

Human Resource Management

DEHRM504

Edited by:
Dr. Mridula Mishra



LOVELY
PROFESSIONAL
UNIVERSITY



Human Resource Management

**Edited By
Dr. Mridula Mishra**

CONTENTS

Unit 1:	Introduction	1
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 2:	Human Resource Planning	14
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 3:	Job Analysis	24
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 4:	Recruitment	39
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 5:	Learning	50
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 6:	Talent Management	65
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 7:	Orientation, Induction & Placement	76
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 8:	Training and Development	86
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 9:	Career Planning and Management	105
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 10:	Performance Management System	116
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 11:	Compensation Management	136
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 12:	Managing Industrial Relations	150
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 13:	Industrial Disputes	167
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	
Unit 14:	HR Maintenance	182
	<i>Dr. Shikha Goyal, Lovely Professional University</i>	

Unit 01: Introduction

CONTENTS

Objectives

Introduction

1.1 What do you mean by Human Resource?

1.2 What is Human Resource Management?

1.3 Forces affecting Human Resource Management

1.4 Meaning of Strategic Human Resource Management

1.5 Objectives of Human Resource Management

1.6 Functions of Human Resource Management

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Learn the concept of Human Resource Management.
- Understand the internal forces affecting Human Resource Management.
- Understand the external forces affecting Human Resource Management.
- Learn the concept of Strategic Human Resource Management.
- Understand the Strategic Human Resource Management Process.
- Understand the models of Strategic Human Resource Management.
- Understand the objectives of human resource management.
- Understand the managerial function of human resource management.
- Understand the operative functions of human resource management.

Introduction

Human beings are social beings and hardly ever live and work in isolation. We always plan, develop and manage our relations both consciously and unconsciously. The relations are the outcome of our actions and depend to a great extent upon our ability to manage our actions. From childhood each and every individual acquire knowledge and experience on understanding others and how to behave in each and every situation in life. Later we carry forward this learning and understanding in carrying and managing relations at our workplace. The whole context of Human Resource Management revolves around this core matter of managing relations at workplace.

1.1 What do you mean by Human Resource?

Human resource means collection of people and their characteristics at work. Human resources are unique in character. HR is most complex and unpredictable in its behavior. This is the only resource which appreciates in its value with the passage of time.



“HR is important in good times, HR is defined in hard times.”



Example:

- A retail store uses registers and inventory, while a consulting firm may have proprietary software or buildings.
- No matter the industry, all companies have one thing in common
- They must have **PEOPLE** to make their capital work for them.

Think Upon

Is Human Resource superior to other resources in any organization?

Answer: Yes

Because:

- HR alone appreciates over a period.
- HR achieves in higher performance output than its actual input.
- HR brings value to all other assets.
- Operational flexibility is possible with HR.

1.2 What is Human Resource Management?

Human resource management is concerned with policies and practices that ensure the best use of the human resources for fulfilling the organizational and individual goals.

In simple terms, Human resource management (HRM) is the process of employing people, training them, compensating them, developing policies relating to them, and developing strategies to retain them.

Definition

According to the Invancevich and Glueck, “HRM is concerned with the most effective use of people to achieve organizational and individual goals. It is the way of managing people at work, so that they give their best to the organization”.

According to Dessler (2008) the policies and practices involved in carrying out the “people” or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising comprises of HRM.

Scope of Human Resource Management

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

The scope of HRM can be discussed majorly under three dimensions:

1. Human Resource in Personnel Management
2. Human Resource in Employee Welfare
3. Human Resource in Industrial Relations

1. Human Resource in Personnel Management-

This is typically direct manpower management that involves

- i. manpower planning,
- ii. hiring (recruitment and selection),
- iii. training and development,
- iv. induction and orientation,
- v. transfer,
- vi. promotion,
- vii. compensation,
- viii. layoff and retrenchment.

2. Human Resource in Employee Welfare-

This particular aspect of HRM deals with working conditions and amenities at the workplace. This includes a wide array of responsibilities and services such as safety services, health services, welfare funds, social security and medical services.

3. Human Resource in Industrial Relations-

Industrial relations is the art and science of understanding the employment (union-management) relations, joint consultations, disciplinary procedures, solving problems with mutual efforts, understanding human behaviour and maintaining work relations, collective bargaining and settlement of disputes.

1.3 Forces affecting Human Resource Management

The forces which are affecting Human Resource Management can be classified under two perspectives: Internal and External forces.

Internal forces

1. Organisations Size:

The size of organisation has immense impact on HR practices. Larger the firm more complex the HR practices. Large firms, such as international or multinational have additional scope to their HR implementations. To put it another way, smaller firms generally have personnel management functions, which could include either simple or less complicated. The style of management, whether autocratic or democratic depends on the size of the firms.

2. Organizational Structure:

Organizational structure is a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organization. A firm's strategy and structure are important in determining HR practices. With increase in global competition and highly changing business environment HR practices are becoming more flexible and integrated. There are important structural differences among firms that affect the way in which HR practices are designed and implemented.

3. Business Strategy:

To gain competitive advantage, firms use different competitive strategies. In order that the strategies prove advantageous they have to very well be synchronized with the HR policies.

4. Organizational Culture:

Organizational culture is a system of shared assumptions, values, and beliefs, which direct how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization.

5. Top Management and Line Managers:

The directives of top management and their concerns could be another factor that impact HRM practices. HRM Policies depend upon the importance which top management assign to HR function. The top managements set the course for formulation and implementation of HR activities.

6. Power and Politics:

Organizational power and politics are crucial determinants of HR practices. While executing new policies and procedures in the organisation, the role of power and politics is assumed. HR manager has to identify the critical element of the HR practices and accurately determine their source of power.

External Forces:

External components influencing HR practices are those weights on associations that can't be controlled and changed.

1. Economic Environment:

These are those forces which have a bearing on the organisation. These are those factors that have a bearing on economic activity. General economic conditions, economic policies, and various factors of production have a bearing on the organisation. Factors such as Population and workforce, workforce market condition, national income and inflationary pressures have an impact on the working of the organisation.

2. Technological Changes:

With the advancement in technology there has been a paradigm shift in the way businesses are run. Development in science and technology will help the business organizations grow. Technological advancements in business functions might enhance the image of firms and result in increased revenue generation. Furthermore, changes in technology can help improve the implementation of human resource functions such as selection, recruitment, educating, training, performance appraisal, determining wages and salaries. Thus, making the HR function more efficient.

3. Legal Environment:

The HRM function is highly impacted by the legal environmental factors of a country. Legal environment consists of the various laws framed by governments, both at the centre and at state Level. The HR Departments have to comply with the laws of the land. These laws are formulated to ensure that there is no discrimination among employees on the basis of sex, caste, religion or place of origin. These laws also regulate employee remuneration, safety, working conditions and industrial relation systems.

4. Workforce Demographics:

The workforce is highly impacted by workforce demographics. Demographics include factors such as gender, age, ethnicity, occupation, seniority, salary levels, marital and family status. Today we find a lot of diversity in the workforce. The generation Y and Generation Y pose a challenge to the HR. The number of women in the work force has increased significantly, as have the proportion of different ethnic groups. Due to these diversity issues in the workforce, human resources department must look for different ways to hire, attract and retain this new set of candidates.

5. Competitors Action:

The war for talent is on and the firms must be equipped with the right set of HR practices to win this war for talent and help themselves survive in the competitive environment by developing and retaining talent by creating a sustainable advantage.

6. Industry/Sector Characteristics:

Industry characteristics affect HRM activities in different ways. Sectors such as manufacturing, retail, construction, food and health etc have to tailor the HR activities to suit their organizational need.

7. Union Action:

Unions play a pivotal role in maintaining harmonious industrial relations. They harness their power to influence the HR policies of a company.

1.4 Meaning of Strategic Human Resource Management

Strategic human resource management is a process of aligning HR strategies with the business strategy to accomplish the performance goals through the employees' competency and commitment.

In simple terms, Strategic HR management is the interconnection between the company's human resources and its objectives, goals and strategies.

Main Aim of SHRM

The main aim of SHRM is as under:

- To advance flexibility, innovation, and competitive advantage.
- To develop a fit for purpose organizational culture.
- To improve business performance.

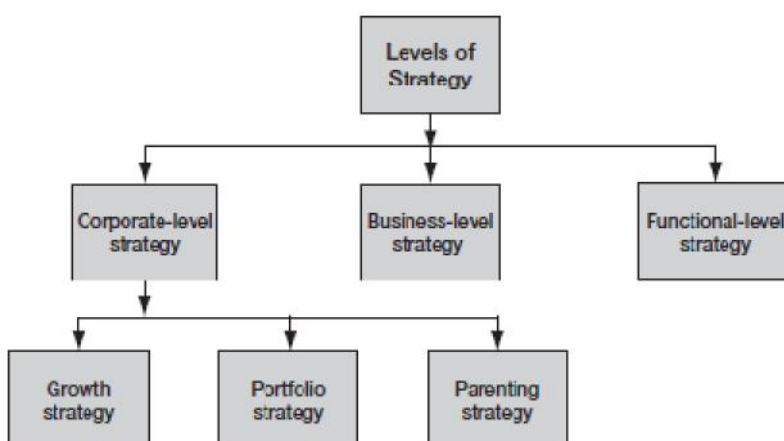
Why SHRM is important?

There are few reasons which reflects the significance of SHRM. Let us discuss them as under:

- Companies are more likely to be successful when all teams are working towards the same objectives.
- Strategic HR carries out analysis of employees and determines the actions required to increase their value to the company.
- Strategic human resource management also uses the results of this analysis to develop HR techniques to address employee weaknesses.

Level of Strategy

There are mainly three levels of strategy: Corporate level, Business level and Functional-level strategy.



Corporate Level Strategy:

This is a topmost level of strategy-making, and it focuses on the value creation for the entire organization.

There are three components:

1. Growth strategy- Growth strategy focuses on the development and accomplishment of growth objectives.

2. Portfolio Strategy-Portfolio strategy focuses on the determination of the portfolio of business units for the organization.

3. Parenting Strategy-Parenting strategy focuses on the allocation of resources and development of organizational capabilities across the business units.

Business level strategy:

Business level strategy focuses mostly on creating and sustaining competitive advantage for products through one or more of distinguishing factors like price/cost leadership and product differentiation.

Functional Level strategy:

At the functional level, specific strategies are made for the functional activities of the organization. This strategy may encompass production, marketing, purchase, finance, HR, research and development, and other similar activities of the firm.

Strategic Human Resource Management Process

The different steps in SHRM process are as under:

1. Developing a profound understanding of the company's objectives
2. Evaluate your HR capability
3. Assess your current HR capacity in alignment with the company's objectives
4. Estimate the organization's future HR requirements.
5. Determine the tools that employees need to complete the job
6. Implementing the HR management strategy
7. Evaluation and corrective action

1. Developing a profound understanding of the company's objectives

The extent of success of strategic HR is dependent on its linkages with the company's goals. Since the success of strategic HR is dependent on how well it links to your company's goals, you need to have a thorough understanding of your aims, objectives, and mission.

There is a need to articulate both short term and long-term plans for growth to the relevant HR personnel. Ensuring clear communication of company's goals will make it easier for HR personnel to formulate an effective resource management strategy.

2. Evaluate HR capability

Evaluating the current HR capabilities will enable the top management to quantify the role of HR professionals in contributing to the overall goals and objectives of the company. Additionally, organizations should conduct a skill inventory for every HR employee.

Skill inventories help identify employees with expertise in particular areas. HR evaluation helps in identifying employees who are interested in skill enhancement in specific functions of the company. A great time to assess skills is during a performance review.

3. Assess your current HR capacity in alignment with the company's objectives

An assessment of the company's HR capacity can help to identify barriers and implement a course of action to capitalize on opportunities and deal efficiently with threats. Strategic HR professionals will analyze the number of employees and their quantum of skills and share the information with top management. This will help identify multiple ways to better equip employees in serving the requirements of the company.

Forecasting the organization's future HR requirements also identifies the following:

- New job roles required to secure the future of the enterprise.
- Skills required by present employees to fulfill the responsibilities of new jobs and roles.

4. Estimate the organization's future HR requirements

Forecasting HR needs is the next step which relates to the following:

- **Demand-** Predictions need to be made regarding the number of employees with the required skills to meet the future needs of the company.
- **Supply-** Evaluating the employees and their skillsets who are currently available to help the organization achieve its strategic goals.

5. Determine the tools that employees need to complete the job

HR personnel need to liaise with different departments to find out how tools and techniques influence the abilities of employees in performing their roles.

Example:

- An audit of hardware and software can be undertaken jointly with the I.T department to identify gaps in tools that will facilitate a more organized workforce.
- Where a company employs hourly staff, it's crucial to utilize workforce management software. This software manages important HR functions such as scheduling, holiday entitlement, and sick leave management.

6. Implementing the HR management strategy

After the forecast and analysis of the company's HR requirements, the next step is starting the process of broadening the workforce. The strategy aims to shape the skillsets of employees that are aligned with the future growth of the organization.

7. Evaluation and corrective action

HR personnel should decide on a timeline to carry out a strategic HR management review. This review will track the progress made and also identify areas for improvement. The review should be measured against whether changes are helping your company to achieve their goals. Corrective action must be taken if strategic human resource management is failing to meet its objectives.

Models of SHRM

The three different models of Strategic Human Resource Management are:

1. **Business Oriented model:** This model aims at value creation by developing HR system that creates and sustains the competitive advantage through human resources.
2. **Strategic fit model:** This model focuses on matching the HR capabilities and resources with the external opportunities. It also focuses on developing HR practices in such a way that they complement one another.

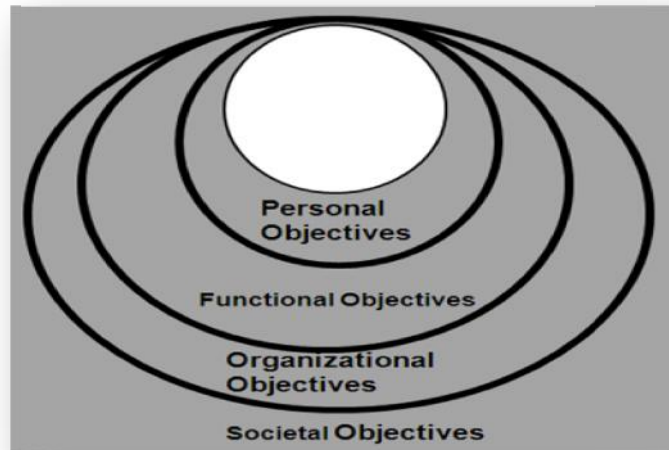
Types of Strategic fit:

- a. Vertical fit: Deals with the extent of alignment between the HR strategies and business strategy.
- b. Horizontal fit: Deals with the extent of alignment among the components of the HR strategy.

3. **Strategic labor-allocation process model:** This method focuses on the interdependences among HR strategies, business strategies and organizational changes. This model acknowledges HRM as a continuous process of balancing the demand for and the supply of labor.

1.5 Objectives of Human Resource Management

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization.



1. **Societal Objectives:** Seek to ensure that the organization becomes socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organization. The failure of the organizations to use their resources for the society's benefit in ethical ways may lead to restriction.
2. **Organizational Objectives:** It recognizes the role of HRM in bringing about organizational effectiveness. It makes sure that HRM is not a standalone department, but rather a means to assist the organization with its primary objectives. The HR department exists to serve the rest of the organization.
3. **Functional Objectives:** It is to maintain the department's contribution at a level appropriate to the organization's needs. Human resources are to be adjusted to suit the organization's demands. The department's value should not become too expensive at the cost of the organization it serves.
4. **Personnel Objectives:** It is to assist employees in achieving their personal goals, at least as far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be met if they are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline giving rise to employee turnover.

General Objectives of Human Resource Management

1. To help the organization attain its goals by providing well-trained and well-motivated employees.
2. To employ the skills and knowledge of employees efficiently and effectively.
3. To enhance job satisfaction and self-actualization of employees by encouraging and assisting every employee to realize his/her full potential.
4. To establish and maintain productive, self-respecting and internally satisfying working relationships among all the members of the organization.
5. To bring about maximum individual development of members of the organization by providing opportunities for training and advancement.
6. To secure the integration of all the individuals and groups with the organization by reconciling individual/group goals with those of an organization.
7. To develop and maintain a quality life which makes employment in the organization a desirable, personal and social situation.
8. To maintain high morale and good human relations within the organization.
9. To help maintain ethical policies and behavior inside and outside the organization.

1.6 Functions of Human Resource Management

Human Resources management has an important role to play in equipping organizations to meet the challenges of an expanding and increasingly competitive sector. Increase in staff numbers, contractual diversification and changes in demographic profile which compel the HR managers to reconfigure the role and significance of human resources management. The functions are responsive to current staffing needs but can be proactive in reshaping organizational objectives.

We can divide the functions of Human Resource Management in two main parts: Managerial and Operative Functions.

Managerial Functions

1.Planning:

Planning is the main function of management. In the context of personnel management, it is concerned with manpower planning, studying labor turnover rate, forecasting the future requirements of Personnel and planning for selection and training procedures, etc.

2.Organizing:

Organizing involves the establishment of inter-relationships within organization. It provides a structure for the company by identifying the various sub-groups headed by individuals in managerial jobs as well as operative jobs.

3.Directing:

Personnel management is directly concerned with direction function also. It includes issuing instruction to the workers, developing communication network, interpreting various industrial laws and integrating workers.

4.Controlling:

Personnel department helps in controlling also.It provides basic data for establishing standards, makes job- analysis and performance appraisal, etc. These all techniques assist in effective control of the qualities, time and efforts of workers.

Operative Functions

1.Procurement:

It involves procuring the right kind of people in appropriate number to be placed in the organization.It consists of activities such as manpower planning, recruitment, selection placement and induction or orientation of new employees.

1.1)Job Analysis-

It is the process of studying in a job so as to identify the nature and level of human resources required to perform the job effectively.

1.2 Human Resource Planning-

It is the process of estimating the present and future manpower requirements of the organization, preparing inventory of present manpower and formulating action programmes to bridge the gaps in manpower.

1.3 Recruitment-

It is the process of searching for required human resource and stimulating them to apply for jobs in the organization.

1.4 Selection-

It implies judging the suitability of different candidates for jobs in the organization and choosing the most appropriate people.

1.5 Placement-

Human Resource Management

It means assigning suitable jobs to the selected candidates so as to match employee qualifications with job requirements.

1.6 Induction or Placement

It involves familiarizing the new employees with the company, the work environment and the existing employees so that the new people feel at home and can start work confidently.

2.Development Functions:

This function involves activities meant to improve the knowledge, skills aptitudes and values of employees so as to enable them to perform their jobs in a better manner in future. These functions may comprise training to employees, executive training to develop managers, organization development to strike a better fit between organizational climate/culture and employees.

2.1 Performance and Potential Appraisal-

It implies systematic evaluation of employees with respect to their performance on the job and their potential for development.

2.2 Training-

It is the process by which employees learn knowledge, skills and attitudes to further organizational and personal goals.

2.3 Executive Development-

It is the process of developing managerial talent through appropriate programmes.

2.4 Career Planning & development-

It involves planning the career of employees and implementing career plans to fulfill the career aspirations of people.

2.5 Maintenance-

It is concerned with protecting and promoting employees while at work. For this purpose, virus benefits such as housing, medical, educational, transport facilities, etc. are provided to the employees. Several social security measures such as provident fund, pension, gratuity, group insurance, etc. are also arranged.

Summary

HRM is the study of activities regarding people working in an organization.

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization.

Human Resources management has an important role to play in equipping organizations to meet the challenges of an expanding and increasingly competitive sector.

Factors affecting Human Resource management can be classified into Internal and External factors.

Strategic HR management is the interconnection between the company's human resources and its objectives, goals and strategies.

There are three different models of Strategic Human Resource Management.

Keywords

Human Resource Management, Human Resource Planning, Managerial functions, Operative functions, Strategic Human Resource Management.

Self Assessment

1. Is Human Resource superior to other resources in any organization?
 - A. True
 - B. False

2. Which cannot be considered as a Quality of HR Manager?
 - A. Communication skills
 - B. Emotional maturity
 - C. Empathy
 - D. Subjectivity and Biasedness

3. Which is not an external force affecting Human Resource Management?
 - A. Technological changes
 - B. Legal Environment
 - C. Workforce Demographics
 - D. Organization Size

4. Which is an internal force affecting Human Resource Management?
 - A. Competitors Action
 - B. Industry/Sector Characteristics
 - C. Union Action
 - D. Organization Culture

5. _____ is the process of employing people, training them, compensating them, developing policies relating to them, and developing strategies to retain them.
 - A. Human Resource Management
 - B. Human resource development
 - C. Human Capital
 - D. All of the above

6. Organizing is an operative function of human resource management.
 - A. True
 - B. False

7. Which is a managerial function of human resource management?
 - A. Planning
 - B. Procurement
 - C. Compensation
 - D. Maintenance

8. _____ means assigning suitable jobs to the selected candidates so as to match employee qualifications with job requirements.
 - A. Induction
 - B. Placement
 - C. Selection
 - D. Recruitment

9. _____ is the process of determining the relative worth of a job.
 - A. Job Analysis
 - B. Job Evaluation
 - C. Human Resource Planning
 - D. None of the above

Human Resource Management

10. To ensure the availability of competent and willing workforce for an organization is the main objective of Human Resource Management.
 - A. True
 - B. False

11. Which is not a model of SHRM?
 - A. Business Oriented model
 - B. Strategic fit model
 - C. Strategic labor-allocation process model
 - D. None of the above

12. Which is an objective of Human Resource Management?
 - A. Functional Objectives
 - B. Societal Objectives
 - C. Personnel Objectives
 - D. All of the above

13. Which function doesn't come under operative functions of HRM?
 - A. Controlling
 - B. Procurement
 - C. Development
 - D. All of the above

14. How many steps exist in Strategic Human Resource Management process?
 - A. One
 - B. Three
 - C. Five
 - D. Seven

15. Is portfolio strategy component of Corporate Level Strategy?
 - A. True
 - B. False

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. A | 2. D | 3. D | 4. D | 5. A |
| 6. B | 7. A | 8. B | 9. B | 10. A |
| 11. D | 12. D | 13. A | 14. D | 15. A |

Review Questions

1. What do you understand by human resource management? Why is it needed?
2. What are the different forces affecting Human Resource Management?
3. Explain the role of HR manager in HRM.
4. Discuss the three different models of Strategic Human Resource Management.
5. What are the different functions of HRM?
6. Explain objectives of Human Resource Management in any organization with example.

**Further Readings**

Aswathapa.K, Human Resource Management, TMH, 2007, p.695

Rao,T.V.2004, Performance Management and Appraisal Systems –HR Tools for Global Competitiveness, Sage Publications, London, UK, pp.173-99.

Rothwell, William J. (1988). “Human Resource Planning and Management”, Prentice Hall, New Jersey.

Unit 02: Human Resource Planning

CONTENTS

Objectives

Introduction

- 2.1 Human Resource Planning
- 2.2 Need of Human Resource Planning
- 2.3 Human Resource Planning Process
- 2.4 Advantages of Human Resource Planning
- 2.5 Limitations of Human Resource Planning
- 2.6 Human Resource Planning at Different Levels
- 2.7 Determinants of Human Resource Planning
- 2.8 Barriers to Human Resource Planning

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Learn the concept of human resource planning.
- Understand the need of human resource planning.
- Analyse the human resource planning process.
- Learn the advantages and limitations of human resource planning.
- Understand the different levels of HRP.
- Analyse the determinants of Human Resource Planning.
- Learn about the barriers to effective HRP
- Understand the pre-requisites for effective HRP

Introduction

Most of us are familiar with the term 'planning'. A student, a teacher, a professional, an employee, a businessman all of them make some advance decisions about the things to be done in future. Thus, planning has become an integral part in our walks of life. The quality and success of an organization, to a large extent, depend upon the quality of people hired for the jobs. Therefore, before selecting the people required in an organization, proper planning of human resources is considered as utmost important. Human Resource Planning (HRP) not only helps in picking up right people for right job at right time, but also saves an organization from becoming the victim of excessive manpower or deficient manpower supply.

2.1 Human Resource Planning

Human resource planning is the most important managerial function of an organization. It ensures three main things:

- It ensures adequate supply of human resources.
- It ensures proper quality of human resources.
- It ensures effective utilization of human resources

Meaning of Human Resource Planning

Human resource planning is a process of identifying and then matching the human resource requirements and availability in order to determine the future HR activities of the organization on the basis of the overall organizational objective.

In other terms, Human resource planning is the ongoing process of systematically planning ahead to optimize and maximize your business's most valuable asset – high-quality employees.

It enables organization to have the right person, right number of person for the job, at right place and right time.

Definition of Human Resource Planning

E.W Vetter : "a process by which an organization should move from its current manpower position to its desired manpower position. Through planning management strives to have the right number and right kind of people at the right places at the right time, doing things which result in both the organization and the individual receiving maximum long-run benefit."

Coleman has defined human resource or manpower planning as, 'the process of determination of manpower requirements and means of meeting the requirements in order to carry out the integrated plan of the organisation.'

2.2 Need of Human Resource Planning

Human resource planning is needed for foreseeing the human resource requirements of an organization and supply of human resources. Its need can be assessed from the following points:

1. *Replacement of Persons:*

A large number of persons are to be replaced in the organization because of retirement, old age, death, etc. There will be a need to prepare persons for taking up new position in such contingencies.

2. *Labor Turnover:*

There is always labor turnover in every organization. The degree of labor turnover may vary from concern to concern but it cannot be eliminated altogether. There will be a need to recruit new persons to take up the positions of those who have left the organization. If the concern is able to forecast turnover rate precisely, then advance efforts are made to recruit and train persons so that work does not suffer for want of workers.

3. *Expansion Plans:*

Whenever there is a plan to expand or diversify the concern then more persons will be required to take up new positions. Human resource planning is essential under these situations.

4. *Technological Changes:*

The business is working under changing technological environment. There may be a need to give fresh training to personnel. In addition, there may also be a need to infuse fresh blood into the organization. Human resource planning will help in meeting the new demands of the organization.

5. *Assessing Needs:*

Human resource planning is also required to determine whether there is any shortage or surplus of persons in the organization. If there are less persons than required, it will adversely affect the work. On the other hand, if more persons are employed than the requirement, then it will increase labour cost, etc. Human resource planning ensures the employment of proper workforce.

2.3 Human Resource Planning Process

The human resource planning involves the following steps:

1. Analyzing the Organizational Plan:

The process of HR plan should start with analyzing the organizational plan such as production plan, sales plan, financial plan, expansion plan etc. Detailed programme should be formulated on the basis of unit-wise plan.

2. Forecasting the overall human resource requirements:

At this stage the existing job design and job analysis may thoroughly be reviewed keeping in view the future capabilities, knowledge and skills of present employees. This is known as demand forecasting.

Forecasting of quality of human resources like skills, knowledge, values and capabilities needed in addition to quantity of human resources is done through the following methods: -

1. Executive or Managerial Judgment
2. Statistical Techniques
3. Work Study method
4. Delphi Technique

3. Analysing Human Resource Supply:

Every organization has two sources of supply of Human Resources: Internal & External. Internally, human resources can be obtained for certain posts through promotions and transfers. In order to judge the internal supply of human resources in future human resource inventory or human resource audit is necessary. Human resource inventory helps in determining and evaluating the quantity of internal human resources available. Once the future internal supply is estimated, supply of external human resources is analysed.

4. Estimating Manpower Gaps:

Manpower gaps can be identified by comparing demand and supply forecasts. Such comparison will reveal either deficit or surplus of Human Resources in the future. Deficit suggests the number of persons to be recruited from outside, whereas surplus implies redundant employees to be re-deployed or terminated. Employees estimated to be deficient can be trained while employees with higher, better skills may be given more enriched jobs.

5. Action Planning:

Once the manpower gaps are identified, plans are prepared to bridge these gaps. Plans to meet the surplus manpower may be redeployment in other departments and retrenchment. People may be persuaded to quit voluntarily through a golden handshake. Deficit can be met through recruitment, selection, transfer and promotion. In view of shortage of certain skilled employees, the organization has to take care not only of recruitment but also retention of existing employees. Hence, the organization has to plan for retaining of existing employees.

6. Modify the Organizational Plans:

If future supply of human resources from all the external sources is estimated to be inadequate or less than the requirement, the manpower planner has to suggest to the management regarding the alterations or modifications in the organizational plans.

7. Controlling and Review:

After the action plans are implemented, human resource structure and the processes should be controlled and reviewed with a view to keep them in accordance with action plans.

2.4 Advantages of Human Resource Planning

Let's discuss few of the major advantages of human resource planning as under:

Anticipating future requirements:

The company is able to find out how many people will be required in future. Based on this requirement the company could take further actions. This method also helps the company to identify the number of jobs which will become vacant in the near future.

Recruitment and Selection process:

The recruitment and selection process is a very costly affair for a company. Many companies spend lakhs of rupees on this process. Therefore, recruitment and selection must be carried out only if it is extremely necessary. HRP process helps to identify whether recruitment and selection are necessary or not.

Placement of personnel:

Since the HRP process is conducted for the entire organization, we can identify the requirements for each and every department. Based on the requirement, we can identify existing employees and place them on those jobs which are vacant.

Performance Appraisal:

HRP make performance appraisal more meaningful. Since feedback is provided in performance appraisal and employee is informed about his future chances in same company, the employee is motivated to work better. Information for all this is collected from HRP process.

Promotion Opportunity:

HRP identifies vacancies in the entire organization including all the branches of all the company. Therefore, when the company implements promotion policy it can undertake its activities in a very smooth manner.

2.5 Limitations of Human Resource Planning

Future is uncertain:

The future in any country is uncertain i.e. there are political, cultural, technological changes taking place every day. This effects the employment situation. Accordingly, the company may have to appoint or remove people. Therefore, HRP can only be a guiding factor. We cannot rely too much on it and do every action according to it.

Conservative attitude of top management

Much top management adopts a conservative attitude and is not ready to make changes.

Problem of Surplus Staff:

HRP gives a clear out solution for excess staff i.e. Termination, layoff, VRS. However when certain employees are removed from company it mostly affects the psyche of the existing employee, and they start feeling insecure, stressed out and do not believe in the company.

This is a limitation of HRP i.e. it does not provide alternative solution like re-training so that employee need not be removed from the company.

Time Consuming Activity:

HRP collects information from all departments, regarding demand and supply of personnel. This information is collected in detail and each and every job is considered. Therefore, the activity takes up a lot of time.

Expensive Process:

The solution provided by process of HRP incurs expense. E.g. VRS, overtime, etc. company has to spend a lot of money in carrying out the activity. Hence, we can say the process is expensive.

2.6 Human Resource Planning at Different Levels

Human Resource Planning (HRP) may be done at different levels and for different purposes. National planners may make a HR plan at the national level whereas the strategists at a company may make a HR plan at the unit level. The HR Planning thus operates at five levels.

1.HRP at National Level:

HRP at the national level helps to plan for educational facilities, health care facilities, agricultural and industrial development and employment plans, etc. The government of the country plans for human resources at the national level. National plans for HR forecast the demand and supply of human resources at the national level. It also plans for occupational distribution, sectoral and regional allocation of human resources.

2.HRP at the Sectoral Level:

HRP at the sectoral level helps to plan for a particular sector like agriculture, industry, etc. It helps the government to allocate its resources to the various sectors depending upon the priority accorded to the particular sector.

3.HRP at the Industry Level:

HRP at the industry level takes into account the output/ operational level of the particular industry when manpower needs are considered.

4.HRP at the Unit Level:

HR Planning at the company level is based on the estimation of human resource needs of the particular company in question. It is based on the business plan of the company. A manpower plan helps to avoid the sudden disruption of the company's production since it indicates shortages of particular types of personnel, if any, in advance, thus enabling the management to adopt suitable strategies to cope with the situation.

5.HRP at the Departmental Level:

HRP at the departmental level looks at the manpower needs of a particular department in an organization.

2.7 Determinants of Human Resource Planning

There are several factors that affect HRP. These factors or determinants can be classified into external factors and internal factors.

External Factors

- 1.Government Policies : Policies of the government like labour policy, industrial relations policy, policy towards reserving certain jobs for different communities and sons-of-the-soils, etc. affect the HRP.
- 2.Level of Economic Development: Level of economic development determines the level of HRD in the country and thereby the supply of human resources in future in the country.
- 3.Business Environment: External business environmental factors influences the volume and mix of production and thereby the future demand for human resources.
- 4.Level of Technology: Level of technology determines the kind of human resources required. •
- 5.International Factors: International factors like the demand for the resources and supply of human resources in various countries.

Internal Factors

1. Company Policies and Strategies: Company's policies and strategies relating to expansion diversification, alliances, etc. determines the human resource demand in terms of quality and quantity.
- 2.Human Resource Policies: Human resources policies of the company regarding quality of human resource, compensation level, quality of work life, etc. influences human resource plan.

3. Job Analysis: Fundamentally, human resource plan is based on job analysis. Job description and job specification determines the kind of employees required.

4. Time Horizons: Companies with stable competitive environment can plan for the long run whereas the firms with unstable competitive environment can plan for only short-term range.

Objectives of Human Resource Planning

The following are the objectives of human resource planning:

1. Assessing manpower needs for future and making plans for recruitment and selection.
2. Assessing skill requirement in future for the organization.
3. Determining training and the development needs of the organization.
4. Anticipating surplus or shortage of staff and avoiding unnecessary detentions or dismissals.
5. Controlling wage and salary costs.
6. Ensuring optimum use of human resources in the organization.
7. Helping the organization to cope with the technological development and modernization.
8. Ensuring career planning of every employee of the organization and making succession programmes.
9. Ensuring higher labor productivity.

2.8 Barriers to Human Resource Planning

The human resource planners face various problems while formulating human resource plans. The major problems or barriers are discussed as follows

1. Resistance by employers and employees:

Many of the employers in India today don't have faith in adopting manpower planning as a strategy to achieve corporate objectives. Resistance from employees and unions is, of course, of far greater intensity than that of the employers. Unions look at manpower planning as labor reduction devices.

2. Under-utilization of manpower:

The greater obstacle in the case of manpower planning is the fact that industries in general are not making use of their manpower to the optimum degree. Once planning starts, it encounters heavy odds in stepping up the utilization.

3. Lack of education and skilled labor:

The extent of illiteracy and the slow pace of development of skilled categories account for low productivity in the labor force. Low productivity has implications for manpower planning.

4. Uncertainties:

Uncertainties are quite prominent in human resource practices in India due to absenteeism, seasonal employment, labor turnover etc. Further, the uncertainties in the industrial scene like technological change and marketing conditions also cause imperfections in human resource planning. The uncertainties make HRP less reliable.

5. Inadequacies of Information System:

Information system regarding human resources has not yet fully developed in Indian industries due to low status given to the personnel department and less importance attached to HRP. Further, reliable data and information about economy, labor market etc. are not available.

5. High rate of executive turnover:

In many companies' executive turnover is growing at a faster rate than their sales turnover. Today, a young MBA from any prestigious institution is in a hurry to become Managing Director in the shortest possible time. There are several other reasons for the increase in executive turnover.

6. Conflict between long-term and short-term HRP:

Another source from where ineffectiveness in HRP emerges is the conflict between long-term and short-term HRP. In long-term HRP, the organization has flexibility by matching its human resources and jobs. But in short-term HRP, some adhoc arrangement is required. This affects the entire human resource management process.

7. Inappropriate HR information system:

The effectiveness of HRP depends on the timely availability of relevant information regarding various factors to be considered in formulating human resource plans. If the HR information system has not been well developed in an organisation, the projections for future may not be accurate. Sometimes, these projections become more frustrating than the non-existence of such projections.

Summary

Human resource planning is the most important managerial function of an organization.

Human Resource Planning (HRP) may be done at different levels and for different purposes.

Human resource planning is needed for foreseeing the human resource requirements of an organization and supply of human resources.

Factors affecting Human Resource Planning can be classified into Internal and External factors.

HR planning is as important as production, finance, and marketing planning.

Human resource planners make use of variety of techniques to project future personnel needs.

The HR planning has inter-relationship with the corporate objectives, and one affects the other in the long run.

Keywords

Human Resource Planning, Human Resource Supply, Manpower Gaps, replacement of persons, Forecasting.

SelfAssessment

1. _____ enables organization to have the right person, right number of persons for the job, at right place and right time.
 - A. Human Resource Planning
 - B. Recruitment
 - C. Human Resource Management
 - D. Executive Development

2. Which is a need of human resource planning?
 - A. Expansion plans
 - B. Technological changes
 - C. Labor Turnover
 - D. All of the above

3. Which is not a method of demand forecasting in Human Resource Planning process?
 - A. Executive Judgment
 - B. Executive Development
 - C. Work study method
 - D. Delphi technique

4. Which is not an advantage of Human Resource Planning?
 - A. Anticipating future requirements
 - B. Recruitment and selection process
 - C. Placement of personnel
 - D. Expensive process

5. Which is not a limitation of Human Resource Planning?
 - A. Conservative attitude of top management
 - B. Problem of surplus staff
 - C. Time consuming activity
 - D. Promotion opportunity

6. _____ helps in determining and evaluating the quantity of internal human resources available.
 - A. Demand forecasting
 - B. Human Resource Inventory
 - C. Human Resource Supply

- D. Action planning
7. Foreseeing the human requirements of an organization and supply of human resources is a need of human resource planning.
- A. True
B. False
8. _____ is the first step of human resource planning process.
- A. Analyzing Human Resource Supply
B. Demand forecasting
C. Estimating manpower gaps
D. Analyzing Organizational Objectives
9. HRP at the departmental level looks at the manpower needs of a particular department in an organization.
- A. True
B. False
10. Which is not an internal determinant of Human resource Planning?
- A. Business Environment
B. Job Analysis
C. Trade Unions
D. Type and Quality of Information
11. Which is not an external determinant of Human Resource Planning?
- A. Level of technology
B. International factors
C. Formal and Informal groups
D. Government policies
12. Which is a barrier to human resource planning?
- A. Proper utilization of manpower
B. Adequacy of information system
C. Low rate of executive turnover
D. Inappropriate HR information system
13. Which is not a pre-requisite for making HR effective?
- A. Lack of support of top management

- B. Integration with organizational plans
- C. Period of manpower planning
- D. Proper organization

14. The uncertainties make Human Resource Planning less reliable.

- A. True
- B. False

15. Estimating the cost of human resources is an objective of human resource planning.

- A. True
- B. False

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. A | 2. D | 3. B | 4. D | 5. D |
| 6. B | 7. A | 8. D | 9. A | 10. A |
| 11. C | 12. D | 13. A | 14. A | 15. A |

Review Questions

1. What do you understand by human resource planning?
2. Discuss the objectives of human resource planning.
3. Describe the various steps in conducting HRP.
4. Define HRP or manpower planning. Review its benefits and limitations.
5. How is the planning carried at various levels in the organization?
6. Review the benefits and limitation of Human Resource Planning.



Further Readings

Aswathapa.K, Human Resource Management, TMH, 2007, p.695

Rao,T.V.2004, Performance Management and Appraisal Systems –HR Tools for Global Competitiveness, Sage Publications, London, UK, pp.173-99.

Rothwell, William J. (1988). "Human Resource Planning and Management", Prentice Hall, New Jersey.

Unit 03: Job Analysis

CONTENTS

Objectives

Introduction

- 3.1 What is Job Analysis?
- 3.2 Subcomponents of Job Description
- 3.3 Purpose of Job Analysis
- 3.4 Methods of Job Analysis
- 3.5 Type of Interview
- 3.6 Process of Job Analysis
- 3.7 Meaning of Job Design
- 3.8 Benefits of Job Design
- 3.9 Factors affecting Job Design
- 3.10 Approaches to Job Design

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understand the concept of Job Analysis.
- Learn the elements of Job Analysis.
- Learn the purpose of Job Analysis.
- Explore the methods of Job Analysis.
- Understand the components of Job Analysis.
- Learn about the process of Job Analysis.
- Explain the potential problems with Job Analysis.
- Learn about the advantages and disadvantages of Job Analysis.
- Understand the concept of job design.
- Learn about the factors affecting job design.
- Learn about the approaches to job design.

Introduction

Developing an organization structure result in jobs which must be staffed. "Work" is an organization's basic function. The 'primary activities' may relate to three categories – Data, People and Things. Data includes synthesizing, coordinating, analyzing, compiling, computing and comparing activities.

People relate to monitoring, negotiating, instructing, supervising, diverting, persuading and taking instructions. Things are concerned with setting up, precision working, operating-controlling, driving-operating, manipulating, and handling.

3.1 What is Job Analysis?

Job analysis refers to the process of identifying and determining the duties, responsibilities, and specifications of a given job. It defines the jobs within the organization and the behaviors necessary to perform these jobs.

Job Analysis is a systematic exploration, study, and recording of the responsibilities, duties, skills, accountabilities, work environment, and ability requirements of a specific job. It also involves determining the relative importance of the duties, responsibilities, and physical and emotional skills for a given job.

In simple terms, job analysis means the procedure of gathering information about a job.

Definition of Job Analysis

According to *Gary Dessler*, "Job analysis is the procedure for determining the duties and skills requirements of a job and the kind of person who should be hired for it."

According to *Edwin B. Flippo*, "Job Analysis is the process of studying and collecting information relating to the operation and responsibilities of a specific job."

Elements of Job Analysis

There are mainly two parts or elements of job analysis information: Job Description and Job Specification.

1. Job Description:

Job description includes basic job-related data that is useful to advertise a specific job and attract a pool of talent. It includes information such as job title, job location, reporting to and of employees, job summary, nature and objectives of a job, tasks and duties to be performed, working conditions, machines, tools and equipment's to be used by a prospective worker and hazards involved in it.

3.2 Subcomponents of Job Description

1. Job Identification or Organizational Position: Which includes the job title, alternative title, department, division, plant and code number of the job. The job title identifies the job properly. The department, division indicates the name of the department whether it is maintenance or mechanical. The location gives the name of the place.

2. Job Summary: It serves two important purposes. First, it provides a short definition to various job duties and responsibilities where job title is not adequate. Secondly, it gives a "quick capsule explanation" of the contents of the job.

3. Job Duties and Responsibilities: It is regarded as the heart of the job. It tells us what needs to be done? How should it be done? Why should it be done? It is a comprehensive list of job duties and responsibilities.

4. Relation to Other Jobs: This helps to locate the job in the organization by indicating the job immediately below or above it in the job hierarchy. It also gives an idea of the vertical relationship in the organization.

5. Supervision: Under this, it gives the span of control, that is, the number of people to be supervised along with their job title. It also tells us the extents of supervision involved general, intermediate or close supervision.

6. Machine, Tools and Equipment: These define each major type or trade name of the machines and tools and the raw materials used.

7. Working Conditions: Tells us about the environment in which the job holder must work. These include temperature, odour, fumes, light, ventilation moisture and such other conditions inside the organization.

8. Hazards: It gives us the nature of risks to life and their probability of occurrence.

2. Job Specification:

A job specification is a written statement of educational qualifications, specific qualities, level of experience, physical, emotional, technical and communication skills required to perform a job, responsibilities involved in a job and other unusual sensory demands. It also includes general health, mental health, intelligence, aptitude, memory, judgment, leadership skills, emotional ability, adaptability, flexibility, values and ethics, manners and creativity, etc.

