be done with following objectives in mind:

To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.

1. To identify the strengths and weaknesses of employees to place right men on right job.
2. To maintain and assess the potential present in a person for further growth and development.
3. To provide a feedback to employees regarding their performance and related status.
4. To provide a feedback to employees regarding their performance and related status.
5. It serves as a basis for influencing working habits of the employees.
6. To review and retain the promotional and other training programmes.

Advantages of Performance Appraisal

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

Promotion: Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.

Compensation: Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.

Employees Development: The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees

so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.

Selection Validation: Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.

Communication: For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:

- Through performance appraisal, the employers can understand and accept skills of subordinates.
- The subordinates can also understand and create a trust and confidence in superiors.
- It also helps in maintaining cordial and congenial labour management relationship.
- It develops the spirit of work and boosts the morale of employees.

All the above factors ensure effective communication.

Motivation: Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

Performance Appraisal Methods:

Performance Appraisal Methods: Traditional and Modern Methods

Each method of performance appraisal has its strengths and weaknesses may be suitable for one organisation and non-suitable for another one. As such, there is no single appraisal method accepted and used by all organisations to measure their employees' performance.

All the methods of appraisal devised so far have been classified differently by different authors. While DeCenzo and Robbins[^] have classified appraisal methods into three categories: absolute methods, relative methods and objective methods; Aswathappa has classified these into two categories past-oriented and future-oriented.

Michael R Carrell et. al. have classified all appraisal methods into as many as six categories: rating scales, comparative methods, critical incidents, essay, MBO and combination methods. Rock and Levis[^] have classified the methods into two broad categories: narrow interpretation and broad interpretation. Beatty and Schneier have categorised various methods of appraisal into four groups: comparative methods, absolute methods, goal setting, and direct indices.

A more widely used classification of appraisal methods into two categories, viz., traditional methods and modern methods, is given by Strauss and Sayles". While traditional methods lay emphasis on the rating of the individual's personality traits, such as initiative, dependability, drive creativity, integrity, intelligence, leadership potential, etc.; the modern methods, on the other hand, place more emphasis on the evaluation of work results, i.e., job achievements than the personal traits! Modern methods tend to be more objective and worthwhile. The various methods included in each of the two categories are listed in Table

Traditional methods	Modern methods
Ranking	Management by objective
Paired comparison	Behavioural anchored rating scale
Grading	Assessment centre
Forced Distribution	360 degree appraisal
Forced choice	Cost Accounting
Checklist	
Critical Incidents	
Graphic Scale method	
Essay method	
Field review method	
Confidential report	

Traditional Methods:**Ranking Method:**

It is the oldest and simplest formal systematic method of performance appraisal in which employee is compared with all others for the purpose of placing order of worth. The employees are ranked from the highest to the lowest or from the best to the worst.

In doing this the employee who is the highest on the characteristic being measured and also the one who is lowest, are indicated. Then, the next highest and the next lowest between next highest and lowest until all the employees to be rated have been ranked. Thus, if there are ten employees to be appraised, there will be ten ranks from 1 to 10.

However, the greatest limitations of this appraisal method are that:

- (i) It does not tell that how much better or worse one is than another,
- (ii) The task of ranking individuals is difficult when a large number of employees are rated, and
- (iii) It is very difficult to compare one individual with others having varying behavioural traits. To remedy these defects, the paired comparison method of performance appraisal has been evolved.

Paired Comparison:

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each coining pair of names, the rater puts a tick mark against the employee whom he insiders the better of the two. The number of times this employee is compared as better with others determines his or her final ranking.

The number of possible pairs for a given number of employees is ascertained by the following formula:

$$N(N-1)/2$$

Where N = the total number of employees to be evaluated. Let this be exemplified with an imaginary example.

Thus, the pairs so ascertained give the maximum possible permutations and combinations. The number of times a worker is considered better makes his/her score. Such scores are determined for each worker and he/she is ranked according to his/her score. One obvious disadvantage of this method is that the method can become unwieldy when large numbers of employees are being compared.

Grading Method:

In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance.

Such type of grading is done in Semester pattern of examinations and in the selection of a candidate in the public service sector. One of the major drawbacks of this method is that the rater may rate most of the employees on the higher side of their performance.

Forced Distribution Method:

This method was evolved by Tiffen to eliminate the central tendency of rating most of the employees at a higher end of the scale. The method assumes that employees' performance level conforms to a normal statistical distribution i.e., 10,20,40,20 and 10 per cent. This is useful for rating a large number of employees' job performance and promo ability. It tends to eliminate or reduce bias.

It is also highly simple to understand and easy to apply in appraising the performance of employees in organisations. It suffers from the drawback that improve similarly, no single grade would rise in a ratings.

Forced-Choice Method:

The forced-choice method is developed by J. P. Guilford. It contains a series of groups of statements, and rater rates how effectively a statement describes each individual being evaluated. Common method of forced-choice method contains two statements, both positive and negative.

Examples of positive statements are:

1. Gives good and clear instructions to the subordinates.
2. Can be depended upon to complete any job assigned.

A pair of negative statements may be as follows:

1. Makes promises beyond his limit to keep these.
2. Inclines to favour some employees.

Each statement carries a score or weight, which is not made known to the rater. The human resource section does rating for all sets of statements— both positive and negative. The final rating is done on the basis of all sets of statements. Thus, employee rating in this manner makes the method more objective. The only problem associated with this method is that the actual constructing of several evaluative statements also called ‘forced-choice scales’, takes a lot of time and effort.

Check-List Method:

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in ‘yes’ or ‘no’ are prepared by the HR department . The check-list is, then, presented to the rater to tick appropriate answers relevant to the appraisee. Each question carries a weight-age in relationship to their importance.

When the check-list is completed, it is sent to the HR department to prepare the final scores for all appraises based on all questions. While preparing questions an attempt is made to determine the degree of consistency of the rater by asking the same question twice but in a different manner

When the check-list is completed, it is sent to the HR department to prepare the final scores for all appraises based on all questions. While preparing questions an attempt is made to determine the degree of consistency of the rater by asking the same question twice but in a different manner.

CHECKLIST METHOD

- | | | |
|---|------------------------------|-----------------------------|
| 1. Is regular on the job? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Does maintain discipline well? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Shows consistent behaviour to all colleagues? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. Is interested in their job? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. Keeps making mistakes? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Shows favouritism towards particular colleagues? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

However, one of the disadvantages of the check-list method is that it is difficult to assemble, analyse and weigh a number of statements about employee characteristics and contributions. From a cost stand point also, this method may be inefficient particularly if there are a number of job categories in the organisation, because a check-list of questions must be prepared for each category of job. It will involve a lot of money, time and efforts.

Critical Incidents Method:

In this method, the rater focuses his or her attention on those key or critical behaviours that make the difference between performing a job in a noteworthy manner (effectively or ineffectively). There are three steps involved in appraising employees using this method.

