

Organizational Behaviour And Human Resource Dynamics

DEMGN581

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Unit 01: Organizational Behaviour & Foundations of Individual Behaviour

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Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

- understand concept of organizational behavior
- examine the relationship between Management and Organization Behavior.
- learn the linkage of OB models with organization settings.
- identify the different disciplines contributing to OB.
- analyse the existence of varied value system.
- identify their own set of values.
- understand the concept of Attitude.
- explore significant workplace attitudes in organization.
- understand the concept of job satisfaction.
- identify the effect of satisfied employees on organization.
- understand the concept of learning.

- recognize the different theories of learning.
- apply learning theories for behavior modification

Introduction

Let me start the introduction with one question which I want you to think upon before moving with concept. Can you think of while using your technical skills what else will help you to get adjusted and succeed in job?

The reply which you can think for the question will be Organizational Behaviour Skills.

All of us aim to succeed in our lives in general and careers in specific. All the efforts of a manager to win and be cost effective for your organisation boil down to one critical truth: Your success rests on the success of your individual contributors.

Individual behaviour is the ability of an individual to react and interact with others in general or while performing a particular task. It is determined by not just a measure of his practical knowledge or skills in a functional area such as human relations, marketing, or information and communications technologies; but also, a reflection of personal experiences, qualities, aptitudes and attitudes.

1.1 What is Organizational Behaviour?

Organizational Behavior is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations for the purpose of applying such knowledge toward improving an organization's effectiveness.

In Simple terms,

- OB studies the behavior, attitudes and performance of people in organizations.
- This field puts the lens of analysis on how employees' work contributes to or detracts from the effectiveness and productivity of the organization.



For Example: Flipkart

The firm maintains good employee relationships by offering generous benefits:

- i. Personalized perks
- ii. Help during (personal) emergencies
- iii. Employee assistance programs
- iv. Wellness benefits
- v. Extensive training
- vi. Positive work environment
- vii. Work-life balance



Did you know?

Have you ever heard in any company about the position "ORGANIZATIONAL BEHAVIOR MANAGER"?

Answer must be NO because Organization Behavior is a set of tools that all managers can use to carry out their jobs more effectively.

Definitions of Organizational Behavior

1. Stephen P. Robbins: "Organization Behavior is a field of study that investigates the impact that individuals, groups and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness."
2. Moorhead/Griffin: "Organization behavior is the study of human behavior in organizational settings that interface between human behavior and the organization and the organization itself."



Case Study: Some things never really change

A powerful, charismatic leader is having problems. A well-known consultant is called in to help. The consultant notices that the leader tries to handle all problems and conflicts of his people himself. People queue up before his office; because he is overwhelmed, he cannot handle all the business. So, the consultant has a private talk with the leader and tells him to structure his organization by delegating authority, empowering subordinates to handle the workload. These subordinates should be selected not only on their leadership abilities, but also on their character: They should be truthful, not driven by material gain. The new structure should resolve all daily issues at the lowest possible level; only the big and difficult issues should be brought before the leader. Leader should focus on strategy – on dealing with the higher authority, on establishing new approaches and teaching these to the people, on showing them the way to go and the work to be done.

What this consultant has done?

Outcome of case: The case states that the leader listens to the consultant and carries out the reorganization by understanding employees' behavioural part.

1.2 Relation between Management and Organizational Behaviour

Organizational Behaviour is concerned with describing and explaining organizational phenomena while Management is a set of applied problem-solving skills that can be deployed to sustain, protect or improve the firm's competitive advantage.

Why Managers need Organizational Behaviour?

1. OB attempts to explain human behavior in organizations.
2. And address problems that managers face on a regular basis.

Like,

- motivation of subordinates,
- effectively charting the firm's strategic direction,
- delivering superior customer service,
- coaching and integrating the work of self-managed teams, and creating reward systems that recognize individual.

So, Organizational Behaviour contributes knowledge in critical areas important to any manager.



Did you know?

What will manager get due to strong foundation of Organizational Behaviour concept?

Solution:

- Managers understand the organizational impacts of individual and group behaviors.
- Managers are more effective in motivating their subordinates.
- Relationships are better between management and employees.

- Managers are able to predict and control employee behavior.
- The organization is able to make optimally efficient use of human resources.

Why managers care about Organizational Behaviour?

As managers begin to study organizational behaviour, they will be struck by the fact that they can apply what they have learned immediately to the problems they encounter at work. Managers will be gaining a broad view of organizational behaviour disciplines, and they will also find different ways they can alter their management philosophy to reflect the knowledge newly found in the study of organizational behaviour. The more the knowledge about organizational behaviour grows; the more managers will become skilled in understanding and analysing the behavioural implications of the problems facing their organization.



Example:

a) Sales Manager

My sales staff is constantly making errors in quoting prices and delivering service. How can I get them to be more customer focused?

b) Marketing Manager

My employees refuse to work with the fellows from production. They believe production managers are only interested in output quotas and inventory control. Their poor customer orientation is causing us severe problems in our product warranties.

How can I solve this issue?

Answer is Organizational Behaviour concept

1.3 Different disciplines contributing to Organizational behaviour

1. Psychology:

Psychology is the science of human behavior and dates back to the closing decades of the nineteenth century. Psychology traces its origins to philosophy and the science of physiology. It is the science that seeks to measure, explain and, sometimes, change the behavior of humans. Psychologists concern themselves with studying and attempting to understand individual behavior.

2. Sociology:

Sociology, the science of society, has made important contributions to knowledge about group and inter group dynamics in the study of organizational behavior. Because sociology takes the society rather than the individual as a point of departure, the sociologist is concerned with the variety of roles within a society or culture, the norms and standards of behavior that emerge within societies and groups, and the examination of the consequences of compliant and deviant behavior within social groups.

3. Social Psychology:

Social psychology is a branch of psychology which borrows concepts from psychology and sociology and focuses on the influence of people on one another. Social psychologists have made significant contributions in the area of measuring, understanding and changing attitudes; communication patterns; the way in which group activities can satisfy individual needs, and group decision making processes

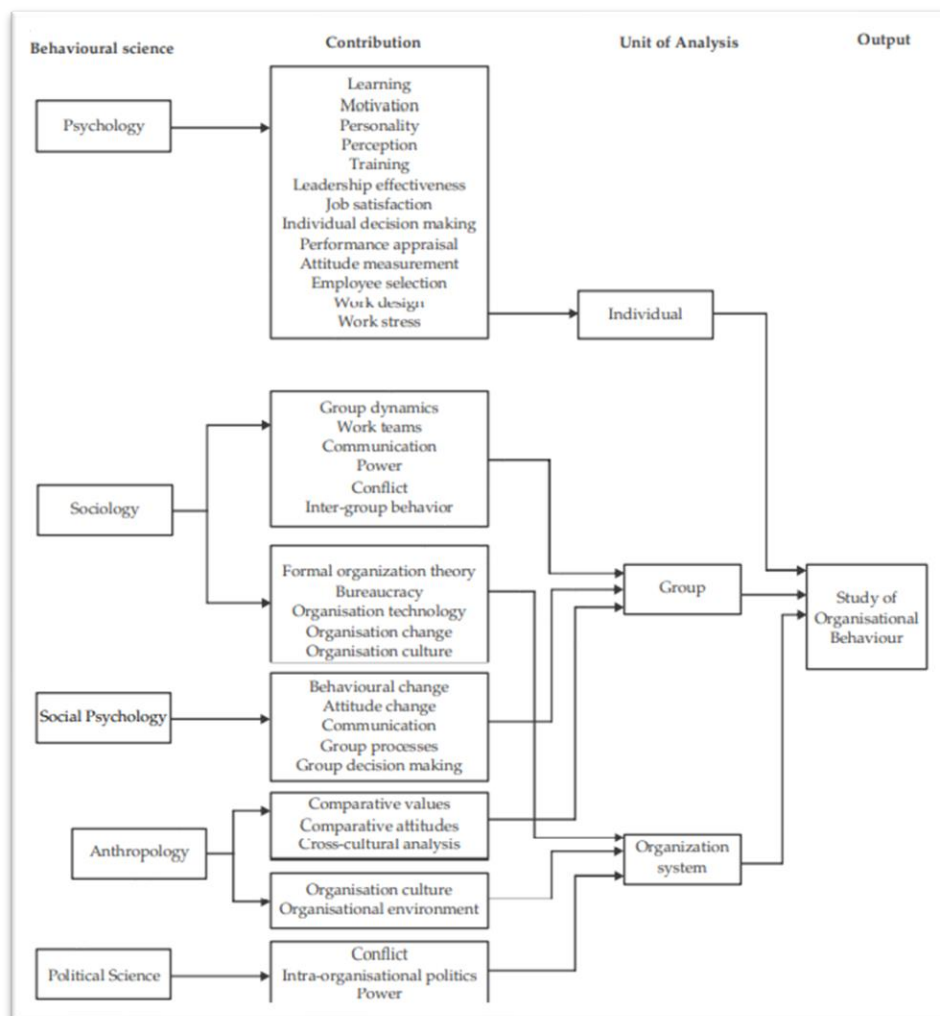
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4. Anthropology:

It is the science of human learned behavior and is especially important to understand organizational culture. Anthropologists study societies to learn about human beings and their activities. Their work on cultures and environments has helped us understand the differences in fundamental values, attitudes, and behavior between people in different countries and within different organizations.

5. Political Science:

Political scientists study the behavior of individuals and groups within a political environment. Political scientists have become increasingly aware that organizations are political entities and if we are able to accurately explain and predict the behavior of people in organizations, we need to bring a political perspective to our analysis. The contributions of political scientists are significant to the understanding of behavior in organizations.



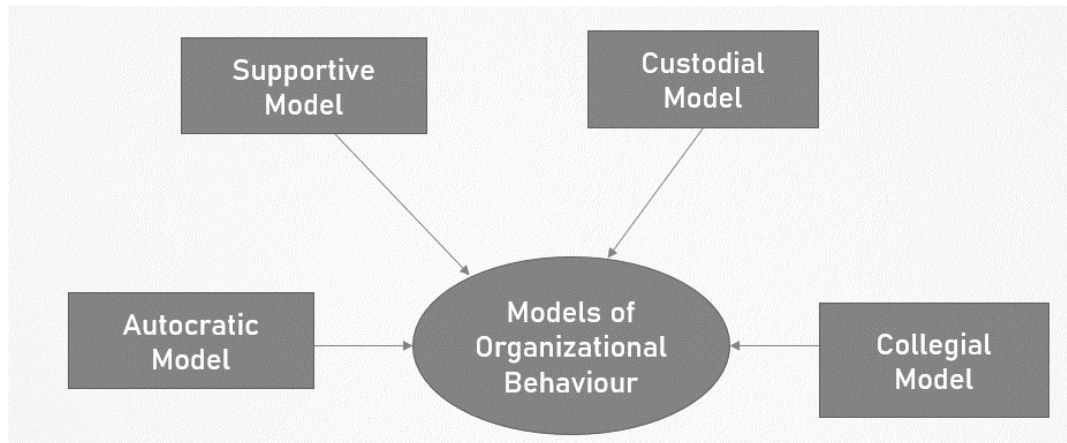
Task: Jane Arnold wants to be a manager. She enjoyed her accounting, finance, and marketing courses. Each of these provided her with some clear-cut answers. Now the professor in her Organizational Behavior Course is telling her that there are really very few clear-cut answers when it comes to managing people. The professor has discussed some of the emerging challenges and the historical background and ways that behavioral science concepts play a big role in the course. Jane is very perplexed. She came to school to get answers on how to be an effective manager. But this course surely doesn't seem to be heading in that direction.

Why did the professor start off with a brief overview of emerging challenges?

Answer:

Organizational Behavior has emerged from the different fields. It is very difficult to get the clear cut solutions for the problems faced by employees in any organization.

1.4 Organizational Behavior Model



1. *Autocratic Model:*

Autocratic model is the model that depends upon strength, power and formal authority. In an autocratic organization, the people (management/owners) who manage the tasks in an organization have formal authority for controlling the employees who work under them. These lower-level employees have little control over the work function. Their ideas and innovations are not generally welcomed, as the key decisions are made at the top management level.

2. *Custodial Model:*

The custodial model is based around the concept of providing economic security for employees – through wages and other benefits – that will create employee loyalty and motivation. The underlying theory for the organization is that they will have a greater skilled workforce, more motivated employees, and have a competitive advantage through employee knowledge and expertise.

3. *Supportive Model:*

The supportive model is focused around aspiring leadership. It is not based upon control and authority (the autocratic model) or upon incentives (the custodial model), but instead tries to motivate staff through the manager-employee relationship and how employees are treated on a day-to-day basis.

4. *Collegial Model:*

The collegial model is based around teamwork – everybody working as colleagues. The overall environment and corporate culture need to be aligned to this model, where everybody is actively participating – is not about status and job titles – everybody is encouraged to work together to build a better organization.

The collegial model is quite effective in organizations that need to find new approaches – marketing teams, research and development, technology/software – indeed anywhere the competitive landscape is constantly changing and ideas and innovation are key competitive success factors.

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Tabular Representation

| TYPE | AUTOCRATIC | CUSTODIAL | SUPPORTIVE | COLLEGIAL |
|-------------------------------|--------------------|----------------------------|------------------------|---------------------|
| Basis of Model | Power | Economic Resources | Leadership | Partnership |
| Managerial-Orientation | Authority | Money | Support | Teamwork |
| Employee Psychological result | Dependence on boss | Dependence on Organization | Participation | Self discipline |
| Employee needs met | Subsistence | Security | Status and recognition | Self-actualization |
| Performance result | Minimum | Passive cooperation | Awakened drives | Moderate Enthusiasm |

Interpretation of different models

- (i) As soon as the understanding of human behavior develops or social conditions change, the model is bound to change. No one model is best for all times.
- (ii) Models of organizational behavior are related to hierarchy of human needs. As society advances on the need hierarchy, new models are developed to serve the higher order needs that is paramount at that time.
- (iii) Present tendency towards more democratic models of organizational behavior will continue to develop for long run.
- (iv) Different models will remain in use though new model predominates as most appropriate for general use at any given time as task conditions differ from time to time and organization to organization.

1.5 What do you mean by Values?

Values represent basic conventions that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.

So, VALUE is a judgmental element of what is RIGHT, GOOD or DESIRABLE. A value is something that we think is very important and worthwhile.

Is capital punishment right or wrong? How about racial quotas in hiring – are they right or wrong? If a person likes power, is that good or bad? The answers to these questions are value laden. Some might argue, for example, that capital punishment is right because it is an appropriate retribution for crimes like murder and treason. However, others might argue, just as strongly, that no government has the right to take anyone's life.

Definition of Values

According to M. Haralambos, "A value is a belief that something is good and desirable".

According to R.K. Mukherjee, "Values are socially approved desires and goals that are internalized through the process of conditioning, learning or socialization and that become subjective preferences, standards, and aspirations".

According to Zalesnik and David, "Values are the ideas in the mind of men compared to norms in that they specify how people should behave. Values also attach degrees of goodness to activities and relationships"



Did you know?

Do any of these apply to you?

1. To be popular
2. To have lots of money
3. To have lots of friends
4. To be respected
5. To get good exam results
6. To have a nice car
7. To be good at sports
8. To be happy
9. To have a strong faith

Sources of Values

Value represents Individual's Standards, Individual's faith and Individual's Ideals.

There are two sources from where values come from: **Internal and External**. A significant portion is genetically determined. The rest is attributable to factors like national culture, parental dictates, teachers, friends, and similar environmental influences. A significant portion of the values we hold is established in our early years—from parents, teachers, friends, and others. Many of your early ideas of what is right and wrong were probably formulated from the views expressed by your parents.

As you grew up and were exposed to other value systems, you may have altered a number of your values.

Significance of Value System

Values are important to the study of organizational behavior because they lay the foundation for the understanding of attitudes and motivation and because they influence our perceptions. Individuals enter an organization with preconceived notions of what "ought" and what "ought not" to be. Of course, these notions are not value free. On the contrary, they contain interpretations of right and wrong. Furthermore, they imply that certain behaviors or outcomes are preferred over others. As a result, values cloud objectivity and rationality.

Values generally influence attitudes and behavior. 10 Suppose that you enter an organization with the view that allocating pay on the basis of performance is right, whereas allocating pay on the basis of seniority is wrong or inferior. How are you going to react if you find that the organization you have just joined rewards seniority and not performance? You're likely to be disappointed—and this can lead to job dissatisfaction and the decision not to exert a high level of effort since "it's probably not going to lead to more money, anyway." Would your attitudes and behavior be different if your values aligned with the organization's pay policies? Most likely.

Types of Values

Can we classify values? The answer is: Yes! In this section, we review two approaches to developing value typologies.

1. Terminal Values:

Desirable end-states of existence; the goals that a person would like to achieve during his or her lifetime. These are the goals that a person would like to achieve during his or her lifetime.



For Example: A comfortable life, An exciting life, A sense of accomplishment, Happiness, Freedom, Inner Harmony, A world of beauty, Self-respect, True friendship, Social recognition and A world at peace.

2. Instrumental Values:

Preferable modes of behavior or means of achieving one's terminal values.

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For Example: Ambitious, Broadminded, Capable, Cheerful, Clean, Courageous, Forgiving, Helpful, Honest, Loving, Obedient, Polite.

Generational Values

There are differences in value system in different generations and people having unique working style with respect to generation they belong.

1. Traditionalists or Silent Generation - 1945 and before
2. Baby Boomers - 1946-1964
3. Generation X - 1965-1976
4. Millennials or Gen Y - 1977-1995
5. Generation Z or iGen or Centennials - 1996-now

Let's discuss these one by one as under:

Traditionalists or Silent Generation - 1945 and before

Traditionalists value workplaces that are conservative, hierarchical and have a clear chain of command and top-down management.

Baby Boomers - 1946-1964

Baby Boomers value workplaces that have flat hierarchies, democratic cultures, humane values, equal opportunities, and warm and friendly environments.

Generation X - 1965-1976

Generation X values workplaces that are positive, fun, efficient, fast-paced, flexible, informal and have access to leadership and information.

Millennials or Gen Y - 1977-1995

Millennials value workplaces that are collaborative, achievement-oriented, highly creative, positive, diverse, fun, flexible and continuously providing feedback.

Generation Z or iGen or Centennials - 1996-now

Generation Z is motivated by security, may be more competitive, wants independence, will multi-task, is more entrepreneurial, wants to communicate face-to-face, is truly digital- native and wants to be catered to.



Task: Identify your own set of values by doing this exercise carefully.

Step 1: Determine your core values

| | | | |
|----------------|----------------|----------------------|-----------------|
| Abundance | Daring | Intuition | Preparedness |
| Acceptance | Decisiveness | Joy | Proactivity |
| Accountability | Dedication | Kindness | Professionalism |
| Achievement | Dependability | Knowledge | Punctuality |
| Advancement | Diversity | Leadership | Recognition |
| Adventure | Empathy | Learning | Relationships |
| Advocacy | Encouragement | Love | Reliability |
| Ambition | Enthusiasm | Loyalty | Resilience |
| Appreciation | Ethics | Making a Difference | Resourcefulness |
| Attractiveness | Excellence | Mindfulness | Responsibility |
| Autonomy | Expressiveness | Motivation | Responsiveness |
| Balance | Fairness | Optimism | Security |
| Being the Best | Family | Open-Mindedness | Self-Control |
| Benevolence | Friendships | Originality | Selflessness |
| Boldness | Flexibility | Passion | Simplicity |
| Brilliance | Freedom | Performance | Stability |
| Calmness | Fun | Personal Development | Success |
| Caring | Generosity | Proactive | Teamwork |
| Challenge | Grace | Professionalism | Thankfulness |
| Charity | Growth | Quality | Thoughtfulness |
| Cheerfulness | Flexibility | Recognition | Traditionalism |
| Cleverness | Happiness | Risk Taking | Trustworthiness |
| Community | Health | Safety | Understanding |
| Commitment | Honesty | Security | Uniqueness |
| Compassion | Humility | Service | Usefulness |
| Cooperation | Humor | Spirituality | Versatility |
| Collaboration | Inclusiveness | Stability | Vision |
| Consistency | Independence | Peace | Warmth |
| Contribution | Individuality | Perfection | Wealth |
| Creativity | Innovation | Playfulness | Well-Being |
| Credibility | Inspiration | Popularity | Wisdom |
| Curiosity | Intelligence | Power | Zeal |

Step 2: Group all similar values together from the list of values you just created

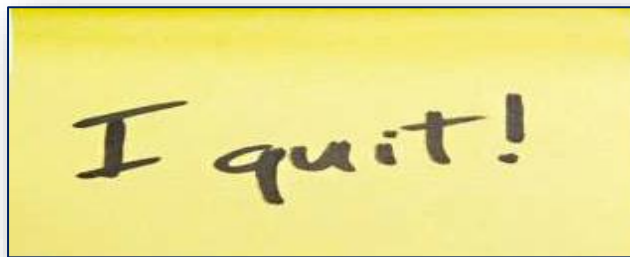
Step 3: Choose one word within each grouping that best represents the label for the entire group.

1.6 Concept of Attitude

Attitudes are individuals' general affective, cognitive and intentional responses toward objects, other people, themselves, or social issues. Attitudes are evaluative statements – either favourable or unfavourable – concerning objects, people or events. They reflect how one feels about something. As individuals, we respond favourably or unfavourably towards many things: co-workers, bosses, our own appearances, etc. The importance of attitudes lies in their link to behaviour. When an employee says, "I like my job", he or she is expressing his or her attitude about work



Example: What do you think about this image?



Characteristics of Attitude

Attitudes have following characteristics:

1. An attitude is the predisposition of the individual to evaluate some objects in a favorable or an unfavorable manner.
2. The most pervasive phenomenon is "attitude". People at work place have attitudes about lots of topics that are related to them. These attitudes are firmly embedded in a complex psychological structure of beliefs.
3. Attitudes are different from values. Values are the ideals, whereas attitudes are narrow, they are our feelings, thoughts and behavioral tendencies toward a specific object or situation.
4. Attitude is a predisposition to respond to a certain set of facts.
5. Attitudes are evaluative statements – either favorable or unfavorable concerning the objects, people or events.