Subcomponents of Job Description

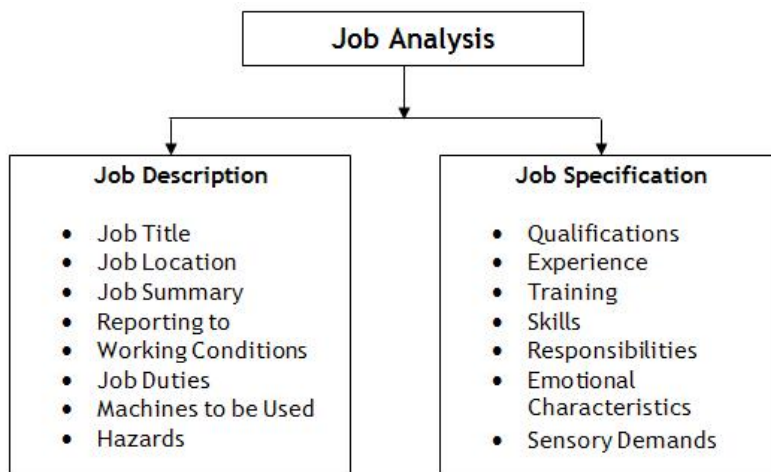
1. Physical Characteristics: which include health, strengths, endurance, age-range, body size, height, weight, vision, voice, poise eye, hand and foot coordination, motor coordination and color discrimination.

2. Psychological Characteristics: which include such qualities as manual dexterity, mechanical aptitude, ingenuity, judgments, resourcefulness, analytical ability, mental concentration and alertness.

3. Personal Characteristics: such as personal appearance, good and pleasing manners, emotional stability, aggressiveness or submissiveness, extroversion or introversion, leadership, initiative, drive, skill in dealing with others, unusual sensory qualities of sight, smell, hearing, adaptability, conversational ability, etc.

4. Responsibilities: which include supervision of others, responsibility for production, process and equipment, responsibility for safety of others, responsibility for generating confidence and trust, responsibility for preventing monetary loss.

5. Other Features of Demographic Nature: which are age, sex, education, and experience and language ability



3.3 Purpose of Job Analysis

Good human resource management demands of both the employee and the employer a clear understanding of the duties and responsibilities to be performed on a job. Job analysis helps in this understanding by drawing attention to a unit of work and its linkage with other units of work. More specifically, the purpose of job analysis may be summarized:

1. Recruitment and Selection:

Human Resource Management

Job Analysis helps in determining what kind of person is required to perform a particular job. It points out the educational qualifications, level of experience and technical, physical, emotional and personal skills required to carry out a job in desired fashion. The objective is to fit a right person at a right place.

2. Performance Analysis:

Job analysis is done to check if goals and objectives of a particular job are met or not. It helps in deciding the performance standards, evaluation criteria and individual's output. On this basis, the overall performance of an employee is measured, and he or she is appraised accordingly.

3. Training and Development:

Job Analysis can be used to assess the training and development needs of employees. The difference between the expected and actual output determines the level of training that need to be imparted to employees. It also helps in deciding the training content, tools and equipment's to be used to conduct training and methods of training.

4. Compensation Management:

Job analysis plays a vital role in deciding the pay packages and extra perks and benefits and fixed and variable incentives of employees. After all, the pay package depends on the position, job title and duties and responsibilities involved in a job. The process guides HR managers in deciding the worth of an employee for a particular job opening.

5. Job designing and redesigning:

The main purpose of job analysis is to streamline the human efforts and get the best possible output. It helps in designing, redesigning, enriching, evaluating, and also cutting back and adding the extra responsibilities in a particular job. This is done to enhance the employee satisfaction while increasing the human output.

What to collect during Job Analysis?

Three kinds of information need to be collected while doing Job Analysis: Job content, Job Context and Job Requirements.

1. Job Content:

It contains information about various job activities included in a specific job. It is a detailed account of actions which an employee needs to perform during his tenure.

The following information needs to be collected by a job analyst:

- Duties of an employee
- What actually an employee does
- Machines, tools and equipment to be used while performing a specific job
- Additional tasks involved in a job
- Desired output level (What is expected of an employee?)
- Type of training required

2. Job Context:

Job context refers to the situation or condition under which an employee performs a particular job.

The information collection will include:

- Working Conditions
- Risks involved
- Whom to report
- Who all will report to him or her
- Hazards
- Physical and mental demands

- Judgment

3. Job Requirements:

These include basic but specific requirements which make a candidate eligible for a particular job.

The collected data includes:

- Knowledge or basic information required to perform a job successfully
- Specific skills such as communication skills, IT skills, operational skills, motor skills, processing skills and so on
- Personal ability including aptitude, reasoning, manipulative abilities, handling sudden and unexpected situations, problem-solving ability, mathematical abilities and so on
- Educational Qualifications including degree, diploma, certification or license
- Personal Characteristics

3.4 Methods of Job Analysis

The skills and abilities necessary for successful performance and the responsibilities inherent in the job can be obtained through such methods or approaches.

1. Personal Observation:

The observation method enables job analysts to observe employees in their daily routines. The information collected through observation is extremely useful and reliable since it's via first-hand knowledge. Observation is the only job analysis method that allows the job analyst or HR professional to directly obtain the data, whereas other job analysis methods collect data indirectly and in an orchestrated environment.

2. Questionnaires:

The questionnaire job analysis method requires employees, supervisors, and managers to fill out forms, namely questionnaires. It's one of the most widely used job analysis methods because it's inexpensive to create and easy to distribute to numerous individuals at a faster rate. Questionnaires can have different question forms, such as open-ended questions, multiple choice, checklists or a mix of all of them. Questionnaires used for job analysis collect data about all aspects that influence how a job is completed, including both internal and external factors.

Most common areas that questionnaires focus on:

- Knowledge, skills, experience, and qualifications
- Duties performed daily
- Duties performed less frequently
- Equipment and materials used for duties
- Time spent on different job duties
- Physical and emotional input
- Level of job satisfaction
- Salary and compensation
- Work conditions
- Additional comments

3. Interviews:

With this job analysis method, job analysts conduct interviews with incumbents to collect information about their tasks and how they are coping with them.

3.5 Type of Interview

Interviews can be structured and unstructured depending on your corporate culture.

1. Structured Interview-

Structured interviews follow a systematic approach where employees are interviewed accurately and consistently, following a preset format.

In a structured interview, you typically see that:

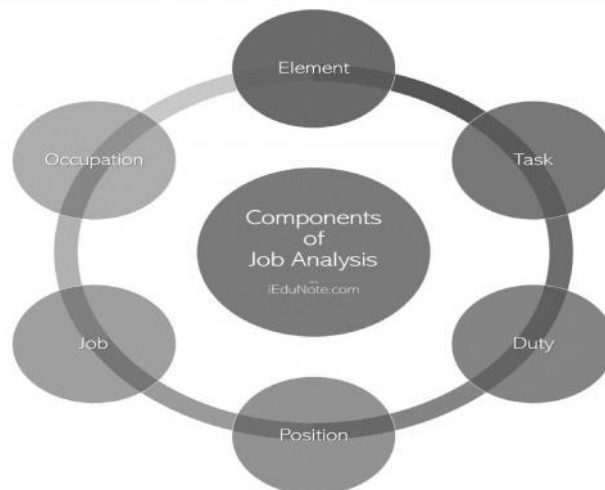
- All interviewees are asked the same questions in the same order.
- Interviewers record, compare and evaluate answers against standardized criteria.
- The interview process remains the same even if the interviewer changes.

2. Unstructured Interview-

Unstructured interviews, on the other hand, unravel without a preset structure. The interview process is carried out as a conversation with no specific questions predefined. Nevertheless, the interviewer should make the purpose and focus of the interview clear to the employees.

In an unstructured interview, you typically see that:

- Interviewees may receive different questions or the same questions may be asked in a different order.
- Interviewers don't always use standardized criteria for recording, comparing and evaluating answers.
- The interview process varies depending on the interviewer.

Components of Job Analysis**1. Element**

The smallest practical unit into which any work activity can be subdivided.

2. Task

An identifiable unit of work activity that is produced through the application of a Composite of methods, procedures, and techniques.

3. Duty

Several distinct tasks that are performed by an individual to complete a work activity for which he or she is responsible.

4. Position

The combination of all the duties required of one person performed a job.

5. Job

A group of positions that are the same enough or their job elements tasks and others to be covered by the same job analysis.

6. Occupation

Jobs that are combined across organizations based upon the skills, exhausted, and responsibilities required by the jobs.

7. Job Family

A category in which similar cocoons are grouped.

3.6 Process of Job Analysis

The different steps in the process of job analysis are as under:

1. Planning the Job Analysis-

The foremost step in the process of job analysis is defining the objective of the job analysis and obtain the top management support. Once the objective is selected, it should be well communicated to the top management because with its support only, the changes can be made in the organization.

Objectives can be:

- Redesign the job description
- Revise the compensation program
- Change the organization structure
- Redesign the job in a particular department.

2. Preparing & Communicating Job Analysis-

After setting an objective, the kind of jobs that are to be analyzed are selected, whether the clerical jobs, managerial jobs, division specific job, etc. Also, the members who are included in the analysis and the methods to be used are identified.

At this stage, the complete review of the existing job description is done to have a fair insight of the duties, responsibilities, organization chart, working conditions, hazards, etc. that exist in a particular set of jobs. At the end, communicate the whole information to managers and employees.

3. Conducting Job Analysis-

The next stage in the process of job analysis is to perform or begin with the job analysis. Here, the sufficient time should be allotted for collecting the job details from the employees. The information from the employees can be collected through questionnaires, interviews, or through an observation method. Once the information gets collected it needs to be sorted on the basis of its nature, division, department.

4. Developing Job Description and Job Specification-

At this stage, the job analyst prepares a draft of the job description and the specifications. After sorting of the information, the changes that need to be made in the jobs is identified and is written on paper. Once the draft gets prepared, it is circulated to the managers, supervisors, and the employees.

5. Maintaining and Updating Job description and specifications-

This is the last step in the process of job analysis wherein the job descriptions, and the specifications are timely checked and modified according to the changing needs of the organization.

Problems with Job Analysis

1. Lack of Management Support-

The biggest problem arises when a job analyst does not get proper support from the management. The top management needs to communicate it to the middle level managers and employees to enhance the output or productivity of the process.

In case of improper communication, employees may take it in a wrong sense and start looking out for other available options. They may have a notion that this is being carried out to fire them or take any action against them.

2. Lack of Co-operation from Employees-

If employees are not ready to co-operate, it is a sheer wastage of time, money and human effort to conduct job analysis process. The need is to take the workers in confidence and communicating that it is being done to solve their problems only.

3. Inability to Identify the Need of Job Analysis-

If the objectives and needs of job analysis process are not properly identified, the whole exercise of investigation and carrying out research is futile. Managers must decide in advance why this process is being carried out, what its objectives are and what is to be done with the collected and recorded data.

4. Biasness of Job Analyst-

A balanced and unbiased approach is a necessity while carrying out the process of job analysis. To get real and genuine data, a job analyst must be impartial in his or her approach. If it can't be avoided, it is better to outsource the process or hire a professional job analyst.

5. Using Single Data Source-

A job analyst needs to consider more than one sources of data to collect true information. Collecting data from a single source may result in inaccuracy and it therefore, defeats the whole purpose of conducting the job analysis process.

3.7 Meaning of Job Design

Job design is the process of creating a job that enables the organization to achieve its goals while motivating and rewarding the employee. Job design is defined as the process of deciding on the content of a job in terms of its duties and responsibilities; on the methods to be used in carrying out the job, in terms of techniques, systems and procedures and on the relationships that should exist between the job holder and his superiors, subordinates and colleagues.

Definition of Job Design

Job design is the process of determining the specific tasks to be performed, the methods used in performing these tasks, and how the job relates to other work in the organization.

R. Wayne Mondy

In simple terms, Job design refers to the way that a set of tasks, or an entire job, is organized. Job design helps to determine:

- what tasks are done,
- how the tasks are done,
- how many tasks are done and
- In what order the tasks are done.

Think upon

Do you believe that designing of jobs play an important role in the success of an organization?

Yes, because well designed jobs are more important in attracting and retaining a motivated workforce which is capable of producing high-quality products and services.

1. Well designed job leads to:

The well-designed job leads to high motivation, high quality of work, high job satisfaction and low absenteeism and turnover.

2. Poor designed job leads to:

The poor designed job leads to Lower productivity Employee turnover, Absenteeism, Complaints, Unionization, Resignations and many more problems.

3.8 Benefits of Job Design

The benefits of job design are as follows:

1. Employee Input-

A good job design enables a good job feedback. Employees have the option to vary tasks as per their personal and social needs, habits and circumstances in the workplace.

2. Employee Training-

Training is an integral part of job design. Contrary to the philosophy of "leave them alone" job design lays due emphasis on training people so that are well aware of what their job demands and how it is to be done.

3. Work/Rest schedules-

Job design offers good work and rest schedule by clearly defining the number of hours an individual has to spend in his/her job.

4. Adjustments-

A good job design allows for adjustments for physically demanding jobs by minimizing the energy spent doing the job and by aligning the manpower requirements for the same.

3.9 Factors affecting Job Design

The factors which are affecting job design can be divided into three main areas: Organizational Factors, Behavioural Factors and Environmental Factors.

1. Organizational Factors:

Organizational factors that affect job design can be work nature or characteristics, work flow, organizational practices and ergonomics.

1.1 Work Nature-

There are various elements of a job and job design is required to classify various tasks into a job or a coherent set of jobs. The various tasks may be planning, executing, monitoring, controlling etc. and all these are to be taken into consideration while designing a job.

1.2 Ergonomics-

Ergonomics aims at designing jobs in such a way that the physical abilities and individual traits of employees are taken into consideration so as to ensure efficiency and productivity.

1.3 Workflow-

Product and service type often determines the sequence of workflow. A balance is required between various product or service processes and a job design ensures this.

1.4 Culture-

Organizational culture determines the way tasks are carried out at the workplaces. Practices are methods or standards laid out for carrying out a certain task. These practices often affect the job design especially when the practices are not aligned to the interests of the unions.

2. Environmental Factors:

Environmental factors include both the internal as well as external factors. They include factors like employee skills and abilities, their availability, and their socio economic and cultural prospects.

2.1 Employee availability and abilities-

Designing a job that is more demanding and above their skill set will lead to decreased productivity and employee satisfaction. Employee skills, abilities, and time of availability play a crucial role while designing jobs. The above-mentioned factors of employees who will perform the job are taken into consideration. Designing a job that is more demanding and above their skill set will lead to decreased productivity and employee satisfaction.

2.2 Socio economic and cultural expectations-

Jobs are nowadays becoming more employee centered rather than process centered. They are therefore designed keeping the employees into consideration. In addition, the literacy level among the employees is also on the rise. They now demand jobs that are to their liking and competency and which they can perform the best.

3. Behavioral Factors:

Behavioral factors or human factors are those that pertain to the human need and that need to be satisfied for ensuring productivity at workplace.

3.1 Autonomy-

Employees should work in an open environment rather than one that contains fear. It promotes creativity, independence and leads to increased efficiency.

3.2 Feedback-

Feedback should be an integral part of work. Each employee should receive proper feedback about his work performance.

3.3 Diversity-

Repetitive jobs often make work monotonous which leads to boredom. A job should carry sufficient diversity and variety so that it remains as interesting with every passing day. Job variety / diversity should be given due importance while designing a job.

3.4 Use of Skills and Abilities-

Jobs should be employee rather than process centered. Though due emphasis needs to be given to the latter but jobs should be designed in a manner such that an employee is able to make full use of his abilities and perform the job effectively.

3.10 Approaches to Job Design**1. Human Approach:**

- The human approach of job design laid emphasis on designing a job around the people or employees and not around the organizational processes.
- According to this approach jobs should gratify an individual's need for recognition, respect, growth and responsibility.
- Job enrichment as popularized by Herzberg's research is one the ways in human approach of job design.
- Herzberg classified these factors into two categories - the hygiene factors and the motivators.
- **Motivators** include factors like achievement, work nature, responsibility, learning and growth etc. that can motivate an individual to perform better at the work place.
- **Hygiene factor** include things like working conditions, organizational policies, salary etc. that may not motivate directly but the absence of which can lead to dissatisfaction at the work place.

2. Engineering Approach:

- According to this approach the work or task of each employee is planned by the management a day in advance.
- The instructions for the same are sent to each employee describing the tasks to be undertaken in detail.
- The details include things like what, how and when of the task along with the time deadlines.
- The approach is based on the application of scientific principles to job design.
- Work, according to this approach should be scientifically analyzed and fragmented into logical tasks.
- Due emphasis is then laid on organizing the tasks so that a certain logical sequence is followed for efficient execution of the same.
- The approach also lays due emphasis on compensating employees appropriately and training them continuously for work efficiency.

3.The Job Characteristics Approach:

- The job characteristics approach was popularized by Hackman and Oldham.
 - According to this approach there is a direct relationship between job satisfaction and rewards.
 - They said that employees will be their productive best and committed when they are rewarded appropriately for their work.
 - They laid down five core dimensions that can be used to describe any job - skill variety, task identity, task significance, autonomy and feedback.
- a. Skill variety: The employees must be able to utilize all their skills and develop new skills while dealing with a job.
 - b. Task Identity: The extent to which an identifiable task or piece of work is required to be done for completion of the job.
 - c. Task Significance: How important is the job to the other people, what impact does it create on their lives?
 - d. Autonomy: Does the job offer freedom and independence to the individual performing the same.
 - e. Feedback: Is feedback necessary for improving performance.

Summary

- Jobs are important to individuals as well as organizations. They are subject to change. Job Analysis is a systematic investigation of the tasks , duties and responsibilities necessary to do a job. Job analysis information is useful for a variety, of organization purposes ranging from human resource planning to career counselling.
- The end products of job analysis are (a) Job descriptions, a written statement of what the job holder does, and (b) job specifications, which list the knowledge, skills and abilities (KSAs) required to perform a job satisfactorily.
- Job analysis is a systematic approach to defining the job role, description, requirements, responsibilities, evaluation, etc.
- It helps in finding out required level of education, skills, knowledge, training, etc. for the job position.
- The factors which are affecting job design can be divided into three main areas: Organizational Factors, Behavioural Factors and Environmental Factors.

Keywords

Job Analysis, Job Design, Ergonomics, Job Description, Job Specification, Human approach, Engineering approach.

SelfAssessment

1. _____ defines the jobs within the organization and the behaviors necessary to perform these jobs.
 - A. Job description
 - B. Job specification
 - C. Job Analysis

- D. None of the above
2. _____ includes basic job-related data that is useful to advertise a specific job and attract a pool of talent.
- A. Job description
 - B. Job specification
 - C. Job Analysis
 - D. Human resource planning
3. _____ is a written statement of educational qualifications, specific qualities, level of experience, physical, emotional, technical and communication skills required to perform a job.
- A. Job description
 - B. Job specification
 - C. Job Analysis
 - D. Human resource planning
4. Which is a method of doing Job Analysis?
- A. Interview method
 - B. Observation Method
 - C. Questionnaire method
 - D. All of the above
5. Job designing and redesigning is one of the purposes of Job Analysis.
- A. True
 - B. False
6. An identifiable unit of work activity that is produced through the application of a Composite of methods, procedures, and techniques is known as _____
- A. Element
 - B. Task
 - C. Duty
 - D. Job
7. Which is not a problem with Job Analysis?
- A. Lack of management support
 - B. Lack of support from employees
 - C. Using single data source

- D. Unbiased nature of Job Analysis
8. The smallest practical unit into which any work activity can be subdivided is known as _____
- A. Element
 - B. Task
 - C. Duty
 - D. Job
9. Time consuming is a _____ of job analysis.
- A. Advantage
 - B. Disadvantage
 - C. Benefit
 - D. Significance
10. Job Analysis helps in analysing training and development needs.
- A. True
 - B. False
11. _____ is the process of creating a job that enables the organization to achieve its goals while motivating and rewarding the employee.
- A. Job evaluation
 - B. Job Analysis
 - C. Job Design
 - D. Job description
12. Well-designed jobs are more important in attracting and retaining a motivated workforce which is capable of producing high-quality products and services.
- A. True
 - B. False
13. Poor designed jobs lead to:
- A. High quality of work
 - B. High job satisfaction
 - C. High motivation and productivity
 - D. Absenteeism
14. _____ is not an approach to job design.

Human Resource Management

- A. Human approach
 - B. Engineering approach
 - C. Job characteristics approach
 - D. Analytical approach
15. Designing a job according to the worker's physical strength and ability is known as
- A. ergonomics
 - B. task assortment
 - C. job autonomy
 - D. none of the above
16. Job variety / diversity should not be given due importance while designing a job.
- A. True
 - B. False

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. C | 2. A | 3. B | 4. D | 5. A |
| 6. B | 7. D | 8. A | 9. B | 10. A |
| 11. C | 12. A | 13. D | 14. D | 15. A |
| 16. B | | | | |

Review Questions

- 1.Explain the term Job Analysis.
2. Discuss the method of Job analysis information.
- 3.What is job description? Describe its features. How would you prepare a job description? Explain through an example
- 4.Construct a form for a sample job description. Why is a job description necessary before developing a job specification?
- 5.Describe the process involved in conducting a job analysis.
- 6.Why is job analysis the foundation of many other HR activities

**Further Readings**

- Aswathapa, K. (2008) 5th ed. Human Resource Management, Tata McGraw Hill.
- Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.
- French, W.L. (1990), Human Resource Management, 4th ed., Houghton Mifflin, Boston.
- H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi, 2004.
- Ivancevich, JM (2008), Human Resource Management, Tata McGraw Hill.

Unit 04: Recruitment

CONTENTS

Objectives

Introduction

- 4.1 What is Recruitment?
- 4.2 Types of Recruitment
- 4.3 Factors Affecting Recruitment
- 4.4 Recruitment Process
- 4.5 Recruitment Method
- 4.6 Methods of Recruitment
- 4.7 Challenges in India

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understand the concept of recruitment.
- Learn about the types of recruitment.
- Explore the factors affecting recruitment process.
- Get awareness about different steps in recruitment process.
- Learn about different methods of recruitment.
- Learn about the different sources of recruitment.
- Explore various challenges in recruitment process in India

Introduction

The human resources are the most important assets of an organization. The success or failure of an organization is largely dependent on the caliber of the people working therein. Without positive and creative contributions from people, organizations cannot progress and prosper. In order to achieve the goals or perform the activities of an organization, therefore, we need to recruit people with requisite skills, qualifications and experience. While doing so, we have to keep the present as well as the future requirements of the organization in mind.

Organizations have to recruit people with requisite skills, qualifications and experience, if they have to survive and flourish in a highly competitive environment. While doing so, they have to be sensitive to economic, social, political and legal factors within a country. To be effective, they need to tap all available sources of supply, both internal and external. Internal promotions and transfers boost the morale of people who have served the firm loyally for a number of years. External sources, too, need to be explored regularly to bring qualified people with lots of ideas into a firm.

4.1 What is Recruitment?

Recruitment refers to the process of identifying, attracting, interviewing, selecting, hiring and onboarding employees. In other words, it involves everything from the identification of a staffing need to filling it.

Recruitment is defined as, “process to discover the source of manpower to meet the requirement of staffing scheduled and to employ effective measures for attracting that manpower in adequate number to facilitate effective selection of an efficient workforce.”

Definition of Recruitment

Edwin B Flippo defined recruitment as, “the process of searching for prospective employee and stimulating them to apply for jobs in the organization.”

4.2 Types of Recruitment

To better understand the recruitment concept, let us understand the different types of recruitment first.

Different types are: Internal recruitment, Retained recruitment, Contingency recruitment, Outplacement recruitment and Staff recruitment.

1.Internal Recruitment-

Internal recruiting involves filling vacancies with existing employees from within an organization.

2.Retained Recruitment-

When an organization retains a recruiting firm to fill a vacancy, they pay an upfront fee to fill the position. The firm is responsible for finding candidates until the position is filled. The organization also agrees to work exclusively with the firm. Companies cannot hire multiple recruiting firms to fill the same position.

3.Contingency recruitment-

Like retained recruiting, contingency recruiting requires an outside firm. Unlike retained recruiting, there is no upfront fee with contingency. Instead, the recruitment company receives payment only when the clients they represent are hired by an organization.

4.Staffing recruitment-

Staffing recruiters work for staffing agencies. Staffing recruiting matches qualified applicants with qualified job openings. Moreover, staffing agencies typically focus on short-term or temporary employment positions.

5.Outplacement recruitment-

Outplacement is typically an employer-sponsored benefit which helps former employees transition into new jobs. Outplacement recruiting is designed to provide displaced employees with the resources to find new positions or careers.

Why recruitment process is important?

The main reason to understand the recruitment process is basically to find the persons who are best qualified for the positions within the company, and who will help them towards attaining organizational goals.

Let us discuss further reasons behind the significance of recruitment process:

1.To ensure proper alignment of skill sets to organizational goals-

Through recruitment, organizations make sure that the skill sets of the staff or manpower of the company remains aligned to its initiatives and goals.

2.To ensure effective and efficient recruiting-

Effective recruiting means that the person employed for the job is the best possible candidate for it, with all the required skills, talents and qualifications of the job.

Efficient recruiting means that the process has been carried out without incurring a lot of costs on the part of the organization.

By following the process, there is a greater chance that the human resources department can get the best possible person for the job.

3.To ensure compliance with policies and laws-

There are various rules, laws and regulations that organizations must adhere to when it comes to its human resources management. Equal opportunity employment and non-discrimination in hiring are two of them. By following a recruitment process, the chances of the organization violating these policies will be low.

4.3 Factors Affecting Recruitment

The factors affecting recruitment are divided into two main parts: Internal and External.

1.Internal factors:

The internal factors are those factors on which organizations have control. These are:

- 1.Size of organization
- 2.Recruiting policy
- 3.Image of organization
- 4.Image of job

1.Size of Organization-

The size of the organization is one of the most important factors affecting the recruitment process. To expand the business, recruitment planning is mandatory for hiring more resources, which will be handling the future operations.

2.Recruiting Policy-

Recruitment policy of an organization, i.e., hiring from internal or external sources of organization is also a factor, which affects the recruitment process. It specifies the objectives of the recruitment and provides a framework for the implementation of recruitment programs.

3.Image of organization-

Organizations having a good positive image in the market can easily attract competent resources. Maintaining good public relations, providing public services, etc., helps an organization in enhancing its reputation in the market, and thereby attract the best possible resources.

4.Image of Job-

Jobs having a positive image in terms of better remuneration, promotions, recognition, good work environment with career development opportunities are the characteristics to attract qualified candidates.

2. External factors:

External factors are those that cannot be controlled by an organization.

- 1.Demographic factors
- 2.Labor Market
- 3.Unemployment Rate
- 4.Labor Laws
- 5.Legal Considerations
- 6.Competitors

1.Demographic factors-

Demographic factors are associated to the features of possible employees such as their age, religion, literacy level, gender, occupation, economic status, etc.

2.Labor Market-

Labor market panels the demand and supply of labor. For instance, if the supply of people having a precise skill is less than the demand, then the employing will need more hard work. On the other hand, if the demand is less than the supply, the hiring will be relatively easier.

3.Unemployment rate-

If the unemployment rate is high in an exact area, hiring of capitals will be simpler and easier, as the number of candidates is very high. In contrast, if the unemployment rate is low, then recruiting tends to be very difficult due to less number of resources.

4.Labor Laws-

Labor laws replicate the social and political surroundings of a market, which are produced by the central and state governments. These laws command the compensation, working environment, security and health regulations, etc., for dissimilar types of employments. As the government changes, the laws to change.

5.Legal Considerations-

Job reservations for different castes such as STs, SCs, OBCs are the best instances of legal concerns. These concerns, passed by government, will have a positive or negative impact on the recruitment policies of the organizations.

6.Competitors-

When governments in the similar business are contending for the best capable resources, there is a requisite to examine the competition and offer the resources packages that are best in terms of industry values.

4.4 Recruitment Process

The major steps of the recruitment process are stated hereunder:

1. Job Design:

The job design is the most important part of the recruitment process. The job design is a phase about design of the job profile and a clear agreement between the line manager and the HRM Function. The Job Design is about the agreement about the profile of the ideal job candidate and the agreement about the skills and competencies, which are essential. The information gathered can be used during other steps of the recruitment process to speed it up.

2. Opening Job Position:

The Opening of the Job Position is generally the job of the HR Recruiter. Skilled and experienced HR Recruiter should decide about the right mix of the recruitment sources to find the best candidates for the job position. This is another key step in the recruitment process.

3. Collecting and Presenting Job Resumes:

The next step is collecting of job resumes and their preselection. This step in the recruitment process is very important today as many organization lose a lot of time in this step. Today, the organization cannot wait with the preselection of the job resumes. Generally, this should be the last step done purely by the HRM Function.

4. Job Interviews:

The job interviews are the main step in the recruitment process, which should be clearly designed and agreed between HRM and the line management. The job interview should discover the job candidate, who meets the requirements and fits best the corporate culture and the department.

5. Job Offer:

The job offer is the last step of the recruitment process, which is done by the HRM Function, it finalizes all the other steps and the winner of the job interviews gets the offer from the organization to join.

4.5 Recruitment Method

Recruitment methods are particular means to develop the practices of each stage in the recruitment life-cycle and process, from sourcing candidates to the hiring decision.

Sources of recruitment

The sources of recruitment have been divided into internal and external sources.

1. Internal Sources-

Persons who are already working in an organization constitute the 'internal sources. Retrenched employees, retired employees, dependents of deceased employees generally constitute the internal sources. Whenever any vacancy arises, someone from within the Organization is upgraded, transferred, promoted or even demoted.

Merits of Internal Sources:

I. Economical-

The cost of recruiting internal candidates is minimal. No expenses are incurred on advertising.

ii. Suitable-

The Organization can pick the right candidates having the requisite skills. The candidate can choose a right vacancy where their talents can be fully utilized.

iii. Reliable-

The Organization has the knowledge about suitability of a candidate for a position. This supports the saying 'Known devils are better than unknown angels!'

iv. Satisfying-

A policy of preferring people from within offers regular promotional avenues for employees. It motivates them to work hard and earn promotions. They will work with loyalty, commitment and enthusiasm.

Demerits of Internal Sources:

1. Limited choice:

The Organization is forced to select candidates from a limited pool. It may have to sacrifice quality and settle down for less qualified candidates.

2. Inbreeding:

It discourages entry of talented people, available outside the Organization. Existing employees may fail to explore innovative ways and inject necessary dynamism to enterprise activities.

3. Inefficiency:

Promotions based on length of service rather than merit, may prove to be a blessing for inefficient candidates. They do not work hard and prove their worth.

4. Bone of contention:

Recruitment from within may lead to infighting among employees aspiring for limited, higher level positions in an organization. As years roll by, the race for premium positions may end up in a bitter race.

2. External Sources-

External sources lie outside an organization. The Organization can have the services of:

(a) Employees working in other Organizations.

- (b) Job aspirants registered with employment exchanges.
- (c) Students from reputed educational institutions.
- Candidates referred by unions, friends, relatives and existing employees.
- (e) Candidates forwarded by search firms and contractors.
- (f) Candidates responding to the advertisements, issued by the Organization; and
- (g) Unsolicited applications/ walk-ins.

Merits of External Sources:

1. Wide Choice:

The Organization has the freedom to select candidates from a large pool. Persons with requisite qualifications could be picked up.

2. Injection of fresh blood:

People with special skills and knowledge could be hired to stir up the existing employees and pave the way for innovative ways of working.

3. Motivational force:

It helps in motivating internal employees to work hard and compete with external candidates while seeking career growth. Such a competitive atmosphere would help an employee to work to the best of his abilities.

4. Long-term benefits:

Talented people could join the ranks, new ideas could find meaningful expression, a competitive atmosphere would compel people to give out their best and earn rewards, etc.

Demerits of External Sources:

1. Hiring costs:

Hiring costs could go up substantially. Tapping multifarious sources of recruitment is not an easy task either.

2. Time-consuming:

It takes time to advertise, screen and test, to select suitable employees. Where suitable ones are not available, the process must be repeated.

3. De-motivating:

Existing employees who have put in considerable service may resist the process of filling up vacancies from outside. The feeling that their services have not been recognized by the organization, forces them to work with less enthusiasm and motivation.

4. Uncertainty:

There is no guarantee that the Organization will ultimately be able to hire the services of suitable candidates. It may end up hiring someone who does not fit and who may not be able to adjust in the new setup.

4.6 Methods of Recruitment

Internal and external methods of recruitment are being used.

1. Internal Methods

I. Promotions and Transfers-

Promotion and Transfers are used to fill vacancies from within the Organization. A transfer is a lateral movement within the same grade, from one job to another. It may lead to changes in duties and responsibilities, working conditions, etc., but not necessarily salary.

Promotion involves movement of employee from a lower level position to a higher level position accompanied by (usually) changes in duties, responsibilities, status and value.

II. Job posting-

Job posting is another way of hiring people from within. In this method, the Organization publicizes job opening on bulletin boards, electronic method and similar outlets. One of the important advantages of this method is that it offers a chance to highly qualified persons working within the Company to look for growth opportunities without looking for greener pastures outside.

III. Employee referrals-

Employee referral means using personal contacts of employees to locate job prospects. It is a recommendation from a current employee regarding a job applicant. The logic behind employee referral is that "it takes one to know one". Employees working in the Organization, in this case, are encouraged to recommend the names of known persons, working in other Organizations for a possible vacancy in the near future.

2. External Methods

I. Campus Recruitment-

This is a direct method of recruiting people by visiting academic institutions such as colleges and universities. Here the recruiters visit reputed educational institutions with a view to pick up job aspirants having requisite technical or professional skills.

Job seekers are provided information about the jobs and the recruiters, in advance. The Company gets a detailed profile of job seekers through constant exchange of information with respective institutions.

II. Advertisements-

Companies give advertisements to attract prospective job seekers. These include advertisements in newspapers; trade, professional and technical journals; radio and television; etc. In recent times, this medium has become just as colourful, lively and imaginative as consumer advertising.

III. Private Employment Search Firms-

Search firm is a private employment agency that maintains computerized lists of qualified applicants and supplies these to employers willing to hire people from the list for a fee.

IV. Employment Exchange-

As a statutory requirement, Companies are also expected to notify (wherever the Employment Exchanges Act, 1959, applies) their vacancies through the respective Employment Exchanges, created all over India for helping unemployed youth, displaced persons, ex-military personnel, physically handicapped, etc.

V. Gate Hiring and Contractors-

Gate hiring is the method of recruitment used by small and medium sized Organizations generally where semi-skilled workers are required. The job seekers present themselves at the factory gate and offer their services daily. Contractors are also used for the supply of such personnel.

VI. Unsolicited applicants/Walk-ins-

Companies generally receive unsolicited applications from job seekers at various points of time. The number of such applications depends on economic conditions, the image of the Company and the job seeker's perception of the types of jobs that might be available etc. Such applications are generally kept in a data bank and whenever a suitable vacancy arises, the company would intimate the candidates to apply through a formal channel.

4.7 Challenges in India

Different challenges of recruitment in India has been discussed below:

1. Integrating multiple recruitment solutions:

With the proliferation of different recruitment solutions, it has become necessary to integrate multiple recruitment software into a major talent acquisition system. The problem is that this integration is rarely seamless.

2.Candidate screening challenges:

Sorting through the stockpiling resumes and applications and selecting the best talent is a huge task for the recruiters.

3.Poor candidate experiences:

Many job seekers have had a poor experience during the recruitment process and most of them talk to their peers about it.Candidate experience is important not only from the branding point of view, but it also factors in when the top candidates you shortlist are evaluating your job offer.

4.Attracting the right job candidates:

It has been accepted that attracting the right job candidates is their greatest challenge. Hiring managers are wasting their precious time by going through tons of applications from candidates that are not a good fit for their open positions.

5.Difficulty in finding qualified candidates:

HR managers admit that attracting the top talent is the biggest recruitment challenge.Technology has brought down the geographical barriers but still expanding the reach into an extensive talent pool is the need of an hour.

Summary

Recruitment is the process of finding and attracting capable applicants for employment.

Certain influences restrain (the freedom of) managers while choosing a recruiting source such as: image of the company, attractiveness of the job, internal policies, budgetary support, government policies, etc.

Recruitment is influenced by a variety of environmental factors - economic, social, technological, political, legal, etc.

The sources of recruitment may be broadly divided into two categories: internal sources and external sources.

Keywords

Recruitment, Recruitment techniques, Attracting candidates, Aptitude test, Selection, Intelligence test, Preference test, Recruitment methods.

SelfAssessment

1. _____ means that the person employed for the job is the best possible candidate for it, with all the required skills, talents and qualifications of the job.
 - A. Effective recruitment
 - B. Efficient recruitment
 - C. Ineffective recruitment
 - D. Inefficient recruitment

2. Which is an internal factor of recruitment?
 - A. Size of organization
 - B. Demographic factors

- C. Labor Market
 - D. Unemployment Rate
3. Which is an external factor of recruitment?
- A. Size of organization
 - B. Recruiting policy
 - C. Image of organization
 - D. Competitors
4. _____ refers to the process of identifying, attracting, interviewing, selecting, hiring and onboarding employees.
- A. Selection
 - B. Hiring
 - C. Recruitment
 - D. Induction
5. _____ involves filling vacancies with existing employees from within an organization.
- A. Retained recruitment
 - B. Outplacement recruitment
 - C. Internal recruitment
 - D. Contingency recruitment
6. In contingency recruitment, there is no upfront fee to fill the position.
- A. True
 - B. False
7. _____ is designed to provide displaced employees with the resources to find new positions or careers.
- A. Retained recruitment
 - B. Outplacement recruitment
 - C. Internal recruitment
 - D. Contingency recruitment
8. Persons who are already working in an organization constitute the_____ sources of recruitment.
- A. Internal Sources
 - B. External Sources
 - C. Applied Sources

- D. All of the above
9. Retrenched employees, retired employees, dependents of deceased employees constitute _____ sources of recruitment.
- A. Internal Sources
B. External Sources
C. Applied Sources
D. All of the above
10. Which is not a challenge of recruitment in India?
- A. Difficulty in finding qualified candidates
B. Good candidate experience
C. Candidate screening challenges
D. Integrating multiple recruitment solutions
11. _____ is a private employment agency that maintains computerized lists of qualified applicants and supplies these to employers willing to hire people from the list for a fee.
- A. Campus Recruitment
B. Employment Exchange
C. Search firms
D. Gate Hiring and Contractors
12. _____ is the method of recruitment used by small and medium sized Organizations generally where semi-skilled workers are required.
- A. Campus Recruitment
B. Employment Exchange
C. Search firms
D. Gate Hiring and Contractors
13. _____ involves movement of employee from a lower level position to a higher level position accompanied by changes in duties, responsibilities, status and value.
- A. Promotions
B. Transfers
C. Job posting
D. Employee referrals

14. _____ is a lateral movement within the same grade, from one job to another. It may lead to changes in duties and responsibilities, working conditions, etc., but not necessarily salary.
- A. Promotions
 B. Transfers
 C. Job posting
 D. Employee referrals
15. Which is not a merit of external source of recruitment?
- A. Hiring costs
 B. Motivational force
 C. Wide choice
 D. Long term benefits

Answers for Self Assessment

1. A 2. A 3. D 4. C 5. C
 6. A 7. B 8. A 9. A 10. B
 11. C 12. D 13. A 14. B 15. A

Review Questions

1. Examine various sources of recruitment.
2. What is its role and importance in selecting management trainees in a large public sector undertaking?
3. Examine the external sources of recruitment.
4. Examine various internal sources of recruitment.
5. What recruiting source gets the most acceptable candidates?



Further Readings

- Aswathapa, K. (2008) 5th ed. Human Resource Management, Tata McGraw Hill.
 Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.
 French, W.L. (1990), Human Resource Management, 4th ed., Houghton Mifflin, Boston.
 H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi, 2004.
 Ivancevich, JM (2008), Human Resource Management, Tata McGraw Hill.

Unit 05: Learning

CONTENTS

Objectives

Introduction

5.1 Types of Learning

5.2 Stages of Learning Process

5.3 Learning Theories

5.4 Instructional Emphasis of Learning Outcomes

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After this lecture, you will be able to

- gain an insight into the concept of learning.
- analyse the different types of learning.
- understand the stages involved in learning process and know the value chain of learning.
- gain an insight into the different theories of learning.
- understanding approaches of Ivan Pavlov and B. F. Skinner to learning theories.
- analysing which learning theory is the perfect one for an organization.
- gain an insight into the concept of instructional emphasis of learning outcome.
- analyse the factors responsible for trainee's learning ability.
- understand the significant aspects of an individual's behavior regarding training.

Introduction

What is Learning?

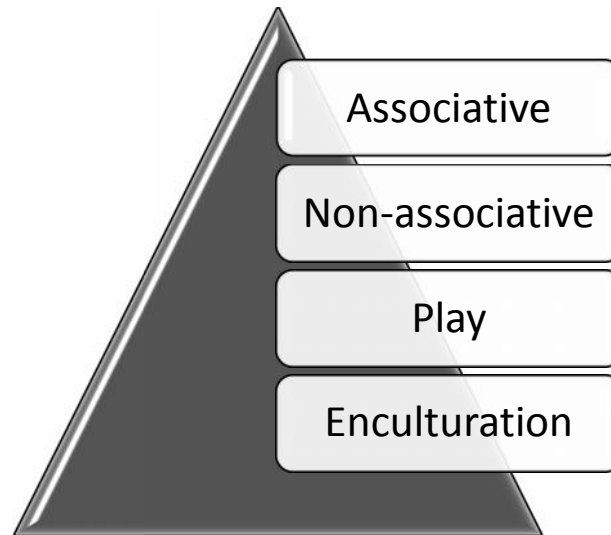
- Any relatively permanent change in behaviour that occurs as a result of experience.
- Learning
 - Involves CHANGE.
 - Is relatively PERMANENT.
 - Is acquired through EXPERIENCE.

Learning is the process of acquiring new understanding, knowledge, behaviors, skills, values, attitudes, and preferences. The ability to learn is possessed by humans, animals, and some machines; there is also evidence for some kind of learning in certain plants. Some learning is immediate, induced by a single event (e.g. being burned by a hot stove), but much skill and knowledge accumulate from repeated experiences. The changes induced by learning often last a lifetime, and it is hard to distinguish learned material that seems to be "lost" from that which cannot

be retrieved. Human learning starts at birth (it might even start before) and continues until death as a consequence of ongoing interactions between people and their environment.

Research in such fields has led to the identification of various sorts of learning. For example, learning may occur as a result of habituation, or classical conditioning, operant conditioning or as a result of more complex activities such as play, seen only in relatively intelligent animals. Learning may occur consciously or without conscious awareness.

5.1 Types of Learning



Non-associative learning

- Non-associative learning refers to "a relatively permanent change in the strength of response to a single stimulus due to repeated exposure to that stimulus."
- This definition exempts the changes caused by sensory adaptation, fatigue, or injury.
- Non-associative learning can be divided into habituation and sensitization.

Associative learning

- Associative learning is the process by which a person or animal learns an association between two stimuli or events.
- In classical conditioning a previously neutral stimulus is repeatedly paired with a reflex-eliciting stimulus until eventually the neutral stimulus elicits a response on its own.
- In operant conditioning, a behaviour that is reinforced or punished in the presence of a stimulus becomes more or less likely to occur in the presence of that stimulus.