First, a list of noteworthy (good or bad) on-the-job behaviour of specific incidents is prepared. Second, a group of experts then assigns weightage or score to these incidents, depending upon their degree of desirability to perform a job. Third, finally a check-list indicating incidents that describe workers as “good” or “bad” is constructed. Then, the check-list is given to the rater for evaluating the workers.

The basic idea behind this rating is to apprise the workers who can perform their jobs effectively in critical situations. This is so because most people work alike in normal situation. The strength of critical incident method is that it focuses on behaviours and, thus, judge's performance rather than personalities.

Its drawbacks are to regularly write down the critical incidents which become time-consuming and burdensome for evaluators, i.e., managers. Generally, negative incidents are positive ones. It is rater's

inference that determines which incidents are critical to job performance. Hence, the method is subject to all the limitations relating to subjective judgments.

Graphic Rating Scale Method:

The graphic rating scale is one of the most popular and simplest techniques for appraising performance. It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee.

The form lists traits (such as quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each trait. The rating is done on the basis of points on the continuum. The common practice is to follow five points scale.

The rater rates each appraisee by checking the score that best describes his or her performance for each trait all assigned values for the traits are then totaled.

<i>Performance Factor</i>	<i>Performance Rating</i>				
<i>Job knowledge is information pertinent to the job that an individual should have for satisfactory job performance.</i>	<input type="checkbox"/> Poorly informed about work duties	<input type="checkbox"/> Occasionally unsatisfactory	<input type="checkbox"/> Can answer most questions about the job	<input type="checkbox"/> Understands all phases of the job	<input type="checkbox"/> Has complete mastery of all phases of the job
<i>Dependability in following directions and company policies without supervision.</i>	<input type="checkbox"/> Required constant supervision	<input type="checkbox"/> Requires occasional follow-up	<input type="checkbox"/> Usually can be counted on	<input type="checkbox"/> Requires very little supervision	<input type="checkbox"/> Requires absolute minimum of supervision

This method is good for measuring various job behaviours of an employee. However, it is also subjected to rater's bias while rating employee's behaviour at job. Occurrence of ambiguity in designing the graphic scale results in bias in appraising employee's performance.

Essay Method:

Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for improvement. Its positive point is that it is simple in use. It does not require complex formats and extensive/specific training to complete it.

However, essay method, like other methods, is not free from drawbacks. In the absence of any prescribed structure, the essays are likely to vary widely in terms of length and content. And, of course, the quality of appraisal depends more upon rater's writing skill than the appraiser's actual level of performance.

Moreover, because the essays are descriptive, the method provides only qualitative information about the employee. In the absence of quantitative data, the evaluation suffers from subjectivity problem. Nonetheless, the essay method is a good start and is beneficial also if used in conjunction with other appraisal methods.

Field Review Method:

When there is a reason to suspect rater's biasedness or his or her rating appears to be quite higher than others, these are neutralised with the help of a review process. The review process is usually conducted by the personnel officer in the HR department.

The review process involves the following activities:

- (a) Identify areas of inter-rater disagreement.
- (b) Help the group arrive at a consensus.
- (c) Ensure that each rater conceives of the standard similarity.

However, the process is a time-consuming one. The supervisors generally resent what they consider the staff interference. Hence, the method is not widely used.

Confidential Report:

It is the traditional way of appraising employees mainly in the Government Departments. Evaluation is made by the immediate boss or supervisor for giving effect to promotion and transfer. Usually a structured format is devised to collect information on employee's strength weakness, intelligence, attitude, character, attendance, discipline, etc. report.

Modern Methods

Management by Objectives (MBO):

Most of the traditional methods of performance appraisal are subject to the antagonistic judgments of the raters. It was to overcome this problem; Peter F. Drucker propounded a new concept, namely, management by objectives (MBO) way back in 1954 in his book.

The Practice of management. The concept of MBO as was conceived by Drucker, can be described as a "process whereby the superior and subordinate managers of an organization 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 its members".

In other words, stripped to its essentials, MBO requires the manager to goals with each employee and then periodically discuss his or her progress toward these goals.

In fact, MBO is not only a method of performance evaluation. It is viewed by the Practicing managers and pedagogues as a philosophy of managerial practice because it is a method by which managers and subordinates plan, organise, communicate, control and debate.

An MBO programme consists of four main steps: goal setting, performance standard, comparison, and periodic review. In goal-setting, goals are set which each individual, sets to attain. The superior and subordinate jointly establish these goals. The goals refer to the desired outcome to be achieved by each individual employee.

In performance standards, the standards are set for the employees as per the previously arranged time period. When the employees start performing their jobs, they come to know what is to be done, what has been done, and what remains to be done.

In the third step the actual level of goals attained are compared with the goals agreed upon. This enables the evaluator to find out the reasons variation between the actual and standard performance of the employees. Such a comparison helps devise training needs for increasing employees' performance it can also explore the conditions having their bearings on employees' performance but over which the employees have no control.

Finally, in the periodic review step, corrective measure is initiated when actual performance deviates from the standard established in the first step-goal-setting stage. Consistent with the MBO philosophy periodic progress reviews are conducted in a constructive rather than punitive manner.

The purpose of conducting reviews is not to degrade the performer but to aid in his/her future performance. From a motivational point of view, this would be representative of McGregor's theories.

KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II BBA

Course Name: HUMAN RESOURCE MANAGEMENT

Course Code: 17BAU402 Unit III-TRAINING AND PERFORMANCE APPRAISAL BATCH: 2017-20

CONFIDENTIAL PA Form: 2B	NAME	EMP. P. S. No.	CADRE	GROUP	DEPT.

**EXECUTIVES &
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HUMAN RESOURCE DEVELOPMENT—PERFORMANCE APPRAISAL SYSTEM
PERFORMANCE ANALYSIS AND REVIEW
APRIL ... TO MARCH

	NAME	DATE	SIGNATURE
EMPLOYEE			
IMMEDIATE. SUPERIOR			
NEXT SUPERIOR	1.		
	2.		
PERSONNEL/HRD DEPT.			

[A] PERFORMANCE REVIEW AGAINST OBJECTIVES		[B1] By Immediate Superior				
[A1] By Employee		Outstanding	V. Good	Good	Adequate	Inadequate
AGREED OBJECTIVES & TARGETS (Not more than five)	RESULTS ACHIEVED					
1.						
2.						
3.						
4.						
5.						

[A2] SELF REVIEW (By Employee)
SIGNIFICANT CONTRIBUTORS (JOB OR PROFESSION RELATED—NOT COVERED ABOVE)
IMPORTANT FACTORS FACILITATING PERFORMANCE
IMPORTANT FACTORS HINDERING PERFORMANCE
[B2] PERFORMANCE AGAINST OBJECTIVES (By Immediate Superior)
OUTSTANDING V. GOOD GOOD ADEQUATE INADEQUATE (Contd..)