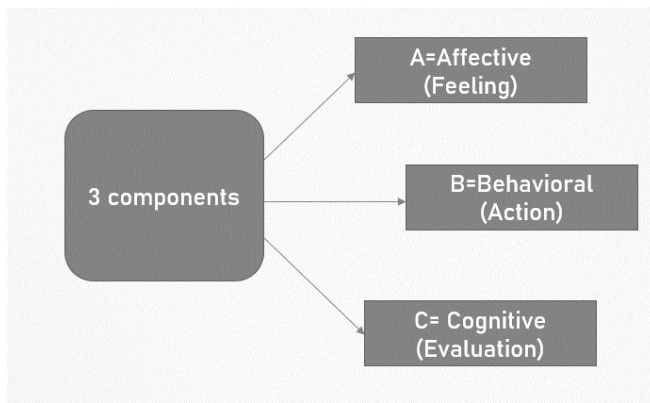
Model of Attitude

There are three components in the model of attitude: Affective, Behavioural and Cognitive. It is known as ABC model of Attitude.

1. Cognitive: The opinion or belief segment of an attitude
2. Behavioural: An intention to behave in a certain way toward someone or something.
3. Affective: The emotional or feeling segment of an attitude.



Task: Imagine and Think



Let us discuss with example: Attitude toward Supervisor

Negative Attitude toward Supervisor:

1. **Cognitive**- My supervisor gave a promotion to a coworker who deserved it less than me. My superior is unfair.
2. **Affective** - I dislike my supervisor!
3. **Behavioral**-I am looking for other work; I have complained about my supervisor to anyone who would listen.



Example: Apply ABC model to Sport

1. An athlete can show a positive attitude to sport by believing in the benefits of exercise (Cognitive)
2. By showing enthusiasm and enjoyment in games (affective)
3. By turning up to practice and taking a regular part in sport (behavioural)



Did you know?

How do you **FEEL** about people who talk on their cell phones in restaurants?

What do you **THINK** about people who talk on cell phones in restaurants?

How would you **INTEND** to respond to someone talking on a cell phone during dinner at a restaurant if this individual was sitting in close proximity to you and your guest?

1.7 Cognitive Dissonance Theory

Leon Festinger, in 1957, proposed the theory of cognitive dissonance. According to this theory, people want their beliefs to be consistent with one another and want their behaviors to be consistent with their beliefs. When people become aware of inconsistency among their beliefs or between their attitudes and their behavior, they experience “cognitive dissonance”, an unpleasant state of arousal that motivates them to re-establish consistency by changing one of their attitudes or by changing their behaviors. Thus, if a person behaves in a way that runs counter to his or her attitude, cognitive dissonance is created in that person. He or she then attempts to reduce the dissonance by changing either the attitude or the behavior.

Meaning of Cognitive Dissonance

Incompatibility between two or more attitudes or between behavior and attitudes. It refers to any incompatibility that an individual might perceive between two or more of his or her attitudes or between his or her behavior and attitudes.



Did you know?

Have you ever been accused of being a hypocrite – saying one thing and then behaving differently?

How can you reduce Cognitive Dissonance?

There are three ways to reduce the cognitive dissonance in any individual life. We will discuss all the ways in the coming paragraph but before that let us list those ways.

1. Change your attitude or behaviour or both.
2. Belittle the importance of the inconsistent behaviour.
3. Find consonant elements that outweigh dissonant ones.

These ways will get more clarity if discussed with a small case. So let's read a case first and then explain all points accordingly.

Suppose that Samantha has a positive attitude about helping others. One day her boss asks her if she would work on a special project for an important new client – and it must get done in two months. The project represents significant revenue, and her boss even promises a one-time bonus for successfully completing the project on time. Two of her peers have also come to her seeking help on their project. Samantha feels that she is best suited to help them, given her past experience, but she feels pressured given the demands of her new assignment. While Samantha has some flexibility in how she uses her time, she doesn't want to miss the project deadline.

Change your attitude or behaviour or both:

Samantha could either (a) tell herself that she can't help her peers because the special project is too important for the company or (b) schedule extra time each day or week to help her peers.

Belittle the importance of the inconsistent behavior:

Samantha could belittle (in the sense of "make small") the belief that she needs to help peers every time they ask for assistance.

Find consonant elements that outweigh dissonant ones:

Samantha could tell herself that she can't help because the company needs the revenue and she needs the bonus.

1.8 Workplace Attitude

Why is it important for management to pay attention to workplace attitudes? Because of mainly four reasons : Organizational commitment ,Employee engagement ,Perceived organizational support and Job satisfaction.

Organizational Commitment:

The degree to which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization.

Positive relation between Organizational Commitment and Job Productivity

- **Committed employees**-less engage in work withdrawal
- **Not committed employees**-less loyal to organization

Employee Engagement:

An Individual's involvement with, satisfaction with, and enthusiasm for the work he or she does.

- **Highly engaged employees**-passion for their work.
- **Disengaged employees**- Not attentive to their work.

Perceived Organizational Support:

Degree to which employees believe the organization values their contribution and cares about their well-being.

- ✓ Fair rewards
- ✓ Voice in decisions
- ✓ Supportive supervisors....

What Happen?

- When employees like their jobs
- When they dislike their jobs?

Job Satisfaction

| | | |
|---------|--------------|-------------|
| | Constructive | Destructive |
| Active | VOICE | EXIT |
| Passive | LOYALTY | NEGLECT |

1.9 Concept of Job Satisfaction

A positive feeling about a job resulting from an evaluation of its characteristics. Remember, a person's job is more than just the obvious activities of shuffling papers, waiting on customers, or driving a truck. Jobs require interaction with co-workers and bosses, following organizational rules and policies, meeting performance standards, living with working conditions that are often less than ideal, and the like.⁵⁷ This means that an employee's assessment of how satisfied or dissatisfied he or she is with his or her job is a complex summation of a number of discrete job elements.

What causes Job Satisfaction?**1. Mentally Challenging Work**

Employees tend to prefer jobs that give them opportunities to use their skills and abilities and offer a variety of tasks, freedom, and feedback on how well they are doing. These characteristics make work mentally challenging. Jobs that have too little challenge create boredom, but too much challenge creates frustration and feelings of failure. Under conditions of moderate challenge, most employees will experience pleasure and satisfaction.

2. Equitable Rewards

Employees want pay systems and promotion policies that they perceive as being just, unambiguous, and in line with their expectations. When pay is seen as fair based on job demands, individual skill level, and community pay standards, satisfaction is likely to result. Of course, not everyone seeks money. Many people willingly accept less money to work in a preferred location or in a less demanding job or to have greater discretion in the work they do and the hours they work. But the key in linking pay to satisfaction is not the absolute amount one is paid; rather, it is the perception of fairness. Similarly, employees seek fair promotion

policies and practices. Promotions provide opportunities for personal growth, more responsibilities, and increased social status.

3. Supportive Working Conditions

Employees are concerned with their work environment for both personal comfort and facilitating doing a good job. Studies demonstrate that employees prefer physical surroundings that are not dangerous or uncomfortable. Temperature, light, noise, and other environmental factors should not be at either extreme—for example, having too much heat or too little light. Additionally, most employees prefer working relatively close to home, in clean and relatively modern facilities, and with adequate tools and equipment.

How Management can boost job satisfaction?

Management can boost job satisfaction by understanding and meeting employees' needs; meet expectations of employees about what they will receive from the job; structure the job and its rewards to match employee values; monitor employees' perceptions of fairness and interact with them so they feel fairly treated and hire employees with an appropriate disposition.

| Model | How Management can boost Job Satisfaction |
|----------------------------------|--|
| Need Fulfilment | Understand and meet employees' needs |
| Met Expectations | Meet expectations of employees about what they will receive from the job. |
| Value Attainment | Structure the job and its rewards to match employee values |
| Equity | Monitor employees' perceptions of fairness and interact with them so they feel fairly treated. |
| Dispositional/Genetic Components | Hire employees with an appropriate disposition. |

Outcomes of Job Satisfaction

The outcomes of job satisfaction have been divided into two groups: Attitudinal Outcomes of Job Satisfaction and Behavioral Outcomes of Job satisfaction.

Attitudinal Outcomes of Job Satisfaction:

These outcomes include motivation, job involvement, withdrawal cognitions and perceived stress as major elements and having huge impact on employee productivity and performance level.

| | |
|-----------------------|--|
| Motivation | Employee motivation positively correlates to job satisfaction |
| Job Involvement | Managers can foster satisfying work environments to fuel employees' job involvement. |
| Withdrawal Cognitions | Withdrawal cognitions encapsulate this thought process by representing an individual's overall thoughts and feelings about quitting. |
| Perceived Stress | Managers should attempt to reduce the negative effects of stress by improving job satisfaction |

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Behavioral Outcomes of Job Satisfaction

These outcomes include Job performance, Counterproductive Work Behavior, Organizational Citizenship Behaviour and Turnover as major elements and having huge impact on employee productivity and performance level.

| Job performance | Satisfaction causes performance or performance causes satisfaction |
|--------------------------------------|---|
| Counterproductive Work Behaviour | Absence of satisfaction may be associated with some types of undesirable behavior |
| Organizational Citizenship Behaviour | Managers should foster the environment that promotes OCBs. |
| Turnover | Job satisfaction has a moderately strong, negative relationship with turnover. |



Case Study: Fatima, a middle level manager, consistently making her required benchmarks and goals. She has built successful relationships with colleagues and senior management has identified her as having “High Potential”. But she is not satisfied with her job.

Because, she is interested in understanding how her organization can use social media in marketing efforts at all levels of the organization. But her job does not allow her to work on this idea. As a result, she wants to quit and find something that better suits her passion.

BUT she has not opted to Quit.

What she did?

Fatima is a part of a movement toward job crafting, which is the process of deliberately reorganizing your job so that it better fits your motives, strengths and passions. She crafted her JOB.

How she crafted her job?

- She firstly reduced her team performance’s monitoring time.
- Started working on the creative projects that inspire her.
- She identified members on her team who might be able to help her implement new strategies.

As a result, her engagement in her work increased and she developed new ideas that were recognized within the organization.

What is the outcome of this case?

Proactive personality employees are more likely to seek workable solutions when they are not satisfied.

1.10 Concept of Learning

A relatively permanent change in behaviour acquired through experience. Learning helps to guide and direct motivated behaviour. Learning is both an emotional and an intellectual process.

There are two primary elements in the above sentences:

1. The change must be relatively permanent. This means that after “learning” our behavior must be different, either better or worse as compared to our behavior prior to this learning experience. For example, you “learn” to drive a car or have learned how to use a computer.

2. This change must occur due to some kind of experience or practice. This learning is not caused by biological maturation. For example, a child does not learn to walk, it is a natural biological phenomenon. We do not learn to eat or drink.

Definition

“Learning is any relatively permanent change in behaviour that occurs as a result of experience”.
Stephen P. Robbins

“Learning is the process of having one’s behaviour modified, more or less permanently, by what he does and the consequences of his action, or by what he observes”.

Munn N.L

Characteristics of Learning

Learning is:

- Producing a behavioral change in the learner
- Leading to a relatively permanent change that is also gradual
- Adaptable and Selective
- Resulting from practice, repetitions and experience
- Not directly observable



- Task: 1. Child in Grocery Shop with Mom
2. Do you wear belt or helmet while driving?

Theories of Learning

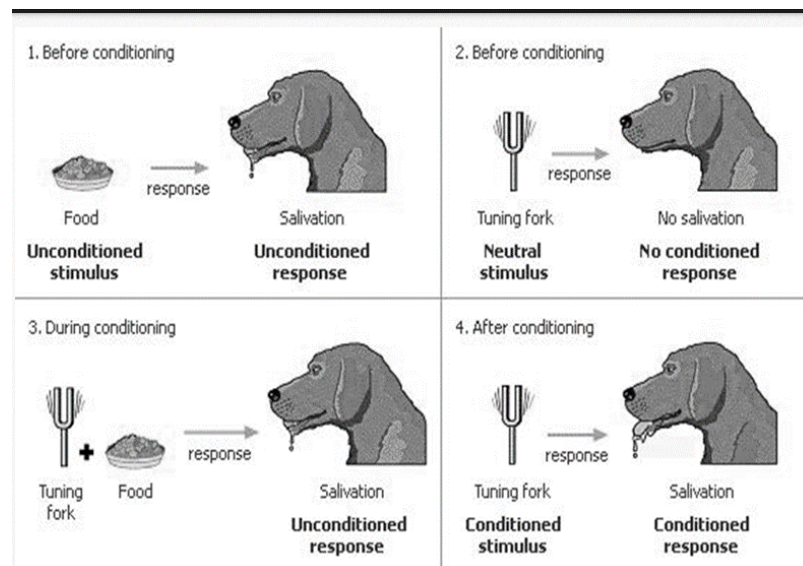
The most basic purpose of learning theory like any other is to better explain how learning occurs. Attempts have been made by the psychologists and behavioural scientists to develop theories of learning.

How do we learn?

Three theories have been offered to explain the process by which we acquire patterns of behaviour: 1. Classical conditioning theory; 2. Operant conditioning theory; 3. Social learning theory

1.11 Classical Conditioning Theory

Classical conditioning is one of the simplest forms of learning yet it has a powerful effect on our attitudes, likes and dislikes, and emotional responses. We have all learned to respond in specific ways to a variety of words and symbols. Our lives are profoundly influenced by associations we learn through classical conditioning. Ivan Pavlov whose research on the conditioned reflex in dogs revealed much of what we know about the principles of classical conditioning.



Factors influencing classical conditioning

There are four major factors that affect the strength of a classically conditioned response and the length of time required for conditioning.

1. The number of pairings of the conditioned stimulus and the unconditioned stimulus. In general, the greater the number of pairings, the stronger the conditioned response.
2. The intensity of the unconditioned stimulus. If a conditioned stimulus is paired with a very strong unconditioned stimulus, the conditioned response will be stronger and will be acquired more rapidly than if it is paired with a weaker unconditioned stimulus.
3. The most important factor is how reliably the conditioned stimulus predicts the unconditioned stimulus. Research has shown that classical conditioning does not occur automatically just because a neutral stimulus is repeatedly paired with an unconditioned stimulus. The neutral stimulus must also reliably predict the occurrence of the unconditioned stimulus. For example, a tone that is always followed by food will elicit more salivation than one that is followed by food only some of the time.
4. The temporal relationship between the conditioned stimulus and the unconditioned stimulus. Conditioning takes place faster if the conditioned stimulus occurs shortly before the unconditioned stimulus. It takes place more slowly or not at all when the two stimuli occur at the same time. Conditioning rarely takes place when the conditioned stimulus follows the unconditioned stimulus.

1.12 Operant Conditioning

Operant conditioning argues that behaviour is a function of its consequences. People learn to behave to get something they want or avoid something they don't want. Operant behaviour means voluntary or learned behaviour in contrast to reflexive or unlearned behaviour. The tendency to repeat such behaviour is influenced by the reinforcement or lack of reinforcement brought about by the consequences of the behaviour. Reinforcement therefore strengthens behaviour and increases the likelihood it will be repeated.

Factors influencing operant conditioning

Several factors affect response rate, resistance to extinction and how quickly a response is acquired.

1. The first factor is the magnitude of reinforcement. In general, as magnitude of reinforcement increases, acquisition of a response is greater. For example, workers would be motivated to work harder and faster, if they were paid a higher salary.

Research indicates that level of performance is also influenced by the relationship between the amount of reinforcement expected and what is actually received. For example, your job performance would undoubtedly be affected if your salary were suddenly cut by half. Also, it might dramatically improve if your employer doubled your pay.

2. The second factor affecting operant conditioning is the immediacy of reinforcement. Responses are conditioned more effectively when reinforcement is immediate. As a rule, the longer the delay in reinforcement, the more slowly a response is acquired.
3. The third factor influencing conditioning is the level of motivation of the learner. If you are highly motivated to learn to play football you will learn faster and practice more than if you have no interest in the game. Skinner found that when food is the reinforcer, a hungry animal would learn faster than an animal with a full stomach.



Example: Praise and Punish your peers

1.13 Social Learning

Albert Bandura contends that many behaviours or responses are acquired through observational learning. Observational learning, sometimes called modelling results when we observe the behaviours of others and note the consequences of that behaviour. The person who demonstrates

behaviour or whose behaviour is imitated is called models. Parents, movie stars and sports personalities are often powerful models. The effectiveness of a model is related to his or her status, competence and power. Other important factors are the age, sex, attractiveness, and ethnicity of the model.

Principles in Social Learning

1. Attention: People can learn from their models provided they recognise and pay attention to the critical features. In practice, the models that are attractive, repeatedly available or important to us tend to influence us the most.

2. Retention: A model's influence depends on how well the individual can remember or retain in memory the behaviour/action displayed by him when the model is no longer readily available.

3. Motor Reproduction: Now, the individual needs to convert the model's action into his action. This process evinces how well an individual can perform the modelled action. **4. Reinforcement Process:** Individuals become motivated to display the modelled action if incentive and rewards are provided to them.



Example: Punching bags to show aggression

1.14 Behavior Modification

Managers can increase the power of wages and benefits by trying them directly to certain types of performance. The use of behaviour modification, popularly called "OB Mod" represents the application of reinforcement theory to individuals in the work setting. "OB Mod" is a programme where managers identify performance-related employee behaviours and then implement an intervention strategy to strengthen desirable performance behaviours and weaken undesirable behaviour.



Task:

- Is it easy to make change????
- Is It easy to stick with that change???



Example:

- Going to quit smoking....
- Ignored one or two cravings....
- Challenge is to stick with new habit, which is not easy.

Now, Behavior Modification comes in.....

Meaning:

Behavior modification says that we can change the way we act, or react, by learning, and by attaching consequences to our actions.

Can we force someone to change his or her behavior? Answer is NO.

Summary

Organizational Behavior is the study and application of knowledge about how people, individuals, and groups act in organizations. It does this by taking a system approach.

That is, it interprets people-organization relationships in terms of the whole person, the whole group, the whole organization, and the whole social system.

Its purpose is to build better relationships by achieving human objectives, organizational objectives, and social objectives. OB encompasses a wide range of topics, such as human behavior, change, leadership, teams, etc.

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Organizational behavior has a great impact on individuals and also in organizations that cannot be ignored. In order to run the businesses effectively and efficiently, the study of organizational behavior is very essential.

Highly effective individuals understand that in today's scenario, they not only need to be technically proficient, but also need to demonstrate.

Individual behavior is the ability of an individual to react and interact with others in general or while performing a particular task.

Attitudes and values of an individual determine where he/she wants to go in life in general and career in particular.

Learning can be defined as a relatively permanent change in behaviour or potential behaviour as a result of direct or indirect experience.

Keywords

Learning, Attitude, Values, Behavior Modelling, Job satisfaction, Stimulus, Instrumental, Terminal, Organizational Behavior, Management, Managers, Autocratic, Collegial, Supportive, Custodial, Anthropology, Political Science, Sociology, Psychology, Sociopsychology.

Self Assessment

1. A study of human behavior in organizational settings is
 - A. Individual behavior
 - B. Group behavior
 - C. Organizational behavior
 - D. None of these

2. Organization Behavior is
 - A. An interdisciplinary approach
 - B. A humanistic approach
 - C. Total system approach
 - D. All of these

3. _____ studies behavior as it relates to concerns such as absenteeism, turnover, productivity, and performance.
 - A. Psychology
 - B. Kinetics
 - C. Organizational Behavior
 - D. Ergonomics

4. Benefits for managers who understand organizational behavior (OB) are that they can:
 - A. Explain, predict and influence behavior
 - B. Know why some employees engage in some behaviors
 - C. Predict how employees will respond to various actions and decisions
 - D. All of the above

5. Benefits of OB for employees include to help them:

- A. Clarify their goals
 - B. Understand what motivates them
 - C. Increase their job satisfaction
 - D. All of the above
6. _____ embodies a team concept, is based on the principle of mutual contribution by employer and employees.
- A. Autocratic model
 - B. Custodial model
 - C. Supportive Model
 - D. Collegial Model
7. OB focuses at 3 Levels.
- A. Individuals, Organization, Society
 - B. Society, Organization, Nation
 - C. Employee, Employer, Management
 - D. Individual, Groups, Organization.
8. "Leadership motivates the people to work and not the power of money", this concept is related to
- A. Autocratic model
 - B. Custodial model
 - C. Supportive Model
 - D. Collegial Model
9. Organizational behaviors are an applied behavioral science that is built on contributions from a number of behavioral disciplines.
- A. True
 - B. False
10. Sociology is a branch of psychology which borrows concepts from psychology and social psychology and focuses on the influence of people on one another.
- A. True
 - B. False
11. Organizational behaviors is an applied behavioral science that is built on contributions from a number of behavioral disciplines.
- A. True
 - B. False
12. Sociology is a branch of psychology which borrows concepts from psychology and social psychology and focuses on the influence of people on one another.
- A. True
 - B. False

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13. Anthropologists study societies to learn about human beings and their activities.
 A. True
 B. False
14. The smell of fresh cake baking makes Alia's mouth watery is an example of which one of the following learning theory?
 A. Social Learning
 B. Classical Conditioning
 C. Operant Conditioning
 D. Reinforcement Theory
15. When it comes to applying learning theory to the classroom, the most pressing problem for educators is:
 A. Finding age-appropriate learning materials
 B. Getting students to learn
 C. Presenting the learning material in a gender-neutral manner
 D. Presenting students with the right stimuli on which to focus their attention and mental effort
16. According to operant conditioning,
 A. Behavior is controlled by its consequences
 B. Once a behavior is learned, it is not forgotten
 C. Punishment and negative reinforcement are the same
 D. Punishment can strengthen behavior
17. In classical conditioning, what is paired
 A. The unconditioned response and the unconditioned stimulus
 B. The conditioned stimulus and the unconditioned stimulus
 C. The conditioned stimulus and neutral stimuli
 D. The unconditioned stimulus and the neutral stimuli

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. C | 2. D | 3. C | 4. D | 5. D |
| 6. D | 7. D | 8. B | 9. A | 10. A |
| 11. A | 12. B | 13. A | 14. B | 15. D |
| 16. A | 17. B | | | |

Review Questions

1. A manager needs a conceptual framework and a specific model for attaining the goals of understanding, predicting and controlling the organizational behavior. Justify the statement.
2. What are the major behavioral science disciplines that contribute to OB?
3. What are the challenges and opportunities for managers in using OB concepts?
4. What do you mean by Organizational Behavior?
5. What are the three levels of analysis in OB model?
6. What are the different OB models and explain?
7. Explain the relationship between Management and Organizational behavior.
8. Why do managers need to study Organizational Behavior?
9. How much importance would you give to make the trainees exercise the concepts you made them learn. What would be your thrust on?
10. What do you think as the main factors behind classical conditioning? Can they be altered?
11. Most of us develop conditioned reflexes to the seniors at our workplaces. Do you think this attitude should be done away with? Support your answer with well-defined reasons.
12. Do you think that employee behaviour is a function of its consequences? Give reasons for your answer.
13. Recall a time when you had to make an uncertain decision, and there was a possibility of an adverse public reaction. How did you manage the situation?
14. Have you ever faced a situation when you had to take a longer way of doing something in order to adhere to proper professional standards? If yes, elucidate.
15. What functions do you think the attitudes perform in an organisational setting?
11. What do you analyse as the main components of attitudes and why?
12. How do the family and peer group of a person determines his/her social behaviour?
13. Why does an individual suffer from cognitive dissonance? How can it be coped with?
14. Examine the role of values as a determinant of individual difference.
15. Is seeking inner harmony a terminal or instrumental value? Substantiate your argument with reasons.