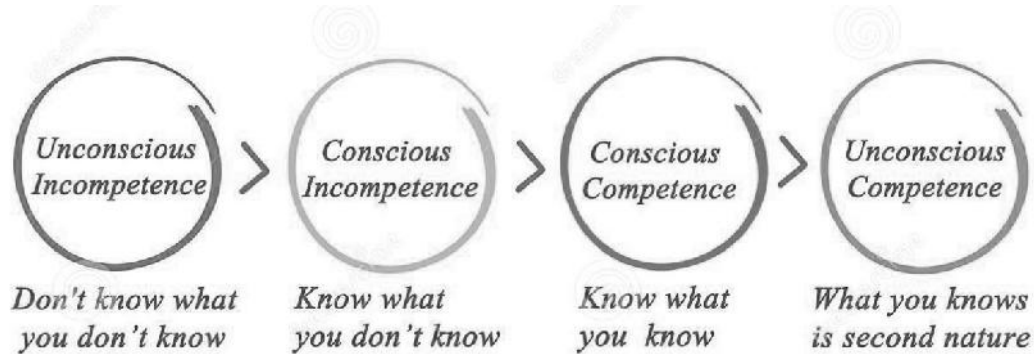
Play

- Play generally describes behaviour with no particular end in itself, but that improves performance in similar future situations.
- This is seen in a wide variety of vertebrates besides humans, but is mostly limited to mammals and birds.
- Cats are known to play with a ball of string when young, which gives them experience with catching prey.

Enculturation

- Enculturation is the process by which people learn values and behaviours that are appropriate or necessary in their surrounding culture.
- Parents, other adults, and peers shape the individual's understanding of these values.
- If successful, enculturation results in competence in the language, values, and rituals of the culture.

5.2 Stages of Learning Process



Unconscious Incompetence

- The first stage of learning is Unconscious Incompetence.
- This is the stage where the learner has not learned anything yet.
- The students have no knowledge or skill—and don't even feel the need to learn a new skill.

Conscious Incompetence

- The second stage of the learning process is Conscious Incompetence.
- Here, the learners are aware of the skill or knowledge they lack.
- They are conscious of what they are missing.
- As a result, they develop a keenness to know about new things as they are no longer happy to miss out on something that could prove valuable.
- The next phase of the learning process is Conscious Competence.
- This is when the learner becomes familiar with the subject or acquires a skill, but is still not proficient enough to develop it as an automatic reflex or habit.

Unconscious Competence

- The fourth and final stage of learning is known as Unconscious Competence.
- It refers to attaining a level of expertise where you can become an absolute master of the habit.
- Let's say it is like typing on your computer. You don't even pay attention to each stroke—your fingers simply glide over the keyboard to form words that come to your mind.

Value Chain of Learning



The 70/20/10 Model Revisited

A popular approach to organizational learning is the 70/20/10 model. The model was created by McCall, Lombardo & Eichinger of the Center for Creative Leadership, a leadership development organization.

The 70/20/10 model is a general guideline for organizations seeking to maximize organizational learning and develop new programs. The model is widely deployed and often referred to when it comes to learning & development.

The model proposes that 70% of learning comes from work-based learning. This informal learning happens through hands-on experience, where the employee learns during their daily work. This learning-on-the-job happens during new tasks and challenging assignments and through feedback from bosses and “water-cooler” conversations with peers on the employee’s performance.

The next 20% represents developmental relationships. This involves employees learning from each other, using social learning, peer feedback and peer coaching, collaborative learning, peer mentoring, and other interactions with peers and mentors. The final 10% of professional development comes from traditional coursework and training in a formal, educational setting.

Why 70/20/10 is a myth?



70-20-10 learning infographic: a myth

Although commonly used, the model has been criticized in the academic literature. Notably, McCauly (2013) notes in a since-deleted blog post that if formal training “accounts for only 10% of development, why do we need it?” Other examples include:

- There is very little if no quantitative evidence for the 70/20/10 rule in the scientific literature (Clardy, 2018).
- Analysis in the early 1980s found that the ratio for managers is 50/30/20. Zemke (1985) notes that “the finding that 20% of a manager’s know-how comes from formal training is remarkable since the average manager spends less than 1% of his or her time in training”.
- The Bureau of Labor Statistics showed that about 55% of all workers needed specific training to qualify for their current jobs (this was in the 1980s). About 29% came from school-based training, and 28% from formal, on-the-job training (Loewenstein & Spletzer, 1998). This shows that formal training plays a much more significant role in skill development.
- Loewenstein & Spletzer (1998), who re-analyzed the same data, concluded that “formal and informal training are to some extent complementary, but formal training may have a higher return”.

The safe conclusion is that the ratio heavily depends on the function. For example, in some cases, all workplace learning occurs without formal learning (Clardy, 2018). In other cases, years of formal learning and job-training is required to join a specialist profession. For these kinds of jobs, formal learning will play a much more prominent role.

The learning process is essential to increase knowledge. Be it your personal or professional life, constant learning and skill acquisition is important for everyone. Understanding the learning process and its different stages are crucial for all of us. Whether you are just starting your career or are an experienced professional with decades of experience, the learning process should never stop.

Methods of learning

- Lectures and seminars. This is a more formal setting often used in universities with a lecturer and students. The setting inhibits interaction.
- Discussion groups. Highly interactive setting aimed at sharing viewpoints.
- Debate. Highly interactive setting aimed at convincing others of one’s viewpoints.
- Case study and projects. These actively involve the participant and activate them to come up with solutions and answers.
- Experiential activities. These involve active participation and are often used in team building
- Role Play. A role is acted out or performed, for example as a technique to train customer interaction.
- Simulation/Games. An increasingly popular and highly interactive way of experimental learning. With the rise of virtual and augmented reality, this can be made very realistic.
- Job shadowing. Working with another employee who has a different experience to learn from them. This is a good way to learn and exchange ideas.
- Outdoor management development (OMD). A form of experiential activities. A 2001 study by Hamilton & Cooper showed that this could be effective. I couldn’t resist including this quote from their paper: “50 percent of the participants were experiencing high levels of pressure and reported low levels of mental wellbeing pre and post attendance. It was concluded that a greater impact could be achieved if the participants were not

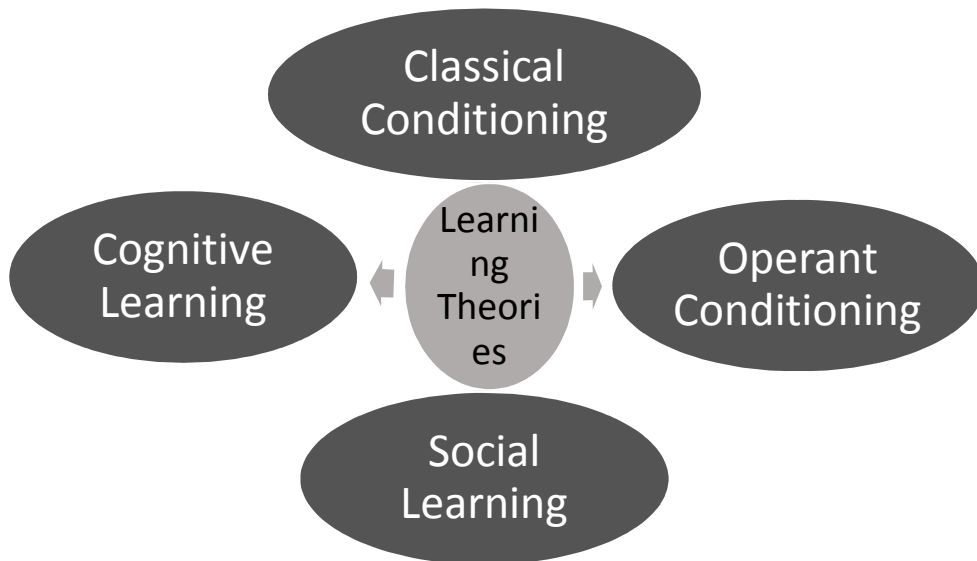
over-pressured and/or not experiencing low levels of mental wellbeing.” Those poor managers...

- Coaching. Coaching focuses on hands-on skill development. The coach is often allocated and is the driving force. The coachee follows and learns.
- Mentoring. Mentoring is more strategic. The mentor is chosen by the mentee and the process is also driven by the mentee. Mentoring goes beyond skills.

5.3 Learning Theories

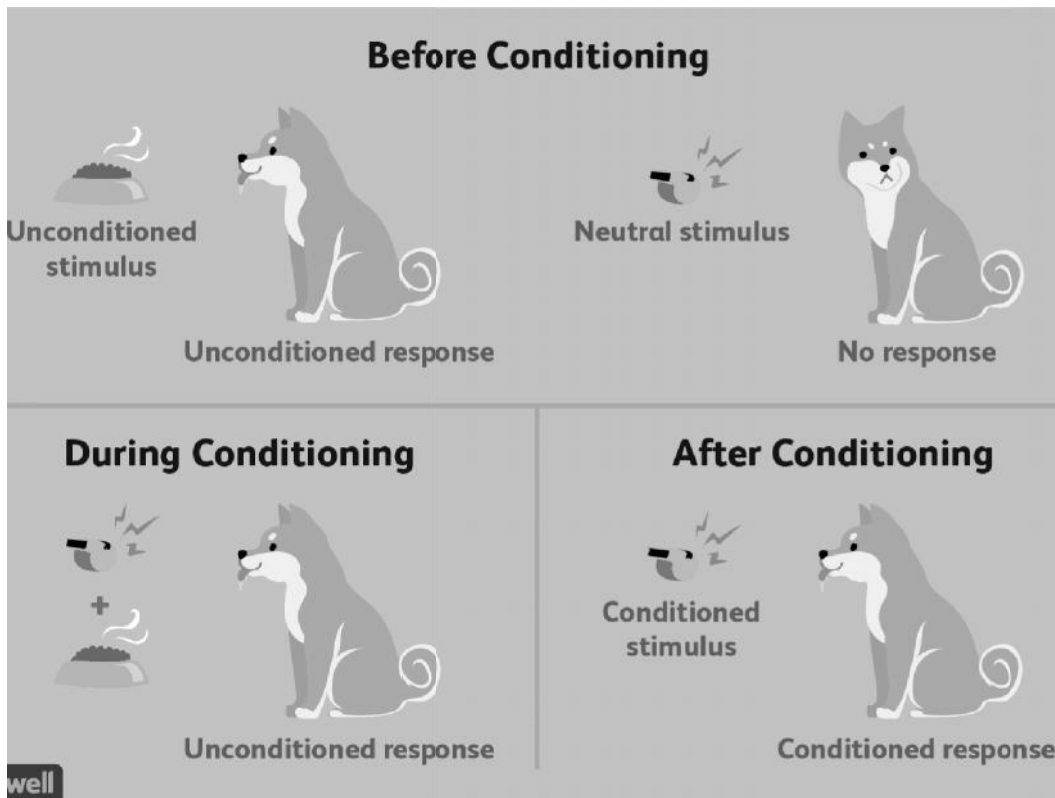
Learning is said to have taken place if an individual changes the way in which he

- ✓ behaves,
- ✓ reacts, and
- ✓ responds.



I. Classical Conditioning

- Classical conditioning is a type of conditioning in which an individual responds to some stimulus that would not ordinarily produce such as response.
- It is the process of learning to associate a particular thing in our environment with a prediction of what will happen next.
- Classical conditioning, the association of such an event with another desired event resulting in behavior, is one of the easiest to understand processes of learning.
- When we think of the classical conditioning, the first name that comes to our mind is Ivan Pavlov, the Russian psychologist.
- The normal stimulus for a flow of saliva is the taste of food.
- But often the mouth waters at the mere sight of luscious peach, on hearing it described or even thinking about it.
- Thus, one situation is substituted for another to elicit behaviour.
- This is called conditioning.
- In the case of classical conditioning, a simple surgical procedure allowed Pavlov to measure accurately the amount of saliva secreted by a dog.



What was done?

- When Pavlov presented one dog with a piece of meat, the dog exhibited a noticeable increase in salivation.
- When Pavlov withheld the presentation of meat and merely rang a bell, the dog did not salivate.
- Then Pavlov proceeded to link the meat and the ringing of the bell.
- After repeatedly hearing the bell before getting the food, the dog began to salivate as soon as the bell rang.
- After a while, the dog would salivate merely at the sound of the bell, even if no food was offered.

Terminology

- **Unconditioned stimulus.**

This is the thing that triggers an automatic response. Food is the unconditioned stimulus in Pavlov's dog experiment.

- **Unconditioned response.**

This is what response naturally occurs when you experience the unconditioned stimulus, such as salivating from the food.

- **Conditioned stimulus.**

This is considered a neutral stimulus. When you're presented with it over and over before the unconditioned stimulus (e.g., food), it will start to evoke the same response. The bell before the food is the conditioned stimulus.

- **Conditioned response**

This is the acquired response to the conditioned stimulus (the bell), which is often the same response as the unconditioned response. So, the dogs salivated for the bell the same way they salivated for the food in front of them.

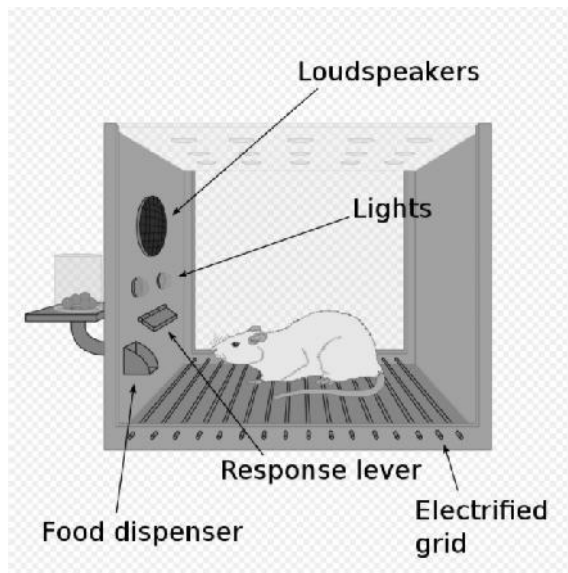
- **Neutral stimulus**

This is a stimulus which initially produces no specific response other than focusing attention.

II. Operant Conditioning

The second type of conditioning is called operant conditioning. Here, we learn that a particular behaviour is usually followed by a reward or punishment. What Pavlov did for classical conditioning, the Harvard psychologist B.F. Skinner did for operant conditioning.

- Operant conditioning argues that one's behaviour will depend on different situations.
- People will repeatedly behave in a specific way from where they will get benefits.
- On the other hand, they will try to avoid a behaviour from where they will get nothing.
- Skinner argued that creating pleasing consequences to specific forms of behaviour would increase the frequency of that behaviour.
- In one famous experiment displaying operant learning, the psychologist B.F. Skinner trained rats to press a lever to get food.
- In this experiment, a hungry rat placed in a box containing a lever attached to some concealed food.



Let's relate

- You worked hard and found that you have done this successfully.
- But when the time comes, you find that you are given no bonus for your hard work which increases the bank's deposit by \$100,000,000. (100 million).
- In the next year, if your manager again says you about the hard work.
- Maybe you will be stopped because last year you did not receive anything for it. Many activities that we will engage in during everyday life can be classified as an operant.

III. Cognitive Theory

- Cognition refers to an individual's thoughts, knowledge of interpretations, understandings, or ideas about himself, and his environment.
- This is a process of learning through active and constructive thought processes, such as a practice or using our memory.
- One example might be that you were taught how to tell time by looking at a clock.
- Someone taught you the meaning of the big hand and little hand, and you might have had to practice telling the time when you were first learning it.

- This process of learning was entirely inside your mind and didn't involve any physical motions or behaviours.
- It was all cognitive(conscious intellectual ability), meaning an internal thought process.
- The theory has been used to explain mental processes as they are influenced by both intrinsic and extrinsic factors, which eventually bring about learning in an individual.
- Cognitive learning theory implies that the different processes concerning learning can be explained by analyzing the mental processes first.

IV. Social Learning Theory

- The social learning theory also called observational learning, stresses the ability of an individual to learn by observing what happens to other people and just by being told about something.
- One can learn things by observing models, parents, teachers, peers, motion pictures, TV artists, bosses, and others.
- Many patterns of behaviour are learned by watching the behaviours of others and observing its consequences for them. In this theory, it is said that the influence of models is the central issue.

Processes of Social Learning Theory

4 processes have been found to determine the influence that a model will have on an individual. They are:

- Attention.
- Retention.
- Motor Reproduction.
- Reinforcement.

Attention process

- People learn from a model only when they recognize and pay attention to its critical features.
- If the learner is not attentive, they would not be able to learn anything.
- We tend to be most influenced by attractive models, repeatedly available, which we think is important, or we see as similar to us.

Retention process

- A model's influence depends on how well the individuals remember the models' actions after the model is no longer readily available.

Motor reproduction process

- After a person has seen a new behaviour by observing the model, the watching must be converted to doing.
- It involves recall the model's behaviours and performing own actions and matching them with those of the model.
- This process then demonstrates that the individual can perform the modelled activities.

Reinforcement process

- Individuals are motivated to exhibit the modelled behaviour if positive incentives or rewards are provided.
- Behaviour that is positively reinforced is given more attention, learned better and performed more often.

Which Learning Theories are Right for an Organization?

There can be two perspectives:

- Follow one school of thought primarily? or
- Blend a variety of theories to get the results you want?

5.4 Instructional Emphasis of Learning Outcomes

- To be present at a programme of training does not always ensure the trainee's learning.
- He may make genuine efforts to learn; and yet, at work he may make little use of the insights he developed in the classroom.
- Training costs are unjustified if the participant does not, for whatever reason, use his learning in his work, or if he has failed to understand how the classroom experience relates to his job.

The onus is on the trainer to ensure that

- (a) what is taught in class is relevant to the participant's experience;
- (b) the trainee gains sufficient understanding of what he learns to be able to use it in his work.

Factors of Trainee's Learning

The trainee's learning from a formal classroom situation depends upon:

- (i) The trainee's receptiveness;
- (ii) The trainee's rapport with the trainer;
- (iii) The climate of training.

The Trainee's Receptiveness

The trainee's general response to a course thus depends on

- (a) the choice he himself exercises in coming to a programme and
- (b) the trainee's perception of how the top management previews training activity and how they integrate it with overall management practices in the company.

Significant Aspects of The Individual's Behaviour

- An individual develops his attitudes towards people, objects and situations through his experiences in childhood, or in the formative years of his life.
- They are governed by his interactions with parents, relatives, school, community and the like and become an integral part of his adult personality.
- In adult life, the individual responds to his peers, subordinates and superiors through his own values and attitudes.
- What an individual aspires is unique to his own personality.
- The trainee's aspirations are directly related to his history, his concept, his abilities, and his goals.
- Thus motivation is, for the trainee, an individual phenomenon.
- It is directed from within himself.
- He directs his behaviour in the direction that enables him to reach his perceived goal.
- Learning takes place not through isolated experience but by the reinforcement of the same experiences of similar ones in a continuous series.
- From a given concept, a certain kind of behaviour would not be learnt unless the course provides appropriate repetitions of the concept in different ways.

The Trainee's Rapport with the Trainer

- Training by itself does not induce people to learn.
- The trainee's receptiveness to learning is closely related to the climate of the organisation.
- The main concern regarding the trainer is, how he communicates with participants.

There are three difficulties in communication:

- (a) Instructor's concern for the trainee's learning,
- (b) Distortions in communications,
- (c) Perceived relationships.

The Climate of Training

The effectiveness of group discussions, or working in teams or on projects, would be seriously reduced if the sub-groups continued to carry forward their differences in the training situation.

The instructor would be able to handle these in the following possible ways:

- By himself being aware of these differences and making the trainees recognise the underlying factors that inhibit communications between them or factors that induce formation of sub-groups.
- By his own behaviour in dealing with the trainees in such a manner that he does not sanction such behaviour on the part of the trainees.

To achieve these purposes, especially internalising of learning, the trainee has to have opportunity to experiment with what he has learnt, obtain help in aspects where he makes mistakes, and gain confidence in his own ability to work in other than the old ways. Towards this end he needs to feel that the instructor and his peers will be sympathetic and not think poorly of him when he makes mistakes. The instructor must create this trust in himself and a degree of tolerance and understanding of individuals in the group for experimentation and learning.

Summary

- Learning occurs within each individual as a continual process throughout life.
- Learning theory may be described as a body of principles advocated by psychologists and educators to explain how people acquire skills, knowledge, and attitudes.
- The various learning theories are: Behaviourism theory, Cognitive theory, Combined approach and Facilitation theory.
- A consideration of why people forget may point the way to help them remember. Several theories account for forgetting, including disuse, interference, and repression.
- Modern work on human learning and memory focuses on the cognitive processes people use in storing and retrieving information.
- Transfer of learning refers to how much or how well the new knowledge, skills, and attitudes acquired during training actually result in on-the-job behaviour change.
- Learning principles are the guidelines to the ways in which people learn most effectively. These principles are participation, repetition, relevance, transference, and feedback.
- Learning is concerned with bringing about relatively permanent changes as a result of experience.
- The types of learning situation are (i) classical conditioning, (ii) operant conditioning, and (iii) cognitive learning.
- Training costs are unjustified if the participant does not, for whatever reason, use his learning in his work, or if he has failed to understand how the classroom experience relates to his job.

- The trainee's learning from a formal classroom situation depends upon: (i) The trainee's receptiveness; (ii) The trainee's rapport with the trainer and (iii) The climate of training.
- The effectiveness of learning can be defined in terms of learning being quick and sustained, effectively used, leading to creativity, and the development of a capacity for self-learning.
- The most complex form of learning takes place when training is concerned with the attitudes and values of people. This is not only the most complex area, it is also the most difficult and dangerous.
- The various elements involved in the process of learning are, (i) the training/teaching organization, (ii) and the technology of training/learning, (iii) the trainer/teacher and, (iv) the learner.
- Factors Affecting the Learning Process are Knowledge of results, Length of learning sessions, Logical sequence, Repetition, Association of Ideas and Transfer of learning.
- The purposes that feedback serves is to support behaviours exhibited by the learner to encourage learner behaviour and to correct or improve poor performance exhibited by the learner
- For feedback to be effective the aspects of sincerity professionalism and correctiveness must be present in the feedback.

Keywords

Cognitive Learning: Situations where information is stored and processed by mind without explicit manipulation of reinforcers is called cognitive.

Feedback Balance: Feedback balance refers to the relative amounts of positive and corrective feedback given to the learners.

Learning: Learning can be defined as any relatively permanent change in behaviour which occurs as a result of practice or experience.

Specific Feedback: The feedback in which learner knows exactly what behavior is appropriate or inappropriate.

Vague Feedback: Feedback that makes people confused about what they did.

Behaviourism: The learning theory that stresses the importance of having a particular form of behaviour reinforced by someone, other than the trainee, to shape or control what is learnt.

E-Learning: It is the use of technology to enable people to learn anytime and anywhere and includes training and delivery of just-in-time information.

Learning Curve: It is a graphical representation of the changing rate of learning.
Learning Principles: Learning principles are the guidelines to the ways in which people learn must effectively.

Programmed Learning: Learning technique characterized by self-paced, self-administered instruction presented in logical sequence and with much repetition of concepts.

Self Assessment

1. stresses the importance of having a particular form of behaviour reinforced by someone, other than the trainee, to shape or control what is learnt.
A. Behaviourism
B. Individualism

-
2. Two major branches of cognitive theory are the information processing model and the social interaction model.
 - A. False
 - B. True

 3. Combined approach provides a way to measure behavioural outcomes and promote cognitive learning.
 - A. True
 - B. False

 4. The social interaction theories stress that learning and subsequent changes in behaviour take place as a result of interaction between the student and the environment.
 - A. True
 - B. False

 5. Behaviourism theory provides the instructor with ways to manipulate students with stimuli, induce the desired behaviour or response, and the behaviour with appropriate rewards.

 6. Facilitation theory or humanistic theory was advocated by
 - A. Ivan Pavlov
 - B. B.F. Skinner
 - C. Carl Rogers
 - D. Jean Piaget

 7. Theories account for forgetting, includes disuse, interference, and

 8. The basis of the interference theory is that people forget something because a certain experience has it, or that the learning of similar things has intervened.

 9. Modern work on human learning and memory focuses on the cognitive processes people use in storing and retrieving information.
 - A. True
 - B. False

 10. Changes in behaviour and equate to learning transfer.
 - A. Skills
 - B. Attitudes
 - C. Knowledge
 - D. Performance

 11. Learning principles are the to the ways in which people learn must effectively.
 - A. Guidelines
 - B. Regulations
 - C. Rules
 - D. policies

12. Participation improves and apparently engages more senses that help reinforce the learning process.
13. is the art and science of helping adults to learn.
 - A. Sociology
 - B. Anthropology
 - C. Andragogy
 - D. Psychology
14. Learning in an adult is facilitated by comfortable physical environment and climate.
15. According to behavioural scientists, effective learning takes place through.....

Answers for Self Assessment

- | | | | | |
|-------|----------------|-----------------|-------------------|--------------------------|
| 1. A | 2. A | 3. A | 4. B | 5. Reinforce |
| 6. C | 7. repression | 8. overshadowed | 9. A | 10. D |
| 11. A | 12. motivation | 13. C | 14. psychological | 15. active participation |

Review Questions

1. Comment - "Learning is approached as an outcome - the end product of some process"? Discuss
2. Define learning. Explain the purpose of learning.
3. Explain the various kinds of learning and suggest ways of strengthening the learning in our lives.
4. Explain in detail the various factors affecting learning. How does each factor differ from the another in terms of influence?
5. What are factors upon which a trainee's learning from a formal classroom situation depends?
6. Explain in detail the four basic reinforcement strategies employed in encouraging desirable behaviour and discouraging undesirable behaviour.
7. Why do people learn? What is the significance of learning in organisational setting?
8. Discuss ten simple rules of learning and give ten major conditions for learning to be effective.
9. How does a trainer determine how to respond to learners need to clarification or feedback?
10. Describe the methods and ways through which feedback can be make more effective.
11. Improving learning is quite complex process. What are the ways to improve learning?
12. What are the different theories of learning to solve learning problems?
13. A consideration of why people forget may point the way to help them remember. Several theories account for forgetting. Explain those theories.

14. 'Both the behaviourist and the cognitive approaches are useful learning theories.' In light of this statement describe the significance of combined approach of learning.



Further Readings

G Pandu Naik, "Training and Development – Text, Research and Cases", Excel Books, New Delhi

PL Rao, "Enriching Human Capital through Training and Development", Excel Books, New Delhi



Web Links

<https://en.wikipedia.org/wiki/Learning>

<https://harappa.education/harappa-diaries/learning-process-and-stages-of-learning/>

<https://www.aihr.com/blog/learning-and-development/>

<https://www.iedunote.com/learning-theories>

<https://www.leaderinme.org/blog/learning-theories/>

<https://mainuddinbd.com/types-of-learning-theories-in-training-and-development/>

<https://360learning.com/blog/learning-theories/>

<https://www.learnupon.com/blog/learning-theories/>

Unit 06:Talent Management

CONTENTS

Objectives

Introduction

8.1 What is Talent?

8.2 Talent Management

8.3 Talent Management Process

8.4 Benefits of Talent Management

8.5 What is Talent Retention?

8.6 Talent Acquisition

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understand the concept of talent and talent management
- Learn about types of talent.
- Explore steps in talent management process.
- Learn about the benefits of talent management.
- Understand the concept of employee/talent retention.
- Learn about the significance of talent retention.
- Explore the different steps to retain talent.
- Learn about the ways to retain talent by HR.
- Understand the concept of talent acquisition.
- Get awareness about differences between recruitment and talent acquisition.
- Learn about the different elements of talent acquisition.
- Explore the steps in process of talent acquisition
- Learn about various sources of talent acquisition.

Introduction

Modern organizations operate in an extremely turbulent and complex business environment. Survival in the marketplace requires highly developed skills in order to adapt to constant change, be flexible and act swiftly. In this age of the rapidly expanding knowledge-based economy, the quality of human resources has assumed crucial importance. This complex and demanding market environment has generated a demand for outstanding and talented specialists. Their key role in achieving and maintaining an enterprise's competitive edge has necessitated a change of approach in carrying out HR functions. Acquiring and retaining talented staff has become the strategic objective of HR management.

8.1 What is Talent?

Talent means aptitude, skill, or the ability to perform a particular work or job. Talent refers to identification, inculcation, utilization, and retention of a set of skills or abilities of the employees in the interest of the organization.

Definition of Talent

S. Borkowska defines talent as a "creative, enterprising person with high development potential, being the lever of growth in shareholder value".

The few characteristics which define talent are: Strategic thinking, Leadership traits, An entrepreneurial attitude, A performance-oriented approach, The ability to persuade, Teamwork, Emotional intelligence, Flexibility, A high tolerance to change, and Highly developed specialist technical skills.

Types of talent

There are two types of talent found in an organization. They are unidimensional and multidimensional. Both types of talent have the same objective, however, with different perspectives.

1. **Unidimensional Talent:** In an organization, we observe that some employees are best in a particular skill and ability. For instance, some employee may be best in administration, some of them best in sales, while some employees may be best in their respective functions. When individuals possess a singular talent in any particular field, it is called unidimensional talent.
2. **Multidimensional Talent:** On the other hand, in an organization we also observe that employees are adept at multiple skills and abilities. For example, one employee is best in administration sales, accounting and production at a stretch. Such an employee is said to possess multi-dimensional talent. Multi-dimensional talent is much sort after by organizations. Every organization seeks to retain employees with multidimensional talent as they prove highly beneficial in bridging the gap between organizational objectives and goals.

8.2 Talent Management

Talent management can be defined as a deliberate approach implemented to recruit or hire, develop and retain people with required aptitude or skills to meet the present and future goals or needs of the organization. Talent management is, therefore, the commitment of an organization to recruit, develop, retain the most talented and qualitative employees available in the job market.

Main objective of Talent Management

The main objective of talent management is to create a motivated workforce who will stay with your company in the long run.

Significance of Talent Management

The basic purpose of talent management is to recruit, develop, and retain best talent in the organization. The HR Department always endeavors to ensure that employees with the right skills and qualities stay with the organization for a long time. The importance can be defined as under:

1. Attract top talent:

Talent Management creates an employer brand that could attract your ideal talents and in turn contributes to the improvement of the business performance and results.

2. Employee Motivation:

Talent Management helps in keeping employees motivated which creates more reasons for them to do their tasks and stay in the company.

3. Increase Employee Performance:

Talent Management will be easier to identify which employees will be best suited for the job that can lead to less performance management issues and grievances.

4. Engaged Employees:

When there is a fair procedure for the development, employees feel more engaged and this increases retention rates and also guarantees that the company can meet its operational requirements.

5. Retain top talent:

Well-structured on-boarding practices create higher-levels of retention which saves the company on its recruitment and performance management cost in the long run.

6. Improve Business Performance:

When your employees are engaged, skilled and motivated, they will work in the direction of your business goals and objectives, which in turn increases client satisfaction and business performance.

7. Higher Client Satisfaction:

When systems are more integrated, client satisfaction rates are usually higher, since they are dealing with less people and their needs are met more rapidly.

8.3 Talent Management Process

The various stages of Talent Management are as follows:

1. Identifying the goals: This is the cardinal stage and pivotal to the success of the entire talent management process. The first step is to identify what the organization aims to achieve and what characteristic qualifications and skills the recruits should possess to realize the goals.
2. Attracting the talent: The main aim of talent management process is to hire the best talent for an organization. Organizations at this stage make effort to attract the best talented people from the job market.
3. Sourcing the talent: In this stage, the talent management personnel look for appropriate sources in the job market or industries where the targeted people can be hired or recruited.
4. Recruitment: This is the first stage of hiring the best talented people for the organization. Skilled and qualified people are invited to join the organization.
5. Selection: This is the stage where the objective of talent management becomes a reality. It is when truly talented people are recruited or hired in various roles.
6. Training and development: At this stage, the selected recruits are provided with necessary training to make them productive and efficient to work towards the goals of the organization.
7. Retention: The notable objective of talent management is not only hiring talent but also ensuring their retention in the organization. Factors upon which the retention rate depends are attractive pay package, job specification, safety and security of the employees, personal development of an employee, recognition and culture of the organization, and the fit between the job and talent.

8. Assessment: Periodical assessment of employees' skills, abilities, improvements and competencies enable the organization to know if they are fit for continuation and promotion.

9. Performance appraisal: It is a measurement of the actual performance of the employees in the job. It enables the organization to ascertain if the person can be loaded with extra responsibilities.

10. Promotion: It refers to job enrichment. It keeps the energy level high of the employees and they are inspired to continue to work for the organization.

11. Career planning: If an employee is found befitting to handle work pressure and extra responsibilities well, the management needs to plan his/her career so that he or she feels elevated and rewarded. Such recognition and rewards inspire the employees to remain with the organization for a long time.

12. Succession planning: This deals with the replacement of people within the organization. Employees who have given their best to the organization and have been serving for long deserve to hold higher positions.

13. Exit stage: This is the final stage of talent management process that ends in the retirement of the employees, and they are no more a part of the organization.

8.4 Benefits of Talent Management

Talent management is integral to modern businesses and is one of the crucial management functions in an organization. Here, we have listed down the major benefits that Talent Management has to offer:

1. Benefit for Organization:

The following points explain how talent management can be beneficial for organizations:

- i. Enhances individual and group productivity and capacity to compete effectively in a complex and dynamic environment to achieve sustainable growth.
- ii. Assists in hiring quality workforce.
- iii. Establishes better match between jobs and skills.
- iv. Helps retain top talent thereby reducing the cost of hiring new recruits.
- v. Helps in understanding the employees better.
- vi. Keeps employees engaged constructively.
- vii. Effective use of available man-hours.
- viii. Helps develop leaders for tomorrow within the organization.
- ix. Helps in evaluating employee's readiness to take up new roles.

2. Benefit for Employees:

- i. Promotes long-term association with the organization.
- ii. Persistent and higher productivity of employees.
- iii. Keeps the employees motivated which helps in career development.
- iv. Helps the employees get job satisfaction from their work.

8.5 What is Talent Retention?

Talent retention consists of a set of practices and policies adopted by companies to ensure that their above-average professionals remain in it for much longer. It is also known as Employee Retention.

Importance of Talent Retention

The importance of talent retention can be discussed as under:

1. Employee Turnover Management:

Employers implement retention strategies to manage employee turnover and attract quality employees.

2. Cost effective:

An organization can significantly get benefit from employee retention programs because of a direct effect on an employer's strategies.

3. Increases Morale:

Employees who enjoy what they do and the atmosphere in which they work are more likely to remain employed with their organization over a longer period of time.

4. Performance and Productivity Maintenance:

Employee retention practices help support an organization's productivity.

Talent Retention Process

For discussing the steps in talent retention process, the description is as follows:

1. Hire the right people:

Candidate selection is the most important part of retaining talent. After all, to retain the best, you need to select them first. For this it is necessary to go beyond the curriculum.

2. Offer a career path

Offering a career plan with objectives capable of stimulating employees to develop within the company is essential to retain talent.

3. Values Professional Security:

Job security is a very important issue in retaining talent. Employees who feel secure in their jobs, tend to pay more and develop their functions with more quality.

4. Make an assessment of financial benefits:

Although money is not everything, it is still a mechanism considered important by managers and employees in any company. Commissions, increases, bonuses and other types of monetary rewards are defined by managers as a great way to retain talent.

5. Offer an On-Demand Salary:

On-demand pay is a modality that is gaining more and more strength in the market.

6. Recognize employee results:

Recognizing the results of employees is very important so that they do not want to leave the company. The recognition can be financial, in the form of flexible hours and even with trips or gifts.

7. Value the team:

Valuing the team is also essential in retaining talent. Teams that feel more valued, do not want to leave and work in an optimized way, delivering better results to the company.

8. Have Good Leaders:

Investing in good leaders is essential for retaining talent. People who know how to lead are able to extract the best of the company's talents, giving them the feedback and recognition, they need to remain in the company.

9. Ask employees for feedback:

Asking employees for feedback is a great way to identify flawed points and correct them, increasing employee satisfaction, thereby increasing the chances of retaining talent.

Adverse effects of poor employee retention

The few adverse effects of poor employee retention are:

1.Loss of Company Knowledge:

When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history.

2.Interruption of Customer Service:

Customers and clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business.

3.Regaining efficiency:

If an employee resigns, then a good amount of time is lost in hiring a new employee and then training him. It is expensive and leads to a temporary loss in efficiency.

8.6 Talent Acquisition

Talent acquisition is a strategy that focuses on finding, attracting, hiring, growing and retaining top talents to get growth and be competitive. Talent acquisition is defined as an ongoing HR process to acquire skilled workers in alignment with a company's broader business goals, regardless of immediate vacancies.

***Did you Know?***

Is recruitment or talent acquisition same or different?

Elements of Talent Acquisition

The various elements which define talent acquisition are as under:

1.Talent acquisition planning & strategy:

This element ensures business alignment, examines workforce plans, requires an understanding of the labor markets, and looks at global considerations.

2.Workforce Segmentation:

This requires an understanding of the different workforce segments. Employees may be grouped by any relevant criteria (e.g., value to the company, role or workforce, and age or generation), positions within these segments, and the skills, competencies, and experiences necessary for success.

3.Employment Branding:

This includes activities that help to uncover, articulate, and define a company's image, organizational culture, key differentiators, reputation, and products and services. Employment branding can help advance the market position of organizations, attract quality candidates, and depict what it is truly like to work for that organization.

4.Candidate Audiences:

This necessitates defining and understanding the audiences in which an organization needs to source for specific roles. Different sourcing strategies should be applied based on the understanding of the jobs and where the audiences will come from to fill them.

5.Candidate Relationship Management:

This includes building a positive candidate experience, managing candidate communities, and maintaining relationships for those candidates not selected.

6.Metric & Analytics:

This is the continuous tracking and use of key metrics to drive continuous improvement and to make better recruitment decisions, which will ultimately improve the quality of hire.

Talent Acquisition Process

Step1: Inbound Marketing:

As a talent acquisition manager, your goal is to attract the best talent out there without you actively seeking them out. This means building a strong employer brand, initiating recruitment marketing campaigns, and keeping an eye on inbound leads that will soon convert into hired employees.

To enable inbound recruiting in the talent acquisition process, create a smart recruitment website, encourage referrals, and leverage candidate-focused content to create an “employer brand” narrative.

Step2: Outbound Marketing:

Any successful brand leverages a smart mix of inbound and outbound marketing to acquire consumers. So you should be looking at social channels, paid job ads, and automated email campaigns to advertise for a job post actively.

Use this step to ramp up your recruitment efforts with intelligent job descriptions. Together, inbound and outbound initiatives will generate many “leads” or applicants.

Step3: Filtering and Selection:

Verify, screen, and assess a candidate’s performance against various parameters.

This includes:

1. Educational qualifications
2. Skill set and domain expertise
3. Personality and work ethic
4. Career goals and alignment
5. Culture fit with the company’s values

Step4: Conversion and Onboarding:

This is where the individual recruiter takes charge of the candidate experience and the candidate journey and negotiates salary, benefits, and other expectations. A talent acquisition strategy also accounts for a strategic onboarding process, though this process is carried out by HR and immediate managers. The onboarding process involves preliminary training and continuous reviews for the first few weeks.

Step5: Continuous Improvement:

This is probably the most critical step of the process, ensuring your talent acquisition mechanism becomes more effective with every recruitment cycle. This means that regular reviews are necessary for this critical early period to sustain engagement. Also, the feedback gathered from “converted” applicants can offer insights into how to improve the hiring experience.

Best Practices for Talent Acquisition

There can be multiple practices of talent acquisition but let us discuss here the best practices.

1. Look for potential, not just for performance-

Just because an applicant has displayed exemplary performance in an earlier position, it does not imply that the same holds for future roles.

For example, cross-disciplinary hires cannot be assessed on past performance. A tech professional transitioning from a software developer role into marketing must be interviewed to identify competencies for the new position, soft skills, and eagerness to learn.

2. Prioritize internal mobility-

Some of your best talent will be sourced from referrals and internal hires. To craft a talent acquisition strategy that focuses on internal mobility, it is vital to have a robust cross-skilling program in place. Employees must be encouraged to pursue a career trajectory outside of their immediate professional ambit. Additionally, a gamified platform can help to encourage nominees both within and outside the organization.

3.Rethink who falls under talent acquisition-

Too often, talent acquisition is limited to employees on the company's direct payroll. However, several organizations regularly employ seasonal workers, hourly employees, and external consultants who operate on a project-to-project basis. These individuals can also be converted into full-time professionals in the organization.

4.Advertize strategically-

Talent acquisition managers must intelligently advertise the employer brand to get the requisite applicants. This makes the choice of advertising platforms critical.

Sources of Talent Acquisition

1.Directly hiring top talent within the industry-

This involves approaching talented individuals, who may be currently employed by competitors or in related (to your organization's business) fields and convincing them to join your organization.

2.Referral program-

This is the most effective way to get new talented employees, according to studies on the subject - especially if you use the social networks of your existing employees.

3.Finding talented freelancers-

Identifying freelancers and then actively pursuing them to join the organization. Typically, such individuals may already have a contractor's relationship with your company.

4.Creating an attractive internship program-

Using internships to attract talented students and hiring them after graduation. This strategy banks building relationships with academic and professional learning institutions, receiving a steady stream of undergraduate interns from those establishments, and rotating them through various departments/work centers within the organization.

5.Public Databases-

Searching for qualified talent through public databases such as LinkedIn, online communities, social media profiles, competing companies, and more. This demands a working knowledge of search strings and data mining.

Summary

Modern enterprises face a deficit of talented workers and find it difficult to retain human resources of a quality sufficient to ensure a competitive edge.

Attracting, retaining, and developing talented workers has become crucial.

The talent management strategy is at the centre of attention in many modern companies.

This is because decisions in this area involve significant resources and their effects are only noticeable in the longer term.

Talent acquisition is a strategy that focuses on finding, attracting, hiring, growing and retaining top talents to get growth and be competitive.

Keywords

Talent, Talent Management, Talent Acquisition, Talent Retention, Human Resources.

Self Assessment

1. When individual possess multiple skills and abilities, then it is called _____
 - A. Unidimensional talent
 - B. Multidimensional talent
 - C. Talent Management
 - D. None of the above

2. Which is not a significance of talent management?
 - A. Disengaged employees
 - B. Retain top talent
 - C. Employee Motivation
 - D. Higher Client Satisfaction

3. Which is the final stage of talent management process?
 - A. Exit stage
 - B. Promotion
 - C. Selection
 - D. Recruitment

4. Is executive coaching an essential tool of talent management?
 - A. True
 - B. False

5. Talent management helps in keeping the employees motivated which ultimately helps in career development.
 - A. True
 - B. False

6. Which cannot be considered as a significance of talent retention?
 - A. Decreases Morale
 - B. Cost effective
 - C. Less Employee Turnover
 - D. Performance and productivity maintenance

7. Job security is a very important issue in retaining talent.
 - A. True

- B. False
8. Investing in good leaders is not an essential step for retaining talent.
- A. True
B. False
9. Which is a good way to retain best employees in an organization?
- A. Constructive feedback
B. Give employees a voice in decision-making
C. Maintain an open-door policy
D. All of the above
10. Asking employees for feedback is a great way to identify flawed points and correct them, increasing employee satisfaction, thereby increasing the chances of retaining talent.
- A. True
B. False
11. _____ is the most effective way to get new talented employees while using the social networks of company's existing employees.
- A. Referral program
B. Internship program
C. Public databases
D. Freelancers
12. Which cannot be considered as best practice for talent acquisition?
- A. Look for potential, not just for performance
B. Prioritize external mobility
C. Rethink who falls under talent acquisition
D. Advertise strategically
13. To enable inbound recruiting in the talent acquisition process, create a smart recruitment website, encourage referrals, and leverage candidate-focused content to create an "employer brand" narrative comes under Inbound Marketing.
- A. True
B. False
14. Recruitment and talent acquisition are having same steps in process.
- A. True

B. False

15. Which cannot be included under meaning of talent acquisition?

- A. Recruitment
- B. Onboarding strategy
- C. Candidate relationship management
- D. None of the above

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. B | 2. A | 3. A | 4. A | 5. A |
| 6. A | 7. A | 8. B | 9. D | 10. A |
| 11. A | 12. B | 13. A | 14. B | 15. D |

Review Questions

1. What do you mean by talent? What are the different types of talent?
2. Discuss the different sources of talent acquisition.
3. Define talent management. Explain the significance of talent management.
4. Explain the steps in talent retention process.
5. What are the different elements of talent acquisition?
6. What are the benefits of talent management to organization?