Limitation of MBO:

MBO is not a panacea, cure for all organisational problems.

As with other methods, it also suffers from some limitations as catalogued below:

(i) Setting Un-measurable Objectives:

One of the problems MBO suffers from is unclear and un-measurable objectives set for attainment. An objective such as “will do a better job of training” is useless as it is un-measurable. Instead, “well have four subordinates promoted during the year” is a clear and measurable objective.

(ii) Time-consuming:

The activities involved in an MBO programme such as setting goals, measuring progress, and providing feedback can take a great deal of time.

(iii) Tug of War:

Setting objectives with the subordinates sometimes turns into a tug of war in the sense that the manager pushes for higher quotas and the subordinates push for lower ones. As such, goals so set are likely to be unrealistic.

(iv) Lack of Trust:

MBO is likely to be ineffective in an environment where management has little trust in its employees. Or say, management makes decisions autocratically and relies heavily on external controls.

Behaviourally Anchored Rating Scales (BARS):

The problem of judgmental performance evaluation inherent in the traditional methods of performance evaluation led to some organisations to go for objective evaluation by developing a technique known as “Behaviourally Anchored Rating Scales (BARS)” around 1960s. BARS are descriptions of various degrees of behaviour with regard to a specific performance dimension.

It combines the benefits of narratives, critical incidents, and quantified ratings by anchoring a quantified scale with specific behavioural examples of good or poor performance. The proponents of BARS claim that it offers better and more equitable appraisals than do the other techniques of performance appraisal we discussed so far.

Developing BARS typically involves five steps:

1. Generating Critical Incidents:

Critical incidents (or say, behaviours) are those which are essential for the performance of the job effectively. Persons who are knowledgeable of the job in question (jobholders and/or supervisors) are asked to describe specific critical incidents of effective and ineffective performance. These critical incidents may be described in a few short sentences or phrases using the terminology.

2. Developing Performance Dimensions:

The critical incidents are then clustered into a smaller set of performance dimensions, usually five to ten. Each cluster, or say, dimension is then defined.

3. Reallocating Incidents:

Various critical incidents are reallocated dimensions by another group of people who also know the job in question. Various critical incidents so reallocated to original dimensions are clustered into various categories, with each cluster showing similar critical incidents. Those critical incidents are retained which meet 50 to 80% of agreement with the cluster as classified in step 2.

4. Scaling Incidents:

The same second group as in step 3 rates the behaviour described in each incident in terms of effectiveness or ineffectiveness on the appropriate dimension by using seven to nine points scale. Then, average effectiveness ratings for each incident are determined to decide which incidents will be included in the final anchored scales.

5. Developing Final BARS Instrument:

A subset of the incidents (usually six or seven per cluster) is used as a behavioural anchor for the final performance dimensions. Finally, a BARS instrument with vertical scales is drawn to be used for performance appraisal.

Limitation of MBO:

MBO is not a panacea, cure for all organisational problems.

As with other methods, it also suffers from some limitations as catalogued below:

(i) Setting Un-measurable Objectives:

One of the problems MBO suffers from is unclear and un-measurable objectives set for attainment. An objective such as “will do a better job of training” is useless as it is un-measurable. Instead, “well have four subordinates promoted during the year” is a clear and measurable objective.

(ii) Time-consuming:

The activities involved in an MBO programme such as setting goals, measuring progress, and providing feedback can take a great deal of time.

(iii) Tug of War:

Setting objectives with the subordinates sometimes turns into a tug of war in the sense that the manager pushes for higher quotas and the subordinates push for lower ones. As such, goals so set are likely to be unrealistic.

(iv) Lack of Trust:

MBO is likely to be ineffective in an environment where management has little trust in its employees. Or say, management makes decisions autocratically and relies heavily on external controls.

Behaviourally Anchored Rating Scales (BARS):

BARS method of performance appraisal is considered better than the traditional ones because it provides advantages like a more accurate gauge, clearer standards, better feedback, and consistency in evaluation. However, BARS is not free from limitations.

The research on BARS indicates that it too suffers from distortions inherent in most rating scales. The research study concluded that “it is clear that research on BARS to date does not support the high promise regarding scale independence. In short, while BARS may outperform conventional rating techniques, it is clear that they are not a panacea for obtaining high interrater reliability”

Assessment Centres:

The introduction of the concept of assessment centres as a method of performance method is traced back in 1930s in the Germany used to appraise its army officers. The concept gradually spread to the US and the UK in 1940s and to the Britain in 1960s.

The concept, then, traversed from the army to business arena during 1960s. The concept of assessment centre is, of course, of a recent origin in India. In India, Crompton Greaves, Eicher, Hindustan Lever and Modi Xerox have adopted this technique of performance evaluation.

In business field, assessment centres are mainly used for evaluating executive or supervisory potential. By definition, an assessment centre is a central location where managers come together to

participate in well-designed simulated exercises. They are assessed by senior managers supplemented by the psychologists and the HR specialists for 2-3 days.

Assessee is asked to participate in in-basket exercises, work groups, simulations, and role playing which are essential for successful performance of actual job. Having recorded the assessee's behaviour the raters meet to discuss their pooled information and observations and, based on it, they give their assessment about the assessee. At the end of the process, feedback in terms of strengths and weaknesses is also provided to the assessee.

The distinct advantages the assessment centres provide include more accurate evaluation, minimum biasedness, right selection and promotion of executives, and so on. Nonetheless, the technique of assessment centres is also plagued by certain limitations and problems. The technique is relatively costly and time consuming, causes suffocation to the solid performers, discourages the poor performers (rejected), breeds unhealthy competition among the assessee, and bears adverse effects on those not selected for assessment.

360 – Degree Appraisal:

Yet another method used to appraise the employee's performance is 360 – degree appraisal. This method was first developed and formally used by General Electric Company of USA in 1992. Then, it travelled to other countries including India. In India, companies like Reliance Industries, Wipro Corporation, Infosys Technologies, Thermax, Thomas Cook etc., have been using this method for appraising the performance of their employees. This feedback based method is generally used for ascertaining training and development requirements, rather than for pay increases.

Under 360 – degree appraisal, performance information such as employee's skills, abilities and behaviours, is collected "all around" an employee, i.e., from his/her supervisors, subordinates, peers and even customers and clients.

In other words, in 360-degree feedback appraisal system, an employee is appraised by his supervisor, subordinates, peers, and customers with whom he interacts in the course of his job performance. All these appraisers provide information or feedback on an employee by completing survey questionnaires designed for this purpose.

All information so gathered is then compiled through the computerized system to prepare individualized reports. These reports are presented to the employees being rated. They then meet the appraiser—be it one's superior, subordinates or peers—and share the information they feel as pertinent and useful for developing a self-improvement plan.