**Further Readings**

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Unit 02: Personality, Emotions & Motivation**CONTENTS**

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Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings**Objectives**

After studying this chapter, you will be able to:

- explore the dynamics of personality in Organizational Behavior.
- analyze your personality traits with the help of Big Five
- test your personality style and its role in employee selection
- understand the concept of transactional analysis.
- analyze self-awareness through Johari Window.
- determine their own ego states.
- understand the concept of perception.
- get awareness about emotions and moods.
- understand the concept of emotional quotient.
- do the application of emotional intelligence.
- Understand the affective event theory concept.
- Get awareness about different emotions at work.
- To understand the concept of motivation in enhancing human performance.
- Application of early motivation theories in companies.
- To understand different contemporary motivation theories.
- Application of contemporary motivation theories in companies.

Introduction

All of us at some point of time or the other in our everyday life feel happy, sad, angry, love, pity, jealousy, hatred, fear, agony etc. What are these feelings which we experience in our lives? What makes us feel these? Imagine our lives without these feelings or experiences? These are actually emotions. Our life would have been absolutely boring and meaningless without emotions. Our emotions and how we feel about certain things most often influences our thinking. Even our perception is not always determined by the outside stimulus but by our internal feelings, emotions, desires, and aversions. Thus, feelings and emotions are dynamics of our behavior, and thus are very important. In our practical life, feelings and outside behavior are closely related. It is therefore very essential to know the difference between emotions and feelings which are highly inter related and both together and individually affect our behaviors. Emotions and feelings often appear just as different stages of one phenomenon.

The word “personality” has been derived from the Latin word “persona” which means a mask worn by an actor while performing a character on the stage. Thus, personality is taken to mean the characteristic pattern or style of behavior of the person revealed from his external appearance. The external properties of a person include his dress, speech, bodily actions, postures, habits and expressions. Thus, a person endowed with good external properties is considered to possess a good personality and vice versa. But you know this is not the reality. Mere external properties cannot make a personality.

The biggest challenge faced by the organizations is to get the work done by their employees. This entirely depends on the motivation levels of the employees. Their motivation is a result of their needs and organizational expectations. If the employees are adequately motivated, the organization will be able to meet its objectives. Motivation is the process of rousing and sustaining goal-directed behavior. Motivation is one of the more complex topics in organizational behavior. Motivation comes from the Latin word “movere” which means, “to move”. A motive is an inner state that encourages, activates or moves and that directs behavior towards goals. Thus, motivation is psychological force within an individual that sets him in motion for the achievement of certain goals or satisfaction of certain needs.

2.1 What is Personality?

The sum total of the ways an individual reacts to and interacts with others. Enduring characteristics that describe an individual's behaviour. Personality is described in terms of personality traits. Personality is not static but dynamic, the organizational pattern determines the kind and degree of adjustment of the individual to his environment, and this adjustment-pattern is unique to the individual. With the Latin meaning of the term personality taking backseat and acceptance of personality as an all-inclusive concept scientist from different disciplines of knowledge approached personality from different angles.

Definition of personality

Gordon Allport gave the most frequently used definition of personality nearly 70 years ago. He said personality is "the dynamic organization within the individual of those psychophysical systems that determine his unique adjustments to his environment".

J.B Kolasa defines personality as - "Personality is a broad, amorphous designation relating to fundamental approaches of persons to others and themselves. To most psychologists and students of behavior, this term refers to the study of the characteristic traits of an individual, relationships between these traits and the way in which a person adjusts to other people and situations".

According to Gluck - "Personality is a pattern of stable states and characteristics of a person that influences his or her behavior toward goal achievement. Each person has unique ways of protecting these states".

James D Thompson and Donald Van Houten define personality as - "a very diverse and complex psychological concept. The word 'personality' may mean something like outgoing, invigorating interpersonal abilities ... but we must also recognize and explain the fact that development results in man acquiring a distinctiveness or uniqueness which gives him identity which enables him and us to recognize him as apart from others. These distinguishing characteristics are summarized by the term 'personality'".



Task:

1. How do you prefer to relax at the end of a stressful week?
2. How do you prefer to behave in meetings?

2.2 Determinants of Individual Personality

1. Heredity

This determinant includes basically three elements: Influence of genes, Physical features, Temperament and Muscle composition. Heredity refers to those factors that were determined at conception. The heredity approach argues that the ultimate explanation of an individual's personality is the molecular structure of the genes, located in the chromosomes. Research on animals has showed that both physical and psychological characteristics can be transmitted through heredity. But research on human beings is inadequate to support this viewpoint. However, psychologists and geneticists have accepted the fact that heredity plays an important role in one's personality.

2. Socialization:

This determinant includes basically three elements: Influence of Parents, Teachers and Friends.

Socialization involves the process by which a person acquires, from the enormously wide range of behavioral potentialities that are open to him or her, those that are ultimately synthesized and absorbed. Socialization starts with the initial contact between a mother and her new infant. After infancy, other members of the immediate family - father, brothers, sisters and close Notes relatives or friends, then the social group: peers, school friends and members of the work group - play influential roles.



Task:

1. Do you present your real selves on Social Media?
2. Does the use of Social Media influence or change your personalities?
3. Does an individual personality affect his/her behavior at work?

2.3 Why companies are using personality tests?

Job candidates and employees have unique personalities, traits and behaviours. Some of these traits could determine if these individuals would fit in well with your company's culture, and if they would be successful within your organisation. Job interviews can only tell you so much about a person, and personality tests are sometimes viewed as an important piece of the puzzle.

1. Decision Making:

If your organisation has established the type of personality that would fit the company, Murphy believes a personality test can help to inform your hiring decision. However, if the company hasn't defined the types of personality it wants, she warns that knowing a candidate's personality information can be problematic.

For Example: Companies like Facebook, Google, Amtrak and Kroger have used personality tests beneficially during the hiring process.

2. Career Development:

Personality tests can offer invaluable insights on external candidates, providing objective and scientifically-valid explanations of individuals' thinking style, behavioral tendencies, values and motivations," he says. "They are also useful to better understand existing employees who are being considered for a different role, or as part of an ongoing internal development program.

3. Team Building:

Choosing the right personality test can make a difference in helping you build teams with complementary personalities and skills.



For example: an introverted worker might want a more independent position, while an extroverted employee might enjoy collaborating with others. Knowing what works well for each person helps unify your team, with every member doing their preferred part.

You can create a more unified team by conducting personality assessments and analyzing the responses.

4. Leadership:

Personality assessments are an essential part of leadership development. Personality assessments that are grounded in reputation provide leaders with strategic self-awareness, or insight into how they are seen by others.

2.4 Personality Traits Relevant to OB

There are few personality traits which are very relevant to Organizational Behavior. These are listed as under:

1. Core self-evaluation
2. Self- monitoring
3. Proactive Personality
4. Locus of Control
5. Self-esteem

1. Core Self-evaluation:

This is a degree to which like or dislike themselves. This can be further explained with the help of positive and negative self-evaluation.

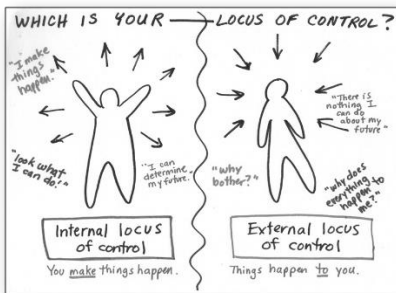
- **Positive self-evaluation:** leads to higher job performance.
- **Negative self-evaluation:** leads to lower job performance.

2. Self-monitoring:

It is an ability to adjust behaviour to meet external situational factors. High monitors conform more and are more likely to become leaders.

3. Locus of control:

It refers to an individual's belief that events are either within one's control or are determined by forces beyond one's control.



4. Self-esteem:

Self-esteem refers to the positive (high self-esteem) or negative (low self-esteem) feelings that we have about ourselves.

High Self-esteem people have an ability to say NO and they are able to accept strengths and weaknesses whereas Low Self-esteem people have a trouble to accept even positive feedback. They believe that others are better than them and always remain in a fear of failure.

5. Pro-active Personality:

They are the people who identify opportunities, show initiative, take action and persevere until meaningful change occurs. They believe on overcoming obstacles and constraints.

2.5 Big Five Model of Personality

The five-factor model of personality focuses upon those behaviors that you express while dealing with people, changing circumstances and your environment. The two remaining behavioral dimensions relate to work and depression situations. The five big personality tests measure intensity of your behaviors in these five areas.

1. Agreeableness: (A)

How do you react to others' opinions? When you agree to them easily, you are considered agreeable. However, your strong reactions qualify you as challenger in the words of Howard and Howard (2001).

This factor characterizes people who are helpful, co-operative, friendly, caring, and nurturing. On the opposite are people who are hostile and self-centered.

2. Openness to change: (O)

Five facto model of personality considers you open for change when you accept new thoughts, ideas and changes. However, you are considered close to change when you avoid new experiments and follow rules and regulations very strictly.

Those who score high on this factor are imaginative, curious, open to new ideas, and interested in cultural pursuits. In contrast, those who score low are rigid.

3. Extraversion: (E)

Do you love gatherings? Or you prefer solitude? Five factor model of personality considers your preferred way to handle your environment very important. Different criteria are adopted when you apply for a job of cricket commentator and for a position of a script writer.

It characterizes people who are socially active, assertive, outgoing, talkative, and fun loving. On its opposite are people who are shy.

4. Conscientiousness: (C)

How do you take your work? Those who score high on this factor are achievement-oriented, dependable, responsible, prudent, hardworking and self-controlled. On the opposite are people who are impulsive.

5. Neuroticism: (N)

How do you handle depression? People who score high on this factor are emotionally unstable, anxious, worried, fearful, distressed, irritable and hypertensive. On the opposite side are people who are well adjusted.



Case study: Falguni Nayyar: CEO of Nykaa

A dreamer is always termed crazy, until the time he or she turns it into a reality. Falguni Nayar, the founder of Nykaa, one of India's biggest online fashion and lifestyle portal, had been living the ideal life. She served Kotak Mahindra for approx. 18 years as a venture investor and left in 2012 as Managing Director. She suddenly announced her departure to pursue her dream. Capitalizing on the scope of beauty products online, she steered herself towards Nykaa, and out came a platform that created history with its arrival. Running her online business successfully, along with 35 physical stores, make way for an entrepreneur who told the world that age is just a number.

The brand is now an epitome in wellness and beauty, and it is further opening its luxury stores (Nykaa luxury) in premier destinations. Nykaa has also been a front runner in bringing international luxury brands to India, giving Indian customers all-encompassing products and services to choose from.

Question for discussion: Based on this information, what do you infer about Falguni's Personality?

Answer:

- i. Highly Conscientious
- ii. High Emotional stability
- iii. High Openness

2.6 MBTI Personality Test

The purpose of the Myers-Briggs Type Indicator® (MBTI) personality inventory is to make the theory of psychological types described by C. G. Jung understandable and useful in people's lives. The essence of the theory is that much seemingly random variation in the behavior is actually quite orderly and consistent, being due to basic differences in the ways individuals prefer to use their perception and judgment.

In developing the Myers-Briggs Type Indicator [instrument], the aim of Isabel Briggs Myers, and her mother, Katharine Briggs, was to make the insights of type theory accessible to individuals and groups.

They addressed the two related goals in the developments and application of the MBTI instrument:

1. The identification of basic preferences of each of the four dichotomies (Extraversion or Introversion, Sensing or Intuition, Thinking or Feeling, Judging or Perceiving) specified or implicit in Jung's theory.
2. The identification and description of the 16 distinctive personality types (which can be expressed as a code with four letters) that result from the interactions among the preferences.

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| | | | |
|---|--|---|---|
| ISTJ Responsible Executors | ISFJ Dedicated Stewards | INFJ Insightful Motivators | INTJ Visionary Strategists |
| ISTP Nimble Pragmatics | ISFP Practical Custodians | INFP Inspired Crusaders | INTP Expansive Analyzers |
| ESTP Dynamic Mavericks | ESFP Enthusiastic Improvisors | ENFP Impassioned Catalysts | ENTP Innovative Explorers |
| ESTJ Efficient Drivers | ESFJ Committed Builders | ENFJ Engaging Mobilizers | ENTJ Strategic Directors |

How do you get your energy?

| EXTROVERTS | INTROVERTS |
|--|--|
| <ul style="list-style-type: none"> • are generally sociable • are focused on the outer world • get energy by spending time with others • talk a lot & start conversations • speak first, then think • are quick to take action • have many friends & many interests | <ul style="list-style-type: none"> • are generally quiet • are focused on their inner world • get energy by spending time alone • mostly listen & wait for others to talk first • think first, then speak • are slow to take action • have a few deep friendships & refined interests |

How do you see the world & gather information?

| SENSING | INTUITION |
|---|--|
| <ul style="list-style-type: none"> • have finely-tuned five senses • pay attention to the details • focus on what is real (in the present) • think in concrete terms • like practical things • like to do (make) • are accurate and observant • prefer to do things the established way | <ul style="list-style-type: none"> • use their "sixth sense" • see the "big picture" • focus on what is possible (in the future) • think in abstract terms • like theories • like to dream (design) • are creative and imaginative • prefer to try out new ideas |

How do you decide?

| THINKERS | FEELERS |
|---|---|
| <ul style="list-style-type: none"> • mostly use their head • make decisions based on logic • are more interested in things & ideas • treat everybody the same (emphasizing fairness) • are more scientific in describing the world | <ul style="list-style-type: none"> • mostly use their heart • make decisions based on their values • are more interested in people & emotions • treat people according to their situation (emphasizing compassion) • are more poetic in describing the world |

How much do you like to plan ahead?

| Judgers | Perceivers |
|--|---|
| <ul style="list-style-type: none"> • are organized and structured • make plans in advance • keep to the plan • like to be in control of their life • want to finalize decisions | <ul style="list-style-type: none"> • are casual and relaxed • prefer to “go with the flow” • are able to change and adapt quickly • like to simply let life happen • want to find more information |

2.7 What is Transactional Analysis?

It is a method of understanding communication between people. It was first developed by an American psychiatrist, Eric Berne, drawing on the theories of psychoanalyst Sigmund Freud.

Originally trained in psychoanalysis, Berne wanted a theory which could be understood and available to everyone and began to develop what came to be called Transactional Analysis (TA). Transactional Analysis is a social psychology and a method to improve communication. The theory outlines how we have developed and treat ourselves, how we relate and communicate with others, and offers suggestions and interventions which will enable us to change and grow. Transactional Analysis is underpinned by the philosophy that:

- People can change
- We all have a right to be in the world and be accepted

Sigmund Freud’s Theory of Personality

This theory explains Id, Ego and Superego principle of personality.

1. **Id:** Operates according to the pleasure principle.
2. **Ego:** Operates according to the reality principle.
3. **Superego:** Moral ideas and conscience.



Example: Let’s discuss it with example:

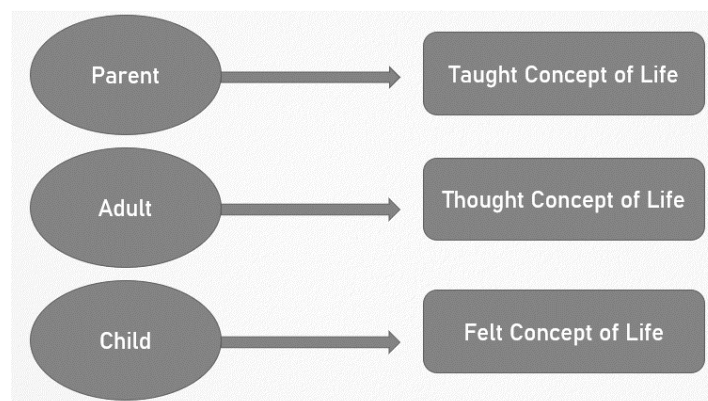
Id: I want chocolate.

Ego: Eat a small bar of chocolate

Superego: You are on a diet.

Human Ego States

Berne devised the concept of ego states to help explain how we are made up, and how we relate to others. These are drawn as three stacked circles and they are one of the building blocks of Transactional Analysis. They categorize the ways we think, feel and behave and are called Parent, Adult, and Child. Each ego state is given a capital letter to denote the difference between actual parents, adults and children.



Unit 02: Personality, Emotions & Motivation

1. Parent Ego State:

This is a set of feelings, thinking and behavior that we have copied from our parents and significant others. As we grow up we take in ideas, beliefs, feelings and behaviors from our parents and caretakers. If we live in an extended family then there are more people to learn and take in from. When we do this, it is called introjecting and it is just as if we take in the whole of the care giver.

2. Adult Ego State:

The Adult ego state is about direct responses to the here and now. We deal with things that are going on today in ways that are not unhealthily influenced by our past. The Adult ego state is about being spontaneous and aware with the capacity for intimacy. When in our Adult we are able to see people as they are, rather than what we project onto them. We ask for information rather than stay scared and rather than make assumptions.

3. Child Ego State:

The Child ego state is a set of behaviors, thoughts and feelings which are replayed from our own childhood. Perhaps the boss calls us into his or her office, we may immediately get a churning in our stomach and wonder what we have done wrong. If this were explored, we might remember the time the head teacher called us in to tell us off. Of course, not everything in the Child ego state is negative. We might go into someone's house and smell a lovely smell and remember our grandmother's house when we were little, and all the same warm feelings we had at six years of age may come flooding back. Both the Parent and Child ego states are constantly being updated.



Task:

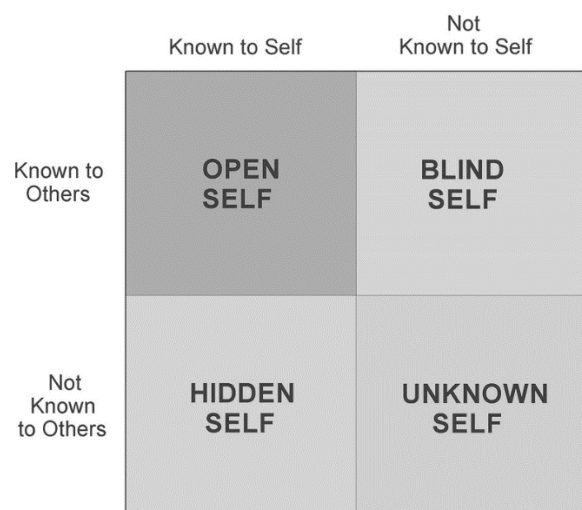
Match the ego states

- | | |
|--|----------|
| 1. When Manager reprimands; an employee for being late | a.Child |
| 2. Let's figure out what went wrong | b.Parent |
| 3. Why are you always criticizing my work? | c.Adult |

Answer: 1.b.2.c 3.a

2.8 Self-Awareness: Johari Window

A model for self-awareness, personal development, group development and understanding relationship. A simple and useful tool for understanding and training self-awareness, personal development, improving communications, interpersonal relationships, group dynamics, team development and intergroup relationships. Developed by American psychologists Joseph Luft and Harry Ingham in the 1950's, calling it 'Johari' after combining their first names, Joe and Harry.



- Open area, open self, free area, free self, or 'the arena':** what is known by the person about him/herself and is also known by others

2. **Blind area, blind self, or 'blindspot':** what is unknown by the person about him/herself but which others know

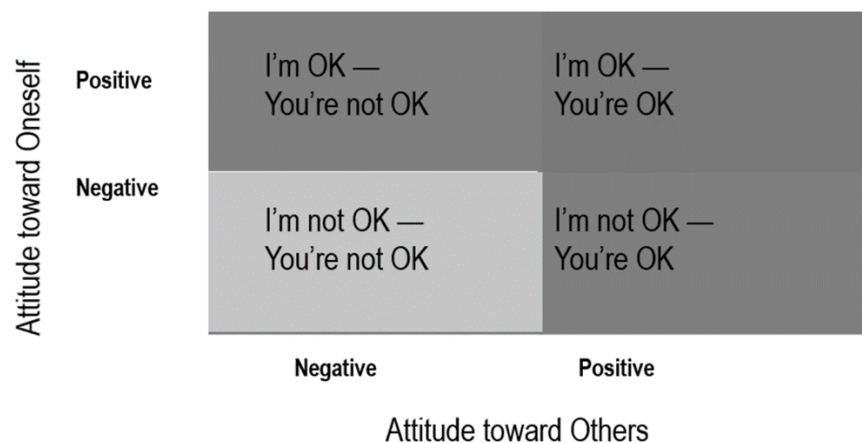
3. **Hidden area, hidden self, avoided area, avoided self or 'façade':** what the person knows about him/herself that others do not know

4. **Unknown area or unknown self:** what is unknown by the person about him/herself and is also unknown by others.

2.9 How often does life position change?

Life positions are basic beliefs about self and others, which are used to justify decisions and behaviour.

Let's take an example: Perhaps we were picked on and bullied as a child. We learnt that the way to get by was to bully others and that way we felt stronger and in control. Our behaviour then comes into the I am OK and You are not OK quadrant. Of course, this may cover up our belief that we are really not OK, but nobody sees that. They just see our behaviour, and in fact we may have forgotten all about our negative feelings about ourselves as we have tried so hard to deny the pain of believing we are not OK.