Further Readings

- Aswathapa, K. (2008) 5th ed. Human Resource Management, Tata McGraw Hill.
- Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.
- French, W.L. (1990), Human Resource Manangement, 4th ed., Houghton Mifflin, Boston.
- H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi, 2004.
- Ivancevich, JM (2008), Human Resource Management, Tata McGraw Hill.
- MadhurimaLall and Sakina Qasim Zaidi, Human Resource Management, Excel Books.
- PL Rao, Comprehensive HRM, Excel Books.
- Rao P.S. (2008), Essentials of Human Resource Management and Industrial Relations, Text Cases and Games, Himalaya Publication

Unit 07: Orientation, Induction & Placement

CONTENTS

Objectives

Introduction

8.1 Orientation

8.2 Strategic Choices

8.3 Induction

8.4 Placement

Summary

Keywords

Self-Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understand the concept of orientation.
- Explore the different steps in orientation program
- Evaluate the orientation program
- Understand the concept of Induction
- Explore the steps in Induction process
- Understand the concept of Placement.
- Learn about the principles of placement.

Introduction

Modern organizations operate in an extremely turbulent and complex business environment. Survival in the marketplace requires highly developed skills in order to adapt to constant change, be flexible and act swiftly. In this age of the rapidly expanding knowledge-based economy, the quality of human resources has assumed crucial importance. This complex and demanding market environment has generated a demand for outstanding and talented specialists. Their key role in achieving and maintaining an enterprise's competitive edge has necessitated a change of approach in carrying out HR functions. Acquiring and retaining talented staff has become the strategic objective of HR management.

Induction or orientation may be defined as a process of guiding and counselling the employee to familiarize him or her with the organization and the job situation. This exerts a marked influence on the job tenure and effectiveness. The induction process accomplishes several objectives including formation of a favorable impression of the organization, attitude development, the feeling of belonging, facilitation of learning and teamwork with other employees. It reduces employee grievances, frustration and turnover as also helps in the attainment of numerous training objectives.

8.1 Orientation

Orientation is the process of bringing employees up to speed on organizational policies, job roles and responsibilities and other organizational attributes and concepts that will help them transition efficiently into the position.

In simple terms, Workplace orientation is when a new employee gets introduced to their job roles, work areas, and work environments. During orientation, the supervisor helps the employee get familiarized with the organization.

Why is Orientation important?

It lays a foundation for the new employee's entire career with the department.

Because:

1. Provides the new employee with concise and accurate information to make him/her more comfortable in the job;
2. Encourages employee confidence and helps the new employee adapt faster to the job;
3. Contributes to a more effective, productive workforce;
4. Improves employee retention; and
5. Promotes communication between the supervisor and the new employee.

Key Purpose of Orientation

The key purpose of orientation is as under:

1.To Reduce Start-up Costs-

Proper orientation can help the employee get "up to speed "much more quickly, thereby reducing the costs associated with learning the job.

2.To reduce anxiety-

Any employee, when put into a new, strange situation, will experience anxiety that can impede his or her ability to learn to do the job. Proper orientation helps to reduce anxiety that results from entering into an unknown situation, and helps provide guidelines for behavior and conduct, so the employee doesn't have to experience the stress of guessing.

3.To Reduce Employee Turnover-

Employee turnover increases as employees feel they are not valued or are put in positions where they can't possibly do their jobs. Orientation shows that the organization values the employee and helps provide the tools necessary for succeeding in the job.

4.To save time for the supervisor-

Simply put, the better the initial orientation, the less likely supervisors and co-workers will have to spend time teaching the employee.

5.To Develop Realistic Job Expectations, Positive Attitudes and Job Satisfaction-

It is important that employees learn as soon as possible what is expected of them, and what to expect from others, in addition to learning about the values and attitudes of the organization. While people can learn from experience, they will make many mistakes that are unnecessary and potentially damaging.

8.2 Strategic Choices

Four strategic choices before designing its orientation programme

1.Formal or Informal-

In informal orientation, new hires are directly put on the jobs, and they are expected to acclimatize themselves with the work and the company. In contrast, orientation can be formal too. In formal orientation, the management has a structured program which is executed when new employees join the firm.

The choice between formal and informal orientation will depend on the management's goals. The more formal the programme, the greater the likelihood that the new hire will acquire a known set of standards. That is, the new member is more likely to think and act like an executive, a management trainee, or a management professor. But an informal programme is desirable to maintain individual differences.

2. Individual or Collective-

Another choice to be made by the management is whether the new hires should be inducted individually or in groups. The individual approach is likely to develop tin less homogeneous views than collective orientation. Individual orientation is more likely to preserve individual differences and perspectives.

Orienting each person separately is an expensive and time-consuming process. It also denies the new hire the opportunity of sharing anxieties with fellow appointees. Collective orientation of the new hires solves the problems stated above. Most large firms tend to have the collective orientation approach. But small firms, which have fewer new appointees to socialize frequently use the individual approach. Individual socialization is popular even with large fins when they hire executives whose number is small.

3. Serial or Disjunctive-

Orientation becomes serial when an experienced employee inducts a new hire. The experienced employee acts as a tutor and model for the new hire. When new hires do not have predecessors available to guide them or to model their behavior upon, the orientation become disjunctive.

Each option has its own advantages and pitfalls. Serial orientation maintains traditions and cus-toms. Consistent use of this strategy will ensure a minimum amount of change within the firm over time. But maintenance of status quo itself may breed resistance to change.

Disjunctive orientation almost stands on the other side of the spectrum. Such induction is likely to produce more inventive and creative employees because the new hire is not burdened by traditions. But this benefit needs to be weighed against the potential for creating deviants, that is, individuals who fail- due to an inadequate role model- to understand how their job is to be done and bow it fits into the grand scheme of the company.

4. Formal or Informal-

In informal orientation, new employees are instructed to report to the HR department for an explanation of company policies before being referred to the immediate supervisor for an on-the-job briefing on specific work procedures. Informal orientation tends to be brief- lasting one hour or even less.

Formal orientation is elaborate and is spread over a couple of weeks or months.

Most formal programmes consist of three stages-

- I. A general introduction to the company, often given by the HR department;
- ii. Specific orientation to the department and the job, typically given by the employee's supervisor; and
- iii. follow-up meeting to verify that the important issues have been addressed and employee questions have been answered.

Orientation Process

1. Reception- At first organization receives the new employees with cordiality. As the new employees feel they come here to achieve a specific goal and organization give them appropriate respect. By this way, the organization inspired the new employees for better performance.

2. Acceptance Stage- Acceptance is the second stage of orientation. In this stage, employees feel positive attitude to their colleagues. An important role is that the colleagues have to make assure them that the working place is suitable to work properly.

3. Executive's personal interest- Executive's personal interest means executives show personal interest to know about the new employees. So that new employees feel that they are important people in the organization.

4. Introducing with colleagues-Organization introduces the new employees with their colleagues to whom they will work. By doing this, an organization is successful to create friendly and cordial relationship among the new employees and the old employees.

5. Introducing with supervisors-This is the important stage of orientation. In this stage, new employees get the opportunities for introducing themselves with senior executives.

6. Introduce with service and regulation-In this stage, employees are introduced to rules and regulations of the service. If they have idea rule and regulations they are all to as their activities carefully.

7. Understanding the facilities-In this stage employees, the organization provides an idea, about the benefits and facilities to new employees. By getting these facilities employees to get an opportunity of standard living. So they try to give their effect to make the work successful.

8. Follow-up-On the analysis of steps, if any mistake has occurred those steps are to be corrected. This process is known as a follow-up.

Evaluation of Orientation Program-

- Review the objectives of the program against the organization's current vision, mission and long-term strategic goals. Does the program help the organization achieve the vision, mission and long-term goals?
- If available, evaluate surveys from past orientation programs to determine what is working and where changes should be made.
- Survey, meet with or utilize focus groups to gather data from department and division heads. What benefits do they see from the new hire orientation program?
- Survey, meet with or utilize focus groups to gather data from new hires who joined the organization in the last year or two. What benefit did they receive from the new hire orientation program? What additional information would they have liked to have received that would have helped them to be more effective in their roles?
- Research what other similar organizations are doing in their new hire orientation program. Research best practices in new hire orientation programs.

8.3 Induction

It is the task of introducing the new employees to the organization and its policies, procedures and rules. It is the process of guiding and counselling the employee to familiarise him or her with the organization and the job satisfaction.

Definition of Induction

"Induction is the process of receiving and welcoming an employee when he first joined the company and gives a basic introduction about the company to settle him quickly in the company."

Michael Johnson

Types of Induction

In general, there are two types of induction: Formal and Informal Induction.

1. Formal Induction-

It is a planned programme carried out to integrate the new entrant into the organization.

2. Informal Induction-

In this system, the immediate job supervisor conducts the induction programme for the new entrant. It briefs the newcomer about the job, department, routine, introduces to colleagues and various sections.

Objectives of Induction

The main objective of Induction is to reduce the anxiety which all the new entrants feel.

General objectives of Induction are:

1. Remove fears of new employee:

It assists the newcomer to know more about the job, policies, rules and regulations of the organization, terms and conditions of employment.

2. Create a good impression:

It assists the newcomer to know more about the job, policies, rules and regulations of the organization, terms and conditions of employment.

3. Act as a valuable source of information:

Induction serves as a valuable source of information to new recruits as it assists him/her through employee manuals/handbooks and informal discussions about what he is supposed to do and how he is supposed to do it.

Process of Induction

An induction programme essentially involves the following steps:

1. General Orientation:

It includes guided tours in different departments of an organization, introduction with fellow employees, supervisors and executives, information about the organizations' mission, philosophy, achievements, and future plans, etc. Some organizations have their printed manuals, which they give to their new employees to orient them with their induction training programmes for a week or so. The purpose of such general orientation programme is to build a sense of pride in the minds of the new employees and to create an interest in them about the organization.

2. Specific Orientation:

This is intended to help new employees to get acclimatized with their new work environment. The supervisor or the departmental boss of the employee takes him to his place of work and imparts vocational guidance for his nature of work. He is also told about the technology, environment, and other facilities available in the organization, prevailing practices and customs and specific expectations from an employee. For executives and managerial employees, targets and key result areas for each of them are given to make them aware of what organization expects from them.

3. Follow-up Orientation:

This orientation is conducted sometime after the initial induction of an employee, i.e., preferably within a period of six months or so. The purpose of such orientation is to give guidance and counsel to the employees to ensure that they are reasonably satisfied and gradually settling in the organization.

8.4 Placement

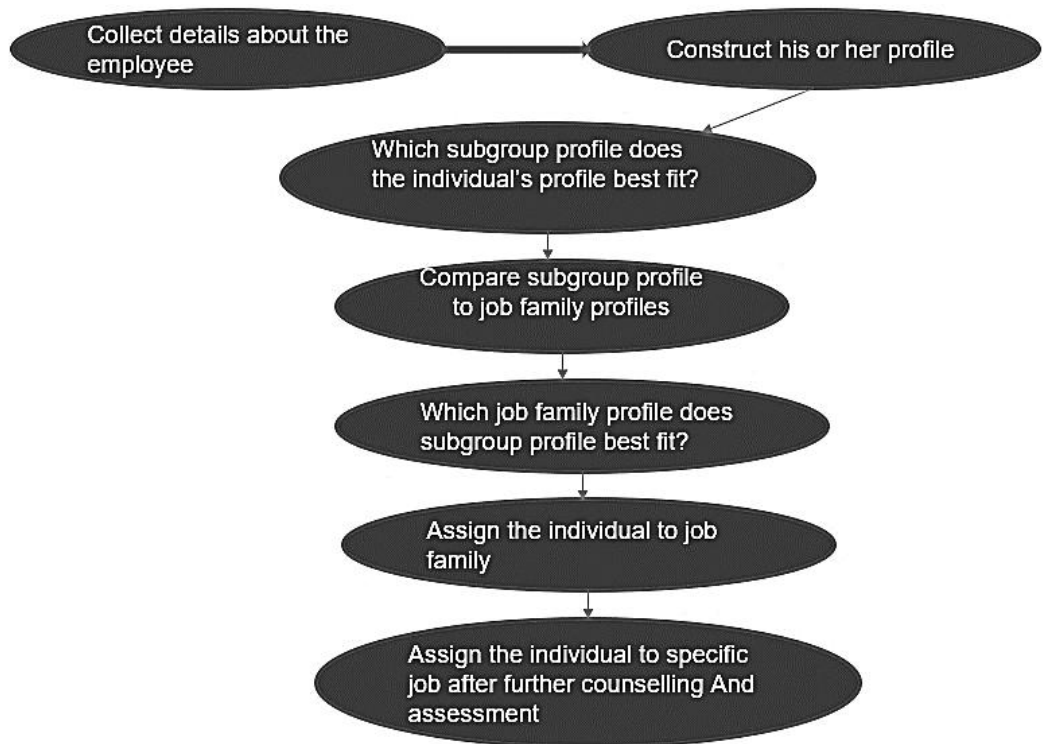
Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.

Definition

"Placement may be defined as the determination of the job to which a selected candidate is to be assigned, and his assignment to the job."

Pigors and Myers

Placement Process



Principles of Placement

1. *Job First Man Next-*

Man should be placed on the job according to the requirements of the job. The job should not be adjusted according to the qualifications or requirements of the man. Job first, man next, should be the principle of the placement.

2. *Placement according to qualification-*

The job should be offered to the person according to his qualification. This should neither be higher nor lower than the qualification.

3. *Familiarization-*

The employee should be made conversant with the working conditions prevailing in the organization and all things relating to the job. He should also be made aware of the penalties if he commits the wrong.

4. *Developing sense of loyalty-*

While introducing the job to the new employees, an effort should be made to develop a sense of loyalty and cooperation in him so that he may realize his responsibility better towards the job and the organization.

5. *Ready Placement-*

The placement should be ready before the joining date of the newly selected person.

6. *Temporary Placement-*

The placement in the initial period may be temporary as changes are likely after the completion of training. The employee may be later transferred to the job where he can do better.

How to Make Placement Effective and Satisfactory?

1. **Job Rotation:**

Job rotation means transferring the employee from one job to another. This technique of rotating the employee among different jobs in the department or organization enables the employee to satisfy his aptitude for challenging work so as to enable the employee to match with his new job-assignment.

2.Teamwork:

Team-spirit is necessary among the employees.The team spirit comes from teamwork which allows employees to use their skill, knowledge, experience, abilities etc. and minimizes the problems in placement.

3.Training and Development:

Continuous training and management of employees help each employee to acquire new skills and knowledge, based on the re-designed jobs. This will also help in solving placement problems.

4.Job Enrichment:

Job enrichment provides the challenging work and decision-making authority to the employees. It gives an opportunity to the employees to utilize their varied skills and help in solving placement problems.

5.Empowerment:

Employee empowerment relating to the job he does helps him to exploit his potentialities which he can use efficiently. This will also solve the problem in placement.

Summary

Orientation or induction is the task of introducing the new employees to the organization and its policies, procedures and rules.

Induction is important as it serves the purpose of removing fears, creating a good impression and acts as a valuable source of information.

Placement is the actual posting of an employee to a specific job. It involves assigning a specific rank and responsibility to an employee.

Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.

Placement is an important human resource activity.

Proper placement is, therefore, important to both the employee and the organization.

Keywords

Placement, Induction, Orientation, Human resource, organization.

Self-Assessment

1. During workplace orientation, new employee gets introduced to
 - A. Job Roles
 - B. Work Areas
 - C. Work Environments
 - D. All of the above

2. In orientation session, supervisor doesn't help new employees to get familiarized with the organization.
 - A. True
 - B. False

3. What cannot be considered as a significance of Orientation?
 - A. Improves employee retention
 - B. Promotes communication between the supervisor and the new employee
 - C. Make employees comfortable in a job
 - D. Does not contribute in increasing productivity of workforce

4. Any employee, when put into a new, strange situation, will experience anxiety.
 - A. True
 - B. False

5. In _____ orientation, the management has a structured programme which is executed when new employees join the firm.
 - A. Informal
 - B. Formal
 - C. Serial
 - D. Divestiture

6. The _____ approach is likely to develop less homogeneous views than collective orientation.
 - A. Individual
 - B. Group
 - C. Collective
 - D. All of the above

7. Orientation becomes _____ when an experienced employee inducts a new hire.
 - A. Serial
 - B. Disjunctive
 - C. Individual
 - D. Collective

8. _____ is a planned programme carried out to integrate the new entrant into the organization.
 - A. Formal Induction
 - B. Informal Induction

- C. Serial Induction
 - D. All of the above
9. Which is not an objective of Induction?
- A. To reduce Anxiety
 - B. To remove fear among employees
 - C. To create a good impression of organization
 - D. All of the above
10. In the induction programme, company manual need to be provided to the recruit.
- A. True
 - B. False
11. How many steps are included in the Induction program?
- A. One
 - B. Two
 - C. Three
 - D. Four
12. Which step in a process has a purpose to help an employee to build up some pride and interest in the organization.
- A. General Orientation
 - B. Special Orientation
 - C. Follow up orientation
 - D. None of the above
13. Placement need to be followed after induction.
- A. True
 - B. False
14. Which cannot be considered as a Principle of Placement?
- A. Familiarization
 - B. Developing sense of loyalty
 - C. Placement according to age
 - D. Job first man next
15. Job rotation has no role in making placement effective and satisfactory.
- A. True

B. False

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. D | 2. B | 3. D | 4. A | 5. B |
| 6. A | 7. A | 8. A | 9. D | 10. A |
| 11. C | 12. A | 13. A | 14. C | 15. B |

Review Questions

1. Examine the terms 'placement' and 'induction'. Analyse their objectives.
2. Evaluate the employee benefits accruing from induction.
3. Orientation is required when the selection policy is defective. Do you agree or disagree?
4. When employees are selected properly, they do not need to be oriented. Do you agree or disagree? Why/Why not?
5. How to make placement effective and satisfactory?
6. What are the different steps in orientation process?



Further Readings

- Aswathapa, K. (2008) 5th ed. Human Resource Management, Tata McGraw Hill.
- Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.
- French, W.L. (1990), Human Resource Management, 4th ed., Houghton Mifflin, Boston.
- H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi, 2004.
- Ivancevich, JM (2008), Human Resource Management, Tata McGraw Hill.
- MadhurimaLall and Sakina Qasim Zaidi, Human Resource Management, Excel Books.
- PL Rao, Comprehensive HRM, Excel Books.
- Rao P.S. (2008), Essentials of Human Resource Management and Industrial Relations, Text Cases and Games, Himalaya Publication

Unit 08: Training and Development

CONTENTS

Objectives

Introduction

- 8.1 Meaning of Training
- 8.2 Training Design Process
- 8.3 Advantages of Training
- 8.4 What is Employee Development?
- 8.5 Training and Development
- 8.6 Training Method
- 8.7 What is Employee Development?
- 8.8 People Capability Maturity Model

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understand the concept of training and development.
- Learn about the different objectives of training.
- Get awareness about different steps in training process.
- Explore the differences between training and development
- Understand concept of training method.
- Learn about the different traditional training methods.
- Learn about the different technology-based training methods.
- Understand the need of technology to be used in different situations.
- Understand the development planning process.
- Explore different methods of management development.
- Understand the meaning of People Capability Maturity Model (PCMM).
- Understand the principles of People Capability Maturity Model.
- Learn about the levels of maturity in PCMM.
- Learn about the benefits of PCMM.

Introduction

Training improves, changes, and moulds the employee's knowledge, skill, behavior and aptitude and attitude towards the requirement of the job and the organization. After an employee is selected, placed, and introduced in an organization, he/she must be provided with training facilities in order to adjust him/her to the job.

8.1 Meaning of Training

Training is an activity leading to skilled behavior, teaching employees the basic skills they need to perform their jobs. Employee training is a program that helps employees learn specific knowledge or skills to improve performance in their current roles.

Definition of Training

According to Garry Dessler, "Training is the process of teaching new employees the basic skills they need to perform their jobs."

Edwin B. Flippo Said, "Training is the act of increasing the knowledge and skills of an employee for doing a particular job."

Think upon

What is the overall goal of Training?

Answer: Learning

Objectives of Training

The different objectives of training are:

1. To Enhance Knowledge of Employees
2. To Improve Job Related Skills
3. To Develop Proper Job-Related Attitudes
4. To Prepare for Higher Responsibilities
5. To Facilitate Organisational Changes

Does company focus on training for employees learning only?

No, because training needs to demonstrate

1. how it contributes to the company's competitive advantage through improving employee performance,
2. supporting the business strategy (such as growing the business), and
3. contributing positively to business outcomes such as quality, productivity, development of new products, and
4. retaining key employees.

So, when employees learn then it leads to development of Human Capital which ultimately results in performance improvement and reach business goals.

Think upon

Is training a luxury or a necessity?

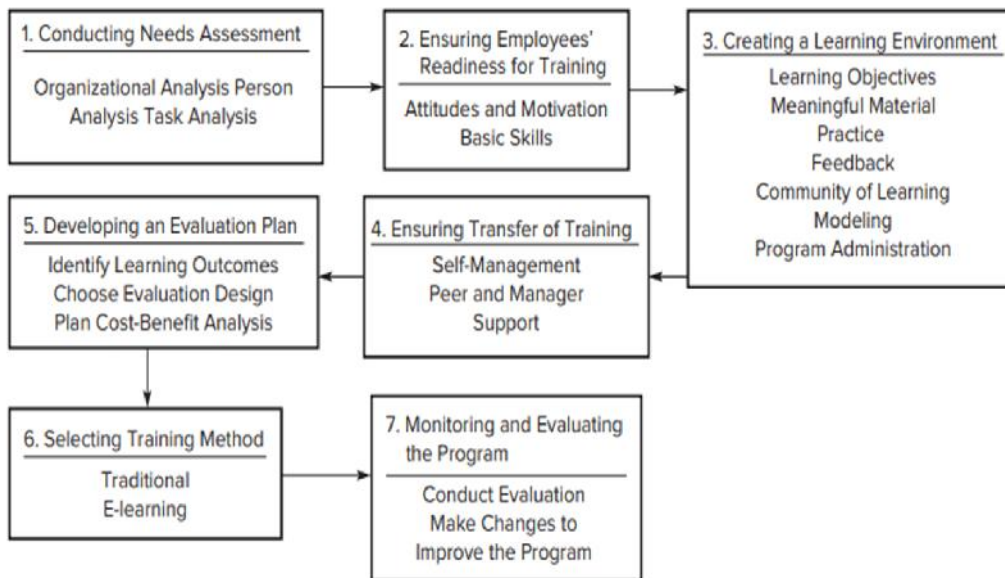
Answer:

- Training is not a luxury; it is a necessity if companies are to participate in the global and electronic marketplaces by offering high-quality products and services.
- Training prepares employees to use new technologies, function in new work systems such as virtual teams, and communicate and cooperate with peers or customers who may be from different cultural backgrounds.

8.2 Training Design Process

Training is most effective when it is planned, implemented and evaluated in a systematic way. Unplanned, uncoordinated and haphazard training efforts greatly reduce the learning that can be expected. There are initially 7 steps in training design process which are as under:

1. Conduct a needs assessment – determine who and what needs to be trained
2. Ensure employee readiness for training – ensure employees are prepared and motivated to attend training
3. Create a learning environment – create an environment that has the features for learning to occur
4. Ensure transfer of training – ensure support is in place to facilitate the transfer of trained skills.
5. Develop an evaluation plan – determine how the effectiveness of training will be assessed
6. Select training methods and deliver training – design and conduct training
7. Monitor and evaluate – assess the effectiveness of training



8.3 Advantages of Training

The advantages of training can be divided into two contexts: Employee and Organization.

1. To the Organization:

i. Increased efficiency of employees:

An effective training program can make the employees of the company work effectively. With training, people gain confidence, and this confidence is seen in the output and results.

ii. Reduced Supervision:

An employee needs to be supervised when he works. When the employee has sufficient training, the amount of supervision required is less as mistakes are less. This reduces the workload of the supervisor.

iii. Less wastage:

The amount of wastage by an employee reduces a lot due to training, and therefore, if we take account of the amount of wastage, we find that the company has saved a lot of money.

iv. Reduced turnover:

Proper training improves the chances of obtaining promotions, and employees are happy because they have better opportunities. This will be lowering employee turnover intention and hence labor turnover in the company.

iv. Helps in better functioning of the organization:

Training always benefits employees, whether old or new. In the case of new employees, training helps them a lot. This is because new employees may not be aware of the organization's functioning, and training helps them gain knowledge and insight into the working of the company.

V. Better labour-management relations:

Labor-management relations are essential for any organization. When companies introduce training programs and prepare employees for future jobs and promotions, they send out a message to the unions interested in employee welfare. Due to this, the unions also adopt a positive attitude, and labor-management relations improve.

To the Employee:

i. Self-confidence:

Training leads to an increase in employee self-confidence. The person can adjust to his work environment and doesn't feel humiliated in front of his seniors. This confidence leads to chances of better efforts in the future of the employees.

ii. Increased motivation levels:

Training brings a positive attitude among employees and increases the employees' motivation levels in the organization, thereby improving the organization's results.

iii. High Rewards:

An effective training program helps an employee benefit from the reward systems and incentives available in the company. Thus the employee can get these rewards, which in turn increases his motivation levels.

iv. Group Efforts:

An effective training program teaches an employee how to do his work and trains him to work as a part of the group. Thus training program improves group efforts.

v. Promotion:

- Effective training programs increase performance and increase the chances of obtaining promotions.
- Many employees even opt for a certain program to help the employee improve his chances of promotions and obtain higher positions in the organization.

8.4 What is Employee Development?

Employee development is a process of working with employees to improve, enhance, refine and hone existing skills, and to also develop newer ones, in support of the organization's mission and goals.

Importance of Employee Development

The importance of employee development are: Upskilling, Reskilling, Retention and Attracting top talent.

1. Upskilling:

Championing self-development for your teams allows them to gain expertise in their current position and hone in on their strengths. Without providing the opportunity for your teams to grow their skills, your business may miss out on the opportunity to grow, too.

2. Reskilling:

Career development is an important aspect of employee development. As your teams look to the future, you can choose to support this and benefit from their success or not – but why miss out on all of the knowledge that your employee has by not supporting their growth when it will directly impact the success of your business?

3. Retention:

The most important aspect of employee development plans is how it impacts the loyalty of your employees. No one wants a dead-end job and if your teams are held back from developing themselves, they have no reason to stay with you.

4. Attracting Top Talent:

Job seekers are increasingly looking past perks such as pool tables and bean bags as indicators of a 'good' company and are instead looking for something more hard hitting and long term. More of us are looking for a business that will invest in us and our development, and a solid employee development program can be the difference between catching top and missing out.

8.5 Training and Development

Training often has been referred to as teaching specific skills and behaviour. It is usually reserved for people who have to be brought up to performing level in some specific skills. The skills are almost always behavioral as distinct from conceptual or intellectual.

Development: It refers broadly to the nature and direction of change induced in employees, particularly managerial personnel, through the process of training and education.

Development is considered to be more general than training and it is aimed towards management people. Usually, the intent of development is to provide knowledge and understanding that will enable people to carry out non-technical organizational functions more effectively, such as problem-solving, decision-making and relating to people.

Training is a short-term process utilizing a systematic and organized procedure by which non-managerial personnel learn technical knowledge and skills for a definite purpose.

Development is a long-term educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge for general purposes.

Thus, training is meant for operatives and development is meant for managers. Training tries to improve a specific skill relating to a job, whereas development aims at improving the total personality of an individual. Training is a one shot-deal whereas development is an ongoing, continuous process. Training is a result of outside motivation, whereas development is mostly a result of internal motivation. Training seeks to meet the current requirement of the job, whereas development seeks to meet the future needs of the individual and job. Thus training is a reactive process, whereas development is a proactive process

8.6 Training Method

Training method refers to a way or technique for improving the knowledge and skills of an employee for doing assigned jobs perfectly.

70-20-10 Model

- 70% of learning----- Occurred on the job in the workplace.
- 20% of learning----- Occurred socially through Coaching and Mentoring.
- 10% of learning -----Occurred through formal classroom instruction.

Traditional Training Methods:

The traditional training methods have been divided broadly into three categories:

1. Presentation Methods
2. Hands-on-methods
3. Group Building Methods

I. Presentation Methods-

Presentation methods are methods in which trainees are passive recipients of information. This information may include facts, processes, and problem-solving methods.

a) Lecture:

Trainers communicate through spoken words what they want the trainees to learn. Example: TED Talks.

1. Standard lecture: trainer speaks and trainees listen
2. Team teaching: two or more trainers present
3. Guest speakers: speakers visit the session for a pre-determined period
4. Panel: multiple speakers present information and ask questions
5. Student presentations: groups of trainee's present topics to the class

b) Audio-Visual:

Includes overheads, slides, and video. Video is usually used in conjunction with lectures to show trainees real-life experiences and examples. Video can be effective for illustrating communication skills, interviewing skills, customer-service skills, and step-by-step procedures.

Example:

Created videos in AlwaysOn program for Sales, Marketing. 10 minute videos are released to employees the same day as new or updated products and services. Videos include Product Demos, Breaking News and Announcements and Latest Windows hardware.

II. Hands-On-Methods-

Hands-on methods are training methods that require the trainee to be actively involved in learning. These methods are ideal for developing specific skills, understanding how skills and behaviors can be transferred to the job, experiencing all aspects of completing a task, or dealing with interpersonal issues that arise on the job.

a) On-the-job training:

On-the-job training (OJT) refers to new or inexperienced employees learning in the work setting and during work by observing peers or managers performing the job and then trying to imitate their behavior. It is considered informal because it does not necessarily occur as part of a training program and because managers, peers, or mentors serve as trainers.

i. Apprenticeships- Work-study type training involving on-the-job and classroom training. Typically sponsored by a company or trade union. Common in skilled trades, such as for an electrician, carpenter, and plumber.

Advantages:

1. Trainee Advantages:

- earn pay while they learn
- wages increase as skills improve
- competitive job offers

2. Employer Advantages:

- meet specific business needs
- attract talented employees
- trainees are skilled and motivated

Disadvantages:

1. Trainee disadvantages:

- historically restricted access to women and minorities

2. Employer disadvantages

- Costly
- potentially narrow skill set

ii. Self-directed Learning-Places complete responsibility for learning on the learner, including when learning will take place and with whom. Content is pre-determined, but trainees can learn the content at their own pace and in their own way. Trainers should be available to answer questions and facilitate learning.

b) Simulations-Training method that represents a real-life situation where trainees' decisions result in outcomes that mirror what would happen on the job. The best simulations have a high degree of identical elements.

c) Case Study-In-depth scenario how employees or an organization dealt with a difficult situation. Trainees are required to analyze and critique the actions taken, indicate appropriate actions, and suggest what should have been done differently. Individuals learn through a process of discovery.

d) Business Games-Primarily used for management skill development. Require trainees to actively gather information, analyze, and make decisions. Stimulate learning because participants are actively involved and because games mimic the competitive nature of business.

e) Role Play-Require trainees take on a role, such as a manager or disgruntled employee, and explore what is involved in the role. Often included in programs focused on the development of interpersonal skills.

f) Behavior Modelling-Hands-on method that involves presenting to trainees a model, highlighting the key aspects of the model, practice, and feedback. Based on social learning theory. Highly effective for interpersonal skills

III. Group Building Methods:

Group building methods are training methods designed to improve team or group effectiveness. In group building methods, trainees share ideas and experiences, build group identity, understand the dynamics of interpersonal relationships, and get to know their own strengths and weaknesses and those of their co-workers.

a) Experiential Learning Programs- Experiential learning training programs have four stages:

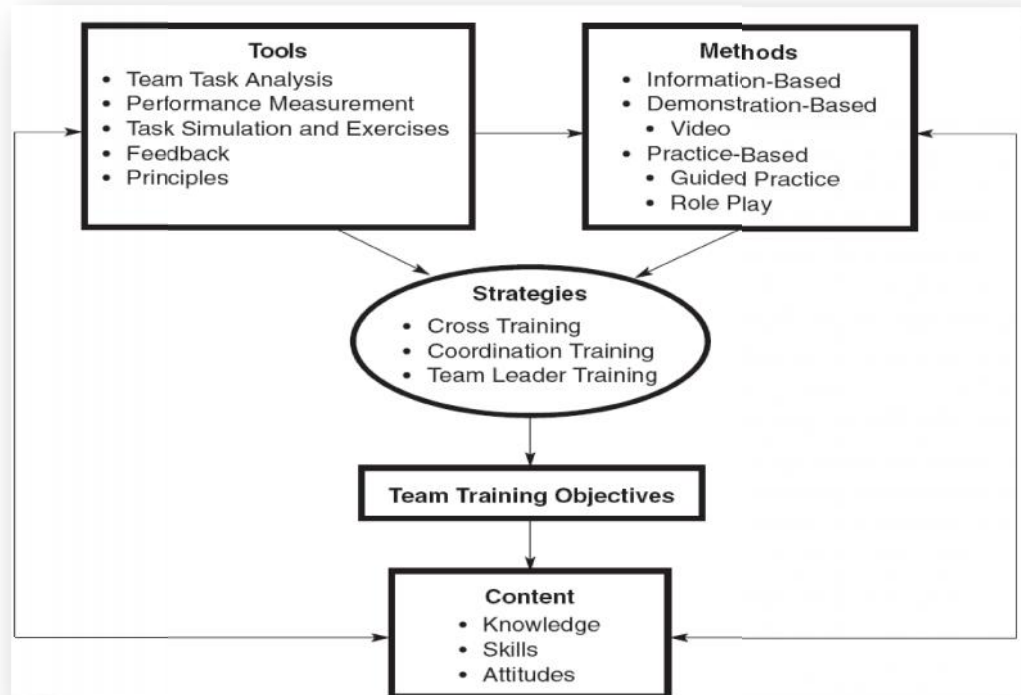
- (1) gain conceptual knowledge and theory;
- (2) take part in a behavioral simulation;
- (3) analyze the activity; and
- (4) connect the theory and activity with on-the-job or real-life situations.

- Adventure learning is an experiential learning method that focuses on the development of teamwork and leadership skills through structured activities.

b) Team training-

Team training refers to training that is designed to improve team effectiveness.

Elements of Team training:



c) Action Learning-

Action learning gives teams or work groups an actual problem, has them work on solving it and committing to an action plan, and then holds them accountable for carrying out the plan. Companies use action learning to solve important problems, develop leaders, quickly build high-performance teams, and transform the organizational culture.

Why to prefer technology based training methods as compared to traditional methods?

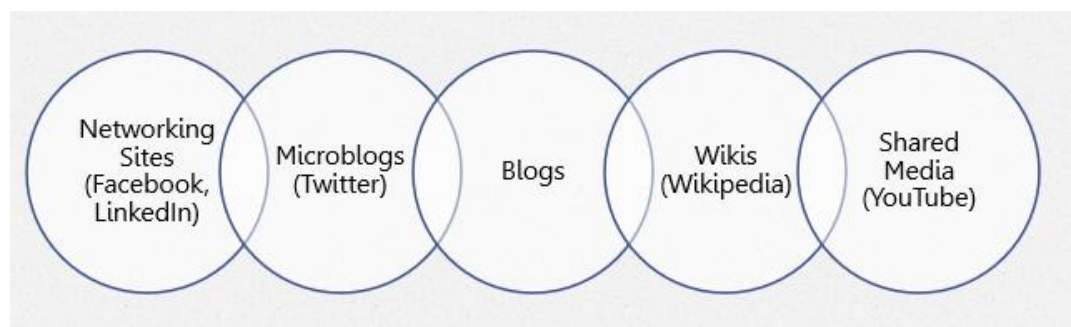
Reason,

- Overcomes the cost and time challenges related to trying to bring employees together in one physical location for training.
- Online learning provides trainees with access to training at any time and place.

Technology based Training Methods:

1. Social Media-

Social media take many forms:



Useful for:

- providing links to resources
- determining training needs with tagging
- reinforcing and sustaining learning
- coaching and mentoring
- linking learners
- engaging younger employees
- providing content before a face-to-face learning event

2. Blended Learning-

Blended learning combines online learning, face-to-face instruction, and other methods. Offers the positive features of face-to-face instruction and technology-based delivery, while minimizing the negative features of each.

In comparison to pure classroom learning, blended learning:

- provides increased learner control
- allows for self-directedness
- requires learners to take more responsibility
- is better for teaching declarative knowledge or information

In comparison to pure technology-based learning, blended learning:

- provides more face-to-face social interaction
- ensures that instruction is presented in a dedicated learning environment
- provides live feedback, which is preferable to feedback received online

3. Mobile technology and learning-

It is an easy way to communicate up-to-date information to employees. It can be useful for enhancing transfer by providing follow-up. It brings training to employees who are mobile. Learners can complete training on their own time and pace.

4. Adaptive Training-

Training that customizes content based on a trainee's learning style, ability, personality, or performance. Adaptations include variety, difficulty, and sequencing of content and practice. Instruction changes based on trainees' scores on assessments completed before training or throughout training.

5. Distance Learning-

Distance learning is used by geographically dispersed companies and features two-way communications between people. Involves teleconferencing and individualized, computer-based training. Interactive Distance Learning (IDL) uses satellite technology to broadcast and allows trainees to respond to questions using a keypad.

6. Webcasts/Webinars-

Live web-based delivery of instruction to trainees in dispersed locations.

7. Podcasts-

Web-based delivery of audio and video files.

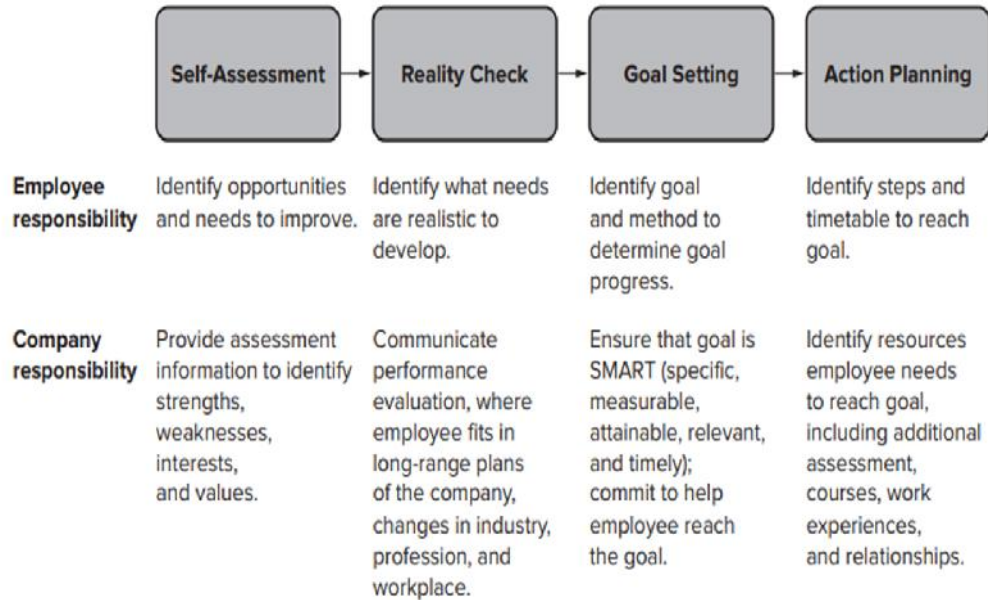
8. MOOCs-

Massive open online courses (MOOCs) are courses designed to enroll large number of learners, which are free and accessible to anyone with internet access. More companies are working with MOOC providers to design custom courses.

8.7 What is Employee Development?

Employee development is defined as a process where the employee with the support of his/her employer undergoes various training programs to enhance his/her skills and acquire new knowledge and skills.

Development Planning Process



The development process initiates with self-assessment in which both employee and company is responsible. After that reality check need to be done for setting goal and action planning will end the process of development.

1. Self-Assessment:

Self-assessment refers to the use of information by employees to determine their career interests, values, aptitudes, and behavioral tendencies.

Different tests for doing self-assessment are:

- **MBTI- Personality Assessment**
- **Strong-Campbell Interest Inventory-** Helps employees identify their occupational and job interests
- **Self-Directed Search-** Identifies employees' preferences for working in different types of environments (like sales, counseling, and landscaping).

2. Reality Check:

Reality check refers to the information employees receive about how the company evaluates their skills and knowledge and where they fit into the company's plans (e.g., potential promotion opportunities, lateral moves)

3. Goal setting:

Goal setting refers to the process of employees developing short- and long-term development objectives. These goals are usually discussed with the manager and written into a development plan.

4. Action Planning:

An action plan is a written strategy that employees use to determine how they will achieve their short- and long-term career goals. Action plans may involve any one or combination of development approaches.

Methods of Management Development

The different methods of management development are as under:

1. Formal Education:

Formal education may take many forms

- i. on-site or off-site programs tailored specifically for a company's employees
- ii. short courses offered by consultants or academic institutions
- iii. on-campus university programs

Many companies provide tuition reimbursement.

2. Executive Education:

Includes executive MBA programs and specialized curricula on topics such as leadership, entrepreneurship, and global business. Blended learning is common. Educational institutions have begun offering in-house, customized programs.

3. Succession Planning:

Identifying, developing, and tracking employees who are capable of moving into different positions. Key benefits:

- i. prepares future leaders and builds "bench strength"
- ii. minimizes disruptions when key employees leave
- iii. helps plan development experiences
- iv. attracts and retains employees

4. Coaching:

A peer or manager who works with an employee to develop skills, motivate, and provide feedback. A coach can play three roles:

- i. developing high potential managers
- ii. helping employees learn for themselves
- iii. providing valuable resources

Resistance to coaching-

Managers may be reluctant to discuss performance problems. Managers may be better able to identify performance issues than solve them. Managers may believe employees perceive coaching as criticism. Managers may not have time to coach.

5. Mentoring:

Involves an experienced, senior employee helping to develop a less experienced one. Helps socialize new employees, develop managers, and provide opportunities without regard to race and gender. Most relationships develop informally, but some companies have formal programs.

Protégé benefits-

Benefits for protégés include:

1. career support
2. psychosocial support
3. skill development
4. higher rates of promotion
5. higher salaries
6. greater organizational influence

Mentors Benefit-

Benefits for mentors include:

- i. developing interpersonal skills
- ii. increased self-esteem
- iii. increased sense of worth to the company
- iv. access to new knowledge in their field

6. Transfers, Promotions and Downward Moves:

A transfer involves reassigning an employee to a different area of the company. A promotion involves advancement to a position of greater responsibility and authority. A downward move involves a position with less responsibility.

7. Temporary Assignments, Volunteering & Sabbaticals:

Temporary assignments involve exchanging employees so companies can better understand each other. Community volunteer assignments may provide opportunities to learn new skills. A sabbatical involves a leave of absence to renew or develop skills.

8. Job Rotation & Lateral Moves:

A series of assignments in different functional areas of the company or within a single functional area. Job rotation helps employees gain an overall appreciation of the company and develop a network. Lateral moves help retain employees who want new experiences.

Effective Job Rotation-

- Linked to specific developmental needs.
- Provides experiences needed for managerial positions.
- Employees understand the skills to be developed.
- Timed to minimize workload costs.
- All employees are given equal opportunity.