In 360 – degree feedback, performance appraisal being based on feedback "all around", an employee is likely to be more correct and realistic. Nonetheless, like other traditional methods, this method is also subject to suffer from the subjectivity on the part of the appraiser. For example, while supervisor

may penalise the employee by providing negative feedback, a peer, being influenced by 'give and take feeling' may give a rave review on his/her colleague.

Cost Accounting Method:

This method evaluates an employee's performance from the monetary benefits the employee yields to his/her organisation. This is ascertained by establishing a relationship between the costs involved in retaining the employee, and the benefits an organisation derives from Him/her.

While evaluating an employee's performance under this method, the following factors are also taken into consideration:

1. Unit wise average value of production or service.
2. Quality of product produced or service rendered.
3. Overhead cost incurred.
4. Accidents, damages, errors, spoilage, wastage caused through unusual wear and tear.
5. Human relationship with others.
6. Cost of the time supervisor spent in appraising the employee.

Important Factors that can Distort Performance Appraisal

Important factors that can distort performance appraisal are given below:

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.

As a result, the appraisal is frequently made by using substitutes for performance, such as criteria that closely approximate performance and act in its place. Many of these substitutes are well chosen and give a good approximation of actual performance.

However, the substitutes chosen are not always appropriate. Organisations use criteria such as enthusiasm, conscientiousness and a positive attitude as substitutes for performance.

In some jobs one or more of the criteria listed above are part of performance. Enthusiasm does enhance the effectiveness of a teacher. But enthusiasm may not be relevant to effective performance for many accountants or watch repairers. So what may be an appropriate substitute for performance in one job may be totally inappropriate in another.

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.

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.

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UNIT 2

S.NO	QUESTION	OPTION A	OPTION B	OPTION C	OPTION D	ANSWERS
1	_____ refers to the learning opportunities designed to help employees grow.	Training	Development	Education	All of the above	Development
2	How does training and development offer competitive advantage to an organisation?	Removing performance decencies	Deficiency is caused by a lack of ability	Individuals have the aptitude and motivation to learn	None of the above	Removing performance decencies
3	Which of the following is a benefit of employee training?	Improves morale	Helps people identify with organisational goals	Provides a good climate for learning, growth and co - ordination	None of the above	Helps people identify with organisational goals
4	Choose which of the following is a benefit to the individual while receiving training?	Creates an appropriate climate for growth, communication	Aids in increasing productivity and/ or quality of work	Satisfies a personal needs of the trainer	None of the above	Satisfies a personal needs of the trainer
5	Which of this is a step in training process?	KSA deficiency	Provide proper feedback	Obstacles in the system	Use of evaluation models	Use of evaluation models
6	Which of the following is a method used in group or organisational training needs assessment?	Consideration of current and projected changes	Rating scales	Interviews	Questionnaires	Consideration of current and projected changes
7	_____ seeks to examine the goals of the organisation and the trends that are likely to affect these goals.	Organisational Support	Organisational analysis	Person analysis	Key skill abilities analysis	Organisational analysis

8	Which of these is the benefit of needs assessment?	Assessment makes training department more accountable	Higher training costs	Loss of business	Increased overtime working	Assessment makes training department more accountable
9	Which of these is an off - the - job training method?	Role Playing	Job rotation	Orientation training	Coaching	Role Playing
10	Which of the following is a technique of evaluation?	Longitudinal or time - series analysis	Transfer validity	Inter - organisational validity	None of the above	Longitudinal or time - series analysis
11	Which of these is a hindrance to effective training?	Career planning workshop	Aggregate spending on training is inadequate	Mentoring	Career counseling	Aggregate spending on training is inadequate
12	The following is (are) the benefit(s) of training.	Increased productivity	Reduced accidents	Reduced supervision	All of the above	All of the above
13	The following training aims to provide broad training to enable the trainee to take up a wide variety of tasks within his field of specialization	Demonstration	On-the-job training	Apprenticeship	All of the above	Apprenticeship
14	Demonstration type of training method is used to train	Workers	Supervision	Managers	All of the above	Workers
15	The following method is used to give to trainees the important information in permanent form for immediate or future use	Lecture methods	Conference	Written instructional method	Training within the industry (TWI)	Written instructional method
16	Training within the industry (TWI) scheme imparts training in	Job instructions	Job rotation	Job method	All of the above	All of the above
17	The following is not a on the job training method	Understudies	Job rotation	Management by objectives (MBO)	Case study method	Case study method
18	The following is vertical expansion of the job	Job rotation	Job enrichment	Management by objectives (MBO)	All of the above	Job enrichment

19	-_____ is widely used for human relations and leadership training	Business games	Role playing	Case study method	Job rotation	Role playing
20	Comparison of on-the-job behavior before and after training programs can be classified as	measuring reaction	measuring learning	measuring behavior	measuring results	measuring behavior
21	Modern training technologies include all of the following except:	lectures and seminars	computer-based training	audiovisual	programmed instruction	lectures and seminars
22	The effectiveness of training can be measured by all of the following except:	behavior	learning	attendance	reactions	learning
23	Training and development should be undertaken when:	an employee continually demonstrates poor job performance	Government funding grants are available	new employees join an organization, new skills and knowledge are required, and changes are introduced that require new learning	employees request additional training in specific areas/skills	new employees join an organization, new skills and knowledge are required, and changes are introduced that require new learning
24	Training and development can be a powerful tool in:	implementing a strategy	improving employee attendance	solving particular problems	both (a) and ©	both (a) and ©
25	In today's business environment training and development is required to:	support the organization's business strategy	maintain employee commitment and loyalty	ensure an adequately skilled workforce	manage workforce diversity	support the organization's business strategy
26	Activities that involve preparing an employee for future responsibilities are described as	training	development	orientation	vocational	Development

27	Training and development activities provide the most benefit to an organization if they are:	low cost, short-term programs	well attended by employees	conducted by outside consultants		aligned with the organization's corporate objectives aligned with the organization's corporate objectives
28	Strategic training and development are virtually non-existent in most organizations because:	organizations do not analyze training and development needs	organizations do not know how to integrate their training and development activities with their business strategies	few organizations have undertaken strategic planning	organizations are changing too rapidly for training and development activities to keep up	organizations do not analyze training and development needs
29	Training and development are both concerned with:	ensuring that employees really know what they are doing	changing employee behavior and job performance	identifying and nurturing employees	both (a) and (c)	changing employee behavior and job performance
30	Training for new employees that provides them with the skills necessary to meet the performance standards of the job is known as:	basic training	training orientation	group training	entry training	entry training