2.10 Concept of Perception

The process by which individuals organized and interpret their sensory impressions in order to give a meaning to their environment. In perception, an individual takes raw data through senses and then refines, modifies or completely alters by his cognition.

An employee makes perception about:

- Organizational Support
- Fairness of pay
- Working Conditions
- Job assignments - interesting or not
- Is my organization a Great Place to Work

Perception is the primary vehicle through which we come to understand our surroundings and ourselves. Social perception is the process of interpreting information about another person. Social perception is directly concerned with how one individual perceives other individuals. Formal organization participants constantly perceive one another. Managers are perceiving workers, workers are perceiving managers, line personnel are perceiving staff personnel, staff personnel are perceiving line personnel, superiors are perceiving subordinates, subordinates are perceiving superiors and so on. There are numerous complex factors that enter into such social perception, but the primary factors are found in the psychological process and personality.

2.11 Factors Influencing Perception



Task:

1. How do you perceive a Police Officer?
2. Whom will you notice in a group? People with loud voice or Quiet ones

A number of factors operate to shape and sometimes distort perception. These factors can reside:

1. Characteristics of the Perceiver: Several characteristics of the perceiver can affect perception. When an individual looks at a target and attempts to interpret what he or she stands for, that interpretation is heavily influenced by personal characteristics of the individual perceiver. The major characteristics of the perceiver influencing perception are:

(a) **Attitudes:** The perceiver's attitudes affect perception. For example, suppose Mr. X is interviewing candidates for a very important position in his organization – a position that requires negotiating contracts with suppliers, most of whom are male. Mr X may feel that women are not capable of holding their own in tough negotiations. This attitude will doubtless affect his perceptions of the female candidates he interviews.

(b) **Moods:** Moods can have a strong influence on the way we perceive someone. We think differently when we are happy than we do when we are depressed. In addition, we remember information that is consistent with our mood state better than information that is inconsistent with our mood state. When in a positive mood, we form more positive impressions of others. When in a negative mood, we tend to evaluate others unfavorably.

(c) **Motives:** Unsatisfied needs or motives stimulate individuals and may exert a strong influence on their perceptions. For example, in an organizational context, a boss who is insecure perceives a subordinate's efforts to do an outstanding job as a threat to his or her own position. Personal insecurity can be translated into the perception that others are out to "get my job", regardless of the intention of the subordinates.

(d) **Self-Concept:** Another factor that can affect social perception is the perceivers' self-concept. An individual with a positive self-concept tends to notice positive attributes in another person. In contrast, a negative self-concept can lead a perceiver to pick out negative traits in another person. Greater understanding of self allows us to have more accurate perceptions of others.

(e) **Interest:** The focus of our attention appears to be influenced by our interests. Because our individual interests differ considerably, what one person notices in a situation can differ from what others perceive. For example, the supervisor who has just been reprimanded by his boss for coming late is more likely to notice his colleagues coming late tomorrow than he did last week. If you are preoccupied with a personal problem, you may find it hard to be attentive in class.

(f) **Cognitive Structure:** Cognitive structure, an individual's pattern of thinking, also affects perception. Some people have a tendency to perceive physical traits, such as height, weight, and appearance, more readily. Others tend to focus more on central traits, or personality dispositions. Cognitive complexity allows a person to perceive multiple characteristics of another person rather than attending to just a few traits.

(g) **Expectations:** Finally, expectations can distort your perceptions in that you will see what you expect to see. The research findings of the study conducted by Sheldon S Zalkind and Timothy W Costello on some specific characteristics of the perceiver reveal:

- (i) Knowing oneself makes it easier to see others accurately.
- (ii) One's own characteristics affect the characteristics one is likely to see in others.
- (iii) People who accept themselves are more likely to be able to see favorable aspects of other people. (iv) Accuracy in perceiving others is not a single skill.

These four characteristics greatly influence how a person perceives others in the environmental situation.

2.Characteristics of the Target: Characteristics in the target that is being observed can affect what is perceived. Physical appearance plays a big role in our perception of others. Extremely attractive or unattractive individuals are more likely to be noticed in a group than ordinary looking individuals. Motion, sound, size and other attributes of a target shape the way we see it.

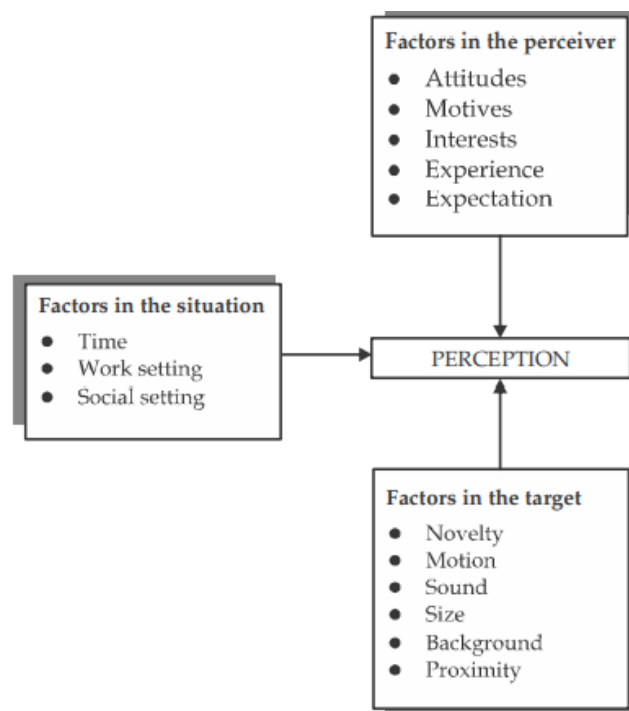
Physical appearance plays a big role in our perception of others. The perceiver will notice the target's physical features like height, weight, estimated age, race and gender. Perceivers tend to notice physical appearance characteristics that contrast with the norm, that are intense, or that are new or unusual. Physical attractiveness often colors our entire impression of another person. Interviewer's rate attractive candidates more favorably and attractive candidates are awarded higher starting salaries.

Verbal communication from targets also affects our perception of them. We listen to the topics they speak about, their voice tone, and their accent and make judgements based on this input.

Non-verbal communication conveys a great deal of information about the target. The perceiver deciphers eye contact, facial expressions, body movements, and posture all in an attempt to form an impression of the target.

The perceiver, who observes the target's behavior, infers the intentions of the target. For example, if our manager comes to our office doorway, we think "oh no! He is going to give me more work to do". Or we may perceive that his intention is to congratulate us on a recent success. In any case, the perceiver's interpretation of the target's intentions affects the way the perceiver views the target. Targets are not looked at in isolation; the relationship of a target to its background influences perception because of our tendency to group close things and similar things together. Objects that are close to each other will tend to be perceived together rather than separately. As a result of physical or time proximity, we often put together objects or events that are unrelated. For example, employees in a particular department are seen as a group. If two employees of a department suddenly resign, we tend to assume their departures were related when in fact, they might be totally unrelated.

3. Characteristics of the Situation: The situation in which the interaction between the perceiver and the target takes place has an influence on the perceiver's impression of the target. For example, a professor may not notice his 20-year-old female student in a bikini at the swimming pool. Yet the professor will notice the same girl if she comes to his organizational behavior class in a bikini. In the same way, meeting a manager in his or her office affects your impression in a certain way that may contrast with the impression you would have formed, had you met the manager in a restaurant.



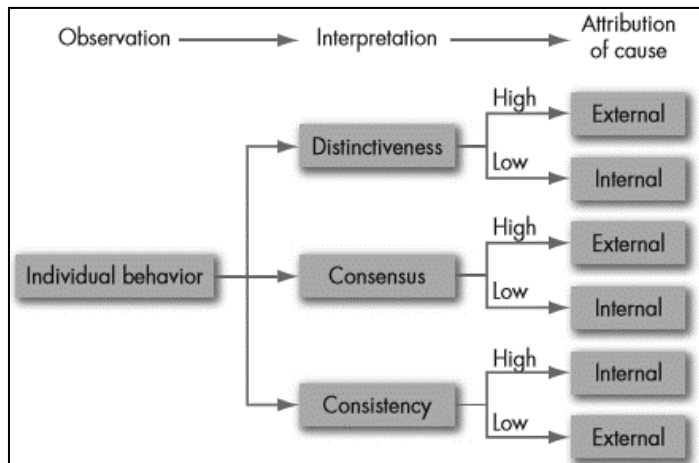
2.12 Attribution Theory

Attribution theory concerns the process by which an individual interprets events as being caused by a particular part of a relatively stable environment. It has been given by Kelley.

In simple terms, Attribution theory

- Explain the ways in which we judge people differently.
- Depending on the meaning we attribute to a given behavior.

Attribution simply refers to how a person explains the cause of another's or his or her own behavior. Attribution thus is the most relevant application of perception concepts to organization behavior – the issue of person perception. The attributions or inferred causes we provide for behavior have important implications in organizations. In explaining the causes of employee performance, good or bad, we are asked to explain the behavior that was the basis for the performance.



1. Consensus: Consensus is the extent to which peers in the same situation behave the same way. In other words, if everyone who is faced with a similar situation responds in the same way, we can say the behavior shows consensus. If everybody in the same circumstance behaves in the same way, you would be given an external attribution, whereas if a single employee behaves in a particular way, your conclusion would be internal.

2. Distinctiveness: Distinctiveness is the degree to which the person behaves the same way Notes in other situations. What we want to know is, if this behavior is unusual or not. If it is, the observer is likely to give the behavior an external attribution. If this action is not unusual, it will probably be judged as internal.

3. Consistency: Consistency refers to the frequency of a particular behavior over time. An observer looks for consistency in a person's action. The more consistent the behavior, the more the observer is inclined to attribute it to internal causes.



Example

Saujnya is late in reaching office.

Distinctiveness

- ✓ Is this behavior distinct or he also engages in other deviance behaviors e.g careless errors, workplace gossip, casual approach?
- ✓ High Distinctiveness – Behavior is externally caused

Consensus

- ✓ Are other employees also late today? Traffic jam?
- ✓ High Consensus - Behavior is externally caused

Consistency

- ✓ Is Saujanya usually late?
- ✓ Low Consistency – Behavior is externally caused



Case Study: **Perceptual Difference: Case of General Motors**

When General Motors teamed up with Toyota to form California-based New United Motor Manufacturing Inc. (NUMMI), they had a great idea. NUMMI would manufacture not only the popular Toyota Corolla but would also make a GM car called the Geo Prizm. Both cars would be essentially identical except for minor styling differences. Unfortunately, General Motors forgot one thing. The North American consumer holds a higher opinion of Japanese-built cars than American-made ones. As a result, from the start of the joint venture, Corolla have sold rapidly, while sales of Geo Prizm had languished.

2.13 Barriers to Effective Perception

Perceiving and interpreting what others do is burdensome. As a result, individuals develop techniques for making the task more manageable. These techniques are not foolproof. Several factors lead us to form inaccurate impressions of others. These barriers to perception are inaccurate impressions of others. These barriers to perception are:

1. **Self-serving bias:** The tendency for individuals to attribute their own successes to internal factors and put the blame for failures on external factors.
2. **Fundamental Attribution Error:** Individuals and organizations also tend to attribute their own successes to internal factors such as ability or effort, while blaming failure on external factors such as bad luck or unproductive co-workers.
3. **Selective Perception:** Selective perception allows us to speed-read others, but not without the risk of drawing an inaccurate picture. Seeing what we want to see, we can draw unwarranted conclusions from an ambiguous situation. Selective perception is also our tendency to choose information that supports our viewpoints; individuals often ignore information that makes them feel uncomfortable or threatens their viewpoints



Example:

Mr. Sameer Mehta, who in the Finance department of our organization, and has excellent communication skills. He has not been very effective in his work, and we had lost a considerable amount of money in Forex dealings in the last financial year due to wrong decision-making on his part. His single attribute of good communicating skills, fueled by his good relations with the Managing Director, has earned him the current position that he enjoys.

4. **Halo Effect:** The tendency to draw a general impression about an individual on the basis of a single characteristic.
5. **Contrast Effect:** Evaluation of a person's characteristics that is affected by comparisons with other people recently encountered who rank higher or lower on the same characteristics. A contrasting effect can be caused by colour, size or any other factor that is unusual.



Example:: In a series of job interviews, interviewers can make distortions in any given candidate's evaluation as a result of his or her place in the interview schedule. A candidate is likely to receive a more favorable evaluation if preceded by mediocre applicants and a less favorable evaluation if preceded by strong applicants.

6. **Stereotype:** A stereotype is a generalization about a group of people. When we judge someone on the basis of our perception of the group to which he or she belongs, we are using the shortcut called stereotyping. Stereotypes reduce information about other people to a workable level, and they are efficient for compiling and using information. It is a means of simplifying a complex world and it permits us to maintain consistency. It is less difficult to deal with an unmanageable number of stimuli if we use stereotypes. Stereotypes can be accurate, and when they are accurate, they can be useful perceptual guidelines. However, most of the time, stereotypes are inaccurate.



Example:

1. "Men aren't interested in child care,"
2. "Older workers can't learn new skills,"

2.14 What is Emotion?

Emotion is a subjective state of mind. Emotions can be reactions to internal stimuli (such as thoughts or memories) or events that occur in our environment.

An emotion is a mental and physiological state associated with a wide variety of feelings, thoughts, and behavior. Emotions are subjective experiences, or experienced from an individual point of view. It is often associated with mood, temperament, personality, and disposition.

Meaning of Moods

A mood is a state of mind that predisposes us to react a certain way. For example, someone in a low mood is more likely to feel irritated.

2.15 Emotions vs Moods

| Base | Emotions | Moods |
|------------|-----------------------------------|---|
| Duration | Seconds to minutes | Minutes to Hours |
| Expression | Universal Facial Expressions | No unique non verbal expressions |
| Awareness | Triggers more easily identifiable | Difficult to identify exact triggers causing mood |

2.16 Basic Emotions

There are hundreds of emotions along with their blends. The basic members and families of emotions, though not all agree on them, which are proposed by some theorists are as follows: According to Daniel Goleman, the basic families of emotions are:

Fear: (Safety) anxiety, apprehension, nervousness, concern, consternation, misgiving, wariness, qualm, edginess, dread, fright, terror and in the extreme cases phobia and panic.

Anger: (Justice) fury, outrage, resentment, wrath, exasperation, indignation, vexation, acrimony, animosity, annoyance, irritability, hostility, and perhaps these are manifest in the extreme as hatred and violence.

Sadness: (Loss) grief, sorrow, cheerlessness, gloom, melancholy, self-pity, loneliness, dejection, despair, and depression in the extreme case.

Enjoyment: (Gain) happiness, joy, relief, contentment, bliss, delight, amusement, pride, sensual pleasure, thrill, rapture, gratification, satisfaction, euphoria, whimsy, ecstasy, and at the far edge, mania.

Love: (Attraction) acceptance, friendliness, trust, kindness, affinity, devotion, adoration, infatuation, and agape.

Disgust: (Repulsion) contempt, disdain, scorn, abhorrence, aversion, distaste, and revulsion.

Surprise: (Attention) shock, astonishment, amazement, and wonder.

Shame: (Self-control) guilt, embarrassment, chagrin, remorse, humiliation, regret, mortification, and contrition.

2.17 Sources of Emotions

There are various sources of emotions like Personality, Day of the week, Time of the day, Weather, Stress, Lack of sleep, Age, Gender and Social Activities.

1. **Personality:** Built in tendencies to experience certain moods & emotions more frequently. Affect intensity-difference in strength to experience emotions.
2. **Day of the week and time of the day:** Day later in week or near to week end are felt with good emotions and moods. Early time of the day is felt with bad moods.
3. **Weather:** People are of the opinion that their moods are good or bad due to weather conditions but research has not such evidence.
4. **Stress:** Mounting level of stress worsen our moods. Stress takes toll on our moods.
5. **Social Activities:** Type of activity- physical, informal, epicurean (eating with others) creates more positive affect than attending meetings and sedentary (TV watching).
6. **Sleep:** Less and poor-quality puts in bad mood and impairs decision making and control on emotions.
7. **Gender:** Women experience emotions more intensely as compared to men except anger. But it depends how someone is culturally socialized.

2.18 What is Emotional Labour?

A situation in which an employee expresses organizationally desired emotions during interpersonal transactions at work. This concept emerged from Service Jobs.

Showing a genuine concern for customers' needs, smiling, and making positive eye contact are all critical to a customer's perception of service quality. These types of activities, when they're essential to worker performance, are emotional labour.



For Example:

"Miss, can you bring me a glass of water?"...

"Oh miss, I need some ketchup for my eggs."...

"Oh dear... Miss, my eggs are too runny. I can't possibly eat these. You'll need to send them back, and make sure my order is right this time."...

"Well, now there's a mark on my water glass. Get me a new one!"...

"You expect me to pay full price for this meal? I was served runny eggs and had to go out of my way to ask for water, which was then brought in a dirty glass. I can't believe it. There will certainly be no tip for you, young lady!"

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How would you feel if you were the waitress (or waiter) dealing with this customer? Frustrated? Angry? Humiliated? Comments like this from a customer are likely to provoke a negative emotional reaction. However, as a hardworking professional, you would have to hide your personal feelings, and remain calm and positive throughout the exchange.

Emotional Dissonance

Imagine you have to project emotion other than you are feeling while working. Can you handle or manage?

Emotional Dissonance refers to Inconsistencies between the emotions people feel and the emotions they project. It is a term that refers to a mismatch among emotions, attitudes, beliefs, and behaviour, for example, believing that you should always be polite to a customer regardless of personal feelings, yet having just been rude to one.

Felt and Displayed Emotions

Separate your felt emotions from displayed emotions.

| Type of Emotions | FELT EMOTIONS | DISPLAYED EMOTIONS |
|-------------------------|------------------------------|---|
| Meaning | Individual's actual emotions | Organization require workers to show and considers appropriate in a given job |
| Type of Acting | Deep Acting | Surface Acting |



Task: Imagine your job required to interact on a regular basis with a person who say negative things about you behind your back. So, you have to feign friendliness.

Will you be able to do this???

2.19 Emotional Intelligence

A person's ability to perceive emotions in the self and others, understand the meaning of these emotions, and regulate one's emotions.

Emotional Intelligence (EI), often measured as an Emotional Intelligence Quotient (EQ), is a term that describes the ability, capacity, skill or (in the case of the trait EI model) a self-perceived ability, to identify, assess, and manage the emotions of one's self, of others, and of groups.

Cascading Model of Emotional Intelligence

This model of emotional intelligence includes three main elements:

1. Conscientiousness: It means perceive emotions in self and others.
2. Cognitive: It means understanding the meaning of emotions.
3. Emotional Stability: It means regulate the emotions.



Task: What is your opinion towards her emotional level?

Imagine you are working in an office where your boss is very moody. She is unable to generate enthusiasm or interest in her employees. She does not understand why employees get upset with her. She often over reacts to problems.

Emotional Quotient

EQ is the pattern of how people's biases in their thinking leads them to think one thing or choice is better than another, as well as their clarity in differentiating within those biases to exercise clear and sound judgement.

Composition of EQ

Emotional Quotient is composed of two competencies: Personal Competence and Social Competence.

| | What I see | What I do |
|----------------------------|-------------------------|--------------------------------|
| Personal Competence | Self-Awareness | Self-Management |
| Social Competence | Social Awareness | Relationship Management |

Emotional Quotient vs Emotional Intelligence

Emotional Quotient is more appropriate than Emotional Intelligence.

If we see emotional as an adjective and intelligence as a noun, it means a cognitive understanding of emotions, while the literature usually refers to the identifying, feeling and using emotions.

A person who has a high ability to recognize, identify and feel emotions in him/herself and others (high EQ) will become a more successful salesperson.

People with high EQ will have more friends and mentors in companies and thus advance faster than a person of equal (or perhaps greater) IQ.

People with high EQ will be better liked and more appreciated in the community or in politics and be able to solicit more backers for their proposals.

People with a higher EQ enjoyed more success. IQ set a floor or threshold for entry into the career, but that once that threshold was met, EQ determined the eventual success.

The benefit, if EQ a greater indicator of life success than IQ, is that EQ can be modified through a program of directed learning.

Regardless of individual IQ or current level of success, one can increase his/her EQ and thus increase his/her life success.

2.20 Applications of EI to OB**1. Selection:**

Hiring employees with high emotional intelligence is important for companies such as Starbucks, whose baristas have frequent social interactions with customers. At Starbucks, emotional intelligence plays an important role in job performance, as the company enjoys a loyal customer base and a reputation as one of the most admired companies in America.

2. Decision Making:

Positive moods and emotions seem to help. People in good moods or experiencing positive emotions make good decisions quickly, also enhance problem solving skills.

3. Creativity:

People in good moods produce more ideas and more options, more flexible an open in thinking.

4. Leadership:

Effective leaders rely on emotional appeals to help convey their messages. Corporate executives know emotional content is critical if employees are to buy into their vision of the company's future and accept change.

2.21 Affective Events Theory

A theory that explores how events on the job cause different kinds of people to feel different emotions. These emotions inspire actions that can benefit or impede others at work.

Affective Events Theory (AET) is a model developed by organizational psychologists Howard M. Weiss and Russell Cropanzano to identify how emotions and moods influence job performance and job satisfaction. According to the AET, environmental exigencies generate “affective events” that cause emotional reactions in organizational members which, in turn, determine members’ attitudes and behaviors. The model increases understanding of links between employees and their emotional reaction to things that happen to them at work.

Work events model includes hassles, tasks, autonomy, job demands, emotional labor and uplifting actions. These work events affect employees positively or negatively. Employee mood predisposes the intensity of their reaction. This emotional response intensity therefore affects job performance and satisfaction. Furthermore, other employment variables like effort, leaving, deviance, commitment, and citizenship, are affected.

AET shows that the individual behavior in organizations is not always a controlled, deliberate, purely cognitive process, as it is often described. Rather, we contend that the moods and emotions that managers experience in response to positive and negative workplace events have a significant effect on strategic decision-making processes and ultimately, organizational-level outcomes.

Six Emotions affected by events at work

1. Anger
2. Fear
3. Joy
4. Surprise
5. Love
6. Sadness



For Example

Imagine that a co-worker unexpectedly delivers your morning coffee to your desk. As a result of this pleasant, if unexpected experience, you may feel happy and surprised. If that co-worker is your boss, you might feel proud as well.