9.360 degree feedback:

Feedback is obtained from subordinates, peers, customers, managers, and employees themselves. Individuals complete questionnaires rating the employee on a number of different dimensions

Benefits of 360 degree-

There are many benefits of 360 degree:

- Feedback is obtained from multiple perspectives
- Employees gain a better perspective of their strengths and areas for improvement
- These systems help to formalize the feedback process

Challenges with 360 degree-

Potential limitations include:

- Time demands placed on raters
- Employees may retaliate against raters
- Facilitators may be required to interpret results
- Companies may fail to provide opportunities to act on feedback

10. Enlarging the current job:

Job enlargement involves adding challenges and new responsibilities to the current job. "Two-in-a-box"

- Enlarging jobs by giving two managers the same title and responsibilities and allowing them to divide work as they see fit

11. Assessment Centers:

Multiple raters assess employees in a number of exercises. Typically used to identify personality characteristics, administrative skills, and interpersonal skills for managerial jobs. Increasingly used to determine if employees have the skills to work in teams.

12. Personality tests:

1. NEO Personality Inventory-

The Big Five personality dimensions:

- emotional stability (relaxed, non-worrier)
- extraversion (sociable, outgoing)
- openness (willing to try new things)
- agreeableness (friendly, polite)
- conscientiousness (hardworking, detail oriented)

2. The DISC-

Measures personality and behavioral style:

- dominance (directness, forcefulness)
- influence (sociability, persuasiveness)
- steadiness (cooperativeness, dependability)
- conscientiousness (accuracy, competency)

3. Myers-Briggs Type Indicator-

Identifies 16 personality types based on preferences for:

1. introversion (I) or extraversion (E)
2. sensing (S) or intuition (N)
3. thinking (T) or feeling (F)
4. judging (J) or perceiving (P)

Each personality type has implications for work habits and interpersonal relationships.

8.8 People Capability Maturity Model

People Capability Maturity Model PCMM is an integrated set of best practices that improves performance and key capabilities for organizations that want to improve their critical people management processes. The People Capability Maturity Model provides guidance for improving the capability of an organization's workforce. These best practices help identify skill gaps, break down workflow bottlenecks, and empower team members to develop skills that will help the organization succeed.

Main Objective of PCMM:

To improve the capability of the entire workforce.

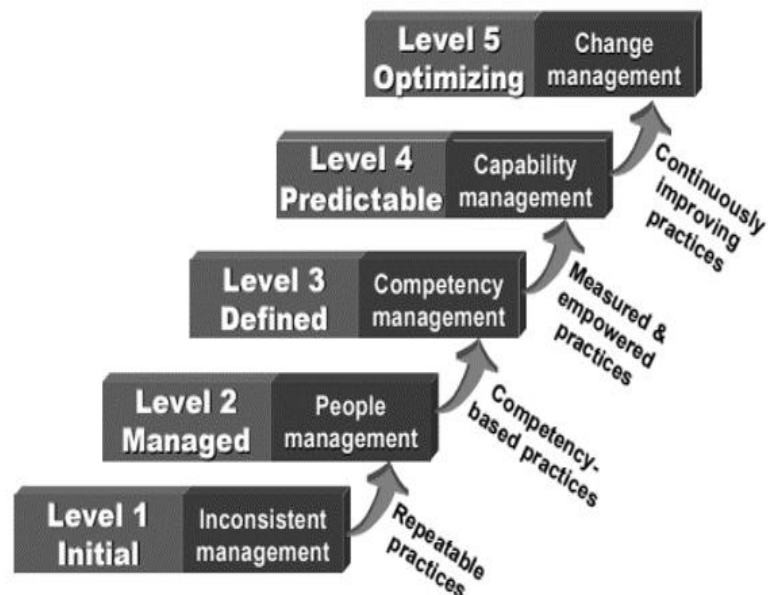
Principles of PCMM-

There are ten principles:

1. In mature organizations, workforce capability is directly related to business performance.
2. Workforce capability is a competitive issue and a source of strategic advantage.

3. Workforce capability must be defined in relation to the organization's strategic business objectives.
4. Knowledge-intensive work shifts the focus from job elements to workforce competencies.
5. Capability can be measured and improved at multiple levels, including individuals, workgroups, workforce competencies, and the organization.
6. An organization should invest in improving the capability of those workforce competencies that are critical to its core competency as a business.
7. Operational management is responsible for the capability of the workforce.
8. The improvement of workforce capability can be pursued as a process composed from proven practices and procedures.
9. The organization is responsible for providing improvement opportunities, while individuals are responsible for taking advantage of them.
10. Since technologies and organizational forms evolve rapidly, organizations must continually evolve their workforce practices and develop new workforce competencies.

Levels in PCMM



Level 1: Initial Level

An organization has no consistent way of performing workforce practices. Organizations at the Initial Level of maturity usually have difficulty retaining talented individuals.

Level 2: Managed level

Organizations establish a foundation on which they deploy common workforce practices across the organization. The first step toward improving the capability of the workforce is to get managers to take workforce activities as high-priority responsibilities of their job. They must accept personal responsibility for the performance and development of those who perform the unit's work.

Level 3: Defined Level

The organization identifies and develops workforce competencies and aligns workforce and work group competencies with business strategies and objectives. These workforce competencies represent the critical pillars that support the strategic business plan; their absence poses a severe risk to strategic business objectives.

Level 4: Predictable Level

The organization manages and exploits the capability created by its framework of workforce competencies. This framework is sustained through formal mentoring activities. The organization is now able to manage its capability and performance quantitatively. The organization is able to predict its capability for performing work because it can quantify the capability of its workforce and of the competency-based processes they use in performing their assignments.

Level 5: Optimizing Level

At the Optimizing Level, the entire organization is focused on continual improvement. These improvements are made to the capability of individuals and workgroups, to the performance of competency-based processes, and to workforce practices and activities.

Benefits of PCMM

Drives a “systems” approach to its people related processes and initiatives. Promotes a long-term thinking in terms of the people. Increases transparency, democracy and openness. Builds organizational agility and ability to execute cross-functional projects. Increases the level of automation. Makes the organization metrics and data analytics. Drives a competency culture. Builds organizational agility and ability to execute cross-functional projects. Increases the level of automation. Makes the organization metrics and data analytics. Drives a competency culture.

Conclusion

The People Capability Maturity Model was designed initially for knowledge-intense organizations and workforce management processes. However, it can be applied in almost any organizational setting, either as a guide in implementing workforce improvement activities or as a vehicle for assessing workforce practices.

Summary

Training is a planned programme designed to improve performance and to bring about measurable changes in knowledge, skills, attitude and social behavior of employees.

The various types of training include skills training, refresher training, cross functional training, team training, creativity training, diversity training, and literacy training.

Formal training methods include (i) on-the-job training covering job instruction training, coaching, mentoring, job rotation, apprenticeship training, committee assignments and (ii) off-the-job training includes lectures, conferences, simulation exercises and programmed instruction.

Career development is a lifelong process of understanding your career preferences; identifying, obtaining and developing appropriate skills and training for that career and continually evaluating your career preferences and skills over your working life to find whether they continue to meet your needs and those of the organization.

Succession planning though a neglected area in the pre-liberalization period, is carried out in a systematic way in most professionally managed companies in India now.

Succession planning focuses on creating and stocking pools of candidates with high leadership potential. Career development could occur at the individual or the organizational level. Individuals can push up their careers through performance, exposure, networking, leveraging, etc.

Keywords

Training, Development, Career development, People Capability Maturity Model, Employee Development, Training Method, Development method.

Self Assessment

1. Training in any organization helps to _____ the gap between existing and required skill sets.
 - A. Increase
 - B. Bridge
 - C. Enhance
 - D. Stretch

2. Training is going to be helpful only for employees learning.
 - A. True
 - B. False

3. What are the organizational characteristics that influence training?
 - A. Role of Employees and Managers
 - B. Top management support
 - C. Integration of Business Units
 - D. All of the above

4. _____ % of learning occurred through formal classroom instruction.
 - A. 70%
 - B. 20%
 - C. 10%
 - D. 30%

5. Which is not a category of traditional training methods?
 - A. Presentation methods
 - B. Hand-on-methods
 - C. Group building methods
 - D. Delivery methods

6. _____ are training methods that require the trainee to be actively involved in learning.
 - A. Presentation methods
 - B. Hand-on-methods
 - C. Group building methods
 - D. Delivery methods

7. Which is not a form of Social Media training method?
 - A. Blogs
 - B. Shared Media

- C. Microblogs
D. MOOCs
8. _____ is known as web-based delivery of audio and video files.
- A. Podcasts
B. Webcasts
C. Distance Learning
D. Blended Learning
9. _____ are courses designed to enrol large number of learners, which are free and accessible to anyone with internet access.
- A. Podcasts
B. Webinars
C. Blogs
D. MOOCs
10. Employee and organization, both have responsibility in employee development planning process.
- A. True
B. False
11. _____ is a written strategy that employees use to determine how they will achieve their short- and long-term career goals.
- A. Self-Assessment
B. Reality Check
C. Goal-setting
D. Action planning
12. _____ involves advancement to a position of greater responsibility and authority.
- A. Transfer
B. Promotion
C. Downward
D. All of the above
13. How many levels are in People Capability Maturity Model?
- A. Two
B. Three

- C. Four
- D. Five

14. At which level of authority usually organizations have difficulty in retaining talented individuals?

- A. Defined Level
- B. Initial Level
- C. Predictable Level
- D. Managed Level

15. _____ is an integrated set of best practices that improves performance and key capabilities for organizations that want to improve their critical people management processes.

- A. Training
- B. Development
- C. People Capability Maturity Model
- D. All of the above

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. B | 2. B | 3. D | 4. C | 5. D |
| 6. B | 7. D | 8. A | 9. D | 10. A |
| 11. D | 12. B | 13. D | 14. B | 15. C |

Review Questions

1. What do you mean by 'training'? Distinguish between training and development with the help of some examples.
2. Explain the various methods of training.
3. Suppose that you are the manager of an accounts receivable unit in a large company. You are switching to a new system of billing and record keeping and need to train your supervisors and thirty two employees in the new procedures. What training method(s) would you use? Why?
4. What type of information would you seek from the HR department to help you develop your individual career plan if you were just starting with a large multinational corporation?
5. Discuss the levels of PCMM model.
6. What are the different steps of employee development process?



Further Readings

Unit 08: Training and Development

- Aswathapa, K. (2008), Human Resource Management, 5th ed., Tata McGraw Hill.
- Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.
- French, W.L. (1990), Human Resource Management, 4th ed., Houghton Mifflin, Boston.
- H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi, 2004.
- Ivancevich, J. M. (2008), Human Resource Management, Tata McGraw Hill.
- MadhurimaLall and Sakina Qasim Zaidi, Human Resource Management, Excel Books.
- Rao P.S. (2008), Essentials of Human Resource Management and Industrial. Relations, Text cases and Games, Himalaya Publication.

Unit 09: Career Planning and Management

CONTENTS

Objectives

Introduction

9.1 What do you mean by Career Management?

9.2 Career Management Model

9.3 Importance of Career Management

9.4 Career Planning

9.5 Career Planning Process

9.6 Limitations of Career Planning

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understands the term career, career management and career skills.
- Learn about types of career management.
- Analyse the career management model.
- Learn about the importance of Career Management.
- understand the concept of Career Planning
- Learn the objectives of career planning
- Explore the steps in Career Planning Process
- Learn the limitations in Career Planning
- Understand the approaches of Career Planning

Introduction

People were always concerned about choosing and building careers to meet their needs and aspirations. Career planning process involves both individual and organization responsibility. In the contemporary business environment, highly competitive, we find that career management responsibility rests increasingly on the individuals. Organizations also play an important role; its need to have and maintain a competent staff, considered as the main source for obtaining competitive advantage, most advanced companies develop and apply an integrated management career system, beneficial both for themselves and for their employees.

9.1 What do you mean by Career Management?

Career can be defined as a general course of action a person chooses to pursue throughout his or her working life. Occupational positions a person has had over many years.

“Successful careers develop... when people are prepared for opportunities.”

~ Harvard Business Review ~

Career Management

Career management is combination of structured planning and the active management choice of one's own professional career.

Definition

“the attempts that is made to influence the career development of one of more people”

Arnold

Types of Career Management

There are mainly two types of career management : Personal and Organizational Career Management.

1. Personal Career Management:

The personal career management means self-management of career by an individual.

2. Organizational Career Management:

The organizational career management means the development and execution of the career plans of its employees by the organization. It is the process by which the organization manages the career of its employees .It is the collection of activities and opportunities that organizations provide to help the employee to ensure they will meet or exceed their future human resource requirements.

9.2 Career Management Model

The different stages in career management model are as under:

1. Career Exploration
2. Awareness
3. Goal-setting
4. Strategy Development
5. Strategy implementation
6. Feedback
7. Career Appraisal

1. Career Exploration-

This is where one needs to evaluate and explore various career options and it consists of two parts:

- i. Self-exploration and
- ii. Environmental exploration.

Self-exploration: It is about self-awareness and knowing oneself, one's strengths and weaknesses, likes, and dislikes. **Environmental exploration** is more to do with evaluating the environment, which includes the type of occupation, types of industries, etc.

2. Awareness-

When you explore and evaluate, it increases awareness which is quite important in career development. It is essential to be aware of one's characteristics and qualities in order to enable us to strategize and set the right career goals.

3. Goal-setting-

It is important to set goals to stay motivated so that we have something to look forward to in life. These career goals need to be realistic, measurable, and achievable to stay motivated. Unrealistic

goals can cause de-motivation and be counter effective. Concrete and specific career goals enable the laying of groundwork towards achieving the said goals.

4.Strategy Development-

Once the career goal is set, a strategy needs to be developed to set the process in motion. It is essentially a sequence of activities undertaken to attain the career goal.

There are various strategies that the employees can undertake to increase their chances of success in their career:

- Present job competence
- Work involvement
- Skill development through training
- Development of interpersonal relations
- Organizational politics

5.Strategy Implementation-

It is the process of putting into action the plans and strategies to achieve goals and objectives in the course of career development. Developing a strategy is one thing and implementing it is another. In the course of strategy implementation, it is essential to seek advice from your supervisor, engage in development through training, investigate opportunities, and know-how to negotiate terms.

6.Feedback-

The implementation of a career strategy can provide useful feedback to the person, which can enable the person to appraise his career. Motivating employees is important for organizational growth. A good manager will provide the right feedback to the employees for their betterment, which helps to optimize their performance and fetches the right kind of results for the company as well. Feedback should be sincere, which enables candidates to learn more about their accomplishments and shortcomings.

7.Career Appraisal-

Career appraisal permits a person to monitor the course of their career and may lead to a re-examination of career goals and re-initiation of the career management model if required. Career appraisal might lead you to consider changing your goal.

9.3 Importance of Career Management

Career Management is very important for both employees and employer in order to improve the performance. Let's discuss some of the significant points.

1.To improve an organization's performance:

When the company provides opportunities to its employees for cross-functional exposure, it not only encourages the employees to perform better but also leads to better company performance as it is better equipped to meet its goals and get results.

2.To retain good, talented employees:

Retention of good quality employees work in the best interest of the company as it creates a drive in them to do more and. Employees who feel like a significant part of the organization are willing to offer more to the company.

3.Reduction in employee attrition:

One of the main reasons for employees to switch their jobs is better growth and more opportunities in other organizations. If the company provides a platform for its associates to hone their skills and the opportunity to grow both vertically and horizontally, employees will have more of a reason to stick around.

4.Effective employee deployment and development:

Restructuring and redeployment of manpower in the organization leads to effective employee growth and development which is beneficial for the company as it puts the right people in the right job role and increases overall productivity.

5.To improve employee engagement:

Effective career planning, management, and development results in optimum utilization of the company's employee resource. When the company provides opportunities for career development, employees feel more motivated, empowered, and connected with their work and the organization. Employee engagement is higher when their intrinsic needs are effectively met along with personal and professional goals.

Career Management for Employees

Career management before starting employment and after are two different things altogether. After starting on the job, it is more about the following:

- Trying to learn about the organization
- Finding out what is the company's goal
- How we fit into it
- If there are any shortcomings, whether we need to get any additional training etc.
- What we can do to adapt to be an integral part of the organization
- And how we can work to make it a success

Career Management Skills

Career management skills (CMS) are competencies which help individuals to identify their existing skills, develop career learning goals and take action to enhance their careers.

Core CMS elements

- 1.Career Learning Areas
- 2.The Learning Model
- 3.The Levels

1.Career Learning Areas-

Career learning areas (commonly referred to as 'goals' or 'competences'), describing the skills, attributes, attitudes and knowledge that the framework seeks to develop in individuals.

2. The Learning Model-

The learning model, describing the understanding of learning and skills acquisition that underpins the framework.

3.The Levels-

The levels, describing the stages of development that an individual goes through in becoming a competent career manager.

9.4 Career Planning

Career planning is the process by which one selects career goals and the path to these goals. The major focus of career planning is on assisting the employees achieve a better match between personal goals and the opportunities that are realistically available in the organization. Career programs should not concentrate only on career growth opportunities. Practically speaking, there may not be enough high-level positions to make upward mobility a reality for a large number of employees. Hence, career-planning efforts need to pinpoint and highlight those areas that offer psychological success instead of vertical growth.

Unit 09: Career Planning and Management

Career planning is not an event or end in itself, but a continuous process of developing human resources for achieving optimum results. It must, however, be noted that individual and organizational careers are not separate and distinct. A person who is not able to translate his career plan into action within the organization may probably quit the job, if he has a choice. Organizations, therefore, should help employees in career planning so that both can satisfy each other's needs.

Need for Career Planning

Every employee has a desire to grow and scale new heights in his workplace continuously. If there are enough opportunities, he can pursue his career goals and exploit his potential fully. He feels highly motivated when the organisation shows him a clear path as to how he can meet his personal ambitions while trying to realise corporate goals. Unfortunately, as pointed out by John Leach, organisations do not pay adequate attention to this aspect in actual practice for a variety of reasons. The demands of employees are not matched with organisational needs, no effort is made to show how the employees can grow within certain limits, what happens to an employee five years down the line if he does well, whether the organisation is trying to offer mere jobs or long-lasting careers, etc. When recognition does not come in time for meritorious performance and a certain amount of confusion prevails in the minds of employees whether they are 'in' with a chance to grow or not, they look for greener pastures outside. Key executives leave in frustration and the organisation suffers badly when turnover figures rise. Any recruitment effort made in panic to fill the vacancies is not going to be effective. So, the absence of a career plan is going to make a big difference to both the employees and the organisation. Employees do not get right breaks at a right time; their morale will be low and they are always on their toes trying to find escape routes.

Organisations are not going to benefit from high employee turnover. New employees mean additional selection and training costs. Bridging the gaps through short-term replacements is not going to pay in terms of productivity. Organisations, therefore, try to put their career plans in place and educate employees about the opportunities that exist internally for talented people. Without such a progressive outlook, organisations cannot prosper.

Objectives of Career Planning

1. Attraction and retention of the right type of persons in the organization.
2. Mapping of careers of employees in the organization suitable to their ability and skill, and their willingness to be trained and developed for higher positions.
3. Better use of human resources, more satisfied and productive employees, and more fulfilling careers.
4. Reducing employee turnover and absenteeism, and thus having a more stable and satisfied workforce.
5. Increasing utilization of managerial reserves available at all levels within the organization.
6. Improvement of morale and motivation of employees by matching their individual abilities and needs to the demand and reward of the job ensuring them adequate opportunities for promotion and growth in the organization.
7. Overall achievement of organizational development, higher productivity and fulfilment of corporate objectives.
8. Ensure that men and women of promise are given a sequence of experiences that will equip them for whatever responsibility they have the ability to reach.
9. Provide individuals with the guidance and encouragement they may need if they are to fulfil their potentials and remain with the organization.

9.5 Career Planning Process

The career planning process involves the following steps:

1. Identifying Individual Needs and Aspirations:

Most individuals do not have a clear cut idea about their career aspirations, anchors and goals. The human resource professionals must, therefore, help an employee by providing as much information

as possible showing what kind of work would suit the employee most, taking his skills, experience, and aptitude into account.

2. Analyzing Career Opportunities:

Once career needs and aspirations of employees are known, the organisation has to provide career paths for each position. Career paths show career progression possibilities clearly. They indicate the various positions that one could hold over a period of time, if one is able to perform well.

3. Identifying match and mismatch:

A mechanism to identifying congruence between individual current aspirations and organizational career system is developed to identifying and compare specific areas of match and mismatch for different categories of employees.

4. Formulating and implementing strategies:

Alternative action plans and strategies for dealing with the match and mismatch are formulated and implemented.

5. Reviewing Career Plans:

A periodic review of the career plans is necessary to know whether the plan is contributing to effective utilization of human resources by matching employee objectives to job needs. What changes are likely to take place and what skills are needed to adapt to the changing needs of the organization.

Role of Employees in Career Planning

- to take the initiative in the sense of requiring feedback from peers and chiefs regarding the strengths and weaknesses of their skills;
- to identify the stage of career development and the development needs;
- to seize as many opportunities to learn (about sales, product design etc.);
- to interact with employees from different work groups within and outside the organization (professional associations, project teams).

Role of Organization in Career Planning

1. Career Workshops:

Seminars on various topics how does the system of career planning, self-assessment or setting goals.

2. Career counselling:

Advice by a specialized professional counselor in assisting the employees interested in career planning.

3. Career paths (directions):

Planning job stages, identifying the skills needed to advance within the same family of channels such as wireless promoting a technical professional position in a managerial position.

4. Career Planning Guides:

Printed matter for guidance the staff witch contain exercises, discussion and advice on career planning.

5. Career centers or information systems:

Databases places where / from where the employees can learn about job openings or training programs.

Approaches to Career Planning System

The approaches to career planning system can be divided into two parts: Person Centred Planning System and Organization Centred Planning System.

Aims of Organization Centred Planning System

- the development of Human Resource needs;
- to improve the quality of human resources to increase productivity;
- defining career paths;
- individual potential of job evaluation;
- harmonization of organizational and career needs;
- career counseling of work and life quality;
- audit and control of the planning and career development system

Aims of Person-Centred Planning System

- to identify the potential, skills and interests of the individual;
- to identify the purposes of his life and his career goals;
- to develop a written plan to achieve individual goals;
- researching or seeking and obtaining the best career start;
- to communicate the career plan directly to individual by his manager;
- request career guidance;
- internal and external opportunities' assessment;
- request mentor or sponsor support;
- promote their self image or recognition of their own qualities.

9.6 Limitations of Career Planning

1. Dual Career families-

With the increase in career orientation among women, number of female employees is on increase. Consequently, one of those family members might face the problems of transfer. This has become a complicated problem to organizations.

2. Low Ceiling careers-

Some careers do not have scope for much advancement. Employees cannot get promotions despite their career plans and development in such jobs.

3. Declining career opportunities-

Career opportunities for certain categories reach the declining stage due to the influence of the technological or economical factors. Solution for such problem is career shift.

4. Downsizing and careers-

Business process reengineering, technological change and business environmental factors force the business firms to restructure the organizations by and downsizing. Career planning can become a reality when opportunities for vertical mobility are available. Therefore, it is not suitable for a very small organization.

Summary

Career planning is the process by which one selects career goals and the path to these goals.

Career planning is not a sure bet, but without it, employees are seldom ready for the career opportunities that arise.

Career development is a lifelong process of understanding your career preferences; identifying, obtaining and developing appropriate skills and training for that career and continually evaluating your career preferences and skills over your working life to find whether they continue to meet your needs and those of the organisation.

Career development could occur at the individual or the organisational level. Individuals can push up their careers through performance, exposure, networking, leveraging, etc.

Keywords

Career, Career Planning, Career Management, Career Stages, Career Development

SelfAssessment

1. Successful careers develop when people are prepared for opportunities.
 - A. True
 - B. False

2. _____ means the development and execution of the career plans of its employees by the organization.
 - A. Career Development
 - B. Personal Career Management
 - C. Organizational Career Management
 - D. Career

3. How many steps exist in Career Management model?
 - A. Five
 - B. Six
 - C. Seven
 - D. Eight

4. Career appraisal might lead you to consider changing your goal.
 - A. True
 - B. False

5. Occupational positions a person has had over many years refer to _____.
 - A. Career
 - B. Career Management
 - C. Career Development
 - D. All of the above

Unit 09: Career Planning and Management

6. _____ are competencies which help individuals to identify their existing skills, develop career learning goals and take action to enhance their careers.
- A. Career
 - B. Career Management
 - C. Career Skills
 - D. All of the above
7. _____ is combination of structured planning and the active management choice of one's own professional career.
- A. Career
 - B. Career Management
 - C. Career Skills
 - D. All of the above
8. _____ can be defined as a general course of action a person chooses to pursue throughout his or her working life.
- A. Career
 - B. Career Skills
 - C. Career Management
 - D. All of the above
9. What are the different approaches to Career Planning?
- A. Organization Centred planning System
 - B. Person Centred planning system
 - C. Both of the above
 - D. None of the above
10. What is the role of employee in career planning?
- A. Career Workshops
 - B. Career paths
 - C. Career planning guides
 - D. Identify stage of career development
11. Which is not a limitation of career planning?
- A. Dual Career families
 - B. Low Ceiling careers
 - C. Increasing career opportunities
 - D. Downsizing and careers

12. What is the role of organization in career planning?
- A. to identify the stage of career development and the development needs
 - B. to seize as many opportunities to learn Career Workshops
 - C. planning job stages
 - D. to interact with employees from different work groups within and outside the organization
13. Attraction and retention of the right type of persons in the organization is an objective of career planning.
- A. True
 - B. False
14. _____ is described as devising an organizational system of career movement and growth opportunities from the point of entry of an individual in employment to the point of his or her retirement.
- A. Career Planning
 - B. Career Development
 - C. Career Management
 - D. Career
15. Planning for career does not require step by step process.
- A. True
 - B. False

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. A | 2. C | 3. C | 4. A | 5. A |
| 6. C | 7. B | 8. A | 9. C | 10. D |
| 11. C | 12. C | 13. A | 14. A | 15. B |

Review Questions

- 1. Suppose you are assigned to develop a career planning and development programme in a large organisation with a diverse workforce. What unique concerns might you have because of this diversity?
- 2. What type of information would you seek from the HR department to help you develop your individual career plan if you were just starting with a large multinational corporation?

Unit 09: Career Planning and Management

3. List the pay offs and limitations of career planning. Also indicate how career planning efforts could be initiated in a successful way?
4. Give some reasons for the trend toward increased emphasis on career development programmes.
5. What are the different approaches to career planning system?
6. Discuss Career Management Model.

**Further Readings**

Aswathapa, K. (2008), Human Resource Management, 5th ed., Tata McGraw Hill.

Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.

French, W.L. (1990), Human Resource Management, 4th ed., Houghton Mifflin, Boston.

H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi, 2004.

Ivancevich, J. M. (2008), Human Resource Management, Tata McGraw Hill.

Madhurima Lal and Sakina Qasim Zaidi, Human Resource Management, Excel Books.

Rao P.S. (2008), Essentials of Human Resource Management and Industrial Relations, Text cases and Games, Himalaya Publication.

Unit 10: Performance Management System

CONTENTS

Objectives

Introduction

10.1 Meaning of Performance Management

10.2 Performance Planning

10.3 Performance Appraisal

10.4 Process of Performance Appraisal

10.5 Methods of Performance Appraisal

10.6 Potential Appraisal

10.7 Employee Feedback

10.8 Employee Counselling

Summary

Keywords

Self-Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understand the concept of performance management.
- Learn the principles of performance management.
- Explore the steps in process of performance management.
- Learn the advantages of performance management.
- Understand the performance planning concept.
- Learn about the different objectives of performance planning.
- Learn about the importance of performance planning.
- Explore methodologies of Performance Planning.
- Understand the meaning of performance appraisal.
- Learn about the objectives of performance appraisal
- Explore the steps in performance appraisal process
- Learn about the benefits of performance appraisal
- Explore the different methods of performance appraisal.
- Analyse the different errors in performance appraisal
- Learn about the advantage and disadvantage of performance appraisal.
- Understand the employee feedback and employee counseling.
- Learn the different types of feedback.
- Learn the advantages of employee feedback.

- Understand the different situations for employee counselling.
- Learn about the types of employee counselling.

Introduction

All organizations use performance appraisal for various purposes. The main issue hovers around the question of what criteria should be used to appraise performance. Given that all appraisals involve judgements which are not always fair, organizations use multifarious techniques and tools to measure performances as objectively as possible. Besides a good technique, successful performance appraisal requires a consistent approach, clear standards and measures and bias free ratings. A critical part of the evaluation process is the preparation of the rater. Raters must be trained on the system being used and its purpose to ensure consistency and accuracy. Finally, if the employees' performance is to improve, they must be provided feedback on their performance and advice on how to make improvements.

10.1 Meaning of Performance Management

Performance management is a continuous process of identifying, measuring and developing performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals.

Components of Performance Management

We can see two important components of performance management. These are:

1. Continuous process:

Performance management is ongoing. It involves a never-ending process of setting goals and objectives, observing performance, and giving and receiving ongoing coaching and feed.

2. Link to mission and goals:

Performance management requires that managers ensure that employees' activities and outputs are congruent with the organization's goals and, consequently, help the organization gain a competitive business advantage. Performance management therefore creates a direct link between employee performance and organizational goals and makes the employees' contribution to the organization explicit.

Principles of Performance Management

The different principles of performance management are as under:

1. It translates corporate goals into individual, team, department and divisional goals.
2. It helps to clarify corporate goals.
3. It is a continuous and evolutionary process, in which performance improves over time.
4. It relies on consensus and co-operation rather than control or coercion.
5. It creates a shared understanding of what is required to improve performance and how this will be achieved.
6. It encourages self-management of individual performance.
7. It requires a management style that is open and honest and encourages two-way communication between superiors and subordinates.
8. It requires continuous feedback.
9. Feedback loops enable the experiences and knowledge gained on the job by individuals to modify corporate objectives.
10. It measures and assesses all performance against jointly agreed goals.
11. It should apply to all staff; and it is not primarily concerned with linking performance to financial reward.



Case Study

Sally is a sales manager at a large pharmaceutical company. The fiscal year will end in one week. She is overwhelmed with end-of-the year tasks including reviewing the budget she is likely to get for next year, responding to phone calls of customers, and supervising a group of 10 salespeople. It's a very hectic time, probably the most hectic time of the year. She receives a phone call from the HR Department: 'Sally, we have not received your performance reviews for your 10 employees; they are due by the end of the fiscal year.' Sally thinks 'Oh, those performance reviews... What a waste of my time!' From Sally's point of view, there is no value in filling out those meaningless forms. She does not see her subordinates in action because they are in the field visiting customers most of the time. All she knows about their performance is based on sales figures, which depend more on the products offered and geographic territory covered than the effort and motivation of each salesperson. And nothing happens in terms of rewards regardless of her ratings. These are lean times in her organization, and salary adjustments are based on seniority rather than merit. She has less than 3 days to turn in her forms. What is she going to do? She decides to go down the path of least resistance: to please her employees, she gives everyone the maximum possible rating. In this way, she believes they will be happy with their ratings, and Sally will not have to deal with complaints or follow-up meetings. Sally fills out the forms in less than 20 minutes and gets back to her 'real job'



Think upon

Why to manage performance?

Reason:

By managing the performance of the individual and team, departmental and organizational performance will follow and by raising individual and team levels of performance, organizational performance will also improve.

Performance Management Contribution

There are many advantages associated with the implementation of a performance management system. A performance management system can make the following important contributions:

1. Motivation to perform is increased.

Receiving feedback about one's performance increases the motivation for future performance. Knowledge about how one is doing and recognition of one's past successes provide the fuel for future accomplishments.

2. Self-esteem is increased.

Receiving feedback about one's performance fulfills a basic need to be appreciated and valued at work. This, in turn, is likely to increase employees' self-esteem.

3. Managers gain insight about subordinates.

Gaining new insights into a person's performance and personality will help the manager build a relationship with that person. Also, supervisors gain a better understanding of each individual's contribution to the organization. This can be useful for direct supervisors as well as for supervisors once removed.

4. The job definition and criteria are clarified.

The job of the person being appraised may be clarified and defined more clearly. In other words, employees gain a better understanding of the behaviors and results required of their specific position. Employees also gain a better understanding of what it takes to be a successful performer (i.e., which criteria define job success).

5. Self-insight and development are enhanced.

The participants in the system are likely to develop a better understanding of themselves and of the kind of development activities of value to them as they progress through the organization. Participants in the system also gain a better understanding of their strengths and weaknesses, which can help them better define future career paths.

6. Personnel actions are more fair and appropriate.

Performance management systems provide valid information about performance, which can be used for personnel actions such as merit increases, promotions and transfers, as well as terminations. In general, a performance management system helps ensure that rewards are distributed on a fair and credible basis. In turn, such decisions based on a sound performance management system lead to improved interpersonal relationships and enhanced supervisor-subordinate trust.

7. Organizational goals are made clear.

The goals of the unit and the organization are made clear, and the employee understands the link between what he or she does and organizational success. This is a contribution to the communication of what the unit and the organization are all about and how organizational goals cascade down to the unit and the individual employee.

8. Employees become more competent.

An obvious contribution is that the performance of employees is improved. In addition, there is a solid foundation for developing and improving employees by establishing developmental plans.

9. There is better and more timely differentiation between good and poor performers.

Performance management systems allow for a quicker identification of good and poor performers. Also, they force supervisors to face up to and address performance problems on a timely basis.

Performance Management Process

Performance management is a process management which consists of the following activities:

1. Plan - decide what to do and how to do it.

2. Act - carry out the work needed to implement the plan.

3. Monitor - carry out continuous checks on what is being done and measure outcomes in order to assess progress in implementing the plan.

4. Review - consider what has been achieved and, in the light of this, establish what more needs to be done and any corrective action required if performance is not in line with the plan.

10.2 Performance Planning

Performance planning is a systematic and structured approach to successfully achieve the desired goals of an individual or team throughout the assessment year.

Objectives of Performance Planning

1. To communicate basic responsibilities:

To communicate basic responsibilities that the individual has to perform on a daily basis. It could be reporting, data management, etc.

2. To remove any vagueness

To remove any vagueness in the goals and objectives that the individual has to achieve in the year or time period specified by the team leader.

3. To identify and build on the competencies

To identify and build on the competencies of an individual for doing the job. This helps in making employees more productive.

4. To create an adequate career development plan

Unit 10: Performance Management System

To create an adequate career development plan for the individual which would keep him/her motivated. If an employee is well aware of his/her career as well as growth plan, he/she will be self-motivated.

Other Objectives

1. To establish realistic goals and objectives consistent with that mission in a defined time frame within the organization's capacity for implementation.
2. To communicate those goals and objectives to the organization's constituents.
3. To ensure the most effective use of the organization's resources by focusing the resources on the key priorities.
4. To provide a base from which progress can be measured and establish a mechanism for informed change when needed.
5. To listen to everyone's opinions in order to build consensus about where the organization is going and where to want to reach.
6. It provides a clearer focus for the organization, thereby producing more efficiency and effectiveness.
7. It is used to clearly identify the performance metrics used to measure employee's success in meeting predetermined targets.
8. It solves major problems in the organization by providing ongoing on-the-job feedback.

Importance of Performance Planning

The importance of performance planning is very difficult to be explained in few words but still some of the major points are as under:

1. Performance planning helps in aligning the individual goals with the organizational goals and the concept behind this is mutuality for survival and growth.
2. This makes the process of performance management more accountable and objective.
3. It focuses on key results area and key performance area which must be considered for gaining the competitive edge.
4. Performance planning helps in maximum utilization of resources, and it is important to make clear in the role and responsibilities of employees.

Barriers to Performance Planning

These barriers can be divided into two parts: Individual and Organizational Barriers.

1. Individual Barriers

The lack of commitment in the organization's employees or management is another important barrier to performance planning. Sometimes managers or employees or both show less commitment towards the achievement of organizational goals and the reasons could be personal, organizational, competitive or any other HR factor.

2. Organizational Barriers

Most of the traditional organizations are not in favour of performance planning. According to this concept, the organizations spending time on performance planning is just the wastage of time. These organizations believe that they have a strong implementation strategy and due to this only, it becomes the barrier.

Methodologies of Performance Planning

The different steps in performance planning process are as under:

- 1.Key Performance Area
- 2.Key Results Area
- 3.Tasks and Target Identification
- 4.Goal Setting Exercises
- 5.Organizational Objectives and Strategy
- 6.Assessment of Organizational Performance Needs
- 7.Setting Organizational Performance Expectations
- 8.Establishing Performance Management Process
- 9.Measuring Effectiveness of Performance Management

Let's do the explanation of each step one by one for better clarity.

1.Key Performance Area-

The key performance area for any employee includes the identification of priority area first. After identifying this, subsequent working on the specified area is done.

Process of Key Performance:

1. Identification of important tasks and activities.
- 2.Determining the areas of priority.
- 3.Setting goals in the identified area.
- 4.Seekng the employee's commitment to identified work.
- 5.Making arrangements for required resources.

2.Key Result Area-

The term key results area may be defined as general area of outcomes for which a role is responsible, and the major task is to identify them.

Identifying KRAs helps individual employees in a number of ways as enumerated here:

- Clarify their roles.
- Align their roles to the organization's business or strategic plan.
- Focus on results rather than activities.
- Communicate their role's purposes to others.
- Set goals and objectives.
- Priorities their activities, and therefore improve their time work management.
- Make value-added decisions.

3.Tasks and Target Identification

It involves the identification of roles, responsibilities, tasks and key targets of the employees and by identifying these, each and every employee should know their duties and key targets.

4.Goal Setting Exercises-

An organization's ultimate goals determine its strategy.

5.Organizational Objectives & Strategy-

In order to understand organizational objective and strategy, we need to undergo various points which are:

- The ultimate goal of organization.
- Its competitive position in market.
- To compare the organization's strength with changing environment.
- To examine an organization's critical issues.

Unit 10: Performance Management System

- To analyze an organization's opportunities.
- Exploring best approaches in view of organizational resources and competencies.

6. Assessment of Organizational Performance Needs-

After identifying objectives and strategy, there is a need to assess performance criteria and for this, the below mentioned steps should be carried out:

- Identifying competencies necessary for achieving organizational objectives and strategy.
- Gathering information about critical issues related to the purpose.
- Determining new and future performance needs of the organization.
- Prioritizing organizational improvement measures.
- Recognizing core organizational values.

7. Setting Organizational Performance Expectations-

Once the assessment is over, one need to set performance expectations which can be done as follows:

- Determining required vs. desired performance.
- Determining the current performance status.
- Understanding, aligning and agreeing on performance expectations.
- Formulating key performance indicators.
- Evolving job objectives.
- Aligning individual goals with organizational strategy.

8. Establishing Performance Management Process-

For establishing performance management process, several steps mentioned below have to be considered.

- Designing a framework of performance management encompassing.
- To implement performance planning.
- To manage the performance.
- Conduct performance appraisal.
- Monitoring the performance.

9. Measuring Effectiveness of Performance Management-

Identifying opportunities for performance development against which effectiveness will be measured. Providing performance counseling including 360-degree feedback as per the requirement. Devising reward strategy and administering a reward system properly. Establishing performance management audit. Improvement in the competitive position of the organization.

10.3 Performance Appraisal

Performance Appraisal thus is a systematic and objective way of judging the relative worth of ability of an employee in performing his task. Performance appraisal helps to identify those who are performing their assigned tasks well and those who are not and the reasons for such performance.

Definition

"Performance appraisal is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for the purposes of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally".

C. Heyel (1973)

Types of persons involved

1. Appraise – The person whose performance is going to be appraised by other person.
2. Appraiser – The person who is going to evaluate the performance of appraise. The appraiser may be a superior, subordinate, peers, self-appraisal, and group.

Objectives of Performance Appraisal

1. Compensation Decision:

It can serve as a basis for pay raises. This approach to compensation is at the heart of the idea that raises should be given for merit rather than for seniority.

2. Promotion Decision:

It can serve as a guide for job change or promotion.

3. Training and Development Programme:

PA can inform employees about their progress and tell them what skills they need to develop to become eligible for pay raises or promotions or both.

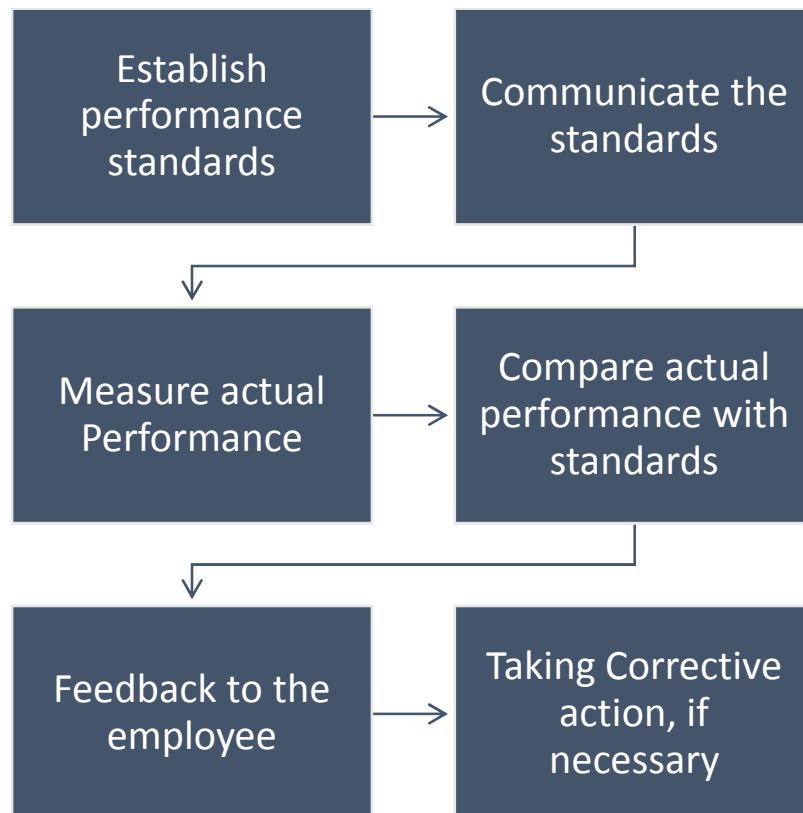
4. Feedback:

It can tell an employee what he can do to improve his present performance and go up the organizational ladder.

5. Personal Development:

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

10.4 Process of Performance Appraisal



1. Establish Performance Standards:

The performance standards for each and every job should be developed and discussed with the superiors after thorough analysis of the job. These standards should be clear and not vague. They must be measurable after certain period.

2. Communicate the Standards:

After setting the performance standards of job, the next activity is to communicate these standards to all concerned; at least two parties – (a) appraiser (b) appraisee. It is necessary, these standards

Unit 10: Performance Management System

must be modified. The appraiser must ensure that the information communicated by him has been received by appraisee and understood clearly.

3. Measure actual performance:

Generally four common sources are used by appraiser to measure actual performance, personal observation, statistical reports, oral reports and written reports.

4. Compare actual performance with standards:

The fourth activity is the comparison of actual performance with standards. Sometimes actual performance may be better than standards and sometimes it may go off the track. Any deviations between actual performance and standard performance may be noted carefully for next activity.

5. Feedback to the employee:

In this activity the results of stage forth are discussed with employee. The information which is received by appraisee about his assessment has a great impact on his performance. Communicating poor performance is difficult task of appraiser.

6. Taking corrective action, if necessary:

The feedback received in the previous stage need corrective action in case some issues exist. Need to look in which step the changes required.