31	Training and development is very closely linked to performance appraisal because:	both functions are carried out by the same people	strengths and weaknesses identified in the performance appraisal will be used to determine training needs	reactions	both functions seek to gather the same employee related data	strengths and weaknesses identified in the performance appraisal will be used to determine training needs
32	Case studies, in-basket exercises, role plays, and gaming are often used in:	selection procedures	management training	technical services training	orientation	management training
33	What is linked with performance appraisal?	Job Design	Development	Job analysis	training	Job analysis
34	Which of these is the main purpose of employee assessment?	Making correct decisions	To effect promotions based on competence and performance	Establish job expectations	to ensure legal compliance	To effect promotions based on competence and performance
35	_____ is the personnel activity by means of which the enterprise determines the extent to which the employee is performing the job effectively.	Job evaluation	Work evaluation	Performance evaluation	None of the above	Performance evaluation
36	How performance appraisal can contribute to a firm's competitive advantage?	Ensures legal compliances	Minimizing job dissatisfaction and turnover	Improves performance	All of the above	All of the above
37	Successful defenders use performance appraisal for identifying _____.	Staffing needs	Job behavior	Training needs	human resource planning	Training needs
38	An interview, in which supervisor and subordinate review appraisal, called	structured interview	unstructured interview	appraisal interview	hiring interview	appraisal interview

39	Method of keeping and reviewing, record of employees' undesirable behavior at different time intervals is	critical incident method	forced distribution method	alternation ranking method	paired comparison method	critical incident method
40	First step in 'appraising process' is	defining the job	training session	feedback session	interview sessions	defining the job
41	Managers following a performance management approach to appraisals will usually meet with employees on a _____ basis.	weekly	monthly	bi-monthly	Yearly	weekly
42	When using goal setting in performance management, the goals should be _____.	difficult	challenging	specific	all of the above	all of the above
43	The most popular technique for appraising performance is the _____ method.	alternation ranking	graphic rating scale	Likert	MBO	graphic rating scale
44	Which performance appraisal technique lists traits and a range of performance?	alternation ranking	graphic rating scale	Likert	MBO	graphic rating scale
45	Which of the following measurement methods rates employee performance relative to other employees?	graphic rating scale	forced distribution	critical incident method		forced distribution
46	With the _____ method, the supervisor keeps a log of positive and negative examples of a subordinate's work-related behavior.	alternation ranking	constant sums rating	forced distribution	critical incident	critical incident

47	Which appraisal method combines the benefits of narratives, critical incidents, and quantified scales by assigning scale points with specific examples of good or poor performance?	behaviorally anchored rating scale	graphic rating scale	constant sums rating scale	alternation ranking	behaviorally anchored rating scale
48	All of the following are advantages of behaviorally anchored rating scales (BARS) <u>except</u> that they ____.	are more accurate	provide clearer standards	are time consuming	are reliable	are time consuming
49	The best way of reducing the problem of central tendency in performance appraisals is to ____.	rank employees	be aware of the problem	train supervisors to avoid it	impose a distribution for performance	rank employees
50	The ____ problem occurs when supervisors tend to rate all their subordinates consistently high.	central tendency	leniency	strictness	bias	leniency
51	The ____ problem occurs when supervisors tend to rate all their subordinates consistently low.	central tendency	leniency	strictness	bias	strictness
52	Performance appraisals may be conducted by ____.	the immediate supervisor	peers	subordinates	all of the above	all of the above
53	Rating committees, made up of an employee's immediate supervisor along with other supervisors, usually have ____ members.	2-3	4-5	6-7	10 or more	4-5
54	What usually occurs when employees rate themselves in a performance appraisal?	interrater reliability is higher	appraisals are subject to halo effects	ratings are about the same as when determined by peers	ratings are higher than when rated by supervisors or peers	ratings are higher than when rated by supervisors or peers
55	What is another term for 360-degree feedback?	feedback loop	multi-source assessment	circle feedback	wheel feedback	multi-source assessment

56	When conducting an appraisal interview, supervisors should do all of the following <u>except</u>	talk in terms of objective work data	compare the person's performance to a standard	encourage the employee to talk		compare the person's performance to that of other employees
57	Which is the easiest type of appraisal interview to conduct?	satisfactory-not promotable	satisfactory-promotable	unsatisfactory-correctable	unsatisfactory-uncorrectable	satisfactory-promotable
58	Which step in developing a behaviorally anchored rating scale involves clustering critical incidents into a smaller set of performance dimensions?	First	second	third	fourth	second
59	Which of the following could result in a legally questionable appraisal process?	conduct a job analysis to establish criteria and standards for successful performance	base appraisals on subjective supervisory observations	administer and score appraisals in a standardized fashion	avoid abstract trait names when using graphic rating scales use clearly defined job performance dimensions	base appraisals on subjective supervisory observations
60	While peer appraisals have many benefits, one problem is _____, when several peers collaborate to rate each other highly.	social loafing	group think	logrolling	alliance forging	logrolling

UNIT III

PART B

1. Define training
2. Differentiate between training and development
3. Define Management Development
4. What is meant by performance management system
5. Give the meaning of performance appraisal
6. Why training is important?
7. What is meant by appraisal interview?
8. What is meant by Off the job training
9. Give the meaning of on the job training?
10. What is meant by performance management system?

PART C

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?

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UNIT 4

S.no	Question	Option 1	Option 2	Option 3	Option 4	Answer
1	The systematic and deliberate advancement made by an individual in his career in the entire work life is known as	Career path	Career goals	Career guidance	Career anchoring	Career path
2	The factors that influence the selection of individuals' career choice	Career anchoring	Career path	Career goals	Mentoring	Career anchoring
3	The career development programme which enables the employees to gain multi-skills and diverse experience before being considered for any promotion in the future is called	Dual skill path	Conventional career path	Lateral career path	Network career path	Network career path
4	A series of processes aimed at assisting the employees make informed career decisions is known as	Career guidance	Career anchoring	Mentoring	Career goals	Career guidance
5	In an organisation initiating career planning, the career path model would essentially form the basis for	Placement	Transfer	Rotation	All of the above	All of the above

6	_____is designing and implementing total compensation package with systematic approach to providing value to employees in exchange of work performance	Performance management	Compensation management	Personnel management	Employee relations	Compensation management
7	_____is systematic approach to providing monetary value to employees	Salary	Allowances	Compensation	Rewards	Compensation
8	Compensation is a systematic approach to providing monetary benefits to employees in exchange for	Skills	Knowledge	Work performed	Damage held	Work performed
9	_____refers to monetary benefits offered and provided to employees in return to service they provided	Direct compensation	Indirect compensation	Performance compensation	None of the above	Direct compensation
10	_____refers to the non-monetary benefits provided to employees in return to service they provided	Indirect compensation	Direct compensation	Performance compensation	None of the above	Indirect compensation
11	Which of the following is not a part of direct compensation	HRA	Medical reimburment	Medical assistance	Bonus	Medical assistance
12	Special allowance is a part of	Direct compensation	Indirect compensation	Performance compensation	None of the above	Direct compensation
13	Which of the following is not a part of indirect compensation	Insurance conveyance	Paid leave	Medical assistance	Conveyance	Conveyance