Affect Driven Behaviour

1. Positive feelings from work experience may inspire to do something you had not planned to do before.

LIKE

You might volunteer to help a colleague on a project you weren't planning to work on before.

2. If you were unfairly reprimanded by your manager

Negative emotions you experience may cause you to withdraw from work or to act mean toward a co-worker.

2.22 What is Motivation?

A motive is a reason for doing something. Motivation is concerned with the strength and direction of behavior and the factors that influence people to behave in certain ways. The term ‘motivation’ can refer variously to the goals individuals have, the ways in which individuals chose their goals and the ways in which others try to change their behavior.

What makes people work? Why do some people perform better than others? Why does the same person act differently at different times? Perhaps one of the biggest questions confronting organizations today is the “people” question. A manager must stimulate people to action to accomplish the desired goals; he must fuse the varied individual human capacities and powers of the many people employed into a smoothly working team with high productivity. How do we get people to perform at a higher than “normal” percent of their physical and mental capacities and also maintain satisfaction? This is the challenge of motivation.

2.23 Definition of Motivation

Gray Starke, “Motivation is the result of processes, internal or external to the individual, that arouse enthusiasm and persistence to pursue a certain course of action.”

Stephen P Robbins, “We define motivation as the willingness to exert high levels of effort toward organisational goals, conditioned by the effort’s ability to satisfy some individual needs.”

S. Zedeck and M. Blood, “Motivation is a predisposition to act in a specific goal-directed way.”

Atkinson J.W, “(Motivation is) the immediate influences on the direction, vigour and persistence of action.”

S.W Gellerman, “(Motivation is) steering one’s actions toward certain goals and committing a certain part of one’s energies to reach them.”

M.R. Jones, “(Motivation is) how behaviour gets started, is energized, is sustained, is directed, is stopped and what kind of subjective reaction is present in the organism while all these are going on.”

2.24 Characteristics of Motivation

The characteristics of motivation are described as under:

1. Motivation is a psychological phenomenon

It is the inner desire of an individual to achieve something more. More is the individual motivated better performance and organization relations.

2. Motivation is a continuous process

Since need and desire are endless so the need is a continuous phenomenon if one need is satisfied the other need emerges.

3. Motivation is caused due to anticipated perceived value from an action

Perceived value is the probability or expectancy. $\text{motivation} = \text{value} \times \text{expectancy}$.

4. Motivation varies from person to person and time to time

Motivation is different for different persons and it also varied according to time and place because wants are different for different people, according to time and places.

5. An individual is motivated by positive or negative motivation

Positive motivation is based on incentives or reward. Incentive can be monetary and non-monetary.

Negative motivation is based on penalties, calling for explanation, threats, fear, etc. Fear of losing the job or promotion.



Think upon

Is highly motivated employee always successful in a job?

2.25 Types of Motivation

There are two types of motivation: Intrinsic motivation and Extrinsic motivation.

1. Intrinsic Motivation:

Intrinsic motivation can arise from self-generated factors that influence people's behaviour. It is not created by external incentives. Intrinsic Motivation occurs when an individual is "turned on to one's work because of the positive internal feelings that are generated by doing well.

It can take the form of motivation by the work itself when individuals feel that their work is important, interesting and challenging and provides them with a reasonable degree of autonomy (freedom to act), opportunities to achieve and advance, and scope to use and develop their skills and abilities.

2. Extrinsic Motivation:

Extrinsic Motivation results from the potential or actual receipt of extrinsic rewards. This motivation occurs when things are done to or for people to motivate them.

These include rewards, such as incentives, increased pay, praise, or promotion; and punishments, such as disciplinary action, withholding pay, or criticism. Extrinsic motivators can have an immediate and powerful effect, but will not necessarily last long.

Extrinsic motivators can have an immediate and powerful effect, but will not necessarily last long. The intrinsic motivators, which are concerned with the 'quality of working life' (a phrase and movement that emerged from this concept), are likely to have a deeper and longer-term effect because they are inherent in individuals and their work and not imposed from outside in such forms as incentive pay.

2.26 Significance of Motivation

Broadly, the significance of motivation can be discussed under following points:

1. High level of performance:

Organization must ensure that the employees have a high degree of motivation. A highly motivated employee put extra effort into work and have a sense of belonging for the organization. The efficiency of work will be improved, wastage will be minimum which will result in the increased productivity, and performance level will be high.

2. Low employee turnover and absenteeism:

Low level of motivation is a root cause of low turnover and absenteeism. High level of absenteeism causes a low level of production, poor quality, wastages and disruption in production schedules. Increased turnover is disastrous for any organization as it puts a strain on the financial position of the organization due to additional recruitment, selection, training and development.

3. Acceptance of organization change:

Social change and technology evolution happens in the external environment have greater impact on the motivation of the employee. Management must ensure that the changes are introduced in the organization and its benefits explained to the employees so that there is no resistance to change and organizational growth is achieved.

4. Organizational image:

Employees are the mirrors of any organization. Regular training & development programmes should be organized to keep employee updated with latest skills. It will have a positive impact on the employees and the image of the organization will be improved.

High organizational image will contribute towards the brand image of the product and services the organization is marketing.

2.27 Theories of Motivation

There are a number of motivation theories which, in the main, are complementary to one another. Motivation theories are categorized into two: Content and Process theories. Also known as Early theories and Contemporary theories.

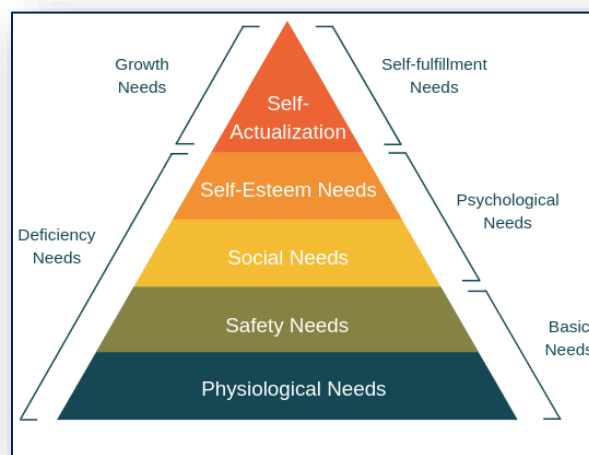
Early theories of Motivation:

There are three early theories of motivation as under:

1. Hierarchy of Needs Theory: Abraham Maslow
2. Herzberg's two factor theory/ Motivation-Hygiene Theory
3. Alderfer's ERG theory

1. Maslow's Hierarchy of Needs

The most famous classification of needs is the one formulated by Maslow (1954). He suggested that there are five major need categories that apply to people in general, starting from the fundamental physiological needs and leading through a hierarchy of safety, social and esteem needs to the need for self-fulfillment, the highest need of all. When a lower need is satisfied the next highest becomes dominant and the individual's attention is turned to satisfying this higher need. The need for self-fulfillment, however, can never be satisfied. 'Man is a wanting animal'; only an unsatisfied need can motivate behavior and the dominant need is the prime motivator of behaviour. Psychological development takes place as people move up the hierarchy of needs, but this is not necessarily a straightforward progression. The lower needs still exist, even if temporarily dormant as motivators, and individuals constantly return to previously satisfied needs.



1. *Physiological Needs*

Google has bicycles and electric cars to get staff to meetings, gaming centers, organic gardens, and eco-friendly furnishings. The company wants to make its employees' lives more comfortable, and they are continually searching for ways to improve the health, well-being, and morale of its Googlers.

2. *Safety Needs*

The fact that the CEO of Facebook, one of the world's most dynamic and fastest growing companies, is meeting with entry-level employees says a lot about the way Mark Zuckerberg does business. Rather than slotting people into roles based on age and experience, Facebook values everyone's ideas in clear and distinct ways.

3. *Social Needs*

HBO's Corporate Social Responsibility team unites HBO employees, talent and non-profit partners to make a difference on social issues, connected to their industry, and their communities. Employees are inspired from their top-down leadership to educate, take action and help make the world a better place.

4. *Self-esteem needs*

Southwest gives employees "permission" to go the extra mile to make customers happy, empowering them to do whatever is necessary to meet that vision.

5. Self-actualization needs

Google offers its employees one of the most innovative work environments. Google encourages employees to spend 20% of their time pursuing innovative ideas about which they are passionate – resulting in products and applications like Google News, Google Alerts and Google Maps Street View.



Example: Business Application of Maslow’s Hierarchy



Task:

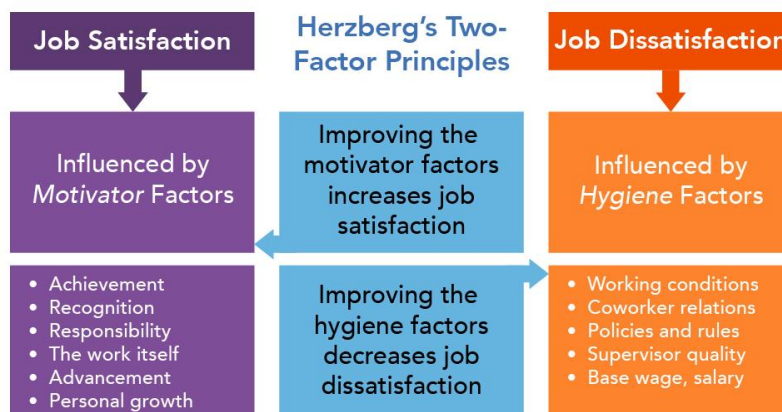
What do people want from their jobs?

Answer: Security, Good relationships with co-workers and Opportunities for Growth & Advancement.

2. Herzberg’s two-factor theory

Fredrick Herzberg departed from the need hierarchy approach to motivation and examined the experiences that satisfied or dissatisfied people’s needs at work. This need motivation theory became known as the ‘two-factor theory’. Herzberg’s original study included 200 engineers and accountants in Western Pennsylvania during the 1950s. Prior to that time, it was common for those researching work motivation to view the concept of job satisfaction as one-dimensional, that is, job satisfaction and job dissatisfaction were viewed as opposite ends of the same continuum. This meant that something that caused job satisfaction, would cause job dissatisfaction if it were removed; similarly, something that caused job dissatisfaction, if removed, would result in job satisfaction. Based upon unstructured interviews with 200 engineers and accountants, Herzberg concluded that this view of job satisfaction was incorrect, and that satisfaction and dissatisfaction were actually conceptually different factors caused by different phenomena in the work environment.

2.28 Diagrammatic Explanation



Hygiene Factors

In the concept developed by Frederick Herzberg, factors that do not motivate employees, but are essential to maintain satisfaction. These include a satisfactory salary and related employee benefits, considerate human relations skills, and satisfactory working conditions. The absence of any of these hygiene factors will cause employee dissatisfaction. These are also called maintenance factors. Job dissatisfaction occurs when the hygiene factors are either not present or not sufficient. In the original research, the hygiene factors were company policy and administration, technical supervision, interpersonal relations with one's supervisor and working conditions, salary and status. These factors relate to the context of the job and may be considered support factors. They do not directly affect a person's motivation to work but influence the extent of the person's discontent. These factors cannot stimulate psychological growth or human development. Excellent hygiene factors result in employees' being not dissatisfied and contribute to the absence of complaints about these contextual considerations

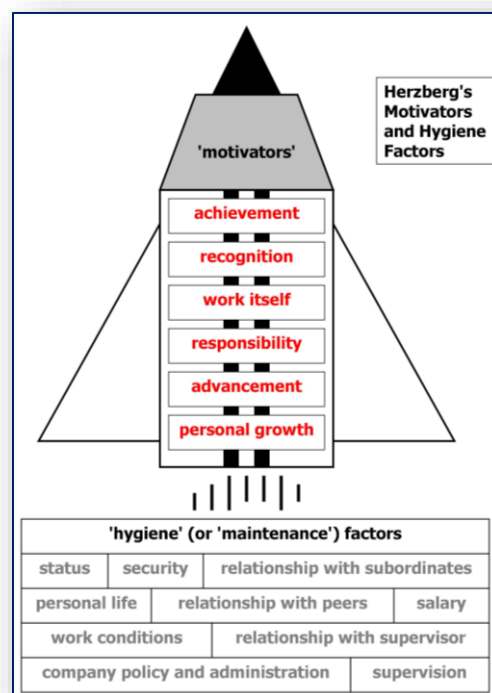
Motivator Factors

These are the Motivators (e.g., challenging work, recognition, responsibility) that give positive satisfaction, arising from intrinsic conditions of the job itself, such as recognition, achievement, or personal growth.

According to Herzberg, building motivation factors into a job produces job satisfaction. This process is known as job enrichment. In the original research, the motivation factors were identified as responsibility, achievement, recognition, advancement and the work itself. These factors relate to the content of the job and what the employee actually does on the job. When these factors are present, they lead to superior performance and effort on the part of job incumbents. Motivation factors lead to positive mental health and challenge people to grow, contribute to the work environment, and invest themselves in the organization. The motivation factors are the most important of the two sets of factors, because they directly affect a person's motivational drive to do a good job. When they are absent, the person will be de-motivated to perform well and achieve excellence.



Example: Hygiene factors are merely a LAUNCHPAD.



Practical Application: TESCO

- TESCO uses Herzberg's theory to motivate its employees.
- Company pays attention to factors causing dissatisfaction as well as those causing satisfaction.
- Employees are motivated and empowered
 - i. by timely and appropriate communication,
 - ii. by involving personnel in decision-making and
 - iii. by delegating wherever possible.
- Forums are held every year in which staff can provide input on pay rises.
- Tesco personnel even get an opportunity to give their input when restaurant menus are designed, helping to prevent feelings of alienation and dissatisfaction.

3. Alderfer's ERG Theory

Alderfer (1972) devised a theory of human needs that postulated three primary categories:

1. Existence needs such as hunger and thirst – pay, fringe benefits and working conditions are other types of existence needs.
2. Relatedness needs, which acknowledge that people are not self-contained units but must engage in transactions with their human environment – acceptance, understanding, confirmation and influence are elements of the relatedness process.
3. Growth needs, which involve people in finding the opportunities 'to be what they are most fully and to become what they can'.



Example: NESTLE

- Nestle provides **existence need** by carrying out activities like "Employee Healthy Programs" to encourage and maintain a healthy lifestyle of the employee.
- Nestle also provides **relatedness need** to encourage the employee to create their own social or community obligations through the Nestle charity homes activity.
- Nestle also provides **growth need** to provide rewards to employees who excel in their performance.

2.29 Contemporary Theories

There are majorly four contemporary theories:

1. McClelland's Theory of Needs
2. Expectancy Theory
3. Goal Setting Theory
4. Equity Theory

Let's explain each theory one by one with relevant examples.

1. McClelland's Theory of Needs:

An alternative way of classifying needs was developed by McClelland (1961), who based it mainly on studies of managers. He identified three needs as being most important:

1. The need for achievement, defined as the need for competitive success measured against a personal standard of excellence.
2. The need for affiliation, defined as the need for warm, friendly, compassionate relationships with others.
3. The need for power, defined as the need to control or influence others.

Different individuals have different levels of these needs. Some have a greater need for achievement, others a stronger need for affiliation, and still others a stronger need for power. While one need may be dominant, however, this does not mean that the others are non-existent.

The three needs may be given different priorities at different levels of management. Achievement needs are particularly important for success in many junior and middle management jobs where it is possible to feel direct responsibility for task accomplishment. But in senior management positions a concern for institutionalized as opposed to personal power becomes more important. A strong need for affiliation is not so significant at any level.



Task: Which kind of story you come up with?

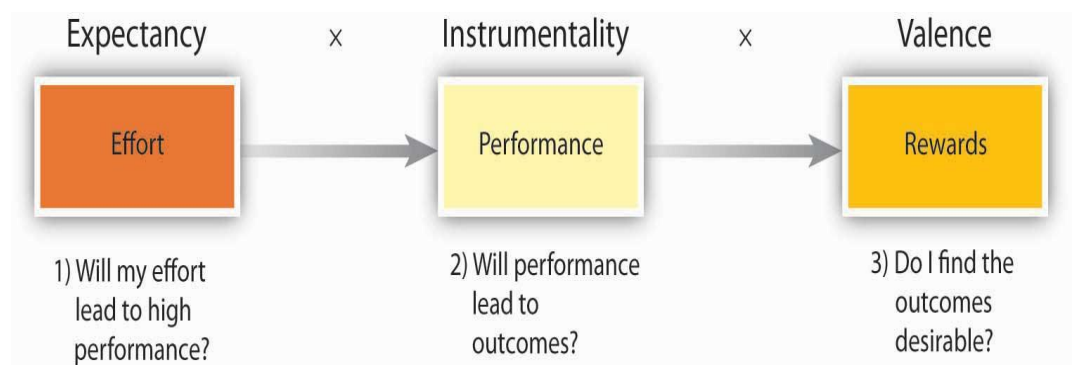
- If the story you come up with contains themes of success, meeting deadlines, or coming up with brilliant ideas, you may be **high in need for achievement**.
- If the story you created in relation to the picture you are analyzing contains elements of making plans to be with friends or family, you may have a **high need for affiliation**.
- If your story contains elements of getting work done by influencing other people or desiring to make an impact on the organization, you may have a **high need for power**.

2. Expectancy Theory

Expectancy theory states that motivation will be high when people know what they have to do to get a reward, expect that they will be able to get the reward and expect that the reward will be worthwhile.

The concept of expectancy was originally contained in the valency-instrumentality-expectancy (VIE) theory formulated by Vroom (1964). Valency stands for value, instrumentality is the belief that if we do one thing it will lead to another, and expectancy is the probability that action or effort will lead to an outcome.

The strength of expectations may be based on past experiences (reinforcement), but individuals are frequently presented with new situations – a change in job, payment system, or working conditions imposed by management – where past experience is an inadequate guide to the implications of the change. In these circumstances, motivation may be reduced.



1. **Valence**- Refers to the level of confidence an employee has to expect a desirable outcome for his actions and behaviour.
2. **Expectancy**-Outcome an employee anticipates in response to his actions or behaviour.
3. **Instrumentality**-Qualifications and abilities an employee has to perform the work necessary to produce a desirable outcome.



Task: What do you believe about yourself?

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- Do you believe that the effort you put forth in a class is related to performing well in that class? (**EXPECTANCY**)
- Do you believe that getting a good grade in the class is related to rewards such as getting a better job, or gaining approval from your instructor, or from your friends or parents? (**INSTRUMENTALITY**)
- Do you value getting a better job, or gaining approval from your instructor, friends, or parents? (**VALENCE**)

**Example: Hallmark**

- Hallmark company has maximum **Expectancy** employees who believe in their abilities that they can perform best.
- Company provides them with the best training and development and supports them with resources.
- Hallmark company employees **Instrumentality** is high and there is no lack of confidence`

3. Equity Theory

As the name implies, this motivation theory is based on the assumption that individuals are motivated by their desire to be equitably treated in their work relationships. When employees work for an organisation, they basically exchange their services for pay and other benefits. Equity theory proposes that individuals attempt to reduce any inequity they may feel as a result of this exchange relationship.

Adam's Theory of Equity is one of the popular social exchange theories and is perhaps the most rigorously development statement of how individuals evaluate social exchange relationships. Basically, the theory points out that people are motivated to maintain fair relationships with others and will try to rectify unfair relationships by making them fair. This theory is based on two assumptions about human behaviour:

1. Individuals make contributions (inputs) for which they expect certain outcomes (rewards). Inputs include such things as the person's past training and experience, special knowledge, personal characteristics, etc. Outcomes include pay recognition, promotion, prestige, fringe benefits, etc.
2. Individuals decide whether or not a particular exchange is satisfactory, by comparing their inputs and outcomes to those of others in the form of a ratio. Equity exists when an individual concludes that his/her own outcome/input ratio is equal to that of others.

**Case study: Smita and Yash**

Smita is a student working towards a bachelor's degree in finance. To gain some work experience and increase her marketability, she accepted a summer internship in her finance department of a pharmaceutical company. She is quite pleased at the pay of Rs 20,000 which is more than other students in her cohort receive for their summer internships. At work, she meets Yash, a recent graduate working as a middle manager in the same finance department. Yash makes Rs 40,000 a month. On the job, Smita is a go-getter. She is engaged, satisfied and always seems willing to help others. Yash is the opposite. He often seems disinterested in his job and entertains thoughts about quitting. When pressed one day about why he is unhappy, Yash cites his pay as the main reason for his behavior. Specifically, he tells Smita that compared to managers at other pharmaceutical companies, he makes much less. "It is not fair", he complains. " I work just as hard as they do, yet I don't make as much. Maybe I should go to work with the competitor."

Question for discussion: How could someone making Rs 40, 000 be less satisfied with his or her pay than someone making Rs 20, 000 a month and be less motivated as a result?

4. Goal Setting Theory

Goal theory as developed by Latham and Locke (1979) states that motivation and performance are higher when individuals are set specific goals, when goals are difficult but accepted, and when there is feedback on performance. Participation in goal setting is important as a means of getting agreement to the setting of higher goals. Difficult goals must be agreed and their achievement reinforced by guidance and advice. Finally, feedback is vital in maintaining motivation, particularly towards the achievement of even higher goal.

The success of goal setting in motivating performance depends on establishing goals that have the appropriate attributes or characteristics. In particular goals should be specific and measurable, challenging, attainable, relevant to the major work of the organization, and time-limited in the sense of having a defined period of time within which the goal must be accomplished.

Specific hard goals produce a higher level of output than does the generalized goal of “do your Notes best”. The specificity of the goal itself acts as an internal stimulus. If factors like ability and acceptance of the goal are held constant, we can also state that the more difficult the goal, the higher the level of performance. However, it’s logical to assume that easier goals are more likely to be accepted. But once an employee accepts a hard task, he or she will exert a high level of effort until it is achieved, lowered or abandoned.

People will do better when they get feedback on how well they are progressing toward their goals because feedback helps identify discrepancies between what they have done and what they want to do; that is, feedback acts to guide behavior.

Goal-setting theory presupposes that an individual is committed to the goal, that is, determined not to lower or abandon the goal. This is most likely to occur when goals are made public, when the individual has an internal locus of control, and when the goals are self-set rather than assigned. Self-efficacy refers to an individual’s belief that he or she is capable of performing a task. The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy will try harder to master the challenge.