Benefits of Performance Appraisal

Let us divide the benefits of performance appraisal into three main aspects:

1. For the Organizations:

- a) Improved performance throughout the organization due to more effective communication of the organization's objectives and values, increased sense of cohesiveness and loyalty and improved relationships between managers and staff.
- b) Improvement in the tasks performed by each member of the staff.
- c) Identification of ideas for improvement.
- d) Expectations and long-term plans can be developed.
- e) Training and development needs can be identified more clearly.
- f) A culture of continuous improvement and success can be created and maintained.
- g) People with potential can be identified and career development plans can be formulated for future staff requirements.

2. For the Appraiser:

- a) The opportunity to develop an overview of individual jobs and departments.
- b) Identification of ideas for improvements.
- c) The opportunity to link team and individual objectives and targets with departmental and organizational objectives.
- d) The opportunity to clarify expectations of the contribution the manager expects from teams and individuals.
- e) The opportunity to re-prioritize targets.
- f) A means of forming a more productive relationship with staff based on mutual trust and understanding

3. For the Appraisee:

- a) Increased motivation
- b) Increased job satisfaction
- c) Increased sense of personal value

10.5 Methods of Performance Appraisal

1. Rating Scale:

The typical rating scale system consists of several numerical scales, each representing a job-related performance criterion such as dependability, initiative, output, attendance, attitude, cooperation etc., each scale ranges from excellent to poor.. the number of points attached to the scale may be linked to salary increase, whereby so many points equal a rise of some percentage.

Nearly all type of job can be evaluated and large number of employees can be evaluated in a very short time. Disadvantage includes the rater's biases to influence evaluation. Furthermore, numerical scoring gives an illusion of precision that is really unfounded.

2. Checklists:

Under this method, a checklist of statements on the traits of the employee and his or her job is prepared in two columns i.e., 'YES' column and 'NO' column. All that the rater is to do is to tick the 'YES' if the answer is positive and tick 'NO' if the answer is 'NO'. The HR dept. gives point for every "YES" when points are allotted the technique becomes a weighted checklist.

The advantages are economy, ease of administration, limited training of rater & standardization. The disadvantage includes improper weights by the HR department.

3. Forced choice Method:

The rater is given a series of statement about the employee these are arranged in the blocks of two or more, and the rater indicates which statement is most or least descriptive of the employee.



For example, (a) Learns fast-----works hard. (b) Absent often-----others usually tardy.

The HR department does actual assessment. The advantage is the absence of personal bias in rating. Disadvantage is that the statement may not be properly framed.

4. Critical Incident Method:

It focuses on certain critical behaviors of an employee that make all the difference between effective and non-effective performance of a job. Such incidents are recorded by the superiors as and when they occur.

One of the advantages of this is that the evaluation is based on actual job-behaviour. It also increases the chance that the subordinate will improve because they learn more precisely what is expected of them. As an disadvantage, negative incidents are generally more noticeable than positive ones.

5. Behaviorally Anchored Rating Scales:

In this the scale represent a range of descriptive statements of behaviour varying from the least to the most effective. A rater must indicate which behaviour on each scale best describes an employee's performance.

BARS the following feature:

(a) Areas of performance to be evaluated are identified and defined by the people who will use the scales.

(b) The scales are anchored by description of actual job behavior that supervisors agree, represent specific level of performance.

(c) All dimensions of performance to be evaluated are based on observable behaviors and are relevant to the job being evaluated since BARS are tailored made.

(d) Since the raters who will actually use the scale are actively involved in the development process, they are more likely to be committed to the final product.

Unfortunately, this also suffers from distortions inherent in most rating techniques.

6. Field Review Method:

Unit 10: Performance Management System

This is an appraisal by someone outside the assessee's own dept., usually someone from corporate office or HR dept.

Two disadvantage of this are:

(a) An outsider is not familiar with conditions in an employee's work environment. (b) He does not have an opportunity to observe employee behavior of performance over a period of time.

7. Annual Confidential Report:

ACR is mostly used in government depts example ITI, military organizations, etc., it has 14 items namely - attendance, self-expression, ability to work with others, leadership, initiative, technical ability, ability to reason, name, to a few. Twelve of these are filled on a four-point grade scale (excellent, good, fair, poor). Justification is required for outstanding or poor rating. Overall rating on a five-point scale was separately given (Outstanding, Very good, Good, Average, Poor). Recommendation for performance was also given.

This system is highly secret and confidential. Ratings are easily manipulated because the evaluation was linked to promotion.

8. Cost Accounting Approach:

This method evaluates performance from the monetary returns the employee yields to his or her organization. Performance of the employee is evaluated based on the established relationship between the cost and the benefit.

9. Management by Objective:

It was Peter F Drucker gave the concept of MBO way back in 1954 when his *The Practice of Management* was first published. There are four steps: In some organizations, superior and subordinates work together to establish goals. These goals can then be used to evaluate employee performance. It involves setting the performance standard for the subordinates in a previously arranged time period. As subordinates perform, they know fairly well what there is to do, what has been done, and what remains to be done. The actual level of goal attainment is compared with the goals agreed upon. This step helps determine possible training needs. It involves establishing new goals and possibly, new strategies for goals not previously attained. The process is repeated. The disadvantage is that it is not applicable to all jobs in all organizations. Jobs with little or no flexibility, such as assembly-line work, are not compatible with MBO.

10. Assessment Centers:

This method of appraising was first applied in German Army in 1930. In fact it is a system or organization, where assessment of several individuals is done by various experts using various techniques. These techniques include in-basket, role-playing, case studies, and simulation exercise, transactional analysis. In this individual are brought together to spend two or three days working on an individual or group assignment similar to the ones they would be handling when promoted. Observers rank the performance of each and every participant in order of merit. All asseses get an equal opportunity to show their talents and capabilities and secure promotion based on merit.

11. 360-degree Feedback:

Where multiple raters are involved in evaluating performance, the technique is called 360-degree appraisal. The 360-degree technique is understood as systematic collection of performance data on an individual or group, derived from a number of stakeholders- include immediate supervisors, team members, customers, peers, and self. For one's development, multi-source feedback is highly useful. It enables an employee to compare his or her perceptions about self with perceptions of others. The technique is particularly helpful in assessing soft skills possessed by employees. By design, the 360-degree appraisal is effective in identifying and measuring interpersonal skills, customer satisfaction, and team-building skills. It has number of drawbacks. Receiving feedback from on performance from multiple sources can be intimidating. It is essential that the organization create a non-threatening environment by emphasizing the positive impact of the technique on an employee's performance and development. It takes a long time on selecting the rater, designing questionnaires and analyzing the data.

Errors in Performance Appraisal

The problems inherent in performance appraisal may be listed:

1. Halo effect-

When appraiser draw a general impression about an appraisee on the basis of a single trait such as sociability, intelligence and attitude etc. then the halo effect is operating. The problem arises when rates the same rating to all other traits regardless of an appraisee's actual performance on these traits.

2. Leniency or Severity Errors-

Every evaluator has his/her own value system that acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some evaluators mark high and others low. The former is referred to as positive leniency error, and the latter as negative leniency error.

When evaluators are positively lenient in their appraisal, an individual's performance becomes overstated; that is rated higher than it actually should. Similarly, a negative leniency error understates performance, giving the individuals as lower appraisal.

3. Central Tendency-

This is most common error that, occurs when the evaluator assign average ratings to all his subordinates and avoids using high or low ratings. This kind of play it safe rating is almost useless because it fails to distinguish between good and poor performance.

4. Horn Effect-

In this type of error the appraiser's bias is in negative direction. The tendency is to allow one negative trait of subordinate to color the entire appraisal.

5. Contract Error-

The evaluation of a subordinate's characteristics are affected by comparisons with other subordinate recently encountered who rank higher or lower on the same characteristics.

For example, if the performance of two workers are actually unsatisfactory and a third is average, then the third worker may well be rated outstanding because in contrast of other two, the relating performance of third worker becomes better.

6. Recency Effect-

In this case, the appraiser assign ratings only on the basis of recent behavior or performance. This is possible when appraisals are done over longer periods such as - one year or more. The appraiser is human being and forgot about past behavior of subordinate for example, an outstanding performance of six to eight months old is forgotten by appraiser during poor rating to an appraisee, which is not good in recent months.

7. Personal Bias Error-

The personal biasness of supervisor also effect when he evaluate his subordinates. These biasness against subordinates may be on ground of gender, race, religion positions, and age. The removal of this type of error is very difficult.

Advantages of Performance Appraisal:

- (i) It helps the supervisors to plan out the promotion programs for efficient employees.
- (ii) It helps in planning compensation packages for employees. Compensation packages which include bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal.
- (iii) The systematic procedure of PA helps the supervisors to frame training policies and program
- (iv) It helps the supervisors to understand the validity and importance of the selection procedure.

- (v) Systematic appraisal helps to identify the ability of the employees.
- (vi) It 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.

Disadvantages of Performance Appraisal:

- (i) If not done right, they can create a negative experience.
- (ii) Performance appraisals are very time consuming and can be overwhelming to managers with many employees.
- (iii) They are based on human assessment and are subject to errors and biases.
- (iv) Can be a waste of time if not done appropriately.
- (v) They can create a very stressful environment for everyone involved.

10.6 Potential Appraisal

Potential represents latent capacities and qualities in a person which manifests while performing the job. Potential refers to the abilities present but not currently utilized.

Characteristics representing potential

1. Ability to foresee future opportunities and assess impact of any initiative.
2. Ability to identify resources gaps by the use of basic intelligence/ knowledge/ skill.
3. To display high degree of personal and intellectual integrity at all times.
4. Ability to function in varied departments with confidence and deliver high performance.

Meaning of Potential Appraisal

Potential appraisal is to identify the potential of a given employees to occupy higher positions in the organizational hierarchy and undertake higher responsibilities. Potential appraisal system should be designed by linking other HRD sub-systems like human resource planning career planning and development, Counseling, Communication and Job evaluation.

Objective of Potential Appraisal

1. To identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy.
2. Identify the abilities of an employee in order to evaluate whether that employee is suitable for future assignments or otherwise, and
3. Occupy higher positions in the organizational hierarchy and undertake higher responsibilities because past performance may not be a good indicator for future and higher role.
4. Inform employees about their future roles.
5. Make suitable corrections in training efforts from time to time.
6. Inform employees about they must do something for their career prospects.
7. Help organization for suitable succession plan;
8. Improve quality and quantity of performance of an employee; and
9. Give proper feedback to the employees for their potential.

Mechanisms of Potential Appraisal

There are 4 main mechanisms:

1. Rating by Superior-

The potential of a candidate could be rated by the immediate supervisor who is acquainted with the candidate's work and also his technical capabilities.

2. Psychological Tests-

Managerial and behavioral dimensions can be measured through a battery of psychological tests.

3. Games-

Simulation games and exercises (assessment center, business games, in-basket, role play, etc.) could be used to uncover the potential of the candidate.

4. Performance Records-

Performance records and ratings of the candidate on his previous jobs could be examined carefully on various dimensions such as initiative, creativity, risk-taking ability, etc., which might play a key role in discharging his duties in a new job.

Potential Appraisal Process

The different steps in potential appraisal process are as under:

1. Role Descriptions-

Organizational roles and functions must be defined clearly. For this job descriptions must be prepared for each job. Qualities needed to perform the roles- Based on job descriptions the roles to be played by people must be prepared (i.e. technical, managerial jobs and behavioral dimensions).

2. Rating Mechanisms-

The various mechanisms to judge the qualities of the candidates are:

- a. Rating by others to examine technical capabilities.
- b. Psychological tests to know managerial and behavioral dimensions.
- c. Simulation games to uncover the potential of the candidate.
- d. Performance records and ratings on candidates' previous jobs can be examined on dimensions like creativity, risk taking ability etc.

3. Organizing the system-

Once the functions, the qualities required to perform these functions, indicators of these qualities, and mechanisms for generating these indicators are clear, the organization is in a sound position to establish and operate the potential appraisal system. Such establishment requires clarity in organizational policies and systematization of its efforts.

4. Feedback-

Like performance appraisal, the system of potential appraisal must provide every employee opportunity to know the results of his/her assessment.

Importance of Potential Appraisal**1. Evaluation of Capabilities:**

With the help of the potential appraisal form, the employees are judged on various performance and behavioral parameters. Appraising employee's potential helps to evaluate his capability to take greater challenges, responsibilities and positions in the organizational hierarchy.

2. Succession Planning:

Succession planning is a process for identifying and developing new leaders, who can replace old leaders when they leave, retire or die. Such planning increases the availability of

Unit 10: Performance Management System

experienced and capable employees that are prepared to assume these roles as they become available.

3. *Career Development:*

The potential appraisal results in identification of hidden talents and skills of an employee. The employee himself might not be aware of his certain competencies. The potential appraisal aids in career development of an employee by giving him opportunity to work on his potential capabilities.

4. *Motivate Employees:*

It leads to identification of hidden talents & thereby motivates the employees to further develop their skills and competencies. It also benefits the organization as it results in versatile workforce who can assume greater roles & responsibilities in future.

5. *Identify training needs:*

The potential appraisal helps the organization to identify the training needs. Such appraisal throws light on the hidden competencies of employees which could be developed further with the help of appropriate training programmes.

6. *Organizational Goals:*

The potential appraisal concentrates on the future. It helps to create a pool of experienced and capable employees by giving them opportunity to discover their hidden talent. It also helps employees to develop their personal interests in alignment with the organizational goals.

Advantages of Potential Appraisal for Organization

1. It enables the organization to identify the future leaders at various levels.
2. Organization gets a pool of recognized persons for future vacancies.
3. Corrective actions can be initiated well in time to steer and guide the individuals.
4. Motivates others to perform equally well as the identified potential leaders who set standards.
5. Company can get rid of employees with below average potential.

Advantages of Potential Appraisal for Individual

1. Motivates individuals to perform still better.
2. Helps in dealing with weaknesses to achieve desired results.
3. Forces individuals to ensure maintaining of their performance level to a high degree of proficiency.
4. Helps career planning.
5. Those with low potential in a particular job can plan for a career where there are better chances.

10.7 Employee Feedback

Employee feedback is defined as a process of giving constructive suggestions to the employees by their reporting managers, supervisors and peers. Employee feedback is an integral part of the employee experience process and a mechanism that will increasingly help employees get better at their job and for the organization to develop a better workplace culture.

Types of Employee Feedback

There are mainly three types of feedback which are as under:

1. *360 degree feedback-*

The purpose of a 360-degree feedback is to understand an employee's performance and collect feedback and reviews, this mechanism of employee feedback allows a multi-pointer rating and serves as a benchmark for an employee's development plan.

2. Continuous Feedback-

Continuous feedback is a process where an employee receives feedback on a timely basis. It promotes a healthy workplace culture, helps employees and organization set better goals, boosts employee morale and this, in turn, leads to happy employees.

3. Employee performance evaluation-

Employee performance evaluation is a formal method of providing feedback to the employee's performance based on their work and result based on their job responsibilities. It is used to measure the amount of value added by an employee in terms of organization growth, revenue generated and overall return on investment (ROI).

10.8 Employee Counselling

It is a means of learning about your employee's problems and helping solve them. Such problems are generally caused by one's work, emotional stance, mental health, etc. The main objective of employee counselling is Support Employees through suitable guidance.

Situations for Employee Counselling

1. Performance Counselling:

If you notice an employee having inconsistent performance issues, counseling is a must to know the reasons behind it.

2. Disciplinary Counselling:

Disciplinary counseling comes in handy when an employee fails to maintain proper work ethics and etiquette. These can be employee absenteeism, irritable behavior, constant arguments, etc.

3. Personal Counselling:

Sometimes an employee may be disturbed by personal issues. These can be related to family, relationships, etc. Though this may not be of your concern directly, it does affect that individual's work-life.

4. Stress Management:

With constant competition and deadlines comes stress in the workplace. Ultimately, this stress will negatively impact an employees' overall health too. Thus, counseling sessions to address this issue are paramount.

Types of Counselling

1. Directive Counselling:

It is the process of listening to an employee's problem, deciding with the employee what should be done and telling and motivating the employee to do it.

This type of counselling mostly does the function of advice, reassurance and communication.

2. Non-directive Counselling:

It is the process of skillfully listening to the emotional problems of an employee, understand him/her and determine the course of action to be adopted to resolve his problem. It focuses on the counselee hence it is called 'client centered' counselling.

3. Co-operative/Participative Counselling:

Is the process in which both the counsellor and client mutually cooperate to solve the problems of the client. It is not neither wholly client centered nor wholly counsellor centered but it is centered both councilor and client equally. It is defined as mutual discussion of an employee's emotional problem to set up conditions and plans of actions that will remedy it.

Summary

Performance management system is a process for setting goals and monitoring progress toward achieving those goals. It is just like other system where achieved results are continually measured and compared with the desired goals or outputs.

Performance appraised systems are designed to improve performance, they broadly cover three areas: define performance, facilitate performance and encourage performance. The post appraisal interview is an essential part of the performance appraisal system. It also gives the opportunity to the employee to explain his views about the ratings, standards, rating methods, internal and external causes for low level of performance

Keywords

Performance Management, Performance Appraisal, Potential Appraisal, Feedback, Counselling.

Self-Assessment

1. Which stage of performance management process decided what to do and how to do it?
 - A. Plan
 - B. Act
 - C. Monitor
 - D. Review
2. Performance management is a one-time process.
 - A. True
 - B. False
3. _____ is a systematic and structured approach to successfully achieve the desired goals of an individual or team throughout the assessment year.
 - A. Performance Management
 - B. Performance Planning
 - C. Human Resource Management
 - D. All of the above
4. Which is not an objective of human resource planning?
 - A. To remove vagueness
 - B. To communicate responsibilities
 - C. To provide ongoing feedback
 - D. None of the above
5. Critical incident method judge the personality rather than performance.
 - A. True
 - B. False

6. Which performance appraisal method specify definite, observable, and measurable job behavior?
 - A. Forced choice method
 - B. MBO
 - C. BARS
 - D. 360 degree

7. _____ is a process that converts organizational objectives into individual objectives.
 - A. Forced choice method
 - B. MBO
 - C. BARS
 - D. 360 degree

8. Who cannot be included as appraiser?
 - A. Superior
 - B. Subordinate
 - C. Peers
 - D. None of the above

9. Potential appraisal system should not be linked with other HRD sub-systems.
 - A. True
 - B. False

10. Which cannot be included as mechanism of potential appraisal?
 - A. Rating by superior
 - B. Psychological tests
 - C. Performance records
 - D. Personality

11. Potential appraisal enables the organization to identify the future leaders.
 - A. True
 - B. False

12. _____ is defined as a process of giving constructive suggestions to the employees by their reporting managers, supervisors and peers.
 - A. Employee Counselling
 - B. Employee Feedback
 - C. Performance appraisal

Unit 10: Performance Management System

D. Potential appraisal

13. The main objective of Employee Counselling is to support employees through suitable guidance.

- A. True
- B. False

14. Which is not a type of employee counselling?

- A. 360-degree feedback
- B. Continuous feedback mechanism
- C. Employee performance evaluation
- D. None of the above

15. Which type of counselling is known as client-centered counselling?

- A. Directive
- B. Non-directive
- C. Participative
- D. Co-operative

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. A | 2. B | 3. B | 4. D | 5. B |
| 6. C | 7. B | 8. D | 9. B | 10. D |
| 11. A | 12. B | 13. A | 14. D | 15. B |

Review Questions

1. "Some of the so-called modern industries still follow traditional techniques of performance appraisal". Do you agree? If yes, defend your argument with reasoning.
2. "Performance appraisal is not merely for appraisal but is for accomplishment and improvement of performance". Discuss.
3. Distinguish performance appraisal from potential appraisal.
4. What are the three methods of appraisal? Which method would you prefer as an employee? As a manager? Why?
5. Discuss the appropriateness of performance management system in present time.
6. To what extent can appraisal problems be minimized by taking adequate precautions?

**Further Readings**

Aswathapa, K. (2008), Human Resource Management, 5th ed., Tata McGraw Hill.

Human Resource Management

Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.

French, W.L. (1990), Human Resource Management, 4th ed., Houghton Mifflin, Boston.

H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi, 2004.

Ivancevich, J. M. (2008), Human Resource Management, Tata McGraw Hill

Unit 11: Compensation Management

CONTENTS

Objectives

Introduction

11.1 Compensation

11.2 Fringe Benefits

11.3 Meaning of Wages

11.4 Wage Differentials

11.5 Meaning of Incentives

11.6 Employee Engagement

11.7 Employee Retention

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understand the concept of compensation and compensation system.
- Get awareness about Compensation types.
- Explore the different factors affecting compensation design.
- Understand the components of Compensation.
- Learn about the different theories of Compensation Design.
- Understand the concept of Incentives, Fringe Benefits and Wages.
- Learning about the objectives and features of Fringe Benefits.
- Get awareness about different types of fringe benefits, wages, and incentives.
- Understand the process of wage determination.
- Understand the concept of Employee Engagement and Employee Retention.
- Explore the factors affecting Employee Engagement and Employee Retention.

Introduction

Employees are the most important company asset, so we have to recruit and train the best people, and minimising turnover improves job and financial performance. So how do we retain our good employees? Meeting employee needs helps, an important factor is compensation. A business designs and implements a compensation system to focus worker attention on the specific efforts the organization considers necessary to achieve its desired goals.

11.1 Compensation

Compensation is the total of an employee's pay and benefits. Compensation is the remuneration received by an employee in returns of their contribution to the organization. Compensations forms

Human Resource Management

such as bonus, commission and profit-sharing plans are incentives designed to encourage the employees to produce the results beyond the normal expectation. Benefit such as insurance, medical, recreational, retirement etc represent a more indirect type of compensation. So, the term compensation is a comprehensive one including the pay, incentives, benefits offered by employees for hiring the services of employees.

Definition of compensation

According to Cascio (1995) the “Compensation includes direct cash payments and indirect payments in form of employees benefits and incentives to motivate employees to strive for higher levels of productivity”.

According to Milkovitch and Newman (2005) the “Compensation is all forms of financial returns, tangible services and benefits employees receive as part of an employment relationship.” The phrase “financial returns” refers to an individual's base salary, as well as short- and long-term incentives. “Tangible services and benefits” are such things as insurance, paid vacation and sick days, pension plans, and employee discounts.

Components of Compensation

The components of a compensation system include:

1. Job descriptions: The job description is the written responsibilities, functions, duties, requirements, conditions, environment, location and other facets of jobs.
2. Job Analysis: The process of analyzing the job is job analysis and job descriptions are also developed from it. Job analysis techniques include the use of interviews, questionnaires, and observation.
3. Job Evaluation: It is a process of comparing jobs for the determining adequate compensation for individual jobs or job elements.
4. Pay Structures: The pay structure includes the several grades and each grade containing a minimum salary, increments and grade range.
5. Salary Surveys: It is a collection of survey of salary and market data and also includes inflation indicators, average salaries, cost of living indicators, salary budget averages. Companies may purchase results of surveys conducted by survey vendors or may conduct their own salary surveys.
6. Policies and Regulations: Compensation is supposed to be as fair if it is contained the system of components to develop and maintain internal and external equity in organization.

Factors Influencing Compensation Management

According to the Jain the number of factors influences the remuneration payable to employees. They can be categorized into: (i) external and (ii) internal factors.

1. External Factors-

Followings are external factors which influence compensation:

i. Labour Market-

Demand and supply of labor influences the fixation of wage and salary. A lower wage fixed when the labor demands were less than the labor supply. A higher wage will have to be paid when the labor demand more than labor supply it happened as in the case of skilled labor. A paradoxical situation is prevailing in our country –excessive unemployment is being juxtaposed with shortage of skilled labor.

ii. Cost of Living-

Next in importance to labor market is the cost of living. This matters is criterion during periods of rising prices but it is forgotten when prices are stable or falling. When the cost of living is rise and it required to be remunerated by payment of dearness allowance, basic pay to continue uninterrupted.

iii. Labor Unions-

Unit 11: Compensation Management

The presence or absence of labor organizations often determine the substantial wages paid to the employees. Employers of non-unionized organization enjoy the liberty to fix wages and salaries as they want. Because of larger-scale unemployment, these employers hire workers at little or even less than legal minimum wages. An individual nonunionized company may be pay more to its employees if they want to discourage them from forming one. The employees of strongly unionized companies too have no freedom in fixation of wage and salary. They are forced to vintage the pressure of labor representatives in revision and determination of pay scales.

iv. Union Influences on Compensation Decisions-

Unions and labor relations laws also influence compensation design. The various labor legislations and court decisions were legitimized the labor movement.

v. Labor Laws-

We have a various labor law at the central and as well as at the state levels. These legislations are for protection of employee's interests.

vi. Society-

Compensation paid to employees is imitated the prices fixed by an organization for their goods and services. The Supreme Court, from its very inception, has had to adjudicate industrial disputes – particularly disputes relating to wages and allied problems of financial concern to the worker- an ethical and social outlook liberally interpreting the spirit of the Constitution.

vii. The Economy-

The economy has its impact on wage and salary fixation is the state of the economy. While it is possible for some organizations to thrive in a recession, there is no question that the economy does not affect remuneration decisions.

2. Internal Factors:

Following are the internal factors which influence compensation:

i. Business Strategy-

The overall strategy of a company which pursue the determination of employee's compensation. The strategy is to sustain and protect current profit because of the declining fortunes of the company the compensation level were needs to be average or even below average.

ii. Performance Appraisal-

The Performance appraisal helps to reward, compensation hike for the employees who show better performance.

iii. The Employee-

Several employee-related factors interact to determine his or her remuneration. These include performance, seniority, experience, potential, and even sheer luck.

Criteria of Effective Compensation Program

There were seven criteria to judge the effectiveness of compensation:

1. Adequate: Minimal governmental, union, and managerial levels should be met.

2. Equitable: Each person should be paid fairly, in line with his or her effort, abilities and training.

3. Balanced: Pay, benefits and other rewards should provide a reasonable in total reward package.

4. Cost Effective: Pay should not be excessive, considering what the organization can afford to pay.

5. Secure: Pay should be enough to help an employee feel secure and aid him or her in satisfying basic needs.

6. Acceptable to the Employee: The employee should understand the pay system and feel it is a reasonable system for the enterprise and himself or herself.

Theories related to Compensation**1. Traditional Theory of Wage Determination:**

This theory assumes the market forces demand and supply determines the wages. Computer programmers are in short supply, so they are able to demand higher salaries.

2. Theory of Negotiated Wages:

Unionized employee can negotiate salaries. This is done by collective bargaining process normally in any organization; unions periodically submit their memorandum to the management, asking for wage raises to keep pace with market standards and organizational profitability. Then wages are negotiating in a collective bargaining meeting attended by the unions and management nominees.

3. Subsistence Theory:

David Ricardo translated Malthus's theory into the subsistence theory of wages. According to this theory, wages in the long run tend to equal the cost of reproducing labor, the subsistence of the laborer. This theory, often called the iron law of wages, indicated that little could be done to improve the lot of the wage earner because increasing wages leads only to increasing the number of workers beyond the means of subsistence.

4. Wage Fund Theory:

The short-term version of classical wage theory was the wages-fund theory. As described by John Stuart Mill, this theory explained the short-term variations in the general wage level in terms of

- (1) the number of available workers and
- (2) the size of the wages fund.

5. Surplus Value Theory:

The surplus value theory of wages owes its development to Karl Marx (1818-1883). According to this theory, labor was an article of commerce, which could be purchased on the payment of the 'subsistence price'. The price of any product was determined by labor and the time needed for producing it. The laborer was not paid in proportion to the time spend on work, but was paid much less, and the surplus was utilized for paying other expenses.

6. Residual Claimant Theory:

The Residual Claimant Theory advocated by Francis Walker (1840-1897), assumes that there are four factors of production/business activity-land, labor, capital, and entrepreneurship. Wages represent the amount of value created in the production, which remain after payment has been made for all these factors of production. In other words, labor is the residual claimant.

Compensation System

The compensation system of an organization includes anything an employee may value and desire and that the employer is willing and able to offer in exchange.

Types of Compensation System

There are four basic parts of a compensation system:

1. Base Pay:

This is typically a flat rate, either as an hourly wage or salary. Many employees consider this to be the most important part of the compensation program, and it is therefore a major factor in their decision to accept or decline a job.

2. Wage and Salary Add-ons:

This includes overtime pay, shift differential, premium pay for working weekends and holidays and other add-ons.

3. Incentive Pay:

Unit 11: Compensation Management

Also called variable pay, incentive-based pay for performance, add it commonly includes items such as piece work, merit pay, and Commission sales.

4. Benefits:

This is compensation that provides something of value to the employee. Some benefits are part of in-kind payments (the company paid housing) and therefore part of direct compensation. Others are in non-monetary compensation component (life insurance, vacation time).

11.2 Fringe Benefits

Fringe benefits are the additional benefits offered to an employee, above the stated salary for the performance of a specific service. The term 'fringe benefits' covers statutory bonus, social security measures, retirement benefits like provident fund, gratuity, pension, workmen's compensation, housing, medical, canteen, co-operative credit, consumer stores, educational facilities, recreational facilities, financial advice and so on. Thus, fringe benefits cover a number of employee services and facilities provided by an employer to his employees and in some cases to their family members also.

Features of Fringe Benefits

- A. They are paid to all employees (unlike incentives which are paid to specific employees whose work is above standard) based on their membership in the organization.
- B. They are supplementary forms of compensation.
- C. They help raise the living conditions of employees.
- D. They are indirect compensation because they are usually extended as a condition of employment and are not directly related to performance.

Objectives of Fringe Benefits

1. To recruit and retain the talented personnel in the organization.
2. To maintain sound industrial relations and avoid unrest in the organization.
3. To identify unsatisfied needs of the employees and convert those into satisfying needs by utilizing appropriate steps.
4. To protect social security of the employees during old age by providing provident fund, gratuity and pension.
5. To develop a sense of belongingness among employees of the organization.
6. To comply various legislations related with fringe benefits which are formulated by central and state Government.

Types of Fringe Benefits

The fringe benefits offered by various organizations in India may be broadly classified into two major categories. These are discussed below:

1. Fringe Benefits required by Law
2. Fringe benefits not required by law

1. Fringe Benefits Required by Law-

The mandatory fringe benefits are intended to provide employees with medical care, mitigate them from economic hardships in the event they lose employment, and provide them with retirement income to sustain them during retirement.

Mandatory fringe benefits are:

1. Health Insurance
2. Unemployment Insurance
3. Medical Leave
4. Worker's compensation

*Human Resource Management***2. Fringe Benefits not required by Law-**

The following benefits are provided at the employer's discretion. Examples of these fringe benefits include:

- | | |
|---------------------------------|-------------------------|
| 1. Stock options | 2. Disability insurance |
| 3. Paid holidays | 4. Education reduction |
| 5. Retirement planning services | 6. Life insurance |
| 7. Paid time off | 8. Commuter benefits |
| 9. Achievement awards | 10. Fitness training |
| 11. Employee discounts | 12. Meal plans |

Need for Fringe Benefit

1. To Satisfy Employee Demands: Workers demand more and variety of fringe benefits rather than pay hike because of reduction in tax burden on the part of employees.

2. To Satisfy Trade Union Demands: If one trade union succeeds in getting one benefit, the other union persuades management to provide the new fringe benefit. Thus, competition among the trade union results in more varied benefits.

3. To Improve Human Relations: Fringe benefits satisfy the worker's economic, social and psychological needs. Most of the fringe benefits satisfy and remove economic problems of the workers. Some social security benefits provide post-retirement relief to the workers, thus satisfying his psychological needs. There are others like, credit facilities, canteen, recreational facilities, customer stores which provide social benefits.

4. To Improve Organizational Commitment: It improves morale and motivates the employees to give the best to the organization. It increases organizational commitment and loyalty to the organization in the long run.

5. To Provide Social Security: The employer has to provide various benefits like safety measures, compensation in case of involvement of workers in accidents, medical facilities etc. with a view to provide security to his employees against various contingencies.

Benefits of Fringe Benefits to Employees

1. Rising prices and cost of living have brought about incessant demand for provision of extra benefit to the employees.

2. Employers too have found that fringe benefits present attractive areas of negotiation when large wage and salary increases are not feasible.

3. As organizations have developed or elaborated fringe benefits programmes for their employees, greater pressure has been placed upon competing organizations to match these benefits in order to attract and keep employees.

4. Recognition that fringe benefits are non-taxable rewards has been major stimulus to their expansion.

5. Rapid industrialization, increasingly heavy urbanization and the growth of a capitalistic economy have made it difficult for most employees to protect themselves against the adverse impact of these developments. Since it was workers who were responsible for production, it was held that employers should accept responsibility for meeting some of the needs of their employees. As a result, some benefits and services programmes were adopted by employers.

6. The growing volume of labour legislation, particularly social security legislation, made it imperative for employers to share equally with their employees the cost of old age, survivor and disability benefits.

7. The growth and strength of trade unions have substantially influenced the growth of company benefits and services.

8. Labour scarcity and competition for qualified personnel has led to the initiation, evolution and implementation of a number of compensation plans.

Unit 11: Compensation Management

9. The management has increasingly realized its responsibility towards its employees and has come to the conclusion that the benefits of increase in productivity resulting from increasing industrialization should go, at least partly, to the employees who are responsible for it, so that they may be protected against the insecurity arising from unemployment, sickness, injury and old age. Company benefits-and-services programmes are among some of the mechanisms which managers use to supply this security.

Reasons for Investing in Fringe Benefits

1. Public Perception:

Companies that offer additional benefits above the salary often stand out from their competitors, and it makes the company attractive to different stakeholders.

2. Employee Wellness:

Companies lose money when employees are unable to work due to work-related illnesses and injuries. This is because the employees will spend time seeking treatment when they would have been offering their skills and experience to the company. Creating a safe working environment and providing fringe benefits such as gym membership, health insurance, and dental care coverage can improve their health and reduce sick leaves.

3. Employee Engagement:

Employees often work harder when they feel that the employer appreciates their contribution to the company. One way to increase employee satisfaction is by providing additional benefits like paid holidays, health care insurance, employer-provided car, stock options, etc. It will help reduce incidences of a disgruntled workforce and keep the employees engaged.

11.3 Meaning of Wages

Wages are payments for labor services rendered frequency, expressed in hourly rates, while a salary is a similar payment, expressed in weekly, monthly or annual rates.

A 'wage' (or pay) is the remuneration paid, for the service of labor in production, periodically to an employee/worker.

Terms Relating to Wages

1. Statutory Minimum Wages
2. Basic Minimum Wages
3. Minimum Wages
4. Fair Wages
5. Living Wages
6. Need Based Wages

1. Statutory Minimum Wages-

The minimum amount of wages which should essentially be given to the workers as per provisions of the Minimum Wages Act, 1948.

2. Basic Minimum Wages-

This minimum wage is fixed through judicial pronouncement, awards, industrial tribunals and labor. The employers are essentially to give this minimum wage to the workers.

3. Minimum Wages-

Minimum wage means the minimum amount which an employer thinks necessary for the sustenance of life and preservation of the efficiency of the worker.

4. Fair Wages-

Fair Wages is that wages which the laborer gets for his work just near to minimum wages and living wages.

5. Living Wages-

The living wages represent the highest level of the wages and include all amenities which a citizen living in a modern civilized society is to expect when the economy of the country is sufficiently advanced and the employer is able to meet the expanding aspirations of his workers.

Types of Wages

The basic types of wages are mainly three in number: Time Wage, Piece Rate system and Wage Incentive Plan.

1. Time Wage-

In this type the worker is given remuneration according to time. This type of remuneration may be per hour, per day or per month or per year. There exists no relationship between the quantum of work and the wage.

2. Piece Rate System-

In this type of plan, a worker gets remuneration according to his output irrespective of the time he takes in finishing his job. Here, the payment of remuneration is related to work and not to time. Under this type, the workers are encouraged to earn more and more. The more the output is, the more the remuneration is.

3. Wage Incentive Plan-

This type of wage payment is the combination of two types the above referred. Efforts have been made here to obtain the advantages of both these types while avoiding their disadvantages.

11.4 Wage Differentials

Wage differentials mean differences or disparities in wages. Wages differ in different employments or occupations, industries, and localities and also between persons in the same employment or grade.

1. Occupational Differentials-

The reasons for occupational wage differentials can be varying requirements of skill, knowledge, demand supply situation, degree of responsibilities etc.

2. Inter-firm Differentials-

Inter-firm differentials reflect the relative wage levels of workers in different plants in the same area and occupation. Differences in technological advancement, managerial efficiency, financial capability, age and size of them, relative advantages and disadvantages of supply of raw materials, power and availability of transport facilities- those are also accounted for considerable disparities in inter-firm wage rates.

3. Inter-area or Regional Differentials-

Such differentials arise when workers in the same industry and the same occupational group, but living in different geographical areas, are paid different wages.

4. Inter-Industry wage differentials-

These differentials arise when workers in the same occupation and the same area but in different industries are paid different wages. Inter-industry differentials reflect skill differentials.

5. Inter-Personal Wage Differentials-

These differentials are between workers in the same plant and the same occupation. These may be due to differentials in gender, skills, age, knowledge, or experience.

11.5 Meaning of Incentives

Incentives are variable rewards granted according to level of achievement of specific results. Incentives are payment for performance or payment by results.

Definition

According to Dale Yoder, "Incentive wages relate earnings to productivity and may use premiums, bonuses or a variety of rates to compensate for superior performance".

Characteristics of Incentive Plan

Incentives have direct linking to performance. Incentives induce the employee to move from existing level of performance to optimum achievable performance. It helps to improve level of technology and thus increases productivity. Incentives are measurable in monetary terms. The timing, accuracy and frequency of incentives or the very basis of successful incentive plans. Incentive plan encourages attendance and reduces absenteeism. Incentives vary from person to person, depending on their performance. Minimum wages are guaranteed to all workers.

Types of Incentives

There are mainly two different types of incentives. Divided into Financial and Non-financial incentives.

I. Financial Incentives**1. Profit Sharing:**

Employers often use this device to extort their loyalty and reduce the influence of trade unions. This provides group incentive to the workers for higher productivity and greater profitability.

2. Co-partnership:

Under this system, employees are offered company shares at a price lower than the market price. Thus, employees share the capital as well as profits.

3. Bonus:

It is a reward that is offered on a one-time basis for high performance. A bonus may be in cash or in some other form, e.g., many sales organizations periodically offer prizes, such as trips, for their top sales people.

4. Commission/Productivity Linked Wage Incentives:

Under this plan, a salesperson be paid a guaranteed base salary plus a commission on sales. A commission plan has the advantage at relating rewards directly to performance.

5. Pay and Allowances:

Salary is the topmost priority/incentive for work to any employee in the organization. If performance of an employee improves each year, then he may be rewarded by hike in salary and other allowances.

6. Retirement Benefits:

Every employee wants to secure his life after retirement, therefore benefits like provident fund, pension, and gratuity act as a motivator for employees.

7. Perquisites:

Employees feel motivated if the company provides benefits like housing, car allowance, etc.

II. Non Financial Incentives

Incentives which are not measurable in terms of money are known as non-financial incentives. They tend to satisfy the psychological, social and emotional needs of a person.

1. Status:

It means formal position in the organization. Higher status motivates people by satisfying their ego needs as lot of perquisites and authority is attached to it.

2. Career Advancement Opportunity:

Most of the employees want to grow in their careers. If sound promotion policy and training programmes are implemented, it will help them to achieve promotions.

Human Resource Management

3. Recognition:

Praise/appreciation has its greatest impact when given and received as recognition which helps in improving attitudes of employees and motivates them to perform better.

4. Employee Empowerment:

Employees will use their skills and talents positively if they are given more powers and autonomy. It will improve their performance in the organization.

5. Employee Participation:

Managers should encourage participation of subordinates in organizational matters even if the ultimate decision-making power vests with the managers.

11.6 Employee Engagement

Employee Engagement as individual cognitive state and his positive behaviour and emotions that lead him to work in tandem with organization goals. It is a long lasting, positively, and motivational approach of employees that results in high level of work involvement with passion and dedication.

Drivers of Employee Engagement

- Development opportunities
- Communication Channels
- Rewards
- Recognition & Growth
- Employer's concern & care
- Autonomy
- Clarity in roles
- Unity of Direction
- Support from top managers

11.7 Employee Retention

Employee retention is an effort by a business to maintain a working environment which supports current staff in remaining with the company. It is a process in which the employees are encouraged to remain with the organization for the maximum period of time.

Factors Affecting Employee Retention

1. Skill Recognition:

Providing skill recognition of personal job accomplishments is an effective retention strategy for employees at any age.

2. Learning & Working Climate:

Since learning and development opportunities appear crucial for the retention of talented employees, an organization must establish a supportive learning and working climate.

3. Job Flexibility:

"Flexibility" empowers individuals to facilitate a healthier balance between work and a personal obligation, something that appeals to all ages of employees. Job flexibility is vital for retaining employees of any age.

4. Training:

Training is a key retention factor for employees at any age. Statistical evidence indicates job training is a critical factor for personal (behavioral) and professional (technical) development.

5. Benefits:

The relationship of benefits with retention is another aspect of making people stay is often investigated by researchers.

Summary

Incentives are variable rewards granted according to level of achievement of specific results. Incentives are payment for performance or payment by results.

Employee Engagement as individual cognitive state and his positive behavior and emotions that lead him to work in tandem with organization goals.

Wage differentials mean differences or disparities in wages. Wages differ in different employments or occupations, industries, and localities and also between persons in the same employment or grade.

Fringe benefits are the additional benefits offered to an employee, above the stated salary for the performance of a specific service.

Compensation is the total of an employee's pay and benefits. Compensation is the remuneration received by an employee in returns of their contribution to the organization.

Keywords

Compensation, Fringe Benefits, Employee Engagement, Employee retention, Incentives, Wages, Wage Differentials, Compensation system.

SelfAssessment

1. Which is not an internal factor that influences compensation management?
 - A. Business strategy
 - B. Society
 - C. Employee
 - D. Performance Appraisal

2. Which is known as the short-term version of classical wage theory?
 - A. Subsistence theory
 - B. Wage fund theory
 - C. Surplus value theory
 - D. Theory of negotiated wages

3. Unionized employee can negotiate salaries.
 - A. True
 - B. False

4. Which cannot be considered as a criteria of effective compensation program?
 - A. Inequitable
 - B. Cost effective
 - C. Balanced
 - D. Adequate

5. What are the types of compensation system?
 - A. Base pay
 - B. Benefits

Human Resource Management

- C. Incentive pays
 - D. All of the above
6. _____ are the additional benefits offered to an employee, above the stated salary for the performance of a specific service.
- A. Incentives
 - B. Fringe benefits
 - C. Wages
 - D. All of the above
7. Paid holidays are the mandatory fringe benefits to be given to employees.
- A. True
 - B. False
8. Which theory of wages was propounded by John Davidson?
- A. Residual Claimant Theory
 - B. Surplus Value Theory of Money
 - C. Bargaining Theory of Wages
 - D. None of the above
9. In which type of wage, a worker gets remuneration according to his output irrespective of the time he takes in finishing his job?
- A. Time wage
 - B. Piece rate system
 - C. Wage Incentive Plan
 - D. All of the above
10. Which cannot be considered as non-financial incentive?
- A. Bonus
 - B. Status
 - C. Recognition
 - D. Employee Participation
11. Employee Engagement is a long lasting, positively and motivational approach of employees that results in high level of work involvement with passion and dedication.
- A. True
 - B. False
12. What is not a driver of employee engagement?
- A. Rewards
 - B. Recognition & Growth
 - C. Employer's concern & care
 - D. None of the above

13. _____ is a process in which the employees are encouraged to remain with the organization for the maximum period of time.
- Employee Engagement
 - Employee Retention
 - Employee Recognition
 - All of the above
14. Job flexibility has no role in retaining employees in any organization.
- True
 - False
15. Which cannot be considered as a factor affecting employee retention?
- Skill recognition
 - Learning & Working climate
 - Training
 - None of the above

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. B | 2. B | 3. A | 4. A | 5. D |
| 6. B | 7. B | 8. C | 9. B | 10. A |
| 11. A | 12. D | 13. B | 14. B | 15. D |

Review Questions

- What benefits and services are most important to today's increasingly diverse workforce? Why?
- If we pay predominantly for jobs rather than people, how can we reward the truly exceptional performing employee?
- Discuss the factors influencing compensation management.
- What are the different theories related to compensation.
- Why fringe benefits are really required in any organization?
- Write short notes on:
 - Employee retention
 - Employee Engagement.