14	Cmpensation is _____approach to providing monetary value to employees in exchange to work performed	Traditional	Modern	Classic	Systematic	Systematic
15	Compensation management is _____and _____total compensation package with systematic approach to providing value to employees in exchange of work performance	Designing and implementing	Planning nd implementing	Designing and paying	None of the above	Designing and implementing
16	The purpose of compensation includes	Assiting in recruitment	Job performance	Job satisfaction	None of the above	None of the above
17	_____compensation are given at regular interval at definite time	Monetary	Internal	Ecternal	Traditional	Internal
18	The purpose of Job Evaluation is to determine	Worth of a job in relation to other jobs	Tie duration of a job	Expenses incurred to a job	None of the above	Worth of a job in relation to other jobs
19	The _____provides the essential information on which the job is evaluated	Job ranking	Job enrichment	Job description	Job enlargement	Job description
20	The objective of job evaluation is	To determine rational wage differentials among organizational jobs	To establish perceptions of internal quality among employees	To provide basis for wage negotiation with trade unions	All of the above	All of the above
21	Which of the following is not a method of job evaluation	Job ranking	Transaction analysis	Point ranking	Factor comparison	Transaction Analysis

22	Job values are not affected by factors such as	Job rates in the market	Negotiated pay scales	Height of the candidate	Differences in skills of the candidate	Height of the candidate
23	Which of the following is not an analytical method of job evaluation	Job ranking	Job grading	Point ranking	Both (a) and (b)	Point ranking
24	Which of the following is descriptive method of job evaluation	Factor comparison	Job ranking	Point ranking	Both (a) and (b)	Job ranking
25	Wage and salary administration consists of	Creation of post	Rate determination and merit rating	Motivation plans	All of the above	All of the above
26	Administration of an employee wage and salary is called	Wage and salary administration	Wage fund	Wage and salary policy	All of the above	Wage and salary administration
27	Which of the following is the objective of wage and salary administration	To establish to fair and equitable compensation	To attract qualified and competent personnel	To improve morale and motivation of employees	All of the above	All of the above
30	_____ is used to the payment to hourly production and services	Wage	Wage fund	Salary	All of the above	Wage
31	_____ is used to weekly and monthly rates paid to clerks , administrative and professional employees	Wage	Wage fund	Salary	All of the above	Salary
32	Which of the following factors influences wage and salary administration of an organization	Internal	External	Both a and b	All of the above	Both a and b

33	Which of the internal factors influences wage and salary administration	Demand and supply	Trade unions bargaining power	Cost of lining	All of the above	All of the above
34	Remuneration paid for the services of labor in production is called	Wage increment	Bonus	Wage	None of the above	Wage
35	Incentive pay plans are used by organizations because	It is simple ,easy to understand	It is useful way of identifying those employees who are not performing at an acceptable standard	Employees rewarded in this method are more loyal and committed	They can focus on employee attention on those organization objectives to be achieved	They can focus on employee attention on those organization objectives to be achieved
36	Which of the following is not a reason organisations introduce incentive compensation	to encourage employees to undertake further training and development	to encourage individual, team or business unit performance	to control fixed compensation costs	to increase remuneration competitiveness	to encourage employees to undertake further training and development
37	A plan whereby employees share in the company profits is	At risk-compensation	Profit sharing	Commission bonus	Performance bonus	Profit sharing
38	Variable performance pay can be all except following	Recognition programs	Individual	Small group	Specialty based	Specialty based
39	The part of that is not guaranteed and is at risk known as	The variable pay component	Performance bonus	Result based incentive	A fringe benefit	The variable pay component

40	An advantage of an individual incentive plan is that	it may encourage individualism and non-productive competition	where improvements by one employee are offset by poor performance by another, the organisation is no better off	it can sometimes end up paying for performance that would have been achieved without an incentive plan	it discriminates in favor of high performers	it discriminates in favor of high performers
41	Which of the following is not an advantage of an individual incentive plan	provides a clear link between individual pay and work contribution	may encourage individualism and non-productive competition	links total compensation costs to organisational objectives	can have significant impact on key performance indicators such as productivity, quality and sales	may encourage individualism and non-productive competition
42	When designing and implementing an individual incentive plan you need to consider all of the following except	ability to attract job applicants	frequency of rewards	clear goals and design simplicity	the need for periodic review	ability to attract job applicants
43	A periodic review of the individual incentive plan	ensures that the plan continues to meet the organisation's objectives and employee needs	ensures that the incentive plan can be funded from increases in productivity	provides employees with the opportunity to see how they are performing compared to the previous year	identifies areas where the organisation could provide training and development opportunities that will help employees improve their performance	ensures that the plan continues to meet the organisation's objectives and employee needs

44	Because small group incentives focus on team accomplishments rather than individual ones they are able to	increase job satisfaction	increase performance	decrease competition and conflict between different work groups	increase flexibility in job assignments	increase flexibility in job assignments
45	A small group incentive system that shares the productivity improvements with the employees who make them is a definition of	recognition program	profit share	Gain sharing	bonus payment	Gain sharing
46	A gain sharing plan that calculates employee gains using a value-added formula is	the Scanlon Plan	the Line of Sight Plan	the piece-rate plan	the Rucker Plan	the Rucker Plan
47	Any salary increase awarded to an employee based on their individual performance is known as	performance-based pay	Bonus pay	Merit pay	Profit sharing	Merit pay
48	An advantage of small-group incentive plans is that it	reduces emphasis on employee performance	provides a clear link between group performance and reward	allows poor performers to be carried by the group	can sometimes mean organisations end up paying for performance that would have been achieved without an incentive plan	provides a clear link between group performance and reward
49	Which of the following is not a part of compensation	Base compensation	Fringe benefits	Incentive compensation	Planning human requirements	Planning human requirements

50	A good compensation policy should not have the following feature	Simplicity	Easy understanding	Relationship between efforts and earning	Adhocism	Adhocism
51	Which of the following is an example of health-related service that would be under the area of employee assistance program	Smoking cessation	On the job protection	Counseling	Blood and heart related camps	Counseling
52	A strategic reason for offering compensation benefits	To attract and retain employees	Increasing competition	Decrease operating costs	To offer health care plans	To attract and retain employees
53	Which of following is legally mandated benefit	Social security	Unemployment compensation	Worker's compensation	All of the above	All of he above
54	Which of the following provides counseling and emotional support to employees	Employee assistance program	Compensation plan	Incentives	Wellness plans	Employee assistance program
55	Which of the following is funding feature of a health plan	HMO coverage	PPO coverage	Self- insurance	Office visits	Self-insurance
56	Similarity in pay of jobs for comparable level of job, knowledge , skill ability where actual job differs significantly	Equal pay	Pay equity	Pay check fairness act	None of the above	Pay equity
57	An incumbent who is paid below the range set for a job is	Red-circle employee	Green circle employee	Blue circle employee	None of the above	Green circle employee

58	A security benefit voluntarily offered to employees who lose their jobs	COBRA	Severance pay	Unemployment compensation	Supplement pay	Severance pay
59	Variable pay is also known as	Incentives	Group pay	Performance pay	Both B and C	Incentives
60	Which of following is payment considered for payment for that is consistent from period to period despite the number of working hours	Wage	Salary	Reward	Incentive	Salary

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.