Summary

Personality is defined as a relatively stable set of characteristics that influence an individual’s behavior.

One should think of personality as the sum total of ways in which an individual reacts and interacts with others.

Perception is the primary vehicle through which we come to understand our surroundings and ourselves.

Perception can be defined as a process by which individuals organize and interpret their sensory impressions to give meaning to their environment.

An emotion is a mental and physiological state associated with a wide variety of feelings, thoughts, and behavior.

Emotions are subjective experiences or experienced from an individual point of view. It is often associated with mood, temperament, personality, and disposition.

Motivation is the internal condition that activates behavior and gives it direction; energizes and directs goal-oriented behavior.

The challenge at work is to create an environment in which people are motivated about work priorities.

There are various theories to motivate people at workplaces. David C. McClelland offers a different perspective, ‘acquired-needs’ theory, which argues that our needs are acquired or learned on the basis of our life experience.

Actual achievement of desired goals is of secondary importance to the high nPow individual; instead the means by which goals are achieved (the exercise of power) are of primary importance.

McClelland has analyzed various needs in terms of their relationship to managerial effectiveness.

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Goal-setting theory presupposes that an individual is committed to the goal, that is, determined not to lower or abandon

Keywords

Personality, Heredity, Core self-evaluation, Self-monitoring, Proactive Personality, Locus of Control, Self-esteem, Attribution, Perception, Transactional Analysis, Ego states, MBTI, Johari Window, Big five model, Emotions, Moods, Emotional Labour, Emotional Quotient, Emotional Intelligence, Affective Events Theory, Emotional Dissonance, Maslow, Motivation, Equity, Herzberg, Valence, Power, Achievement, Affiliation, Goal-setting.

Self Assessment

1. Lana is friendly, always willing to help others and compassionate. We would expect Lana to score highly on:
 - A. extraversion
 - B. agreeableness
 - C. neuroticism
 - D. openness to experience

2. Rohan is self-disciplined, focused on achievement and keen to do his duty. He would be expected to score highly on:
 - A. neuroticism
 - B. agreeableness
 - C. extraversion
 - D. conscientiousness

3. Bernice is usually very talkative in class. Her teacher says she is the class clown.
 - A. Openness
 - B. Conscientiousness
 - C. Extraversion
 - D. Agreeableness

4. People who score high in ____ tend to be sympathetic, trusting, cooperative, and modest.
 - A. neuroticism
 - B. extraversion
 - C. conscientiousness
 - D. agreeableness

5. MBTI stands for
 - A. Myers-Briggs Type Indicator
 - B. Myers-Briggs Typology Indicator
 - C. Myers-Briggs Type Inventory
 - D. Myers-Briggs Temperament Indicator

6. According to Freud, the mind's three components are:
 - A. ego, id, superego
 - B. unconscious, moral, immoral

- C. oral, anal, phallic
- D. primary, secondary, tertiary

7. Ego states referred in Transactional Analysis Theory does not include:

- A. Child
- B. Parent
- C. Adult
- D. Sibling

8. Transactional Analysis (TA) is related to

- A. Learning
- B. Attitude
- C. Perception
- D. Personality

9. In the Johari Window, the information about yourself that you don't know but others do is your

- A. Unknown Self
- B. Blind Self
- C. Open Self
- D. Hidden Self

10. In the Johari Window, the things that we know about ourselves and keep to ourselves represent our

- A. Unknown Self
- B. Blind Self
- C. Open Self
- D. Hidden Self

11. Remembering with great clarity the last thing someone says is an example of the _____.

- A. Primacy Effect
- B. Recency Effect
- C. Horn Effect
- D. Halo Effect

12. According to the self-serving bias, you are most likely to attribute your grade of 95% on a test to _____.

- A. The fact that you are smart
- B. The teacher's easy marking scheme
- C. Luck
- D. The simplicity of the test

13. Which barrier to accurate perception is involved when you treat small amounts of information as if they are highly representative of the total stimulus?

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- A. Overgeneralizing
 - B. stereotyping
 - C. oversimplifying
 - D. ignoring information
14. You are able to categorize people into one of two groups of polar opposites, one positive and the other negative, by generating _____ about them.
- A. personal constructs
 - B. first impressions
 - C. stereotypes
 - D. lasting impressions
15. Placing a heavy emphasis on the first pieces of information we receive about others is called the _____.
- A. impression effect
 - B. emphasis effect
 - C. primacy effect
 - D. recency effect
16. Ricky is assess as having high emotional intelligence. This means he has:
- A. skills and abilities that help him understand people from another cultural heritage
 - B. skills and abilities that help him process, understand, and regulate his emotions and those of others
 - C. skills that help them problem solve
 - D. skills and abilities that help them to acquire language
17. Emotions are:
- A. objective responses to experiences in our environment
 - B. subjective responses to experiences in our environment
 - C. physiological changes to experiences in our environment
 - D. behavioral changes to experiences in our environment
18. What is emotion?
- a. to have experience of feeling or emotion on something
 - b. Intense, discrete and short-lived feeling experiences that are often caused by specific event.
 - c. Feelings that tend to be longer-lived and less intense and lack a contextual stimulus.
 - d. A facial, vocal, or gestural behavior that serves as an indicator of affect.
19. Through _____, an individual hides inner feeling by modifying facial expressions.
- A. Surface acting
 - B. Deep acting
 - C. Dissonance
 - D. Displayed emotions

20. _____ is one's ability to detect and manage emotional cues and information.
- A. Emotional labour
 - B. Emotional dissonance
 - C. Emotional intelligence
 - D. Cognitive Dissonance
21. Having emotional intelligence is learning how to manage anxiety, happiness, and fear.
- A. True
 - B. False
22. Emotions are non -subjective experiences, or experienced from an non-individual point of view.
- A. True
 - B. False
23. Jane is concerned that her company is selling products of very poor quality. However, when meeting with customers, Jane feels obligated to be positive and express confidence about the quality of the product. Jane is likely experiencing _____
- A. Displayed emotions
 - B. Felt emotions
 - C. Deep acting
 - D. Emotional Dissonance
24. Ramanujan A manager in retail store facing problem to motivate his employees. He is failed to understand the employees' expectations from organization and work morale of Ramanujan is low. What should the owner do to improve the situation?
- A. Talk to the Ramanujan and ask him why this is happening.
 - B. Fire the Ramanujan and hire another manager.
 - C. Send Ramanujan for emotional intelligence training.
 - D. Transfer Ramanujan to another store.
25. According to the affective events theory (AET), emotions are critically important to how employees handle workplace situations.
- A. True
 - B. False
26. An understanding of emotions and moods can improve our ability to explain and predict deviant workplace behaviours.
- A. True
 - B. False

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27. Affective events theory demonstrates that employees react emotionally to things that happen to them at work and that this reaction influences their job performance and satisfaction.
- A. True
 - B. False
28. The "frustration-aggression" hypothesis claims that anger leads to frustration.
- A. True
 - B. False
29. That is the name of the theory that has demonstrated that employees react emotionally to things that happen to them at work and that this reaction influences their job performance and satisfaction?
- A. Psychoanalytic theory
 - B. Cognitive dissonance theory
 - C. Affective events theory
 - D. The theory of planned behavior
30. Tests of Affective Event theory have not shown which of the following to be true?
- A. Both current and past emotions influence job satisfaction at any given time.
 - B. Positive emotions have a strong positive influence on job performance
 - C. An emotional episode contains elements of both emotions and mood cycles
 - D. None of the above
31. Who has given the hierarchy of needs hierarchy theory of motivation?
- A. Abraham Maslow
 - B. David McClelland
 - C. Victor Vroom
 - D. Frederick Herzberg
32. Which among the following is the highest-level need under Need Hierarchy Theory of Motivation?
- A. Safety and Security Needs
 - B. Social Needs
 - C. Self-esteem Needs
 - D. Self-Actualization Needs
33. What does "E", "R" and "G" stand for in the ERG theory?
- A. Export, Risk and Guarantee
 - B. Exponential, Reliability and Growth
 - C. Existence, Relatedness and Growth
 - D. Experience, Relatedness and Growth

34. Which of the following would be classified by Herzberg as a hygiene factor?
- A. Personal growth
 - B. Company Policy
 - C. Responsibility
 - D. Achievement
35. Who proposed that achievement, affiliation and power are three important needs that help explain motivation in workplace situations?
- A. McGregor
 - B. McClelland
 - C. Alderfer
 - D. Maslow
36. Company policy, administration, supervision, interpersonal relations, working conditions, and salary are characterized as:
- A. Hygiene Factors
 - B. Growth Factors
 - C. Achievement Factors
 - D. Esteem Factors
37. Maslow and Herzberg are two examples of _____ theories of motivation.
- A. Equity
 - B. Expectancy
 - C. Process
 - D. Content
38. The theory that an employee will compare his or her job inputs and outcomes relative to others is called:
- A. Equity Theory
 - B. Expectancy Theory
 - C. Employee theory
 - D. Maslow Theory
39. Which of the following statements is true about the Goal Theory of motivation?
- A. A person's level of commitment to a goal will not regulate the level of effort expended.
 - B. People with difficult goals will perform better than people with easier goals.
 - C. People with easier goals will perform better than people with difficult goals.
 - D. Research has shown that there is little support for the Goal Theory and its effects on motivation with regard to the relationship between goal-setting and performance.

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40. According to McClelland's Needs Theory, which of the following is not a motivating need?
- A. Need for Power
 - B. Need for Security
 - C. Need for Achievement
 - D. Need for Affiliation
41. Which of these needs is greatest for those individuals who have a strong desire to excel?
- A. need for achievement
 - B. need for power
 - C. need for affiliation
 - D. need for self-actualization
42. Being liked by others is the main goal of people with which of these needs?
- A. need for achievement
 - B. need for power
 - C. need for affiliation
 - D. need for self-actualization
43. Which goal is most clear:
- A. do a good job
 - B. do your best
 - C. do better than you did last week
 - D. bake 7 cakes
44. In expectancy theory, ____ is a perception about the extent of which effort will result in a certain level of performance.
- A. Effort
 - B. Expectancy
 - C. Valence
 - D. Instrumentality
45. In goal-setting theory it is important for people to do all of these EXCEPT:
- A. set the goals.
 - B. accept the goals.
 - C. be committed to the goals.
 - D. receive feedback about their performance.

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. B | 2. D | 3. C | 4. D | 5. A |
| 6. A | 7. D | 8. D | 9. B | 10. B |
| 11. B | 12. A | 13. A | 14. A | 15. C |
| 16. B | 17. B | 18. B | 19. A | 20. C |
| 21. A | 22. B | 23. D | 24. C | 25. A |
| 26. A | 27. A | 28. B | 29. C | 30. B |
| 31. A | 32. D | 33. C | 34. B | 35. B |
| 36. A | 37. D | 38. A | 39. B | 40. B |
| 41. A | 42. C | 43. D | 44. B | 45. A |

Review Questions

1. Define Perception.
2. How does selectivity affect perception?
3. What is attribution theory? What are its implications for explaining organizational behavior?
4. What factors do you think might create the fundamental attribution error?
5. What is Stereotyping?
6. What does stereotype mean? Why is it considered to be a perceptual problem?
7. Define personality.
8. Why is the study of "personality" important for a manager?
9. What is the Myers-Briggs Type Indicator?
10. What is affective event theory?
11. Elaborately discuss various theories of personality.
12. Personality is a pattern of stable states and characteristics of a person that influences his or her behavior toward goal achievement. Comment.
13. As a manager HR, how would you deal with a person who has an independent and aggressive work attitude due to his cultural background and is a better performer than the rest of the employees who do their work with full grit but lack that enthusiasm?
14. Illustrate through examples how is human personality influenced by situational factors?
15. What is affective event theory?
16. Discuss the concept of EI and performance.
17. What are the basic emotions?
18. What are feelings?

Unit 02: Personality, Emotions & Motivation

19. What are emotions? Why does emotion arise?
20. What are the effects of emotions on the behavior of the individual?
21. What are the implications of Emotional Intelligence on organizational behavior?
22. How can you define Affective events theory?
23. Differentiate between Emotional intelligence and Emotional Quotient.
24. What do you understand by felt emotions and display emotions?
25. What is motivation?
26. What is the significance of motivation?
27. Discuss the characteristics of motivation in detail.
28. What are the different types of motivation?
29. What are the different content theories of motivation?
30. What are the different process theories of motivation?
31. Describe need for achievement, power, and affiliation, and identify how these acquired needs affect work behavior.
32. Review the hygiene and motivators in the two-factor theory of motivation. Do you agree with the distinction between hygiene factors and motivators? Are there any hygiene factors that you would consider to be motivators?
33. Using examples, explain the concepts of expectancy, instrumentality, and valence.

**Further Readings**

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Unit 03: Group Dynamics & Team Development

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Summary

Keywords

Self Assessment

Answers for Self Assessment

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Objectives

After studying this chapter, you will be able to:

- Understand the concept of group dynamics.
- Explore the significance of group dynamics.
- Get awareness about different types of groups.
- Understand the functions in groups.
- Get awareness about different stages of group formation.
- Apply the stages in real terms with the help of cases.
- Get awareness about factors affecting group performance

Introduction

The lone individual – the single man or woman who has no connection to other men and women – is an extraordinarily rare human being. Homo sapiens is capable of surviving alone, and the recluse, ascetic, and prisoner in solitary confinement can forge a life on their own. But few humans seek or enjoy the challenges of solitude. Most people prefer to live in groups. Virtually all the activities of our lives – working, learning, worshipping, relaxing, playing, and even sleeping – occur in groups rather than isolated from others. Most people belong to many different groups, so the number of groups in the world probably reaches well beyond six billion. The world is literally teeming with groups.

A team is a relatively permanent work group whose members must coordinate their activities to achieve one or more common objectives. The objectives might include advising others in the organization, producing goods or services, and carrying out a project. Because achievement of the team's objectives requires coordination, team members depend on one another and must interact regularly. A work team generates positive synergy through coordinated effort. Their individual efforts result in a level of performance that is greater than the sum of those individual inputs. Teams have far-reaching impact in today's workplace. They have become an essential part of the way business is being done.

Teams imply a high degree of coordination among their members, along with a shared belief that winning (achieving team goals) is not only desirable but the very reason for the team's existence. Any team is therefore a group, but unfortunately, not all groups have the high degree of interdependence and commitment to success that we traditionally associate with the concept of a team. Although the desire to achieve high levels of commitment and co-ordination is common among organizations using teamwork, the nature of specific teams varies considerably.

3.1 What is group?

A group is a collection of individuals who interact with each other such that one person's actions have an impact on the others.

In simple terms, Groups are where people get along, feel the desire to contribute to the team, and are capable of coordinating their efforts for achieving high performance levels.



Task:

Think of the various groups to which you belong since your childhood till now.

And then try to find the answer of a question "Does each group satisfy the four criteria?"

3.2 Group Dynamics

Group Dynamics refer to change which takes place within groups and is concerned with the interaction and forces obtained between group members and social setting.



Example: Do you really think the success of Intel in the 1990s microchip industry is due to the effective decision making of only Andy Grove, the CEO?

No, because number of people participate in important organizational decisions, working together as a group to solve problems.

3.3 Group Decision-Making

Group decision-making is a situation faced when individuals collectively make a choice from the alternatives before them. The decision is then no longer attributable to any single individual who is a member of the group.

The most common form of group decision-making takes place in face-to-face interacting groups. Interacting groups often censor themselves and pressure individual members toward conformity of opinion.

Group Decision making techniques

1. Brainstorming:

Brainstorming is a good technique for generating alternatives. The idea behind brainstorming is to generate as many ideas as possible, suspending evaluation until all of the ideas have been suggested. Participations are encouraged to build upon the suggestions of others, and imagination is emphasized. Brainstorming is meant to overcome pressures for conformity in the interacting group that retard the development of creative alternatives. Groups that use brainstorming have been shown to produce significantly more ideas than groups that do not.

2. Nominal Group technique:

The nominal group technique restricts discussion or interpersonal communication during the decision-making process, hence the term 'nominal'. Group members are all physically present, as in a traditional committee meeting, but members operate independently.

NGT has the following discrete steps:

- (a) Individuals silently list their ideas.
- (b) Ideas are written on a chart one at a time until all ideas are listed.
- (c) Discussion is permitted, but only to clarify the ideas. No criticism is allowed.
- (d) A vote is taken by ballot or other recordable means.

3. Delphi Technique:

The Delphi technique originated at the Rand Corporation to gather the judgements of experts for use in decision-making. The Delphi method is similar to the nominal group technique except that it does not require the physical presence of the group's members. Experts at remote locations respond to a questionnaire. A coordinator summarizes the responses to the questionnaire, and the summary is sent back to the experts. The experts then rate the various alternatives generated, and the coordinator tabulates the results.

4. Self-managed teams:

Self-managed teams make many of the decisions that were once reserved for managers, such as work scheduling, job assignments and staffing. Unlike quality circles, whose role is an advisory one, self-managed teams are delegated authority in the organisation's decision-making process.

Before choosing a group decision-making technique, the manager carefully evaluates the group members and the decision situation. Then the best method for accomplishing the objectives of the group decision-making process can be selected. For example:

- (a) The need for expert input would be best facilitated by the Delphi Technique.
- (b) Decisions that concern quality or production would benefit from the advice of quality circles.
- (c) If group members were reluctant to contribute ideas, the nominal group technique would be appropriate.
- (d) A manager who wants to provide total empowerment to a group should consider the possibility of allowing it to self-manage itself.

Pitfalls in Group Decision Making

1. Groupthink:

A situation in which group members maintain or seek consensus at the expense of identifying and debating honest disagreements.

Groupthink occurs when team members place consensus above all other priorities—including using good judgment when the consensus reflects poor judgment, improper or immoral actions, and so on. Groupthink, at its core, involves a deterioration of mental efficiency, reality testing, and moral judgments as a result of group pressures toward conformity of opinion.

2. Risky-shift:

A process by which group members collectively make a riskier choice than most or all of the individuals would have made working alone is known as risky-shift.

3. Diversity based infighting:

A situation in which group members engage in unproductive, negative conflict over differing views.

4. Common information bias:

A bias in which group members overemphasize information held by a majority or the entire group while failing to be mindful of information held by one group member or a few members.

3.4 Group Behaviour

Group behaviour in organizations tends to follow the organizational norms and rules wherein the employees are expected to be disciplined, follow orders, and work to the requirements of the organization rather than their own whims and fancies.

Social Building Blocks for Group Behaviour

There are social building blocks for group behaviour are roles and norms.

1. Roles

A role is a set of expected behaviours for a particular position, and a group role is a set of expected behaviours for members of the group as a whole.

I. Task Roles-

Task roles enable the work group to define, clarify, and pursue a common purpose.

| S.No. | Task Roles | Description |
|-------|--------------------------|---|
| 1. | Initiator | Suggest new goals or ideas |
| 2. | Information seeker/giver | Clarify key issues |
| 3. | Opinion seeker/giver | Clarifies pertinent values |
| 4. | Elaborator | Promotes greater understanding through examples or exploration of implications |
| 5. | Coordinator | Pulls together ideas and suggestions |
| 6. | Orienteer | Keeps group headed toward its stated goals |
| 7. | Evaluator | Test group's accomplishments with various criteria such as logic and practicality |
| 8. | Energizer | Prods group to move along or to accomplish more |

II. Maintenance Roles-

These roles foster supportive and constructive interpersonal relationships.

| | | |
|----|------------|---|
| 1. | Encourager | Fosters group solidarity by accepting and praising various points of view |
| 2. | Harmonizer | Mediates conflict through reconciliation or humor |

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| | | |
|----|-----------------|--|
| 3. | Compromiser | Helps resolve conflict by meeting others "halfway" |
| 4. | Gatekeeper | Encourages all group members to participate |
| 5. | Standard setter | Evaluates the quality of group processes |
| 6. | Commentator | Records and comments on group processes/dynamics |
| 7. | Follower | Serves as a passive audience |



Example:

- Sallie Krawcheck, one of the most powerful women on Wall Street and former executive at Citibank and Bank of America (B of A), provides an excellent example.
- When she took over as president of the Global Wealth and Investment Management (GWIM) group at B of A, she was quick to fulfill both task and maintenance roles.
- At the embattled bank she quickly tended to task roles and appointed eight executives to oversee various operations within the group, such as heads of the US brokerage force and private wealth management.
- New goals were set; she also worked diligently to integrate and harmonize the dual cultures (maintenance roles) of both B of A and Merrill Lynch, which it acquired at the height of the financial crisis.

2. Norms

A norm is an attitude, opinion, feeling, or action—shared by two or more people—that guides behavior.

Why norms are reinforced?

1. "Make our department look good in top management's eyes." - Group/Organizational Survival
2. "Success comes to those who work hard and don't make waves." -Clarification of behavioural expectations
3. "Be a team player, not a star" -Avoidance of embarrassment.
4. "Customer service is our priority." -Clarification of central values/unique identity.

3.5 Why do People join groups?

There are many reasons due to which people join groups in any organization which can be explained as under:

1. Group represent power:

What mostly cannot be achieved individually becomes possible with group effort. Power might be aimed to protect themselves from unreasonable demands.

2. People may join a group for goal achievement:

There are times when it takes more than one person to accomplish a particular task – there is a need to pool talents, knowledge, or power in order to get a job completed. In such instances, management will rely on the use of a formal group.

3. Affiliation with groups can meet one's social needs:

Work groups significantly contribute to meet the need for friendships and social relations.

4. Self-esteem transmits people's feelings of self-worth:

Membership can sometimes raise feelings of self-esteem like being accepted into a highly valued group.

5. Status and Recognition:

Status pinpoints a prestige that comes from belonging to a specific group. Inclusion in a group is considered as important because it provides recognition and status.

3.6 Types of Groups

Groups can be divided on different bases like interaction between parties, purpose of the group, need for official registration of the members, on number of members and many other. Let's discuss each one by one.

1. Primary and Secondary Groups

This classification is based on interaction between the parties.

Primary Groups-

The group where an individual directly interacts with other members is termed as the primary group. It is responsible for the initial learning and social behavior of an individual.

Secondary Groups-

When a person in a group is indirectly associated with or influenced by other members, he/she is said to be in a secondary group.

2. Formal and Informal Groups

This classification is based on the purpose group serves.