Further Readings

- Aswathapa, K. (2008), Human Resource Management, 5th ed., Tata McGraw Hill.
- Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.

Human Resource Management

- French, W.L. (1990), Human Resource Management, 4th ed., Houghton Mifflin, Boston.
- H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi, 2004.
- Ivancevich, J. M. (2008), Human Resource Management, Tata McGraw Hill.
- MadhurimaLall and Sakina Qasim Zaidi, Human Resource Management, Excel Books.
- Rao P.S. (2008), Essentials of Human Resource Management and Industrial Relations, Text cases and Games, Himalaya Publication.

Unit 12: Managing Industrial Relations

CONTENTS

Objectives

Introduction

- 12.1 Meaning of Industrial Relation
- 12.2 Growth of Industrial Relations in India
- 12.3 Factors Affecting Industrial Relations
- 12.4 Approach to Industrial Relations
- 12.5 Meaning of Grievance
- 12.6 Grievance Redressal Machinery

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understand the concept of Industrial Relations.
- Difference between Industrial and Human relations.
- Learn the features and objectives of Industrial Relations.
- Learn about the actors in Industrial relations.
- Learn about different phases of Industrial Relations in India.
- Explore the factors affecting Industrial Relations.
- Understand the principles of good industrial relations.
- Learn about different approaches of Industrial relations
- Understand the reason behind existence of different approach to Industrial Relations.
- Understand the concept of grievance
- Learn about types of grievances
- Explore the causes of grievances
- Learn about the grievance identification techniques.
- Explore the procedure of grievance handling.

Introduction

Industrial relations pose one of the delicate and complex problems to modern industrial societies. With growing prosperity, workers have organized their own trade unions and thus have gained bargaining power which enables them to establish their rights in industrial society. The governments in each country have stepped in and played an important role in establishing harmonious industrial relations, partly because it has itself become an employer of millions of

workers, but mainly because it has enacted a vast body of legislation to safeguard the rights of industrial workers and managements by enlisting co-operation of both. The objective of industrial relations is to facilitate production by harmonious and mutually beneficial relationship between employer and employees.

12.1 Meaning of Industrial Relation

Industrial relation is the relation between employers (management) and worker (unions) or between representatives of employers and representatives of employees. Industrial Relations mean collective relations between management and trade unions and its focus on human relations between employers / managers and workers and their unions in the production / service process.

Definition

According to Dale Yoder, "Industrial Relations are collective relationship between employees (trade union) and employers which grows out of employment".

Human Relations vs. Industrial Relations

- Human Relations lays stress upon the processes of inter-personal relationships among individuals as well as the behaviour of individuals as members of groups.
- Industrial relations are widely used in industrial organizations and refers to the relations between the employers and workers in an organization, at any specified time.

Features of Industrial Relations

Some of the important features of industrial relations are given below:

1. Employer-employee Interactions: Industrial relations arise out of employer- employee interactions. These relations cannot exist without the basic building blocks, i.e., the employer on one side and the employees on the other side.

2. Web of Rules: Industrial relations are a 'web of rules' formed by the interaction of the government, the industry and the labor. They include the relations between employer and employees and between employers' associations, trade unions as well as the State.

3. Multidimensional: Industrial relations are multi-dimensional in nature as they are influenced, by a complex set of institutional, economic and technological factors.

4. Dynamic and Changing: Industrial relations change with the times, generally keeping pace with the expectations of employees, trade unions, employers' associations, and other economic and social institutions in a society. Apart from the legal framework, these societal forces generally influence the direction of industrial relations within a country.

5. Spirit of Compromise and Accommodation: The industrial relations system is characterized by forces of conflict and compromise on either side. In the larger interests of society, both the employer and the employees must put out fires amicably and get along with each other in a spirit of compromise and accommodation. The individual differences and disagreements must be dissolved through persuasion and even pressure. The factors responsible for conflictful situations need to be resolved through constructive means.

6. Government's Role: The government influences and shapes industrial relations with the help of laws, rules, agreements, awards of courts and emphasis on usages, customs, traditions, as well as the implementation of its policies and interference through executive and judicial machinery.

7. Wide Coverage: The scope of industrial relations is wide enough to cover a vast territory comprising of grievances, disciplinary measures, ethics, standing orders, collective bargaining, participatory schemes, dispute settlement mechanisms, etc.

8. Interactive and Consultative in Nature: Industrial relations includes individual relations and joint consultation between labour, management, unions, the state, etc. It pinpoints the importance of compromise and accommodation in place of conflict and controversy in resolving disputes between labour and management.

Objectives of Industrial relations

1. Development and promotion of harmonious labor management relations.
2. Maintenance of industrial peace, goodwill and avoidance of industrial strife-the conflicts to safeguard interests of labor, management, industry and national economy as a whole.
3. Establish industrial democracy based on labor partnership in management.
4. To raise productivity level.
5. To boost the discipline and morale of workers.
6. Industrial prosperity is largely dependent on good industrial relations
7. To improve worker's lot with a view to solve their problems through mutual negotiations and consultations with the management.

Significance of Industrial Relations

1.It establishes industrial democracy:

Industrial Relations mean settling employees' problems through collective bargaining, mutual cooperation and mutual agreement amongst the parties i.e., management and employees' unions. This helps in establishing industrial democracy in the organization which motivates them to contribute their best to the growth and prosperity of the organization.

2.It contributes to economic growth and development:

Good industrial relations lead to increased efficiency and hence higher productivity and income. This will result in the economic development of the economy.

3.It improves morale of the workforce:

Good industrial relations, built-in mutual cooperation and common agreed approach motivate one to contribute one's best, result in higher productivity and hence income, give more job satisfaction and help improve the morale of the workers.

4.In ensures optimum use of scare resources:

Good and harmonious industrial relations create a sense of belongingness and group-cohesiveness among workers, and also a congenial environment resulting in less industrial unrest, grievances and disputes. This will ensure optimum use of resources, both human and materials, eliminating all types of wastage.

5.It discourages unfair practices on the part of both management and unions:

Industrial relations involve setting up machinery to solve problems confronted by management and employees through mutual agreement to which both these parties are bound. This results in banning of the unfair practices being used by employers or trade unions.

6.It prompts enactment of sound labor legislation:

Industrial relations necessitate passing of certain labor laws to protect and promote the welfare of labor and safeguard interests of all the parties against unfair means or practices.

7. It facilitates change:

Good industrial relations help in improvement of cooperation, teamwork, performance and productivity and hence in taking full advantages of modern inventions, innovations and other scientific and technological advances. It helps the workforce to adjust themselves to change easily and quickly.

Factors in Industrial Relations

The different actors in Industrial Relations are mainly three:

1.Employers/Management & their representatives/associations:

The term employer/ management / managers refer to those individual or groups who are responsible for promoting the goals of employers and their organizations. Management encompasses 3 groups:

- (i) Owners and shareholders of an organization,
- (ii) Top executives and line managers, and
- (iii) Industrial relations and human resource staff professionals who are specialized in managing relations with employees and unions.

Management with their associations and federations plays key roles in negotiating and implementing a firm's industrial relations policies and practices.

2.Labor/ Workers/Employees:

The term labor /workers encompass both employees and the unions, federations at national and international level that represent them. Employees are at the center of industrial relations. Employees influence whether the firms that employ them to achieve their objectives, and employees shape the growth and demand of unions.

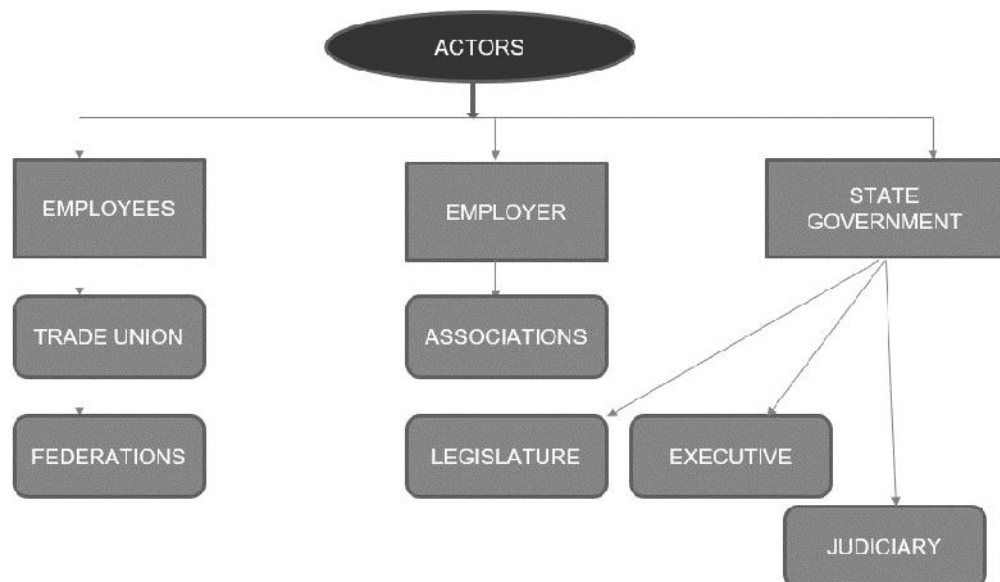
3.Government/State:

The term government encompasses

- (i) the central, state, regional, local and federal political process;
- (ii) the government agencies responsible for passing and enforcing public policies that effect industrial relations; and
- (iii) the government as representatives of public interest.

It is also explained as:

- (i) Legislature
- (ii) Executive and
- (iii) Judiciary



Case Study:

In a company X, union had given a proposal to the management for a 20 % hike in the wages. The collective bargaining process was still going on. The Industrial relations manager was clever, so he called for an immediate meeting with the union. He tried to put the state of affairs in front of the union and asked them to find a solution.

This is what he presented to the union:

- The input prices (cost of raw material, electricity, water etc) have gone up by 10 %
- Due to competition the company has to reduce the product price by 10%
- At the same time the share holders are also expecting 5 % more returns from the existing 15 %
- The IR manager puts forward the above circumstances in front of the union and asked them to give a solution.

What are different pressures on the company?

Answer:

- workers want wage increase,
- shareholders want greater return on their investment,
- input costs have gone up while company faces competition that forces them to reduce product price

12.2 Growth of Industrial Relations in India

The growth of Industrial Relations in India has gone through various phases. Let us discuss the different phases.

1. First phase of Industrial Relations(1950-mid 1960s):

The first phase of the (post-independence) Indian union movement corresponds to the first three Five-Year Plans (1951–56, 1956–61, 1961–66), a period of 'national capitalism'. During the 1st phase, the British Government in India was largely interested in enforcing penalties for breach of the contract and in regulating the conditions of work with a view to minimizing the competitive advantages of indigenous employers against the British employers.

A series of legislative measures were adopted during the latter half of the nineteenth century, which can be the beginning of industrial relations in India. The end of the First World War gave a new twist to the labor policy, and it created certain social, economic and political condition and a new social order. There was intense labour unrest because workers' earnings did not keep pace with the rising prices and with their aspirations. The establishments of ILO in 1919 greatly influenced the labour legislations and industrial relations policy in India.

The emergence of Trade Unions in India was another significant event in the history of industrial relations in India.

2. Second Phase (mid 1960s to 1979):

The industrial relations policy after the First World War was formulated relating to the improvement in the working conditions and provision of social security benefits. It was a period of boom for employers. With rising prices, their profits went up enormously.

The wages of workers, however, did not keep pace with this tendency. Their economic distress brought together, and an organized working-class movement began in the country resulting in strikes and lockouts. During this period, because of ILO influence, various laws were enacted.

3. Third phase of Industrial Relations:

After independence, it was necessary to put a stop to strikes and lockouts that interrupted the production. The Minimum Wages Act, The factories act and The ESI Act were enacted subsequently.

12.3 Factors Affecting Industrial Relations

The different factors affecting Industrial Relations are:

1. Institutional Factors:

Under institutional factors are included items like state policy, labor laws, voluntary codes, collective bargaining agreements, labor unions, employers' organizations / federations etc.

2.Economic Factors:

Under economic factors are included economic organizations, (socialist, communist, capitalist) type of ownership, individual, company – whether domestic or MNC, Government, co-operative ownership) nature and composition of the workforce, the source of labor supply, labor market relative status, disparity of wages between groups, level of unemployment, economic cycle. These variables influence industrial relations in myriad ways.

3.Social Factors:

Under social factors items like social group (like caste or joint family) creed, social values, norms, social status (high or low) – influenced industrial relations in the early stages of industrialization. They gave rise to relationship as master and servant, haves and have-nots, high caste and low caste, etc. But with the acceleration of industrialization, these factors gradually lost their force but one cannot overlook their importance.

4.Technological Factors:

Under technological factors fall items like work methods, type of technology used, rate of technological change, R&D activities, ability to cope with emerging trends, etc. These factors considerably influence the patterns of industrial relations, as they are known to have direct influence on employment status, wage level, collective bargaining process in an organization.

5.Psychological Factors:

Under psychological factors fall items pertaining to industrial relations like owners' attitude, perception of workforce, workers' attitude towards work, their motivation, morale, interest, alienation; dissatisfaction and boredom resulting from man-machine interface. The various psychological problems resulting from work have a far-reaching impact on workers' job and personal life, that directly or indirectly influences industrial relation system of an enterprise.

6.Political Factors:

The political factors are political institutions, system of government, political philosophy, attitude of government, ruling elite and opposition towards labor problems. For instance, the various communist countries prior to the adoption of new political philosophy, the industrial relations environment was very much controlled by the Government ever since change has altered considerably like other capitalist economics.

7.Enterprise-related Factors:

Under enterprise-related factors, fall issues like style of management prevailing in the enterprise, its philosophy and value system, organizational climate, organizational health, extent of competition, adaptability to change and the various human resources management policies.

8.Global Factors:

Under global factors, the various issues included are international relations, global conflicts, dominant economic-political ideologies, global cultural milieu, economic and trading policies of power blocks, international trade agreements and relations, international labor agreements (role of ILO) etc.

Principle of Good Industrial Relations

- 1.The willingness and ability of management and trade unions to deal with the problems freely, independently and with responsibility.
- 2.Recognition of collective bargaining.
- 3.Fair redressal of employee grievances by the management.
- 4.Providing satisfactory working conditions and payment of fair wage.
- 5.Introducing a suitable system of employees' education and training.
6. Developing proper communication system between management and employees.
- 7.To ensure better working conditions, living conditions and reasonable wages.
- 8.To develop employees to adapt themselves for technological, social and economic changes.

9. To make positive contributions for the economic development of the country.

12.4 Approach to Industrial Relations

Approaches to Industrial Relations is a comprehensive field of study, subtle as well as gross, a vast area of interactions, actions and reactions which affect not just a company or an industry, but also the economy.

Reason behind different approaches to Industrial Relations:

Different orientation towards Industrial Relations in terms of class conflict, in terms of mutuality of interest of different groups and because of interaction of various factors both within an organization and outside it.

The different approaches to Industrial Relations:

1. Systems Approach-

John Dunlop has developed a system approach to industrial relations. This approach is quite helpful in studying the industrial relations in the sense that it focuses on participants in the process, environmental forces, and the output.

Further, it studies inter-relations among different facets of industrial relations system. According to Dunlop, "Every human being belongs to a continuous but independent social system culture which is responsible for framing his or her actions, behaviour and role."

Three different variables:

A. Actors-

By actors mean the individuals or parties involved in the process of developing sound industrial relations. This variable is denoted by 'A'.

B. Contexts-

The contexts refer to the setup in which the actors perform the given tasks. It includes the industry markets (M), technologies (T) and the power distribution in the organization and labour unions (P).

C. Ideology-

The similar ideas, mentality or beliefs shared by the actors helps to blend the system. It can be expressed by the initial (I).

System's approach formula: $R=f(A,T,M,P,I)$

A- Actors

T-Technologies

M-Industry Markets

P-Labour Unions

I-Initial

Three actors of IR are not free. Their interactions are influenced by forces in the environment, the most important of them being technology, markets, and power relations in the wider society. He further, argues that an IR system is essentially stable and cohesive. While there is a conflict of interests between the actors, there is also a body of common ideas that each actor holds towards the place and function of the others in the system. This shared ideology and compatibility of views enables them to resolve conflict by framing appropriate rules.

2. Unitary Approach:

Basic Assumption of unitary approach is everyone benefits when the focus is on common interest and promotion of harmony. This theory believes that the conflicts are non-permanent malformations, which are a result of improper management in the organization. It also considered the organizational conflicts resulting in strikes to be useless and destructive.

Aims of Unitary Approach-

- To create a productive, effective and harmonious work environment;
- To develop a trustworthy, open, fair and transparent work culture;
- To create a cordial work environment;
- To restrict the role of the tribunals and other government associations like the trade unions and initiates direct negotiation between the management and the employees.

3.Pluralistic Approach:

The pluralist theory also called the 'Oxford Approach' was proposed by Flanders in the year 1970. This approach explained that the management and the trade unions are the different and robust sub-groups which unanimously form an organization.

The basic emphasis of pluralistic approach is that an organization is a coalition of interested groups headed by the top management which serves the long-term needs of the organization as a whole by paying due concern to all the interest groups affected – employees, shareholders, consumers, and society.

Highlights of Pluralistic Approach-

1. The organization should appoint personnel experts and industrial relations specialists to act as mediators between the management and trade unions. They need to look into the matters of staffing, provide consultation to the managers and the unions, and negotiate with both the parties in case of conflicts.
2. The organization should ensure that the trade unions get recognized and the union leaders or representatives can perform their duties freely.
3. In the case of industrial disputes, the organization can avail the services of the external agent for settlement of such issues.
4. The managers should resolve to a collective bargaining agreement when there is a need for negotiation and settlement with the trade unions.

Flanders Pluralist theory formula:

$$R=f(b)$$

$$R=f(c)$$

Where

R=rules of industrial relations

b=collective bargaining

c=resolving conflicts through collective bargaining.

It depicts that the rules of industrial relations are a function of collective bargaining, or in other words, it is a function of handling conflicts through collective bargaining.

4.Marxist Approach:

Lenin came up with the concept of a Marxist approach in the year 1978, where he emphasized the social perspective of the organization. This theory perceived that the industrial relations depend upon the relationship between the workers (i.e., employees or labor) and the owners (i.e., employer or capital). There exists a class conflict between both the groups to exercise a higher control or influence over each other.

Assumptions

- Industrial relations are a significant and never-ending source of conflicts under capitalism which cannot be avoided. However, cases of open disputes are quite unusual.
- Understanding the conceptions of capitalized society, capital accumulation process and the pertaining social relations, give a better overview of the industrial relations.
- The Marxist theory assumed that the survival of the employees without any work is more crucial than the survival of the employer without the labors.

5. Sociological Approach:

The industries comprise of different human beings who need to communicate with the individuals of other organizations. Due to the difference in their attitude, skills, perception, personality, interests, likes and dislikes, needs, they are usually involved in one or the other conflict. Even the **social mobility** and other aspects including transfer, default, group dynamics, stress, norms, regulations, and status of the workers influence their output and the industrial relations. This theory also emphasizes on the impact of various changes in the work environment (i.e., economic, technical and political) on the interactions and relationship shared by the employer, employees, institutions and the government bodies.

6. Gandhian Approach:

The Gandhian approach to industrial relations was proposed by the father of our nation, Mahatma Gandhi or Mohandas Karamchand Gandhi, who was also a well-known labor leader.

Features of Gandhian theory-

1. Gandhi Ji was not against strikes; instead, he gave the following conditions to carry out a favorable strike:

- The workers or labors can go on a strike only if there is a specific grievance.
- There should be complete non-violence while carrying out strikes.
- The ones who are not involved in the strikes should not be tormented.

2. Though Gandhi Ji was not against carrying out strikes, he believed that it should be the last option to which the labor should resort to, after the failure of all the constitutional and peaceful ways of resolving conflicts and negotiating with the employer.

3. The Gandhian approach illustrated that nature had provided us with human capabilities and different kinds of property. Thus, such nature's gift belongs to the whole society and cannot be considered as of personal possession by anyone.

4. The objective of this theory is to adopt non-violent ways to bring in economic parity and material enhancement in a capitalist society.

5. Gandhi Ji perceived that every organization is a joint venture, and the labor should be treated as associates or co-partners with the shareholders. Moreover, the workers should have proper knowledge of all the business transactions as it is their right.

6. He focused on increasing the production and believed that the gains should be shared with the employees because of whom it has been possible.

7. He also emphasized that the industrial disputes and conflicts between the parties should be resolved healthily through interactions, arbitration and bilateral negotiations.

7. Psychological Approach:

The psychologists perceived the problem of the industrial relations because of the varying perception and mindset of the key participants, i.e., the employees and the management. The 'thematic application test' was conducted by Mason Harie to understand the behavior, mindset and perception of the two significant workgroups, i.e., executive and the union leaders, in a particular situation.

In this test, both the groups were asked to rate and interpret the photograph of an ordinary middle-aged person, and the results were drastically contrasting. The union leaders perceived the person to be a 'manager' whereas, the executives thought that the person was a 'union leader'.

Major Interpretation of Test:

The general belief of a management representative is entirely different from that of a labor representative. Both the management and labor do not consider each other to be trustworthy. Even each of these groups considers that the other one lacks emotional and interpersonal attributes. These contrasting impressions are a result of certain economic as well as non-economic factors, like values, power, position, personal objectives, recognition, beliefs, education, social security and

income of the individuals. Also, each of these parties forms a negative image or perception of each other. Due to which they always find fault in the actions and behavior of one another. As a result of the factors mentioned above, there remains a tensed interpersonal relation leading to conflicts which ultimately hinders the image and interest of the individuals involved.

8. Human Relations Approach:

The person behind the concept of the human relations approach is Keith Davis. The organization and the society comprise of human beings who vary in various aspects as their behavior, emotions, attitude, mindset and personality. But, they have come together to achieve common organizational goals and objectives.

The concept of human relations approach underlines the need for making the individuals familiar with the work situations of the organization and uniting the efforts of the workers. The purpose is to meet the social, psychological and economic objectives, by enhancing the overall productivity.

Objectives

- To ensure cooperation by promoting the mutual interest of the organization;
- To enhance the productivity of the individuals;
- To satisfy the psychological, social and economic needs of the employees.

This theory focused on enhancing the level of efficiency, worker's morale and job satisfaction by applying specific techniques or tools and policies. The human relations approach highlighted a technique for enforcing proper control over the work environment by forming small workgroups and at the same time eliminating the hurdles of sound labor-management relations.



Did you know?

Are dissatisfaction, complaint, and grievance same or different?

Answer:

DISSATISFACTION

Anything disturbs an employee, whether or not the unrest is expressed in words.

COMPLAINT

A spoken or written dissatisfaction brought to the attention of the supervisor or the shop steward.

GRIEVANCE

A complaint that has been formally presented to a management representative or to a union official.

12.5 Meaning of Grievance

Grievances relate to problems of interpretation or perceived non-fulfillment of one's expectations from the organization. Grievances generally give rise to unhappiness, frustration, discontent, indifference to work, poor morale and they ultimately lead to the inefficiency of workers and low productivity.

Definition of Grievance

According to **International Labour Organizations**, "A grievance is 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 discharges constitute grievances."

Features of Grievance

1. A grievance refers to any form of discontent or dissatisfaction with any aspect of the organization.

2. The dissatisfaction must arise out of employment and not due to personal or family problems.
3. The discontent can arise out of real or imaginary reasons. When the employee feels that injustice has been done to him, he has a grievance. The reasons for such a feeling may be valid or invalid, legitimate or irrational, justifiable or ridiculous.

A grievance is traceable to perceived non-fulfillment of one's expectations from the organization.

Forms of grievances:

There are three different forms of grievances: Factual, Imaginary and Disguised.

1.Factual-

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

2.Imaginary-

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

3.Disguised-

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

Causes of Grievances

1.Economic-

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

2.Work Environment-

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

3. Supervision-

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

4.Work Group-

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

5.Miscellaneous-

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

Grievance Identification Technique

1.Exit Interview:

Interviewing employees who have decided to quit the company could reveal a lot about what is not visible to the naked eye. These are very useful as the company can come to know what problems have been faced by the employees.

2.Opinion Surveys:

A survey could be undertaken to find out how employees feel about the company about the work, their colleagues.

3.Gripe Boxes:

Grievance boxes may be kept at prominent locations in the factory for lodging anonymous complaints pertaining to any aspect relating to work. Since the person lodging the complaint need not reveal his identity he can reveal his feelings of injustice or discontent fairly and without any fear of victimization.

4. Observation:

In this grievance identification technique grievances are not heard from the aggrieved employee directly, rather the manager or the immediate supervisor constantly tracks the behavior of the employees working under him.

12.6 Grievance Redressal Machinery

A grievance procedure is a formal process which is preliminary to an arbitration, which enables the parties involved to attempt to resolve their differences in a peaceful manner. It enables the company and the trade union to investigate and discuss the problem at issues without in any way interrupting the peaceful and orderly conduct of business. When the grievance redressal machinery works effectively, it satisfactorily resolves most of the disputes between labor and management.

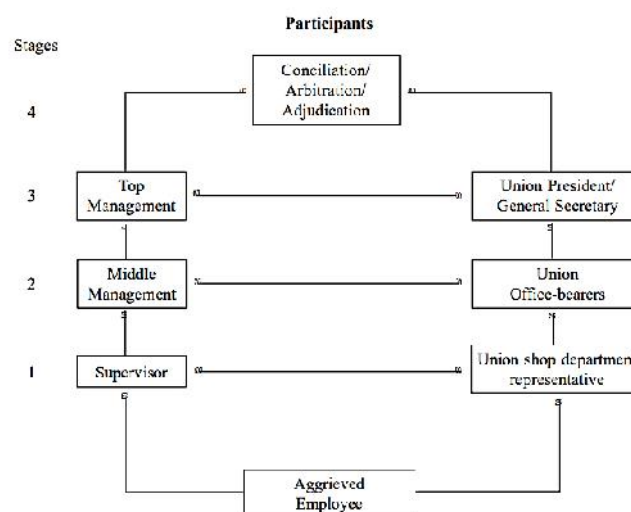
Objectives of Grievance Handling Procedure

1. To enable the employee to air his/her grievance.
2. To clarify the nature of the grievance.
3. To investigate the reasons for dissatisfaction.
4. To obtain, where possible, a speedy resolution to the problem.
5. To take appropriate actions and ensure that promises are kept.
6. To inform the employee of his or her right to take the grievance to the next stage of the procedure, in the event of an unsuccessful resolution.

Benefits of Grievance Handling Procedure

- It encourages employees to raise concerns without fear of reprisal.
- It provides a fair and speedy means of dealing with complaints.
- It prevents minor disagreements developing into more serious disputes.
- It saves employers time and money as solutions are found for workplace problems.
- It helps to build an organizational climate based on openness and trust

Process of Grievance Handling Procedure



Step1:

The aggrieved employee verbally explains his grievance to his immediate supervisor or in a conference or a discussion specifically arranged for the purpose. The grievance can be settled through the supervisor who has been properly trained for this purpose, and he adheres strictly to a basic problem-solving method.

Step2:

The second step begins when the grievance is not settled by the supervisor. In this case it is sent to a higher-level manager with a note in which are mentioned the time, place and nature of the action to which the employee objects. The higher-level manager is generally a superintendent or an industrial relations officer.

Step3:

The grievance, if not solved by the supervisor and the higher-level manager, is to be submitted to the Grievance Committee. This committee, which is composed of some fellow employees, the shop steward or a combination of union and management representatives, considers the record and may suggest a possible solution.

Step4:

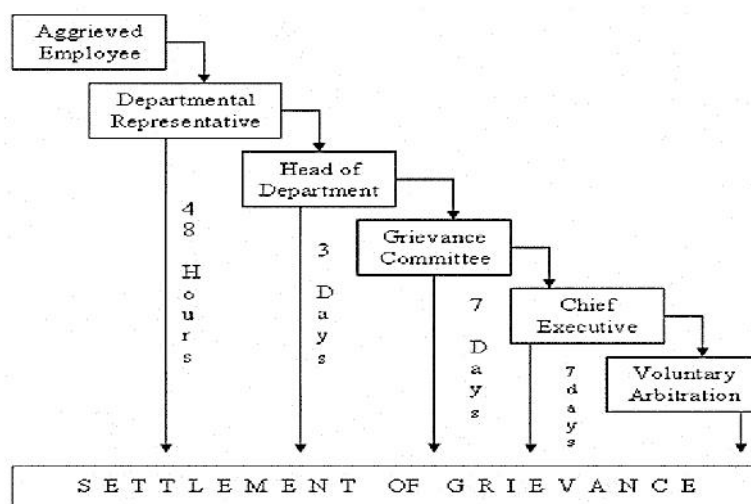
If the decision or suggestion of the grievance committee is not accepted by the grievant he may approach the management or the corporate executive

Step5:

The final step is taken when the employee as well as the management refers the grievance to an arbitrator who is acceptable. They may agree beforehand that the arbitrator's award will be final and binding on both the parties.

Model Grievance Procedure

The National Commission on labor has suggested a model grievance procedure which would ensure a speedy settlement of grievance.

**Statutory Provisions Concerning the Grievance Redressal Procedure in India****1. The Factories Act, 1948**

Section 49 of the factories act makes it necessary the appointment of a welfare officer in every factory that employs 500 or more workers. These officers are actually responsible for settling the grievances of employees

2. The industrial disputes act, 1947

There shall be a grievance settlement authority in every industrial organization that employs 50 or more workers.

3. The Industrial employment (standing order) Act, 1946

Clause 15 of the model standing orders in schedule 1 of the industrial employment act makes it mandatory for every establishment employing 100 or more workers to have appropriate officers to deal with the complaints of the employees.

Summary

Industrial relations or labour relations are the outcome of the employment relationship in an industrial unit. It underscores the importance of compromise and accommodation in place of conflict and controversy in resolving disputes between labour and management.

There are five different approaches to study industrial relations, namely, the psychological approach, the sociological approach, the human relations approach, Giri's approach and the Gandhian approach.

The basic objective of industrial relations is to maintain sound relations between employers and employees.

A grievance is a complain 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 discharges constitute grievances.

There are different actors in Industrial Relations.

Keywords

Industrial Relations, Grievance, Unitary approach, Systems Approach, Gandhian Approach, Grievance Redressal Machinery,

Self Assessment

1. Who are the different actors in Industrial Relations?
 - A. Government
 - B. Employees
 - C. Employers
 - D. All of the above

2. Industrial relations help in banning of the unfair practices on the part of management and unions.
 - A. True
 - B. False

3. Human relations put stress upon the process of _____ relations.
 - A. Inter-personal
 - B. Individual
 - C. Industrial
 - D. All of the above

4. What is the time duration of first phase of Industrial Relations?

- A. 1950-mid 1960s
 - B. mid 1960s to 1979
 - C. 1947-1950
 - D. None of the above
5. Which cannot be called as a factor affecting industrial relations?
- A. Economic factors
 - B. Physiological factors
 - C. Political factors
 - D. Institutional factors
6. Introducing a suitable system of employees' education and training is a principle of good industrial relation.
- A. True
 - B. False
7. Which was a period of boom for employers?
- A. 1950-mid 1960s
 - B. mid 1960s to 1979
 - C. 1947-1950
 - D. None of the above
8. Which is an orientation towards Industrial Relations?
- A. In terms of Class Conflict
 - B. In terms of mutuality of interest of different groups
 - C. As a consequence of interaction of various factors both within an organization and outside it
 - D. All of the above
9. $R=f(A,T,M,P,I)$ is a formula of which Industrial Relations approach?
- A. System's approach
 - B. Unitary approach
 - C. Pluralistic approach
 - D. Marxist approach
10. Which theory is also known as "Oxford Approach"?
- A. System's approach
 - B. Unitary approach
 - C. Pluralistic approach
 - D. Marxist approach
11. Who is the person behind the concept of the human relations approach?

- A. Keith Davis
 - B. Flanders
 - C. John Dunlop
 - D. All of the above
12. A complaint that has been formally presented to a management representative or to a union official is known as _____
- A. Complaint
 - B. Grievance
 - C. Dissatisfaction
 - D. All of the above
13. What are the different forms of grievances?
- A. Factual
 - B. Disguised
 - C. Imaginary
 - D. All of the above
14. What are the different causes of grievances?
- A. Work Environment
 - B. Supervision
 - C. Work Group
 - D. All of the above
15. What is the grievance identification technique?
- A. Exit Interview
 - B. Opinion Surveys
 - C. Observation
 - D. All of the above

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. D | 2. A | 3. A | 4. A | 5. B |
| 6. A | 7. B | 8. D | 9. A | 10. C |
| 11. A | 12. B | 13. D | 14. D | 15. D |

Review Questions

1. Identify the role of actors of industrial relations in modern globalised era.
2. Define the term 'grievance'
Discuss the model grievance procedure that is applicable in India.

3. What do you mean by Industrial Relation? Explain the significance of Industrial Relation.
4. Explain the growth of Industrial Relations in India.
5. What are the different approaches of Industrial Relations?



Further Readings

- Aswathapa, K. (2008) 5th ed. Human Resource Management, Tata McGraw Hill.
- Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.
- French, W.L. (1990), Human Resource Manangement, 4th ed., Houghton Mifflin, Boston.
- H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi, 2004.
- Ivancevich, JM (2008), Human Resource Management, Tata McGraw Hill.
- MadhurimaLall and Sakina Qasim Zaidi, Human Resource Management, Excel Books.
- PL Rao, Comprehensive HRM, Excel Books

Unit 13: Industrial Disputes

CONTENTS

Objectives

Introduction

13.1 Meaning of Industrial Disputes

13.2 Forms of Industrial Disputes

13.3 Dispute Settlement

13.4 Measures to Improve Industrial Relations

13.5 Prevention of Industrial Disputes

13.6 Trade Union

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understand the concept of Industrial Disputes.
- Learn about the forms of Industrial Disputes.
- Explore the causes of Industrial Disputes.
- Understand the settlement of Industrial Disputes.
- Learn about the measures of Industrial Disputes.
- Understand the methods of prevention of Industrial Disputes.
- Understand the concept of Trade Union.
- Learn about the growth of Trade Union in India.
- Explore the objectives of Trade Union.
- Explore the problems and challenges in Trade Union.

Introduction

Industrial conflict is a rather general concept. When it acquires specific dimensions, it becomes an industrial dispute. The various terms, such as “industrial dispute” “labour dispute” or “trade dispute” are used in different countries to identify the difference between employers and workers.

Trade unions are all organizations of employees, including those of salaried and professional workers as well as those of manual wage earners which are known to include among their functions that of negotiating with their employees with the object of regulating condition of employment.

13.1 Meaning of Industrial Disputes

A dispute between employers and workmen or between various employers or between various workmen which is connected with the terms of employment, conditions of labor, or employment or non-employment of workers/other concerned persons.

In general terms

An industrial dispute may be defined as a conflict or difference of opinion between management and workers on the terms of employment. It is a disagreement between an employer and employee's representative; usually a trade union, overpay and other working conditions and can result in industrial actions. When an industrial dispute occurs, both the parties, that is the management and the workmen, try to pressurize each other.

Management resort to LOCK-OUT and Workers resort to STRIKE, GHERAO, PICKETING etc.

Definition of Industrial Disputes

According to Industrial Dispute Act, 1947

"As any dispute between employers and employees, employees and employers, employer and employer due to the reasons of Employment and Non-Employment or with the work conditions of any person."

For a dispute to become an industrial dispute, it should satisfy the following essentials:

1. There must be a dispute or a difference (a) between employers (b) between employer and workmen (c) between workmen and workmen
2. It is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any or it must pertain to any industrial matter.
3. A workman does not draw wages exceeding ` 1,600 per month.
4. The relationship between the employer and the workmen must be in existence and should be the result of a contract and the workmen employed.
5. There should be an industry, employer, and workmen. There must be a "collective will" of substantial or appreciable number of workmen taking up the cause of the aggrieved workmen. It must be first raised with the management rejected by it, i.e., the employer must be in position to redress the grievance.

Point of View of Employer

An industrial dispute resulting in stoppage of work means a stoppage of production. This results in increase in the average cost of production since fixed expenses continue to be incurred. It also leads to a fall in sales and the rate of turnover, leading to a fall in profits. The employer may also be liable to compensate his customers with whom he may have contracted for regular supply.

Apart from the immediate economic effects, loss of prestige and credit, alienation of the labor force, and other non-economic, psychological and social consequences may also arise. Loss due to destruction of property, personal injury and physical intimidation or inconvenience also arises.

Point of View for Employee

An industrial dispute entails loss of income. The regular income by way of wages and allowance ceases, and great hardship may be caused to the worker and his family. Employees also suffer from personal injury if they indulge into strikes and picketing, and the psychological and physical consequences of forced idleness. The threat of loss of employment in case of failure to settle the dispute.

13.2 Forms of Industrial Disputes

The different forms of industrial disputes are as under:

1. Strike:

Strike means a cessation of work by a body of persons employed in any industry acting in combination, or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed, to continue to work or to accept employment.

Types of Strikes

1. Economic Strike:

This strike is done by the workers to fulfil their economic demands like the raise in their wages, salary or bonus.

2. Sympathetic Strike:

This strike is done by the employees to express their sympathy regarding the injustice being done to any member of the union.

3. General Strike:

This is the type of strike which is done by all the trade union members in the industry or region. It is done to accept the demands of all the workers in an industry or region.

4. Sit Down Strike:

In this strike to accept their demands, workers don't leave the workspace but stop the work by sitting there. It is also known as pen down strike.

5. Slow Down Strike:

In this type of strike, workers don't stop their work. But they slow their speed of doing work which decreases the output also. It is another way to put pressure on employers by decreasing their work performance.

2. Lock-out:

Lockout is done by the employers to put the pressure on the workers by stopping the work. The reason to do this so that workers will start work according to the Terms and Conditions of the employers.

3. Gherao:

It is the collective action of workers under which the members of the organization are not allowed to leave the organization.

4. Picketing:

When employers don't take any action from the demand of the workers, then all the workers collectively sit at the front of the firm gates. It is also known as "Dharna". It is done to show the general public what injustice is happening in the organization with the workers.

Causes of Industrial Disputes

The different causes of Industrial Disputes are economic, violence and indiscipline, sympathetic, administrative related and miscellaneous.

1. Economic Issues:

This is the most common cause of Industrial Disputes. The economic issues include wages, bonus and other allowances. Workers and employees have been raising their voice for raising the wages, salaries, and bonus so that they can improve their standard of living.

2. Violence and Indiscipline:

So many times, the disputes happened between the workers and employers because of entering into political issues, violence and indiscipline with the workers. So, this is also the big cause of Industrial Disputes in India.

3. Sympathetic issues:

When there is any injustice happened with the worker, then the members of the union do the sympathetic strike to show sympathy towards that worker.

4. Administrative related issues:

These types of causes include undeserved punishment, Verbal Abusement etc.

5. Miscellaneous causes:

It includes-hours and day of work, Nationalization causes psychological causes, Institutional causes etc.

13.3 Dispute Settlement

Settlement of dispute can be done with and without state intervention. Let us discuss both one by one.

I. Settlement without State Intervention

For undergoing the dispute settlement without state intervention can be done by Collective Bargaining and Voluntary Arbitration.

1. Collective Bargaining:

The method or process of determining the specific conditions of labour contract-particularly wages, hours and working conditions-by direct negotiation between the representatives of one or more unions on the one hand, and of an employer or associations of employers on the other, and terminating in a collective agreement between both parties.

Steps in Collective Bargaining-

1. Presentation in a collective manner, to the employer, of the employees' demands and grievances.
2. Discussions and negotiations on the basis of mutual give and take for settling grievances and fulfilling the demands.
3. Signing of a formal agreement or an informal understanding when negotiations result in mutual satisfaction.
4. In the event of the failure of negotiations, a likely resort to strike or lock-out to force the recalcitrant party to come to terms.

2. Voluntary Arbitration:

1. The procedure voluntarily chosen by disputant parties, whereby a conflict is settled by an impartial judge or umpire of their own mutual selection and whose decision, based on the merits of the case, they agree in advance to accept as final and binding.

This is voluntary arbitration with compulsory acceptance of the award.

2. The procedure voluntarily chosen by disputant parties, whereby a conflict is settled by the decision of an impartial judge or umpire whose decision they are free to accept.

This is voluntary arbitration with voluntary acceptance of the award.

II. Settlement Under the influence of the State

For undergoing the dispute settlement under the influence of the state:

1. Compulsory establishment of bipartite companies.
2. Establishment of compulsory collective bargaining.
3. Conciliation and mediation (voluntary and compulsory)
4. Compulsory investigation.
5. Compulsory arbitration or adjudication.

Need to be done.

13.4 Measures to Improve 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 recognize the rights of workers to organize 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 minimize 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 honored 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 labor should help in the development of an atmosphere of mutual cooperation, confidence, and respect. Management should adopt a progressive outlook and should recognize the right of workers.

Similarly, labor unions should persuade their members to work for the common objectives of the organization. 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 recognized by the employers. Collective bargaining is the cornerstone of industrial relations. In any organization, there must be a great emphasis on mutual accommodation rather than conflict or uncompromising attitude.

Conflicting attitude does not lead to amicable labor 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. Worker's 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 organization 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.

13.5 Prevention of Industrial Disputes

It is a pro-active approach in which an organization undertakes various actions through which the occurrence of Industrial Disputes is prevented.

Methods for Prevention of Industrial Disputes

The various methods of industrial disputes are as under:

1. Model Standing Orders
2. Code of Discipline
3. Works Committee
4. Labor Welfare Officers
5. Collective Bargaining
6. Joint Management Councils
7. Tripartite Bodies
8. Joint Councils

1. Model Standing Orders:

Standing orders define and regulate terms and conditions of employment and bring about uniformity in them. They also specify the duties and responsibilities of both employers and employees thereby regulating standards of their behavior. Therefore, standing orders can be a good basis for maintaining harmonious relations between employees and employers.

Under Industrial Dispute Act, 1947, every factory employing 100 workers or more is required to frame standing orders in consultation with the workers. These orders must be certified and displayed properly by the employer for the information of the workers.

2. Code of Industrial Discipline:

The code of Industrial discipline defines duties and responsibilities of employers and workers.

Objectives of the Code are:

- To secure settlement of disputes by negotiation, conciliation and voluntary arbitration.
- To eliminate all forms of coercion, intimidation and violence.
- To maintain discipline in the industry.
- To avoid work stoppage.
- To promote constructive co-operation between the parties concerned at all levels.

3. Works Committee:

Every industrial undertaking employing 100 or more workers is under an obligation to set up a works committee consisting equal number of representatives of employer and employees. The main purpose of such committees is to promote industrial relations.

According to Indian Labor Conference work committees are concerned with:-

- Administration of welfare & fine funds.
- Educational and recreational activities.
- Safety and accident prevention
- Occupational diseases and protective equipment.
- Conditions of work such as ventilation, lightening, temperature & sanitation including latrines and urinals.
- Amenities such as drinking water canteen, dining rooms, medical & health services.