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.

Career anchor category Traits

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.

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.

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.

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 t 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 leaving 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 towers 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 out 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. Maggins, “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 refereed 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 ignored 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.

PART -B

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
8. Define employee stock option plan.

PART C

1. Explain the career development process with suitable chart?
2. Elucidate the steps involved in designing a compensation plan.
3. Explain the stages involved in career development with diagram?
4. Discuss the factors determine employee compensation?
5. Elucidate the principles of wage and salary administration
6. Explain the factors affecting wage and salary administration
7. Explain the methods of wage and salary administration with examples?
8. Enumerate the different kinds of incentives?
9. Discuss the various stock options plans of employees with examples?
10. Elucidate the various methods to evaluate the job?
11. Explain the employee fringe benefits with examples?

KARPAGAM ACADEMY OF HIGHER EDUCATION
DEPARTMENT ON MANAGEMENT
COURSE NAME - HUMAN RESOURCE MANAGEMENT
COURSE CODE - 17BAU402

UNIT 5

s.no	Questions	Option A	Option B	Option C	Option D	Answer
1	Industrial relations cover the following area(s)	Collective bargaining	Labour legislation	Industrial relations training	All of the above	All of the above
2	Which of the following is usually not an objective of industrial relations?	Connectedness	Collective wisdom	Conflict prevention	None of the above	None of the above
3	Identify the major actor of industrial relations from the following.	Employers	Unions	Government	All of the above	All of the above
4	Characteristics of Industrial Relations do not include:	Industrial Relations are outcome of employment relationship in an industrial enterprise.	Industrial Relations promote the skills and methods of adjustment and co-operation with each other.	Industrial Relations create complex rules and regulations to maintain cordial relations	Industrial Relations system creates an environment of distrust and conflict.	Industrial Relations system creates an environment of distrust and conflict.
5	Who are not the Actors of Industrial Relations?	Workers and their organisations	Employers and their organisations	Community and cultural associations	Government and the role of the State	Community and cultural associations
6	A proactive industrial relations programme must cover the following decision(s)	Communication	Competence	Discipline and conflict	All of the above	All of the above
7	Industrial relations refers to a ----- concept.	Dynamic	Desire	Relations	Trade	Dynamic

8	_____is essence of industrial relations	Persons	Organizational Integration	Collective bargaining	Group integration	Organizational Integration
9	Industrial relationship means harmonious relationship of _____	Employer and employee	Employee and government	Industry and government	Employees among various industries	Employer and employee
10	Every industrial relations has three parties	Employer, employee , Government	Chairman's, employees, board members	Government, women employee and male employee	Corporates, business parties and employees	Employer, employee , Government
11	A trade union is an organization of _____formed on continuous basis for securing diverse range of benefits	Board members	Employees	Associate members	Industrial experts	Employees
12	Which of the following is not a characteristic of trade union	Voluntary association	Common goals	Intermediary	Individual actions	Common goals
13	Which union is focused on making the skills of its members valuable and not easily replaceable in organizations?	industrial union	occupational union	general union	white-collar union	Occupational union
14	A union meant to protect the interests and rights of the non-manual employees is called a	White-collar union	Blue-collar union	Brown collar union	None of the above	Brown collar union
15	Employees join union to fulfill their	Social	Esteem	Economic	All of the above	All of the above
16	Minimum number of persons required to register for a trade union	Five	Six	Seven	Eight	Seven
17	The scope of IR does not include	Emploee and employer relation	Employee and trade union relation	Employer, employee and trade union relation	Employee and customer relation	Employee and customer relation
18	Which of the following factors not affecting industrial relations	Psychological factors	Political factors	Global factors	None of these	Global factors

19	Which of the following is not an objective of IR	To safe guard mutual trust	To raise productivity	To avoid industrial strike	None of these	None of these
20	The conflicts and dispute between employers and employees on any industrial matters are known as	Industrial dispute	Human relations	Industrial relations	Conflict relations	Industrial dispute
21	The phrase collective bargaining was first coined by	Sydney and Beatrice web	Peter .F. Drucker	Karl Marx	F.W.Taylor	Sydney and Beatrice web
22	_____ is the ultimate remedy for the settlement of industrial dispute through the intervention by the third party appointed by the government	Conciliation	Voluntary arbitration	Adjudication	Collective bargaining	Conciliation
23	The utility of non violence as the means of conflict resolution is the principle of	Gandhian approach	System approach	Both (a) and (b)	All of these	Gandhian approach
24	A_____ strives to protect maintain and improve economic, social and vocational interest of their members	Trade union	Employer union	Both A& B	None of these	Trade union
25	Which of the following is not a type of trade union	Craft union	Stable union	Company union	Industrial union	Company union
26	The first union was recognized in	1884	1890	1918	1920	1920
27	Who was the first trade unionist in India	Selig Perlman	N.M. Lokhanday	Gandhiji	All of the above	N.M. Lokhanday
28	Structure of trade union is concerned with	On the basis of purpose	On the basis of membership structure	Both A&B	none of these	On the basis of membership structure
29	AITUC was established in	1920	1956	1934`	1944	1920
30	Types of organization to which trade union are affiliated	The National Federation	The federation of union	Both (a) and (b)	Neither (a) nor (b)	Both (a) and (b)
31	Which of the following is a function of trade union	Militant function	Fraternal function	Both (a) and (b)	None of these	Both (a) and (b)

32	Which of the following factors are not the measures to strengthen the trade union in India	Education of workers	Economic and social uplift	Effective leadership	None of these	None of these
33	Which of the following statements is not true about an industrial dispute?	The dispute may relate to employment.	The dispute may relate to non-employment.	The dispute may be between worker and worker.	The dispute may be between employer and government.	The dispute may be between employer and government.
34	Which of the following is not a cause of industrial dispute?	demand for pay and benefits hike	demand for hygienic and safer working conditions	demand for better labour welfare	None of the above	None of the above
35	When employees resort to unauthorized strike in violation of the labour contract or agreements, it is called	Pen-down	Tools-down	Sit-in strike	Wild –cat strike	Wild –cat strike
36	The strike organized to express solidarity with the striking employees in the same organization, industry or region is called	hunger strike	sympathy strike	tool-down strike	None of the above	sympathy strike
37	Which of the following dispute settlers cannot make a binding decision?	arbitrator	adjudicator	conciliator	Industrial tribunal member	conciliator
38	Which of the following matters are usually brought under collective bargaining	Working conditions	Labour welfare	Organizational matters	All of the above	All of the above
39	Which of the following is not the most important aspects of the process of collective bargaining	Negotiations	Confrontations	Discussions	Compromise	Confrontations
40	_____ is person appointed voluntarily if the dispute is not settled by conciliation	Bidder	Arbitrator	Nominee	Representative	Arbitrator
41	_____ is another name of compulsory arbitration	Adjudication	Amortization	Dissolution	Fraction	Adjudication