Formal Groups-

When people collaborate to attain the organizational goals or objectives, they are said to form a formal group.

Types of Formal Groups:**1. Command Groups**

A command group is made of the superiors and their subordinates representing the flow of command or orders from top to bottom level.

2. Task Groups

A group which includes individuals with different skills and knowledge, to successfully carry out the assigned project, is called as a task group.

3. Committees

For the special assignments or projects, a group is formed by appointing the specialists or people with superior knowledge; which is termed as a committee.

Informal Groups-

When the individuals associate with one another to serve their common interest or for self-satisfaction, they are known to form an informal group.

Types of Informal Groups:**1. Interest Groups**

The individuals who join hands for a common purpose (related to self-interest) create an interest group.

2. Friendship Groups

The group which is formed as a result of personal choice by the individuals who are already familiar and feel comfortable with one another, is called a friendship group.

3. Cliques

In a workplace, few colleagues join hands to form a small group (usually with two to six members) to share ideas and thoughts on their mutual interest.

4. Sub-cliques

When a clique comprises of few organizational employees along with some non-employees (who are associated with the other members in either way), it termed as a sub-clique.

3. Membership and Reference Groups

This classification is based on need for official registration of the members.

Membership Group-

A group in which the members must get themselves registered and acquire a membership card or certificate for becoming a part of it, is termed as a membership group.

Reference Group-

It may not be a real association of individuals, an illusionary group to which an individual relates himself/herself due to the same profession or other similar attributes is called a reference group.

4. Small and Large Groups

This classification is based on number of members.

Small Group-

Small groups consist of as little as three to ten members. Such groups are usually well managed and organized.

Large Group-

The groups made up of more than ten members are considered to be large groups. These massive groups are challenging to handle and unsystematic at times.

5. Organized and Unorganized Groups

This classification is based on structure and bonding among the group members.

Organized Group-

When the individuals belonging to a particular discipline work together systematically as a team by supporting each other, they are said to be in an organized group.

Unorganized Group-

The disorganized group is not formed purposefully. Instead, the individuals just happened to fall into a single group where they neither have any attachment to one another nor have any belongingness.

6. In and Out-going Groups

This classification is based on belongingness and involvement of individuals.

In-group-

A group where an individual is socially active and adopts strong values from the other members is termed as an in-group.

Out-group-

The other groups, except the prevalent in-group, where no inter-group exchange of values is facilitated is termed as out-going groups.

7. Open and Closed Groups

This classification is based on scope for entry and exit of the members.

Open groups-

The group where the new individuals can freely enter and old members can exit anytime, is known as an open group.

Closed groups-

The restricted group where no further entries are entertained, is called as a closed group.

8. Temporary and Permanent Groups

This classification is based on period of time.

Temporary Group-

When the individuals come together for a particular project or task accomplishment, they are known to be in a temporary group. Such a group disintegrates after the successful performance of the task.

Permanent Group-

Such groups represent a long-term association of the group members. Here, people belonging to a particular organization are known to be in a single group.

9. Nominal and Non-performing Groups

This classification is based on need for action.

Nominal Group-

The group in which the members are involved in problem-solving, take up challenges and carry out operations, is termed as a nominal group.

Non-performing Group-

Whenever the individuals are put together in a single group, just on a sheet of paper; however, they need not carry out any task, they tend to be in a non-performing group.

3.7 Functions in Groups

The functions in groups can be divided into two parts: Individual and Organizational functions.

1. Individual Functions-

Different activities being performed by employees under individual functions can be as follows:

- a. Accomplish complex, interdependent tasks that are beyond the capabilities of individuals.
- b. Generate the new ideas or creative ideas and solutions for the group.
- c. Coordinate interdepartmental efforts.
- d. Provide a problem-solving mechanism for complex problems requiring varied information and assessments.
- e. Implement complex decisions.

2. Organizational Functions-

Different activities being performed by employees under organizational function can be as follows:

- a. Satisfy the individual's need for affiliation.
- b. Develop, enhance and confirm the individual's self-esteem and sense of identity.
- c. Give individual an opportunity to test and share their perception of social security.
- d. Reduce the individual's anxieties and feelings of insecurity and powerlessness.
- e. Provide a problem-solving mechanism for personal and interpersonal problems.

3.8 Group Development

Group Development means, forming the association of people to work as a group and direct their actions towards the accomplishment of a common goal. The jobs of each group member are interdependent and hence the performance of one will affect the entire group's performance.

Stages of Group Development:

In interpreting behavior of a particular group, it is important to recognize not only a broad pattern of development but also the unique characteristics of the particular group and the circumstances that contribute to (or detract from) its development. The way in which a particular group develops, depends in part on such variables as the frequency with which group members interact and personal characteristics of group members.

Five stages of Tuckman of Group Development:

1. Forming
2. Storming
3. Norming
4. Performing
5. Adjourning

1. Forming Stage:

At this stage, the formation of a new group begins, wherein the members come together and get to know each other through the interactions. Here the individuals are excited and anxious to know about the scope of the task and the ways to approach it. Generally, the individuals come with a desire to get accepted by others and avoid controversy or conflicts.

2. Storming Stage:

The individuals will start interacting with each other in the context of the task to be achieved. The conflict and competition among the group members will be highest at this stage. The issues related to the leadership, responsibility, strategies, rules, authority, evaluation, reward system, etc. arises at the storming stage.

3. Norming Stage:

Once the role of every member is cleared along with the authority and responsibility of each, the team members start settling in a group. Here, everybody works cohesively towards the target and appreciate each other's experience and skills.

4. Performing Stage:

At this stage, synergy gets created between the team members, where everyone works towards the accomplishment of a goal. This stage is characterized by flexibility and interdependence. The team members know each other so well that they can handle any complex problem that comes before the team.

5. Adjourning Stage:

This is the last stage of group development, where the group is terminated, and the group members are separated from each other. Every group is created for a purpose, and once the purpose is fulfilled the group is adjourned.

Features of each stage of Group Development

- i. Forming* - Little agreement, Unclear purpose, Guidance and direction
- ii. Storming*- Conflict, Increased clarity of purpose, Power struggles, Coaching
- iii. Norming*- Agreement and Consensus, Clear Roles and responsibilities
- iv. Performing*- Clear vision and purpose, Focus on goal achievement, Delegation
- v. Adjourning*- Task completion, good feeling about achievements, Recognition



Case Study: Getting the group to Work

Martha has been assigned a team of 10 people to help her plan a major customer appreciation event. They have been working together for over a month now and they just haven't really come together as a team. She was sure she started off well. She contacted each individual on the team and let them know their responsibilities on the project. Each of the members gets the tasks completed, but don't seem concerned with the others on the team. If someone needs help, no one pitches in to assist. If a team member has a problem, no one helps him to solve that problem. Just yesterday one of the team members had an emergency and asked if someone on the team could have a call with the sales team so she could leave early. No one offered to help so Martha jumped in to assist. Martha had to do something. This was a bad experience for everyone frankly and some folks already were talking about getting off the project. Plus she felt the event won't be as good as it could if they just came together as a team.

PROBLEM:

- Martha never got the team together prior to starting the project to get to know each other and discuss how they will work together to accomplish the goals of the project.
- She could have done this by getting the time in one location or even using a virtual tool.
- In order to get the group to come together as a team now, Martha might step back and hold a team building session.

WHAT MARTHA SHOULD HAVE DONE?

- Enable for time for team members to build relationships by getting to know each other on a personal level
- Develop processes and procedures for how the team will: share work, meet the objectives of the project, solve problems and resolve conflicts and make decisions



Case Study:

A team has been pulled together from various parts of a large service organization to work on a new process improvement project that is needed to improve how the company manages and supports its client base. The team lead on this project is Sandra from the Chicago office who has 15 years experience as a project manager/team lead managing process improvement projects.

Members of the team

- **Peter:** 10 years' experience on various types of projects, expertise in scheduling and budget control (office location: San Diego)
- **Sarah:** 5 years' experience as an individual contributor on projects, strong programming background, some experience developing databases (office location: Chicago)
- **Mohammed:** 8 years' experience working on various projects, expertise in earned value management, stakeholder analysis and problem solving (office location: New York)
- **Donna:** 2 years' experience as an individual contributor on projects (office location: New York)
- **Ameya:** 7 years' experience on process improvement projects, background in developing databases, expertise in earned value management (office location: San Diego)

Sandra has worked on projects with Sarah and Mohammed, but has never worked with the others. Donna has worked with Mohammed. No one else has worked with other members of this team. Sandra has been given a very tight deadline to get this project completed. Sandra has decided that it would be best if the team met face-to-face initially, even though they will be working virtually for the project. She has arranged a meeting at the New York office (company headquarters) for the entire team. They will spend 2 days getting introduced to each other and learning about the project.

The Initial Meeting (Stage 1: Forming)

The day of the face-to-face meeting in New York has arrived. All team members are present.

The team members are very excited to meet each other. Each of them has heard of one another, although they have not worked together as a team before. They believe they each bring value to this project. The team building exercises have gone well; everyone participated and seemed to enjoy the exercises. While there was some discussion around roles and responsibilities - with team members vying for "key" positions on the team - overall there was agreement on what needed to get done and who was responsible for particular components of the project. The onsite meeting is going well. The team members are getting to know each other and have been discussing their personal lives outside of work - hobbies, family, etc. Sandra is thinking that this is a great sign that they will get along well - they are engaged with each other and genuinely seem to like each other!

1. The Project Work Begins (Stage 2: Storming)

The team members have gone back to their home offices and are beginning work on their project. They are interacting via the SharePoint site and the project is off to a good start. And then the arguments begin. Peter has put up the project schedule based on conversations with only Mohammed and Ameya on the team. Donna and Sarah feel as if their input to the schedule was not considered. They believe because they are more junior on the team, Peter has completely disregarded their concerns about the timeline for the project. They challenged Peter's schedule, stating that it was impossible to achieve and was setting up the team for failure. At the same time, Sarah was arguing with Ameya over who should lead the database design and development effort for this project. While Sarah acknowledges that Ameya has a few years more experience than she does in database development, she only agreed to be on this project in order to take a lead role and develop her skills further so she could advance at the company. If she knew Ameya was going to be the lead she wouldn't have bothered joining this project team. Additionally, Mohammed appears to be off and running on his own, not keeping the others apprised of progress nor keeping his information up to date on the SharePoint site. No one really knows what he has been working on or how much progress is being made.

What Sandra Did?

- She convenes all of the team members for a virtual meeting to reiterate their roles and responsibilities (which were agreed to in the kick-off meeting) and to ensure that they understand the goals and objectives of the project.
- She made some decisions since the team couldn't come to agreement.
- She determined that Ameya would lead the database development design component of the project, working closely with Sarah so she can develop further experience in this area.
- She reviewed the schedule that Peter created with the team, making adjustments where necessary to address the concerns of Donna and Sarah.
- She reminded Mohammed that this is a team effort and he needs to work closely with the others on the team.
- During the virtual meeting session, Sandra referred back to the ground rules the team set in their face-to-face meeting and worked with the team to ensure that there was a plan in place for how decisions are made on the team and who has responsibility for making decisions.

- Over the next few weeks, Sandra noticed that arguments/disagreements were at a minimum and when they did occur, they were worked out quickly, by the team, without her involvement being necessary.

2. All is Going Smoothly (Stage 3: Norming)

The team has now been working together for nearly 3 months. There is definitely a sense of teamwork among the group. There are few arguments and disagreements that can't be resolved among the team. They support each other on the project - problem solving issues, making decisions as a team, sharing information and ensuring that the ground rules put in place for the team are followed. The team members are helping each other to grow and develop their skills. For example, Ameya has worked closely with Sarah to teach her many of the skills he has learned in database design and development and she has been able to take the lead on accomplishing some of the components of their aspect of the project. Overall, the team members are becoming friends. They enjoy each other's company - both while working on the project and after hours via communicating on email, via instant messaging, on Twitter, or over the telephone.

3. Significant Progress is Made! (Stage 4: Performing)

The team is now considered a "high performing team." It wasn't easy getting to this stage but they made it! They are working effectively as a group - supporting each other and relying on the group as a whole to make decisions on the project. They can brainstorm effectively to solve problems and are highly motivated to reach the end goal as a group. When there is conflict on the team - such as a disagreement on how to go about accomplishing a task - the group is able to work it out on their own without relying on the team leader to intervene and make decisions for them. The more junior members - Donna and Sarah - have really developed their skills with the support and help of the others. They have taken on leadership roles for some components of the project. Sandra checks in with the team - praising them for their hard work and their progress. The team celebrates the milestones reached along the way. When necessary, Sandra provides a link from the team to the executives for decisions that need to come from higher up or when additional support is needed. The project is on time and within budget. Milestones are being met - some are even ahead of schedule. The team is pleased with how well the project is going along, as is Sandra and the executives of the organization.

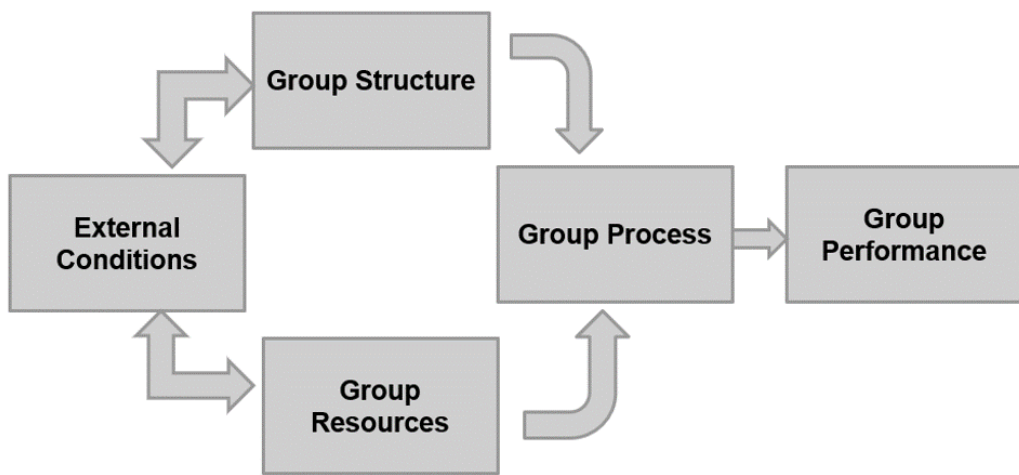
4. Time to Wrap Up (Stage 5: Adjourning)

The project has ended. It was a huge success! The internal customer is pleased and there is definitely an improvement in how the company supports its clients. It has been a great 8 months working together...with some ups and downs of course. Each of the individuals on the project will be moving to other projects within the organization, but no one is going to be on the same project. They will miss working with each other but have vowed to remain friends and keep in touch on a personal level - hopefully to work together again soon! The team has gotten together in the New York office to discuss the project, including documenting best practices and discussing what worked effectively and what they would improve upon given the chance to do it again. Sandra has taken the team out to dinner. They are joined by the project sponsor and some other executives who are extremely pleased with the end result.

3.9 Group performance

Specific performance objectives established for participants with Group responsibility, with an appropriate weighting applied based on the intended focus on top Executive.

Factors Affecting Group Performance



1. External Conditions

Every group is influenced by a number of external conditions imposed from outside environment.

External conditions include:

- a. Organization's Strategy
- b. Culture
- c. Rules and Regulations
- d. Physical Work setting

2. Group Structure

Groups have structures that shape the behavior of its members and make it possible to predict and explain the individual behavior within the group as well as the performance of the group as a whole.

i. Group Size-

- Group size should be determined by taking in consideration factors such as nature of task to be performed, the maturity of the group members.
- Smaller groups are faster at completing tasks than the larger ones.

ii. Group Composition-

Group may be homogeneous or heterogeneous.

Homogeneous groups are those which are composed of similar individuals, similar in terms of personality, age, gender, experience, knowledge etc.

Heterogeneous groups on the other hand are the ones which comprise of dissimilar individuals i.e. the individual who differ from one another in one way or the other.

iii. Group Status-

When an individual perceives a disparity between his status with that of other groups, it creates a disequilibrium that results in interpersonal conflicts.

iv. Group Norms-

- Group norms are the informal guidelines of behavior and a code of conduct that provides some order and conformity to group activities and operations.
- These rules are expected to be followed by all the group members.
- These norms and rules generally develop gradually and informally as group members learn as to what behaviors are necessary for the group to function effectively.

v. Group Roles-

- Role can best be defined as a position that has expectations evolving from established norms.
- The main issue is that a person is required to play a number of roles and the behavior varies with the role he is playing.
- Different groups impose different role requirements on individuals.

3. Group Resources

Resources that an individual member brings to the group.

- a. Knowledge , Skills, Efficiency, capabilities
- b. Personality Characteristics (Openness, Honesty, Dominance..)

4. Group Process

A systematic method of handling activities. Common processes: the communication patterns, leader behavior, group decision making, inter group behavior, group cohesiveness. The group process may at times lead to synergy whereby the groups can create output much greater than the sum of their inputs. The negative aspect is best depicted by social loafing, which represents negative synergy i.e., the output is much less than the sum of inputs.

5. Group Performance

Group performance is contingent upon a number of factors.

- a. External-Rules and Regulations
- b. Internal-Skills and personality characteristics

3.10 What is Team?

A team is a small number of employees with complementary competencies who are committed to common performance goals and working relationships for which they hold themselves mutually accountable.



Example

Boeing's C-17 Stuffed Tailcone Team recently set forth a set of goals, three of which included

- (1) employee satisfaction with having a safe work environment as measured by a yearly employee survey and other metrics,
- (2) a 10 percent increase in quality, and
- (3) a two-day reduction in the time required to complete tailcone tasks.

3.11 How to recognize effective teams?

The effective teams can be recognized by its members.

Its members:

- know why it exists and have the shared goals of getting things done (task-oriented behaviors) and building constructive interpersonal ties and processes (relations-oriented behaviors),

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- support agreed-on guidelines or procedures for making decisions,
- communicate openly and have achieved trust among themselves,
- receive help from one another and give help to one another,
- deal with conflict openly and constructively,
- diagnose its own processes and improve their own functioning, and
- experience a sense of freedom to be themselves while feeling a sense of belonging with others.

3.12 Types of Teams

Few of the possible teams in an organization are:

1. Functional Teams
2. Problem-solving teams
3. Cross-functional teams
4. Self-managed teams
5. Virtual teams

1. Functional Teams: A functional team usually includes employees who work together daily on similar tasks and must coordinate their efforts. These teams often exist within functional departments: marketing, purchasing, production, engineering, finance, auditing, human resources, and the like.

Within a human resource department, one or more functional teams could perform recruiting, compensation, benefits, safety, training and development, affirmative action, industrial relations, and similar functions.

2. Problem-solving Teams: A problem-solving team is a team that has members who focus on a specific issue, develop a potential solution, and can often take action within defined limits. These teams often address quality or cost problems.

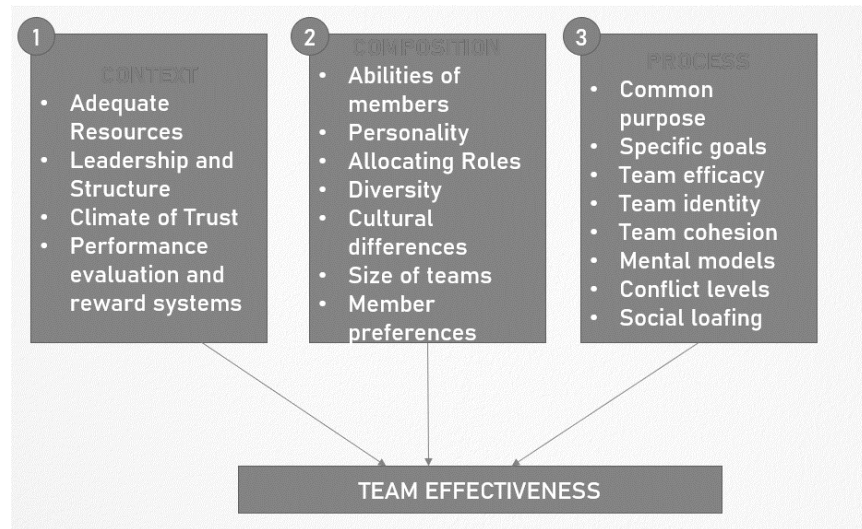
3. Cross-functional Teams: A cross-functional team is a team that has members drawn from various work areas whose goal is to identify and solve mutual problems. Cross-functional teams draw members from several areas to deal with problems that cut across departmental and functional lines

4. Self-managed teams: A self-managed team refers to a team with highly interdependent members who work together effectively on a daily basis to manufacture an entire product (or major identifiable component) or provide an entire service to a set of customers.

5. Virtual teams: Teams that use computer technology to tie together physically dispersed members in order to achieve a common goal.

3.13 Creating Effective Teams

The four possible combination – high or low differentiation plus high or low integration – are associated with creation of effective teams.



1. Team Context:

Leadership and Structure

Leaders are very important part of the team. They actually influence the people into the team to work towards the goals by setting an example of their own. And the structure is also very important which simply means that to accomplish the tasks in a better manner, a proper shape has to be given to all the tasks in any organization.

Climate of Trust

The climate of trust is an important factor for determining that teams are successful or not. Because the team is always being created for a common goal.

Performance Evaluation and Reward Systems

If reward system is biased then team cannot be an effective team and cannot be a successful team. So, reward system has to be handled so carefully that it leads to a positivity in a team and togetherness in a team.

Adequate Resources

It means that proper number of people who are required to work in a team need to be handed over to the team leader. Also need to be taken care of proper skill sets into those team members.

2. Team Composition:

The team composition refers to personality of people size of people, ability of people, those are working into that team.

Personality

This dimension is related to Big Five personality: Extraversion, Agreeableness, Conscientiousness, Openness and Neuroticism. The impact of personality reflects the success or failure of team.

Abilities of members

High ability teams are more adaptable to the changing situations because they have that kind of ability that they immediately learn something new, and change themselves as per the need of an art. They apply their existing knowledge more effectively to the new problems and find out the solution rather than depending and finding out the solution from the outside, they believe on to their abilities, and they work accordingly. So, abilities of members also play a very important role into the success and effectiveness of any team.