4. Joint Management Councils:

Just to make a start in labor participation in management, the government suggested in its Industrial Resolution 1956 to set up joint management councils. It consists of equal numbers of

workers and employers (minimum 6 & maximum 12) decisions of the JMC should be unanimous and should be implemented without any delay.

JMC members should be given proper training. JMC should look after 3 main areas:

1. Information sharing
2. Consultative
3. Administrative

5. Joint Councils:

Joint Councils are set up for the whole unit and deals with matters relating optimum production and efficiency and the fixation of productivity norms for man and machine for the as a whole. in every industrial unit employing 500 and more workers there should be a Joint Council for the whole unit.

Features of Joint Councils

- Members of the council must be actually engaged in the unit.
- The chief executive of the unit will be the chairman of the council and vice chairman will be nominated by worker members.
- Term of the council will be two years.
- JC shall meet at once in a quarter.
- Decision of the council will be based on consensus and not on voting
- Optimum use of raw materials and quality of finished products
- Optimum production, efficiency and function of productivity norms of man and machine as a whole.
- Preparation of schedules of working hours and of holidays.
- Adequate facilitates for training.
- Rewards for valuable and creative suggestions received from workers.

6. Labour Welfare Officers:

The Factories Act, 1948 provides for the appointment of a labor welfare officer in every factory employing 500 or more workers. The officer looks after all facilities in the factory provided for the health, safety and welfare of workers. He maintains liaison with both the employer and the workers, thereby serving as a communication link and contributing towards healthy industrial relations through proper administration of standing orders, grievance procedure etc.

7. Collective Bargaining:

Collective Bargaining is a process in which the representatives of the employer and of the employees meet and attempt to negotiate a contract governing the employer-employee-union relationships. Collective Bargaining involves discussion and negotiation between two groups as to the terms and conditions of employment.

8. Tripartite Bodies:

The India labor conference, standing labor committees, Wage Boards and Industries Committees operate at the central level. At the state level, State Labor Advisory Boards have been set up. The recommendations given by these bodies are however advisory in nature and not statutory.

13.6 Trade Union

A trade union can be defined as an organized association of workers in a trade or profession, formed to further their rights and interests. It is an organization made up of members and its membership must be made up mainly of workers.

Definition of Trade Union

According to Flippo "A labour union or trade union is an organization of workers formed to promote, protect, and improve, through collective action, the social, economic, and political interests of its members".

Features of Trade Unions

1. It is formed on a continuous basis. It is a permanent body and not a casual or temporary one. They persist throughout the year.
2. It is formed to protect and promote all kinds of interests -economic, political and social-of its members. The dominant interest with which a union is concerned is, however, economic.
3. It achieves its objectives through collective action and group effort. Negotiations and collective bargaining are the tools for accomplishing objectives.
4. Trade unions have shown remarkable progress since their inception; moreover, the character of trade unions has also been changing. In spite of only focusing on the economic benefits of workers, the trade unions are also working towards raising the status of labors as a part of industry.

Growth of Trade Unions in India

The growth of trade unions in India can be divided into 6 phases as under:

1. Pre-1918: The genesis of the labour movement in India
2. 1918-1924: The early trade union phase
3. 1925-1934: Period of left-wing trade unionism
4. 1935-1938: The Congress interregnum
5. 1939-1946: Period of labour activism
6. 1947-present: Post-independence trade unionism

1. Pre-1918: The genesis of the labour movement in India

After the setting up of textile and jute mills coupled with the laying of railways in the 1850s, worker atrocities started to come to light. Though the origin of labour movements was traced to the 1860s, first labour agitation in the history of India occurred in Bombay, 1875.

It was organized under the leadership of S.S Bengalee. It concentrated on the plight of workers, especially women and children. This led to the appointment of the first Factory commission, 1875. Consequently, the first factories act was passed in 1881. In 1890, M.N Lokhande established Bombay Mill Hands Association. This was the first organized labor union in India.

Features of Labour Movements in Pre 1918

- i. Leadership was provided by social reformers and not by the workers themselves.
- ii. The movements in this era mainly concentrated on the welfare of workers rather than asserting their rights.
- iii. They were organized, but there was no pan India presence.
- iv. A strong intellectual foundation or agenda was missing.
- v. Their demands revolved around issues like that of women and children workers.

2. 1918-1924: The Early Trade Union Phase

This period marked the birth of true trade union movement in India. It was organized along the lines of unions in the industrialized world. The deteriorated living conditions caused by the First World War and the exposure with the outside world resulted in heightened class consciousness amongst the workers. This provided fertile ground to the development of the movement. This period is known as the early trade union period.

AITUC, the oldest trade union federation in India was set up in 1920. It was founded by Lala Lajpat Rai, Joseph Baptista, N.M Joshi and Diwan Chaman Lall. Lajpat Rai was elected the first president of AITUC.

Factors that influenced the growth of the movement:

1. Spiraling prices during War and the mass entrenchment of workers that followed it led to low living standards. Also, the wretched working conditions added to their woes. Hence, they sought collective bargaining power through unionization.
2. Development of Home Rule, the emergence of Gandhian leadership and the socio-political conditions led to the nationalist leadership taking interest in the worker's plight. Workers, in turn, were looking for professional leadership and guidance.
3. Russian revolution and other international developments (like setting up of International Labour Organisation in 1919) boosted their morale.

3. 1925-1934: Period of left-wing trade unionism

This era was marked by increasing militancy and a revolutionary approach. It also saw multiple split-ups in the movement. Leaders like N.M Joshi and V.V Giri were instrumental in moderating the movement and further integrating it with the nationalist mainstream.

AITUC split up multiple times paving way for the formation of organizations like National Trade Union Federation (NTUF) and All India Red Trade Union Congress (AIRTUC). However, the need for unity was felt and they all merged with the AITUC in the next phase. The government was also receptive to the trade union movement. Legislations like the Trade Unions Act, 1926 and the Trade Disputes Act, 1929 gave a fillip to its growth.

It bestowed many rights to the unions in return for certain obligations. This period was marked by the dominance of the left. Hence, it may be referred to as the period of left-wing trade unionism.

4. 1935-1938: The Congress Interregnum

This phase was marked by greater unity between different unions. Indian National Congress was in power in most of the provinces by 1937. This led to more and more unions coming forward and getting involved with the nationalist movement.

In 1935, AIRTUC merged with AITUC. Different legislations were passed by provincial governments that gave more power and recognition to the trade unions. The approach of Congress ministries was that of promoting worker interests while protecting industrial peace.

Reconciliation of labor with capital was seen as an aim, with ministries working towards securing wage rise and better living conditions. However, many ministries treated strikes as law and order issues. They used colonial machinery to suppress it. This led to considerable resentment from the unions.

5. 1939-1946: Period of Labour activism

The Second World War lowered standard of living for the workers further and this led to the strengthening of the movement. The question of war effort created a rift between the Communists and the Congress. This, coupled with other issues, led to further split in the movement. However, the movement got stronger due to the compounding issues. This included mass entrenchment post-war and the massive price rise that accompanied it.

Legislations like Industrial Employment Act, 1946 and Bombay Industrial Relations Act, 1946 contributed to strengthening the trade union movement. In general, the movements got more vocal and involved in the national movement.

6. 1947-present: Post-Independence Trade Unionism

It was marked by the proliferation of unions. INTUC was formed in May 1947 under the aegis of Sardar Vallabhbhai Patel. Since then, the AITUC has come to be dominated by the Communists. Hind Mazdoor Sabha was formed in 1948 under the banner of Praja Socialist Party. Later on, it came under the influence of Socialists. Bharatiya Mazdoor Sangh was founded in 1955 and is currently affiliated to the BJP.

Post-independence, trade unions became increasingly tied with party politics. Rise of regional parties has led to a proliferation in their numbers with each party opting to create its trade union. However, their influence has been somewhat reduced after the liberalization post-1991.

Issues like labour code reforms and minimum wage remains a political hot potato due to the opposition from the trade union leadership. Post-independence, India has also witnessed different unions coming together to address a common issue. These include the crippling railway strike of 1974 and the Great Bombay textile strike, 1982. However, such strikes are seen to get less public support post-1991. There is also an increased focus on informal labour.

This is due to the particularly vulnerable situation of unorganized labor. All major trade unions have registered an increase in their membership from the unorganized sector.

Objectives of Trade Union

1. Wages and Salaries:

- Wages and salaries are the most important subjects of Trade Unions.
- In the organized industry, wages and benefits are determined through processes such as collective bargaining, wage boards, conciliation, and adjudication.
- Working of all these processes deserves systematic inquiry. Union power and objective facts hopefully influence the wage scene through these forums.

2. Working Conditions:

- Another major objective of the Trade Unions is to insure the safety of workers.
- While working every worker must be provided with basic facilities like.
- Drinking water, minimum working hours, paid holidays, social security, safety equipment's, lights and others.

3. Personnel Policy:

Any personal policy of the employer with respect to promotion, transfer and training may be challenge by Trade Unions if arbitrary.

4. Discipline:

Trade Unions also protect the workers from arbitrary discipline action taken by management against any worker. No worker should be victimized by management in the form of arbitrary transfer or suspension.

5. Welfare:

The main objective of the Trade Union is to work for the welfare of the workers. This includes welfare of the family members or children of the worker.

6. Employee and Employer relations:

For an industrial peace there must be harmony between employer and employee. But due to superior power of the management sometimes conflict arises in this situation Trade Union represent the whole group of workers and continue negotiations with management.

7. Safeguarding Organizational Health and the Interest of the Industry:

Trade Unions also help in achieving employee satisfaction. Trade unions also help in better industrial relation by creating procedure to resolve the industrial dispute.

Challenges of Trade Unions

Let us discuss the challenges of trade unions in context of Internal and External.

1. Internal Challenges-

a. Uneven Growth of Unionism:

- Trade unionism has mainly influenced the organized industries especially in the major metros and many smaller industries in the unorganized sector are left behind.

- There is very little trade union activity in small sector, agricultural labor and domestic sector.
- Trade unionism has touched only a portion of the working class in India.

b. Small Size of Unions:

Most of the unions have low membership though the number of unions and union membership are increasing; average membership is inadequate to be effective.

c. Financial Weakness:

- The average yearly income of unions is very low and inadequate.
- The subscription rates are low and many members do not pay the subscription in time.
- Due to their financial weakness, most of the unions are not in a position to undertake welfare programmes for workers.

d. Multiplicity Union rivalry:

- There exist several unions in the same establishment or industry.
- The existence of rival unions with conflicting ideology is greatly responsible for unhealthy growth of trade union movement in India.
- In some cases, employers encourage split in unions to undermine their bargaining power.

e. Inter-union rivalry:

- Multiple unions create rivalry. Unions try to play down each other in order to gain greater influence among workers.
- Employers take advantage of infighting.
- Interunion rivalry weakens the power of collective bargaining and reduces the effectiveness of workers in securing their legitimate rights.

2.External Challenges

a. Globalization:

- The global change was driven by three processes:
 - (i) technological revolution,
 - (ii) economic liberalization and
 - (iii) political change.
- This affected the operating cost and increased the global competition.
- Thus companies started cutting down on their workforce and also increased the output per worker.

b. Lack of Government Support:

Government has shifted its focus from labor to investors post liberalization, privatization and globalization; which has weakened the trade union's stand to influence the government.

c. Managerial Strategies and HRM Policies:

- Previously, job security was considered the most crucial factor, irrespective of the public or private sector enterprise being a sick unit.
- But now, with advancement in technology and a better ability to track the output and productivity rate, a large number of blue-collar jobs have transformed into white collar jobs and has also increased the management's control.
- This has further weakened the union power

Summary

- A trade union is a formal association of workers, acting collectively, who seek to protect and promote their mutual interests through collective action.
- The main objective of any trade union is to protect and promote the interests of its members. Unions perform certain social, political and fraternal functions as well.
- Industrial conflicts constitute militant and organized protests against existing terms and conditions of employment. They occur in several forms such as strikes, lock-outs, gheraos, picketing, boycott etc.
- Industrial disputes arise due to several causes relating to recognition, retrenchment, employment conditions, indiscipline, wages and allowances, bonus, ill-treatment etc

Keywords

Industrial Dispute, Trade Unions, Strikes, Lockouts, Settlement, Prevention of Industrial Dispute.

Self Assessment

1. Workers resort to _____.
 - A. Lock-out
 - B. Gherao
 - C. Strike
 - D. Picketing

2. In which kind of strike, workers don't leave the workspace but stop the work by sitting there?
 - A. Sit-down strike
 - B. Slow down strike
 - C. General Strike
 - D. Sympathetic Strike

3. _____ is the collective action of workers under which the members of the organization are not allowed to leave the organization.
 - A. Lockout
 - B. Gherao
 - C. Picketing
 - D. Strike

4. _____ is also known as "Dharna".
 - A. Lockout
 - B. Gherao
 - C. Picketing
 - D. Strike

5. What are the causes of Industrial Disputes?

- A. Economic Issues
 - B. Violence and Indiscipline
 - C. Sympathetic issues
 - D. All of the above
6. _____ define and regulate terms and conditions of employment and bring about uniformity in them.
- A. Code of Discipline
 - B. Model Standing Orders
 - C. Collective Bargaining
 - D. Works Committee
7. What is the term of the Joint Councils?
- A. Three Year
 - B. Two Year
 - C. One Year
 - D. Four Year
8. _____ defines duties and responsibilities of employers and workers.
- A. Code of Discipline
 - B. Model Standing Orders
 - C. Collective Bargaining
 - D. Works Committee
9. Personnel policies should be formulated in consultation with the workers and their representatives if they are to be implemented effectively.
- A. True
 - B. False
10. The management should follow a proactive approach to minimize industrial problems.
- A. True
 - B. False
11. How many phases exist in the growth of trade unions in India?
- A. Three
 - B. Four
 - C. Five
 - D. Six
12. Which period of trade union was marked by increasing militancy and a revolutionary approach?
- A. Period of left-wing trade unionism

- B. Early trade union phase
 C. The genesis of the labor movement
 D. The Congress interregnum
13. Which is not an objective of Trade Union?
 A. Welfare
 B. Indiscipline
 C. Working Conditions
 D. Personnel Policy
14. Which is an external challenge of trade union?
 A. Small size of unions
 B. Financial Weakness
 C. Uneven growth of unionism
 D. Globalization
15. Hind Mazdoor Sabha union is affiliated to which political party?
 A. Bhartiya Janata Party
 B. Samajwadi Party
 C. Communist Party
 D. Indian National Congress

Answers for Self Assessment

1. A 2. A 3. B 4. C 5. D
 6. B 7. B 8. A 9. A 10. A
 11. D 12. A 13. B 14. D 15. B

Review Questions

1. What do you mean by industrial dispute? What are the different forms of Industrial Dispute?
2. How can anyone in organization settle the dispute?
3. What do you understand by Trade Union? What are the different challenges that trade union might face?
4. Elaborate the growth of Trade Union in India.
5. Discuss the different methods of prevention of industrial dispute.
6. What are the different measures to improve the industrial relations?

**Further Readings**

- Aswathapa, K. (2008) 5th ed. Human Resource Management, Tata McGraw Hill.
- Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.
- French, W.L. (1990), Human Resource Manangement, 4th ed., Houghton Mifflin, Boston.

Unit 13: Industrial Disputes

- H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi,2004.
- Ivancevich, JM (2008), Human Resource Management, Tata McGraw Hill.
- MadhurimaLall and Sakina Qasim Zaidi, Human Resource Management, Excel Books.
- PL Rao, Comprehensive HRM, Excel Books.
- Rao P.S. (2008), Essentials of Human Resource Management and Industrial Relations, Text Cases and Games, Himalaya Publication

Unit 14: HR Maintenance

CONTENTS

Objectives

Introduction

14.1 Meaning of Social Security

14.2 Evolution of Social Security

14.3 Employee Welfare

14.4 The Factories Act, 1948

14.5 The Plantation Labor Act, 1951

14.6 The Mines Act, 1951

14.7 Contemporary Issues in Human Resource Management

Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- Understand the meaning of Social Security.
- Learn the aspects of Social Security.
- Learn the scope of social security.
- Understand the approaches of Social Security.
- Learn the evolution of Social Security in India.
- Understand the meaning of Employee Welfare.
- Learn about the features of Employee Welfare.
- Learn about the objectives of Employee Welfare.
- Get awareness about types of Employee Welfare.
- Understand the concept of Labor Welfare Officer.
- Learn about different contemporary issues in Human Resource Management

Introduction

India has always had a joint family system that took care of the social security needs of all the members provided it had access/ownership of material assets like land. With increasing migration, urbanization, and demographic changes there has been a decrease in large family units. This is where the formal system of social security gains importance.

Companies that aspire to sustain their competitive edge, both at present and in the future require human force well equipped with recent techniques and technologies to face the changes and upcoming challenges of 21st century. There are an incredible number of demands on organizations today. Few of them includes escalating globalization, tough competition, frequent changes in technology, new organizational alliances, novel organizational structures, demographical shift,

change in methods of working etc. With all these changes, there is a huge amount of pressure on today's organizations and especially HR function has a very critical role to play in order to help and navigate through evolutions. Hence HR needs to increase its apparent as well as real value

14.1 Meaning of Social Security

Social security is the protection which society provides for its members through a series of public measures against the economic and social distress resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death.

Why there is a need for social security in India?

There are few reasons which can be discussed in the context of social security in India. Some are as under:

1. To ensure a minimum level of material living to the needy or helpless ones of the society by the State.
2. To work on the development of State.
3. Significant for industrialization programme from reducing the wastage arising from industrial disputes.

Aspects of Social Security

There are mainly two aspects of social security: Social Assistance and Social Insurance.

1.Social Assistance-

- ILO defines social assistance, "a service or scheme which provides benefits to persons of small means as of right in amount sufficient to meet minimum standards of need and financed from taxation."
- Thus, Social assistance is the obligation of the community or the Government.

2.Social Insurance-

- Beveridge defines Social Insurance as, "the giving in return for contribution, benefits up to subsistence level, as of right and without means-tests, so that an individual may build freely upon it.
- Thus, social insurance implies that it is compulsory."

Common standards of Social Security

The common standards of social security are as under:

1.Compulsory Participation:

Most of the Governments including the so-called capitalistic countries participate in and provide social security measures to the poor people and employees at lower levels.

2. Government Sponsorship:

Governments create, supervise, and implement various social security schemes. For example, Government of Andhra Pradesh provides old age pension, maternity benefits to women agricultural workers, etc.

3.Contributory Finance:

The funds necessary to run the social security programmes are the contributions made by the Government, employers, etc.

4.Eligibility Derived from Contributions:

The employees with lower wages and people with small means are eligible. This eligibility is derived to the employees whose employer makes contributions.

5. Benefits Prescribed in Law:

Various Governments enacted the laws in order to enforce the implementation of the social security measures.

6. Benefits Not Directly Related to Contributions:

Social security benefits are related to the level of the poverty but not to the contributions. The employees with the lowest level of wage are entitled for larger amount of the benefit and vice-versa.

Scope of Social Security

ILO has divided scope of social security under nine components. These are as under:

1. Medical Care
2. Sickness benefit
3. Unemployment benefit
4. Employment Injury benefit
5. Old Age benefit
6. Maternity benefit
7. Family benefit
8. Survivor's benefit
9. Invalidism benefit

Let us discuss each one by one:

1. Medical Care:

Social security under medical care covers pregnancy confinement and its consequences and disease which lead to a morbid condition. The need for pre-natal and post-natal care was emphasized. It may include practitioner care, specialist care, provision of essential pharmaceutical and hospitalization.

2. Sickness Benefit:

Sickness includes incapability to work resulting a loss of earning. Under this benefit worker need not be paid for three days of suspension of earnings and The payment of benefits may be limited to 26 weeks in a year.

3. Unemployment Benefit:

Under the social security benefit cover the loss of earning during a worker's unemployed period when he is capable and available for work but remains unemployed because of lack of suitable employment. As per Act this benefit may be limited to 13 weeks payment in year.

4. Employment Injury Effect:

Under Employment Injury benefit proper medical care and periodical payment are made to injured employee as per the legal provisions of Worker's compensation Act.

5. Old age Benefit:

Old age benefits are applicable in India only in few states. Under this benefit the quantum of payment depends upon on individuals working capacity during the period before retirement. It further includes a certain amount beyond a prescribed age and continues till one's death.

6. Maternity Benefit:

There is complex maternity benefit Act 1961 which covers benefit due to pregnancy. There is legal provision for medical including pre-natal confident, post-natal care and also hospitalization if required.

7. Family Benefit:

In case of death of the bread earner this cover responsibility for maintenance of children during the entire period of children is provided.

8.Survivor's benefit:

It refers to the benefits to the affected family in form of periodical payments to a family following the death of its bread earner and should continue during the entire period of contingency.

9.Invalidism Benefit:

A periodical payment should cover the needs of workers who suffer from any disability arising out of sickness or accident and who are unable to engage into any gainful activity."

Approaches of Social Security

The different approaches of social security can be explained as under:

1. Compensation
2. Restoration
3. Prevention

1.Compensation:

Compensation means income security during spell of risks because the individual and his family is not subjected to a double calamity involving both destitution and loss of life, health, and work.Under worker compensation, workers are compensated in case of any permanent disability reducing permanently or temporary earning capacity of aggrieved employee.It is compensating suffered employees due to contingencies and unexpected mishaps by providing financial Support.

2.Restoration:

It means giving individuals and their families the confidence that their level of living and quality of life will not suffer as far as possible due to any social and economic loss."It aims at restoring the previous social and economic status of the employee by providing financial and social help under different provisions of social security Acts. Due to restoration of one's previous status financial position the self- confidence and self-esteem of the employee can be maintained."Restoration mean reemployment and providing self-confidence through cure of sick/injured employees.

3.Prevention:

Social Security is a basic instrument of social and economic justice among members of the society." It not only aims at compensation and restoration of one's financial and social status; it further aims prevention of mishaps, industrial injury and occupational diseases.Prevention aims at avoiding loss of productive capacity due to sickness injure or Unemployment. Factory Act, Industrial safety Act and worker's Compensation Act are helpful in the preventions of different Industrial hazards leading to injury and occupational diseases. Prevention is better than cure."

14.2 Evolution of Social Security

The evolution of social security is divided into two period:

1. Pre-independence period
2. Post-independence period

1.Pre-independence period-

In 1877 first labour unrest took place at "Empress Mills Nagpur" for improving their wages. In 1890 first Trade Union Bombay Mill Hands association was formed under the leadership of N.M. Lokhande.In 1885 the first Fatal accident Act was passed. In spite of these workers were living under very poor inhumane conditions. There were no provisions of any measures for social security before 1920.

In 1920 International Labor Organization gave a boost to labor welfare and social security schemes. In the convention of 1929 of ILO the workers social security schemes. In the convention of 1929 of ILO the workers social security was considered as of high importance. Then there came the appointment of strong recommendations on labor welfare and social security.

After the first world war, due to Indian National movement. British Government started thinking about the employees and accordingly

- (i) Workmen's compensation Act, 1923
- (ii) The payment of wages Act' 1936
- (iii) Minimum wages Payment Act
- (iv) Maternity Benefits Act were passed from time to time

Mr.B.R. Ambedkar was appointed as a 'labour member of the victory's council" after second world war.

Health Insurance Scheme

In 1937 a contributory Health Insurance scheme was formulated.

At the same time , the Bombay Textile enquiry Committee also recommended the formulation of health Insurance Scheme in which the (i) employer (ii) Employee and (iii) The state Government contributed towards the fund.

Sickness Benefit Fund

In 1940 during the first Labour Minister's conference the need for sickness Benefit fund was felt. In 1943 Indian Government appointed a commission under the chairmanship of B.R. Ambedkar and its report was submitted in 1944.

Industrial Disputes Act

In 1947, the Industrial dispute Act was enacted with the main objective was to make provisions for the investigation and settlement of industrial disputes.

2.Post-independence period:

In 1947= India got Independence and Indian Government intensified the labor welfare and social security measures.

In 1948= Employees state Insurance was duly modified and that was beginning of the era of Social Insurance of Indian labor.

Factories Act, 1948

In 1948 Indian government made certain important amendments in existing Indian factories Act 1934 and came with an entirely new nomenclature " The Factory Act 1948" with a main purpose of regulating conditions of work in manufacturing establishment for ensuring adequate health, welfare measures, hours of work and leave with wages.

Employee's Provident Fund

In 1952 Government enacted Employee's Provident fund and miscellaneous provision act with a main objective of providing substantial measures of financial security and timely monetary assistance to industrial works and their families.



Did you know?

Which groups need Social Security benefits the most?

Answer:

- Person with disabilities
- Old Age People

Think upon

Does Social Security a new concept or emerged from some groundwork of society?

Answer:

- Concept is not new.
- "Free Grain to Poor" in Roman Empire- oldest form of security.
- Social security is as old as society itself.
- Its forms have been changing according to the needs and level of social consciousness of the people.

- The family was the first line of defense and it constituted the original cell of security.

14.3 Employee Welfare

Meaning of Welfare

Welfare relates to taking care of the well-being of workers by employers, trade unions, governmental and non-governmental organizations. It refers to the betterment for employees.

Meaning of Employee Welfare

Employee welfare defines as "efforts to make life worth living for workmen". These efforts have their origin either in some statute formed by the state or in some local custom or in collective agreement or in the employer's own initiative. Welfare measures may also be provided by the government, trade unions and non-government agencies in addition to the employer.

Definition

According to Todd "employee welfare means anything done for the comfort and improvement, intellectual or social, of the employees over and above the wages paid which is not a necessity of the industry."

Features of Employee Welfare

To get better understanding about the concept of Employee Welfare, there is a need to discuss the characteristics of employee welfare. Few are as under:

1. Labor welfare includes various facilities, services and amenities provided to workers for improving their health, efficiency, economic betterment, and social status.
2. Welfare measures are in addition to regular wages and other economic benefits available to workers due to legal provisions and collective bargaining.
3. Labor welfare measures are flexible and ever-changing. New welfare measures are added to the existing ones from time to time.
4. Welfare measures may be introduced by the employers, government, employees or by any social or charitable agency.
5. The purpose of labor welfare is to bring about the development of the whole personality of the worker to make him a good worker and a good citizen.

Objectives of Employee Welfare

The few objectives of employee welfare to discuss are as under:

1.To increase the standard of living of the Working class:

The labourer is more prone to exploitation from the capitalists if there is no standardized way of looking after their welfare.

2.To reduce the labor problems in the organization:

There are various problems affecting the workers, problems like absenteeism, turnover ratio, indebtedness, alcoholism, etc., which make the laborer further weak both physically and psychologically. Labor Welfare looks forward to helping the laborer to overcome these problems.

3.To recognize human values:

Every person has his own personality and needs to be recognized and developed. It is in the hands of the management to shape them and help them grow. The management employs various methods to recognize each one's worth as an individual and as an asset to the organization.

4.Labor Welfare helps to foster a sense of responsibility in the industry:

A person works both in a group and as an individual.

If the person is given responsibility, he will act better or else he will be only a slave to the direction of the superiors and will not show any initiative to prove his worth.

5. Labor Welfare improves industrial relations and reduces industrial disputes:

Industrial dispute in any industry is a sign of unsatisfied employees. Labour Welfare measures act as a preventive tool to most of these disputes.

6. To retain the employees:

There should be fixed policies: This calls in to prepare the policies, to conduct different training programmes, to have various motivational schemes, to create interest in the job. The employees who feel secure in an organization, backed by fixed welfare policies have less chance of looking for a job elsewhere.

7. To show up their positive mind in the work:

Positive mind refers to the development of one's attitudes. This is to change the negative attitude into positive.

8. To influence over other employees:

This means Labour Welfare helps to change one's personality – presentation skills, communication skills, inter-personal relationships, etc. This is best achieved when their morale is kept high by the different welfare schemes.

9. To increase the bargaining power of the employees:

Bargaining means to systematically extract something from the opponent. The better bargaining power, the better influence on the opponent. Labour welfare measures like formation of works committee, worker's participation, Trade Union, etc., will surely help them to have better bargaining power.

Types of Employee Welfare

There are two types of employee welfare: Statutory and Non-statutory.

Statutory Schemes

- 1. Drinking Water:** At all the working places safe hygienic drinking water should be provided.
- 2. Facilities for sitting:** In every organization, especially factories, suitable seating arrangements are to be provided.
- 3. First aid appliances:** First aid appliances are to be provided and should be readily assessable so that in case of any minor accident initial medication can be provided to the needed employee.
- 4. Latrines and Urinals:** A sufficient number of latrines and urinals are to be provided in the office and factory premises and are also to be maintained in a neat and clean condition.
- 5. Canteen facilities:** Cafeteria or canteens are to be provided by the employer so as to provide hygienic and nutritious food to the employees.
- 6. Spittoons:** In every workplace, such as warehouses, store places, in the dock area and office premises spittoons are to be provided in convenient places and same are to be maintained in a hygienic condition.
- 7. Lighting:** Proper and sufficient lights are to be provided for employees so that they can work safely during the night shifts.
- 8. Washing places:** Adequate washing places such as bathrooms, wash basins with tap and tap on the standpipe are provided in the port area in the vicinity of the workplaces.
- 9. Changing rooms:** Adequate changing rooms are to be provided for workers to change their cloth in the factory area and office premises. Adequate lockers are also provided to the workers to keep their clothes and belongings.
- 10. Rest Rooms:** Adequate numbers of restrooms are provided to the workers with provisions of water supply, wash basins, toilets, bathrooms, etc.

Non-Statutory Schemes**1.Flexi-time:**

The main objective of the flexitime policy is to provide opportunity to employees to work with flexible working schedules. Flexible work schedules are initiated by employees and approved by management to meet business commitments while supporting employee personal life needs.

2. Employee Assistance Programs:

Various assistant programs are arranged like external counselling service so that employees or members of their immediate family can get counselling on various matters.

3.Harassment policy:

To protect an employee from harassments of any kind, guidelines are provided for proper action and also for protecting the aggrieved employee.

4. Maternity & Adoption Leave:

To protect an employee from harassments of any kind, guidelines are provided for proper action and also for protecting the aggrieved employee.

5.Medi-claim Insurance Scheme:

This insurance scheme provides adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy.

6.Employee Referral Scheme:

In several companies' employee referral scheme is implemented to encourage employees to refer friends and relatives for employment in the organization.

Employee Welfare Agencies**1.Central Government:**

The central government has made elaborate provisions for the health, safety and welfare under Factories Act 1948, and Mines Act 1952. These acts provide for canteens, crèches, rest rooms, shelters etc.

2.State Government:

Government in different states and Union Territories provide welfare facilities to workers.State government prescribes rules for the welfare of the workers and ensures compliance with the provisions under various labor laws.

3.Employers:

Employers in India in general looked upon welfare work as fruitless and barren though some of them indeed had done pioneering work

4.Trade unions:

In India, trade unions have done little for the welfare of workers. But few sound and strong unions have been the pioneering in this respect.E.g. The Ahmedabad textiles labor association and the Mazdoor Sabha, Kanpur

Who is Labor Welfare Officer?

In every factory wherein 500 or more workers are ordinarily employed, the employer shall employ in the factory such number of welfare officers as may be prescribed under Sec. 49(1) of Factories Act,1948.

The State government may prescribe the duties, qualifications, and conditions of service of such officers.

Duties & Responsibilities of Welfare Officer**1.Advisory:**

He can advise and suggest the formulation of company labor policies; promote training programmes, promote welfare schemes; secure housing, recreational and educational facilities for workers, etc.

2. Service oriented:

He can offer help to workers in solving family and personal problems, in adjusting to work environment, in understanding their rights and privileges, in forwarding application for leave, etc. He can offer help to management by making workers understand various problems.

3. Supervisory:

He can supervise, inspect and regulate welfare, health and safety programmes, working of joint committees and paid vacations.

4. Functional:

He can oversee the implementation of labour laws for the benefit of workers.

5. Policing:

He can forward workers' grievances to management, can influence industrial relations climate when disputes arise, can restrain workers and management from resorting to illegal strikes and lockouts.

6. Mediation:

He can mediate and build harmony between labor and management, secure speedy redressal of workers' grievances, settle disputes through persuasive efforts, maintain a neutral stance during strikes and lockouts and thereby help in resolving troubling issues peacefully.

14.4 The Factories Act, 1948

Washing facilities to male and female workers separately. Facilities for storing and drying clothes. Facilities for occasional rest for workers who work in a standing position for long hours. First aid boxes or cupboards – one for every 150 workers and the ambulance facility if there are more than 500 workers. Canteens, where there are more than 250 workers. Shelters, restrooms and lunchrooms where over 150 workers are employed. Creche, if 30 or more workers are employed. Welfare officer, if 500 or more workers are employed.

14.5 The Plantation Labor Act, 1951

A canteen if 150 or more workers are employed. Creche if 50 or more women workers are employed. Recreational facilities for workers and their children. Educational arrangements in the estate if there are 25 or more children of workers, between the age of 6 and 12.

Housing facilities for every worker and his family residing in the estate. Medical aid to workers and their families; sickness and maternity allowance. Providing umbrellas, blankets, raincoats to workers as a protection against rain or cold - as prescribed by the State government. Welfare officer, if 300 or more workers are employed.

14.6 The Mines Act, 1951

Shelters for taking food and rest if 50 or more workers are employed. First aid boxes and first-aid rooms if 150 or more workers are employed. A canteen if employing 250 or more worker. A creche if employing 50 or more females. Pit-head baths equipped with showers, sanitary latrines. Welfare officer if 500 or more workers are employed.

14.7 Contemporary Issues in Human Resource Management

Let us discuss the contemporary issues in human resource management one-by-one.

1. Green HRM:

Human Resource Management

Green Human Resources Management (GHRM) can be defined as a set of policies, practices, and systems that stimulate the green behavior of a company's employees in order to create an environmentally sensitive, resource-efficient, and socially responsible organization.

Practices of Green HRM:

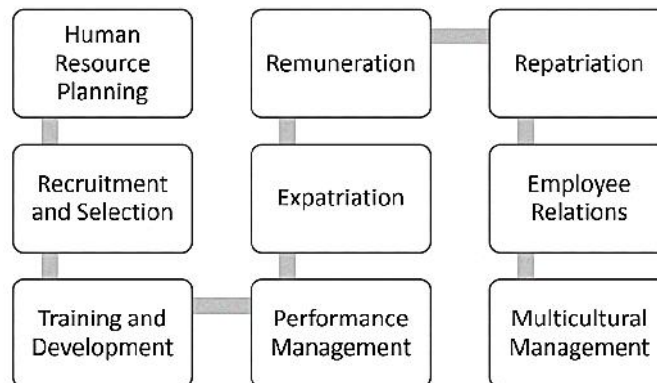
The different practices of Green HRM are:

- A. Green Human Resources Management – Recruitment & Job Design
- B. Green Human Resources Management – Selection Methods
- C. Green Human Resources Management – HR Operations and the On boarding Process
- D. Green Human Resources Management – Performance Management (PM)
- E. Green Human Resources Management – Ways of Going Green
- F. Green Human Resources Management – Leaving the company
- G. Green Human Resources Management – Learning and Development
- H. Green Human Resources Management – Compensation and Benefits (Compensation& Benefit)

2.International HRM:

International Human Resource Management is the process of procuring, allocating and effectively utilizing human resources in an international business.

Steps in IHRM



3.Strategic HRM

Strategic Human Resource Management is concerned with the relationship between an organization's strategic management and the management of its human resources. Strategic management focuses on the scope and direction of an organization, and often involves dealing with uncertainty and complexity.

Difference between HRM and SHRM

Point of distinction	Traditional HR	Strategic HR
Focus	Employee Relations	Partnerships with internal and external customers
Role of HR	Transactional change follower and respondent	Transformational change leader and initiator.
Initiatives	Slow, reactive, fragmented	Fast, proactive and integrated
Time horizon	Short-term	Short, medium and long (as required)
Control	Bureaucratic-roles, policies, procedures	Organic-flexible, whatever is necessary to succeed
Job design	Tight division of labor; independence, specialization	Broad, flexible, cross-training teams
Key investments	Capital, products	People, knowledge
Accountability	Cost centre	Investment centre
Responsibility for HR	Staff specialists	Line managers

4. Multi-generational challenges in Workplace:

Population changes will have a mounting impact on many aspects of employment and HR practices. These changes include the aging workforce, different generations working together, the nature of family and parental roles, and increased cultural diversity.

5. Technological Advances and Workplace:

New tools, such as talent networks, crowdsourcing, and internal social networks, hold the promise of increased flexibility and productivity. But their use in supporting a virtual workforce will continue to make employee management and team building challenging.

6. Ethics:

Paying keen attention to business ethics and values is important to any manager's job. With the recent changes in workplace culture, strategies and organizational structure, it has become more imperative to have values and ethic in place which will decides organizational sustainability in global market for a longer period.

The HR department is bound to deal with an array of ethical issues or challenges as this unit directly deals with employees of a company. HR department encounters many ethical hazards that may damage the reputation of a company as well as its financial sustainability in a long run.

7. Glass Ceiling:

The unseen and unofficial barrier that keeps minorities and women from rising to the upper rungs of the corporate ladder, regardless of their qualifications or achievements.

8. Leadership Development:

As one of the biggest challenges for human resource management, leadership development needs to be a critical strategic initiative. HR professionals are faced with being expected to provide the essential structures, processes, tools, and points of view to make the best selection and develop the future leaders of the organization

9. Managing Change:

New trends and changes have occurred in telecommunicating, outsourcing HRM practices, family medical leave, childcare, QWL programs, spouse-relocation assistance, pay for skills, benefit cost-sharing, union management negotiations, testing, and many other HRM areas of interest. Change management represents a particular challenge for HRM. An intensified focus on training may be needed to develop added competencies to deal with change management.

Case Study: Changes, Changes

Human Resource Management

Jennifer, the owner, and manager of a company with ten employees, has hired you to take over the HRM function so she can focus on other areas of her business.

During your first two weeks, you find out that the company has been greatly affected by the up economy and is expected to experience overall revenue growth by 10 percent over the next three years, with some quarters seeing growth as high as 30 percent. However, five of the ten workers are expected to retire within three years. These workers have been with the organization since the beginning and provide a unique historical perspective of the company. The other five workers are of diverse ages.

In addition to these changes, Jennifer believes they may be able to save costs by allowing employees to telecommute one to two days per week. She has some concerns about productivity if she allows employees to work from home. Despite these concerns, Jennifer has even considered closing down the physical office and making her company a virtual organization, but she wonders how such a major change will affect the ability to communicate and worker motivation.

Jennifer shares with you her thoughts about the costs of health care on the organization. She has considered cutting benefits entirely and having her employees work for her on a contract basis, instead of being full-time employees. She isn't sure if this would be a good choice.

Jennifer schedules a meeting with you to discuss some of her thoughts. To prepare for the meeting, you perform research so you can impress your new boss with recommendations on the challenges presented.

Case Questions:

1. Point out which changes are occurring in the business that affect HRM.
2. What are some considerations the company and HR should be aware of when making changes related to this case study?

Summary

Welfare relates to taking care of the well-being of workers by employers, trade unions, governmental and non-governmental organizations.

Social security is the protection which society provides for its members through a series of public measures against the economic and social distress resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death.

Strategic Human Resource Management is concerned with the relationship between an organization's strategic management and the management of its human resources.

Green Human Resources Management (GHRM) can be defined as a set of policies, practices, and systems that stimulate the green behavior of a company's employees in order to create an environmentally sensitive, resource-efficient, and socially responsible organization.

Keywords

Social Security, Social Assistance, Employee Welfare, Labour Welfare Officer, Social Insurance.

Self Assessment

1. Social assistance is the obligation of the community or the Government.
 - A. True
 - B. False

2. In the convention of _____ of ILO the workers social security was considered as of high importance.
 - A. 1938
 - B. 1929

- C. 1920
D. 1930
3. _____ approach means reemployment and providing self-confidence through cure of sick/injured employees.
- A. Restoration
B. Prevention
C. Compensation
D. All of the above
4. What comes under common standard of Social Security?
- A. Government Sponsorship
B. Contributory Finance
C. Benefits Prescribed in Law
D. All of the above
5. ILO has divided scope of social security in _____ components.
- A. Two
B. Three
C. Five
D. Nine
6. As per Factories Act-1948, First aid boxes or cupboards is required one for every _____ workers and the ambulance facility if there are more than _____ workers.
- A. 150 and 500
B. 100 and 450
C. 200 and 350
D. None of the above
7. Which is not a responsibility of Welfare Officer?
- A. Advisory
B. Supervisory
C. Strategic thinker
D. Policing
8. What comes under statutory welfare scheme?
- A. Drinking Water
B. Flexi-time
C. Employee Assistance Programs
D. Harassment policy
9. What comes under non-statutory welfare scheme?
- A. First-aid appliances

- B. Latrines and Urinals
 - C. Spittoons
 - D. Employee referral scheme
10. _____ means anything done for the comfort and improvement, intellectual or social, of the employees over and above the wages paid which is not a necessity of the industry.
- A. Employee Welfare
 - B. Employee Well-being
 - C. Industrial Relation
 - D. All of the above
11. _____ can be defined as a set of policies, practices, and systems that stimulate the green behavior of a company's employees in order to create an environmentally sensitive, resource-efficient, and socially responsible organization.
- A. International HRM
 - B. Green HRM
 - C. Strategic HRM
 - D. Glass Ceiling
12. International Human Resource Management includes _____
- A. Procuring
 - B. Allocating
 - C. Effectiveness
 - D. All of the above
13. What cannot be considered as the reason for growing interest in IHRM?
- A. Effective HRM
 - B. Direct cost of performance
 - C. Globalization of business
 - D. Movement to network organization
14. The unseen and unofficial barrier that keeps minorities and women from rising to the upper rungs of the corporate ladder, regardless of their qualifications or achievements is known as _____
- A. International HRM
 - B. Green HRM
 - C. Strategic HRM
 - D. Glass Ceiling
15. The role of HR in SHRM is transformational in nature.
- A. True
 - B. False

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. A | 2. B | 3. A | 4. D | 5. D |
| 6. A | 7. C | 8. A | 9. D | 10. A |
| 11. B | 12. D | 13. B | 14. D | 15. A |

Review Questions

1. What are the contemporary issues in Human resource management?
2. Discuss the objectives of Employee Welfare.
3. Differentiate between HRM and SHRM.
4. What do you mean by Social Security? What are the common standards of social security?
5. Discuss the different approaches of Social Security.
6. Who is Labor Welfare Officer? What are the functions of labor officer?

**Further Readings**

- Aswathapa, K. (2008) 5th ed. Human Resource Management, Tata McGraw Hill.
- Dipak Kumar Bhattacharyya, Human Resource Management, Excel Books.
- French, W.L. (1990), Human Resource Manangement, 4th ed., Houghton Mifflin, Boston.
- H.J. Bernardin, Human Resource Management, Tata McGraw Hill, New Delhi, 2004.
- Ivancevich, JM (2008), Human Resource Management, Tata McGraw Hill.
- Madhurima Lall and Sakina Qasim Zaidi, Human Resource Management, Excel Books.
- PL Rao, Comprehensive HRM, Excel Books.
- Rao P.S. (2008), Essentials of Human Resource Management and Industrial Relations, Text Cases and Games, Himalaya Publication

LOVELY PROFESSIONAL UNIVERSITY

Jalandhar-Delhi G.T. Road (NH-1)

Phagwara, Punjab (India)-144411

For Enquiry: +91-1824-521360

Fax.: +91-1824-506111

Email: odl@lpu.co.in