42	Negotiations and collective bargaining are the tools for _____ to accomplish the objectives	Government	Society	Government	Trade union	Trade union
43	Which of the following are the main causes of indiscipline	Wage differentials	Unreasonable work assignments	Nonpayment of bonus	All of the above	All of the above
44	Which of the following method had not been given a statutory form in India	Conciliation	Mediation	Voluntary arbitration	Adjudication	Mediation
45	Formal communication channels that are used to resolve employee grievances are classified as	Grievance conciliation	Grievance procedure	Grievance arbitration	Grievance ratification	Grievance procedure
46	The presence of grievances among employees may cause	indiscipline among them	strain on the labour–management relations	<i>a decline in the employees' performance and productivity</i>	all of the above	all of the above
47	Which of the following techniques permits the grievant (complainant) to remain anonymous?	The exit interview	The gripe-box system	The opinion survey	None of the above	The gripe-box system
48	The management should address those grievances	real	Imaginary	none	Real or imaginary	Real or imaginary
49	In which of the following methods are grievances ascertained at the time of employees quitting the organization?	The exit-interview	Gripe-box	Open-door	Opinion surveys	The exit-interview
50	Which of the following acts has a direct relevance for grievance handling practices?	The Industrial Employment (Standing Order) Act, 1946	The Industrial Disputes Act, 1947	The Factories Act, 1948	All of the above	All of the above
51	Which of the following is not a grievance concerned with supervision?	A misunderstanding between the supervisor and the workers	Rigidity in the interpretation of rules and regulations	Ambiguous job instructions	Violation and/or non-fulfilment of the terms of collective bargaining agreements	Violation and/or non-fulfilment of the terms of collective bargaining

						agreements
52	When workers are encouraged to meet the relevant manager in his office and to share their opinions, it is called	an opinion survey	the gripe-box system	the open-door policy	the exit interview method	the open-door policy
53	Which among the following is not one of the fundamental principles governing any grievance procedure	Settlement at the lowest level	Settlement in favour of management	Settlement as expeditiously as possible	Settlement to the satisfaction of the aggrieved	Settlement in favour of management
54	Imposing discipline in the form of rules and regulations is an inalienable right of the	Management	Trade unions	Employee	None of the above	Management
55	Getting the willing cooperation of the employees in voluntarily observing the discipline code of an organization is the essence of	Negative discipline	Positive discipline	Progressive discipline	None of the above	Positive discipline
56	Adopting a step-by-step approach in dealing with indiscipline problems is the fundamental principle of	Progressive discipline	Negative discipline	Positive discipline	None of the above	Progressive discipline
57	Which of the following statements indicates a good disciplinary system?	An employee must be reprimanded in public.	An employee must not be reprimanded at all.	An employee must be reprimanded in private.	None of the above	An employee must be reprimanded in private
58	Which of the following is not a characteristic of the Hot Stove Rule of Discipline?	Immediacy	Consistency	Forewarning	Secrecy	Secrecy
59	The threat of punishment as a key to imposing discipline is the basis of	Negative discipline	Positive discipline	Progressive discipline	None of the above	Negative discipline
60	Which of the following is not a disciplinary action against employees?	Dismissal	Increments	Discharge	Disciplinary demotion	Increments

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.

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 an individual's personality may grow 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 causalities, 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

combi-nation 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) Victimization 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

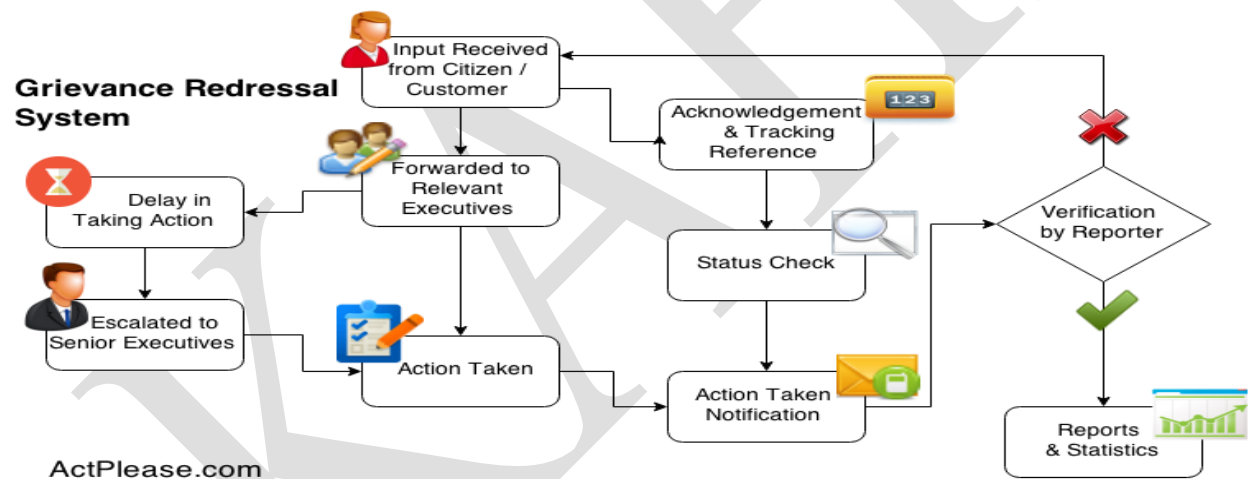
- (a) Illiteracy and low intellectual level of workers.
- (b) Workers personal problems like their fears, hope, aspirations etc.
- (c) Inborn tendencies of workers to flout rules.

(II) Causes Related To the Socio – Cultural Factors -

- (a) Misunderstanding and rivalry among workers.
- (b) Discrimination based on caste, colour, sex, place in imposing penalties.

(III) Causes Related To the Work Environment –

- (a) Bad working conditions.
- (b) Defective supervision
- (c) Non-placement of right person on the right job.



Grievance Redressal Machinery

Paper-based Feedback Forms

These are most popular and usually used by consumer service businesses, such as hotels and restaurants. They are less likely to be effective, as there is reduced assurance of their reaching the decision-making authorities. These also usually do not give any formal confirmation or tracking number to the complainant. Possibility of fake submissions also remains. Customers therefore have

less confidence on such forms. Confidence can be strengthened if a central call center sends an 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.

PART B

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

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?