3. Diversity

Diversity is having a positive and negative side both. If any team leader is able to manage the diversity it's always positive, if not able to manage the diversity it's negative. So, what is the negative effect? This similar kind of experiences leads to less effective communication which results into conflicts because not managed properly and positive one diverse team get benefited from differing you know different different perspectives which we have getting from different different set of people. So, when you are using a different perspective, new things will emerge into your team if handled and managed properly by Team Leader.

4. Size of team

Smaller team works well because small is a key to improve the group effectiveness. When group becomes larger and larger managing that group becomes difficult as conflict starts. Both large and small teams work well for better results.

5. Team Processes

To make or create team effective, common purpose and specific goals are required to maintain the focus on getting the results. Other can be team efficacy and team identity which leads toward success of team.

3.14 How a manager can try to turn individuals into team players?

People do not always respond the way it should be. Sometimes they get frustrated with other team members or with my leadership. Leaders who understand this process can coach and guide a team and minimize frustration. It can be done with three different ways like: Selecting: Hiring team players , Training: Creating team players and Rewarding: Providing incentives to be a good team player.

1. *Selecting: Hiring team players -*

Our selection criteria focus more of the technical qualifications of a candidate and not much efforts is put into taking a background check to ensuring that the candidate is a team player. There is a general assumption that once a person has been hired, they will automatically get along with colleagues/fit in.

Example:

Project managers at L&T Construction share that in their teams, it is important to have members who are **technically good** as much as it is important to have members who are **flexible with time** and those who are **good at communicating** with different kinds of stakeholders.

2. *Training: Creating team players-*

An effective team requires extensive training. Training specialists conduct exercises that allow experience the satisfaction that teamwork can provide.

3. *Rewarding: Providing incentives to be a good team player*

Rewards system over time has been focused on individual accomplishments therefore pushing employees to strive for the ultimate price being offered. Without sidelining the individual achievements/efforts organizations can introduce rewards that are focused on encouraging/strengthening team work/spirit.

Example: Hallmark Cards Inc. added to its basic individual incentive an annual based on the achievement of term goals.

Whole foods direct most of its performance-based rewards toward team performance.

3.15 Difference between Group and Team

To understand the difference between group and team, we need to remember that "Not all groups are teams". There is a fine line between team and group.

What is Group?

A group is a collective of mutually independent individuals with separate goals who are brought together by common interests and experience. Even though everyone shares information and resources with other group members, each member is responsible for their own work.

What is Team?

A team is an interdependent group of individuals who share responsibility and are focused on a common goal. People in a team have a mutual understanding with other members.



Example:

Think how:

- When people share an elevator ride, they are a group;
- When the elevator gets stuck, they become a team.

Group-

Individuals that get on the same elevator most likely share some things, like:

- ✓ they work in the same building and on the same floor or
- ✓ they may work for the same boss and have similar interests.

The mere fact that they have something in common makes them a **group**.

Team-

- If the elevator breaks down and they get stuck, a common goal of “getting out of there” makes this group a **team**.

3.16 Tabular difference with basis of comparison between Group and Team

| Parameter of Comparison | Group | Team |
|---|--|---|
| Description | Individuals with similar ideas, thought patterns or goals who come together for completing an assignment | Individuals with similar or diverse skills come together to achieve a common goal |
| Examples | Trade Unions | Leadership team, Cricket team |
| Process followed for accomplishing the task | Discuss and delegate further | Discuss and do without further delegating (i.e., collectively performed where everyone does his or her bit of work) |
| Focus | Accomplishment of goals of each individual | Accomplishment of goals of entire team |

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| | | |
|------------------------------------|--|--|
| Management | May be more of an autocratic nature in the form of telling the members what to do and to get it done | In the form of collective efforts and decision making |
| Impression of the members | Coming together for fulfilment of certain tasks | Working together for accomplishing a common goal |
| Sharing of responsibility | No sharing of responsibility | Team members share the responsibility |
| Number of members | Independent | Interdependent (each member is dependent on the efforts put by others) |
| Nature of leaders | One | Can be more than 1 |
| Nature of work product | Individual work product | Collective work product |
| Awareness of the common tasks | Not much awareness as member tend to complete their own task | Aware of the other members work as success depends on collective functioning |
| Contribution to other members work | Less or nil as members are focussed on their own assignment | Can contribute to other members work due to high visibility |
| End results | May not be great as members lack visibility of others work | Better due to high visibility |
| Conflicts | High as each member may have different thought patterns | Less due to small size and common goal |
| Development of members | Less scope | More scope due to recognition of individuals |
| Praising, rewards and recognition | Less or none | High |

3.17 How can one decide that business needs a group or team?

Need a work group when:

- You want to get things done quickly and efficiently
- Your project has no definite endpoint
- You have individual goals to accomplish
- You have only one leader
- You want to delegate problem resolution to individuals

Need a work team when:

- You have a big project and a long amount of time to work

- Your project has a set timeline
- You have one overall goal to accomplish
- You have multiple leaders
- You want problems to be solved collectively



Case Study: Teamwork at NASA

A famous example of a high-performing team is the crew – both on the ground and in orbit – on the Apollo 13 mission. When “failure wasn’t an option,” the ground crew in Houston worked tirelessly to bring the three astronauts home alive. As depicted in the movie, when CO₂ levels in the cabin were reaching dangerous levels, the team took to determining how they could make new filter to produce breathable air.

The leader said, “We have to make this fit to this,” holding up a square and a round filter. Then he gestured to a pile on the table of miscellaneous items were currently floating on Apollo 13 and added, “Using nothing but that.” the team didn’t hesitate, and one of them can be heard saying, “Okay. Let’s make filter!” as hands start sorting through the parts.

Before long, as the world watched, this same team guided the astronauts towards building a new contraption that would keep them alive for a while longer.

This team fully committed to its goal and approach when building that filter. They shared mutual accountability for it – success was the only option they considered. They extended trust to one another, and then astronauts extended trust to the ground team in building it. Finally. The result was synergistic – more than one individual could have accomplished on his own.

3.18 Formation phases of Work Teams

There are initially five phases of work teams in the formation process:

1. Training
2. Storming
3. Normalization
4. Performance
5. Dissolution

1. Training: the initial phase, when the work team begins to meet and integrate. Although motivated, the members still have some insecurity, but everyone works hard.

2. Storm: the initial excitement diminishes along with performance, as the first conflicts arise. The group seeks to “identify” a leader and define everyone’s territories and responsibilities.

3. Normalization: once they get to know each other better, members begin to understand and form implicit working rules. A leader emerges recognized by all.

4. Performance: with everything defined and integrated, performance is completely aimed towards the defined common objectives.

5. Dissolution: with the objective reached, the dissolution phase is characterized by low motivation. It’s the leader’s duty to mitigate this feeling for future projects.

Summary

- If a group in which the individual is working, is conducive for work, the performance of the individual will be similarly affected and vice versa.
- There are many reasons and methods for group formation but groups are mandatory for one’s work.
- Man is by nature a social animal. It is impossible for him to work in isolation of all the other people around him.

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- A formal group is set up by the organisation to carry out work in support of the organisation's goals.
- Informal groups are alliances that are neither formally structured nor organisationally determined.
- Groups pass through a standard sequence of five stages: Forming, Storming, Norming, Performing and Adjourning.
- A team is a relatively permanent work group whose members must co-ordinate their activities to achieve one or more common objectives.
- The objectives might include advising others in the organization, producing goods or services, and carrying out a project.
- Because achievement of the team's objectives requires co-ordination, team members depend on one another and must interact regularly.
- A work team generates positive synergy through coordinated effort.
- Individual efforts result in a level of performance that is greater than the sum of those individual inputs.
- When a team is created it will create an environment of social interdependence and that can be a good thing or bad depending on how it is managed.
- Teams have far-reaching impact in today's workplace.
- They have become an essential part of the way business is being done.
- Team skills and group membership form a very important component of the attributes required for success in work place.
- Teams guarantee good productivity

Keywords

Team, Problem-solving teams, Functional Teams, Team context, Team Composition, Team Processes, Group, Storming, Team Effectiveness, Virtual Teams, Self-managed teams, Group, Formal Group, Informal Group, Organizations, Norm, Status, Role, Reference Group, Forming, Storming, Adjourning.

Self Assessment

1. The tendency whereby a group reaches a decision by trying to minimize conflict, neglecting to critically test and evaluate ideas, is termed
 - A. group compromise
 - B. group consensus
 - C. groupthink
 - D. group cohesion

2. A ____ is two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.
 - A. Clique
 - B. Taskforce
 - C. Cohesive unit
 - D. Group

3. _____ are acceptable standards of behavior that are shared by a group's members.
- A. Norms
 - B. Rules
 - C. Policies
 - D. Missions
4. The group formed by an organization to accomplish narrow range of purposes within a specified time
- A. Formal Group
 - B. Interest Group
 - C. Task Group
 - D. Functional Group
5. Groups which are formed as the consequence of organizational structure and work division are known as:
- A. Informal Group
 - B. Formal Group
 - C. Operational Group
 - D. Task group
6. Mr. Ahmad is HR manager in an organization. He has ten employees who directly report to him. They are the part of which of the following group?
- A. Command group
 - B. Task group
 - C. Friendship group
 - D. Interest group
7. In the Tuckman model, groups at the _____ stage develop guidelines and standards of acceptable behavior.
- A. Storming
 - B. Norming
 - C. Adjourning
 - D. Forming
8. When the group energy is focused on the task at hand, the group has moved to the _____ stage.
- A. Storming
 - B. Norming
 - C. Maturation
 - D. Performing
9. After which stage of a group's development is there a relatively clear hierarchy of leadership within the group?
- A. Norming
 - B. Storming

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- C. Development
 - D. Forming
10. Which of these stages is used to wrap up activities of the group and provide a sense of closure to its members?
- A. storming
 - B. norming
 - C. performing
 - D. adjourning
11. Which of these stages is marked with high productivity?
- A. storming
 - B. norming
 - C. performing
 - D. adjourning
12. Beliefs, attitudes, traditions and expectations which are shared by group members is called
- A. Group norms
 - B. Group cohesiveness
 - C. Group Behavior
 - D. Group Structure
13. -----is the attractiveness of the members towards the group or resistance to leave it.
- A. Group norms
 - B. Group cohesiveness
 - C. Group Behavior
 - D. Group Structure
14. What is the relationship between size and group performance?
- A. The larger the group, the greater the individual productivity.
 - B. Increases in group size are inversely related to individual performance.
 - C. Total productivity tends to decline in large groups.
 - D. Group size is not a determinant of individual productivity.
15. _____ refers to situations in which group pressures for conformity deter the group from critically appraising unusual, minority, or unpopular views.
- A. Groupthink
 - B. Group view
 - C. Groupshift
 - D. Group deviance
16. A team is a relatively work group whose members must coordinate their activities to achieve one or more common objectives.
- A. Permanent

- B. Temporary
 - C. Adhoc
 - D. All of the above
17. Cross-functional teams are made up of employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task.
- A. True
 - B. False
18. Problem-solving teams consist of groups of 5-10 employees from the same department, who meet for a few hours each week to discuss ways of improving quality, efficiency and the work environment.
- A. True
 - B. False
19. A self-managed team includes collective control over the pace of work, determination of work assignments, organization of breaks, and collective choice of inspection procedures.
- A. True
 - B. False
20. Members who share a bond both professionally and personally will work harder to achieve success for those for the group than a team where those relationships have not been developed.
- A. True
 - B. False
21. A work team generates through coordinated effort.
- A. Negative Synergy
 - B. Positive Synergy
 - C. Neutral Synergy
 - D. All of the above
22. Team is a group, but unfortunately, not all groups have the high degree of and commitment to success that we traditionally associate with the concept of a team.
- A. Dependence
 - B. Interdependence
 - C. Independent
 - D. Interdependence
23. Based on their objectives, teams may be classified as problem-solving teams, self-managed teams and cross-functional teams.
- A. True
 - B. False
24. Cross-functional teams are formed to solve complex problems.

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- A. True
- B. False

25. Cross-functional teams are _____

- A. Temporary
- B. Permanent
- C. Regular
- D. All of the above

26. Cross-functional teams discuss complex problems and break them down into parts and refer these to departmental teams and work teams of respective functions for further solution.

- A. True
- B. False

27. A group of people working with common objectives or goals is known as a _____

- A. Team
- B. Teamwork
- C. Group
- D. Club

28. The cumulative action of a team in which an individual member keeps aside his/her interests and opinions to fulfill the objectives or goal of the group is known as _____

- A. Team
- B. Teamwork
- C. Group
- D. Club

29. Which of the following is not a benefit of teamwork?

- A. Improved solutions to quality problems
- B. Improved ownership of solutions
- C. Improved communications
- D. Decline in integration

30. Teams occur when a number of people have _____ and recognize that their personal success is dependent on the success of others.

- A. The same manager
- B. Similar jobs
- C. A common goal
- D. A shared work environment

31. Close relationships develop in the stage.

- A. Storming
- B. Norming
- C. Adjourning

D. Forming

Answers for Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. C | 2. D | 3. A | 4. C | 5. B |
| 6. A | 7. B | 8. B | 9. B | 10. D |
| 11. C | 12. A | 13. B | 14. B | 15. A |
| 16. A | 17. A | 18. A | 19. A | 20. A |
| 21. B | 22. B | 23. A | 24. A | 25. A |
| 26. A | 27. A | 28. B | 29. D | 30. C |
| 31. B | | | | |

Review Questions

1. Define "group". Explain the different types of groups.
2. Explain the reasons for forming groups.
3. Explain the different stages of group development.
4. What problems have you faced while working in groups?
5. Explain the different types of group in detail.
6. What are the benefits that an organization earns from the self-managed groups? Can such a group have limitations? If yes, what, and if no, why not?
7. How can we define a Group Structure in any organization?
8. What are the factors affecting group performance?
9. Discuss individual and organizational functions of group.
10. Why do people join groups?
11. Discuss the group decision-making techniques.
12. What are the pitfalls in group decision-making?
13. What has been the greatest performance of a team that you have been a part of? What do you think has been the reason for that?
14. Have you ever come across cross functional teams? What was the biggest problem that the team had?
15. How does the team's composition influence team effectiveness?
16. When group and teams should be used?
17. What factors determine whether teams are successful?
18. Identify the characteristics of effective teams.
19. Contrast between group and teams.
20. Decide when to use individuals instead of teams.
21. How does team diversity affect team performance?
22. Why are team processes important to team effectiveness?

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23. Explain how organizations can turn individuals into team players?
24. When is work performed by individuals preferred over work performed teams?

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Unit 04: Organizational Conflict & Negotiations and Stress**CONTENTS**

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- 4.4 Types of Conflict
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Summary

Keywords

Self Assessment

Answers for Self Assessment

Review Questions

Further Readings

Objectives

After studying this chapter, you will be able to:

studying this chapter, you will be able to:

- Understand the concept of conflict.
- Explore the different sources of conflict
- Understand the perspectives of conflict
- Learn the different types of conflict
- How today organizations are handling conflict.

- Understand the approaches to conflict.
- Learn the process of conflict.
- Understand the concept of bargaining.
- Learn the process of negotiation.
- Explore the factors influencing negotiation.
- Understand the concept of stress.
- Learn the types of stress.
- Explore the causes of Work stress.
- Analyze the consequences of stress.
- Understand the individual approach to manage stress.
- Understand the organizational approach to manage stress.

Introduction

All of us have experienced conflict of various types, yet we probably fail to recognize the variety of conflicts that occur in organisations. Conflict can be a serious problem in any organisation. A better understanding of the important areas of conflict will help managers to use the people in the organisation more effectively to reach the organisation's objectives. Failure to be concerned about conflict is very costly, since ignoring it will almost guarantee that work and interpersonal relations will deteriorate.

A fundamental aspect of historical Stress is an exceedingly complex concept that does not lend itself to a simple definition. It can best be understood in terms of the internal and external conditions necessary for its arousal and the symptoms by which it is identified. Its identifiable symptoms are both psychological and physiological. Stress carries a negative connotation for some people, as though it were something to be avoided.

4.1 What is conflict?

It is a process that begins when one party perceives that another party has negatively affected or is about to negatively affect something that the first party cares about.

Definition of conflict

According to **Gray and Starke**, "Conflict is behavior by a person or group that is purposely designed to inhibit the attainment of goals by another person or group. This 'purposeful inhibition' may be active or passive."

R.W. Woodman defines conflict "As any situation in which incompatible goals, attitudes, emotions or behaviors lead to disagreement or opposition between two or more parties."

K.W. Thomas defines conflict as "A process that begins when one party perceives that another party has negatively affected or is about to negatively affect, something the first party cares about."

According to **B. Kabanoff**, "Conflict refers to a disagreement, opposition, or struggle between two or more individuals or groups. It results from incompatible influence attempts between and within individuals, groups or organizations."



Task: Can someone with seemingly no power, little access to the outside world, and almost no economic resources still have the power to bargain?

Answer: Yes



Case study: Bargaining Chips

One prisoner at named X has nothing to negotiate with. This Rohtak's Sonaria Jail inmate and undertrial for murder along with 13 others were upset.

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That even the meagre rights of:

- i. going for a walk every day,
- ii. exercise in the fresh air,
- iii. Making daily short call to family
- iv. Meeting family members
- v. Giving bedsheets to spread to sleep were suspended for 7 days.

Jail inmates were distressed when their jail was superintendent was particularly cruel and harassed them. Even the rations were meagre and the quality of food served was very poor. Many inmates were kept in lockdown for days at a time, despite laws that require time for exercise and other recreational activities.

HERE COMES THE BARGAINING CHIP:

- The inmates tried to negotiate by using the only bargaining chip they had: Their stomach.
- The inmates refused to eat.
- Knowing that health problems from starvation would draw press and state officials' attention.

Tactic proved successful

- Officials responded and the jail official was transferred.
- Promise was made to improve facilities.

4.2 Sources of Conflict

We can analyze the different sources of conflict in any organization as under:

1. Resources Scarcity:

Resource scarcity leads to conflict. If there aren't enough material and supplies for every worker, then those who do get resources and those who don't are likely to experience conflict.



Example: If budgets are slim, the marketing department may feel like they can make the most of those dollars by earning new customers. The development team may feel like they can benefit from the dollars by making more products to sell.

2. Time Pressure:

Time pressure, like deadlines, can increase the performance of an individual or reduce the performance by triggering destructive emotional reactions.

3. Communications breakdown:

Communication is a complex process. Barriers to communication often provoke conflict. It can happen if one department asks for some information from some other department and that department does not respond to the request.

4. Personality Clashes:

Individual differences in such personal qualities as values, attitudes, abilities and personality traits are often the cause of conflict. Two managers may learn to despise each other thoroughly for reasons totally unrelated to their work, but their performance on the job may suffer because of it.

5. Task Interdependence:

When the two parties or two departments are interdependent for supplies, information, direction or help and there is greater need to co-ordinate their activities, we may come across conflicts between them.

6. Goal Incompatibility:

The research and development team at an electronics company might be instructed to come up with the best new, pie-in-the-sky idea for individual-use electronics—that thing consumers didn't know they needed. The R&D team might come up with something fantastic, featuring loads of bells and whistles that the consumer will put to excellent use.



Example: The manufacturing team gets together to look at this new design. They've been told that management likes it, and that they need to build it by the most economical means possible. They start make adjustments to the design, saving money by using less expensive materials than what were recommended by the R&D team.

7. Rewards System:

An organization might set a standard where only a certain percent of the employees can achieve the top ranking for raises and bonuses. This standard, not an uncommon practice, creates heavy competition within its employee ranks. Competition of this nature often creates conflict.

4.3 Perspectives of conflict:

There are mainly two perspectives of conflict existing in any situation. This can be functional conflict and dysfunctional conflict.

1. Functional Conflict-

Functional conflict supports the goals of the group, improves its performance, and is thus a constructive form of conflict. Functional conflict can produce new ideas, learning and growth among individuals; when they engage in constructive conflict, they develop a better awareness of themselves and others.



Example: A debate among members of a work team about the most efficient way to improve production can be a functional if unique points of view are discussed.

2. Dysfunctional Conflict-

Conflict that hinders group performance is destructive, known as dysfunctional conflict. Dysfunctional conflict is an unhealthy, destructive disagreement between two or more people. A key for recognizing a dysfunctional conflict is that its origin is often emotional or behavioral. Disagreements that involve personalized anger and resentment directed at specific individuals rather than specific ideas are dysfunctional. In dysfunctional conflict, the losses to both parties may exceed any potential gain from the conflict.

4.4 Types of Conflict

The types of conflicts can be discussed in three ways: Task conflict, Process Conflict and Relationship conflict.

| | |
|---|-----------------------|
| Is it disagreement about goals? | Task Conflict |
| Is it about the best way to get things done? | Process Conflict |
| Is it about people who just do not get along well with one another? | Relationship Conflict |

1.Task Conflict-

This conflict relates to the content and goals of the work. Task conflict is a conflict around a particular task, the content of decisions made in a team, and differing ideas and views on how to approach and interpret a task.

2.Relationship Conflict-

This conflict is based on interpersonal relationships. Relationship conflict is a conflict around relationships with other team members involving different attitude, preferences, personal styles. Destructive, often underpins task conflict.

3.Process Conflict-

Conflict over how work gets done. Conflict around the delegation and logistics of task accomplishment, as well as responsibility and strategy. Linked to task and relationship conflict.

4.5 Loci of Conflict

Loci of conflict is a framework within which the conflict occurs. This can be further explained as Dyadic conflict, Intra-group conflict and Inter-group conflict.

1.Dyadic Conflict:

Dyadic conflict is a conflict that occurs between two people.

2.Intra-group conflict:

Conflict that occurs within a group or team is known as intra-group conflict.

In organisations, there are two important situations where individuals find themselves in conflict with groups. The first situation is one in which an individual is violating group norms. The reason for this conflict is that groups have a greater ability to block an individual's goal achievement than the other way around. Only in unusual cases will an individual be able to mobilize the resources to block the group's movement toward its goals.

The second case of individual-group conflict is one in which subordinates of one boss collectively disagree with a course of action the boss wants to take. A conflict exists here because the subordinates are blocking the goal achievement plans of the boss. Although the boss can exercise formal authority to suppress this type of conflict, this is generally an unwise course, since subordinates often find a way to retaliate.

3.Inter-group conflict:

Conflicts that occur between different groups or teams is known as inter-group conflict.

This involves conflict between groups of people, irrespective of the size of the group. Included in this category, therefore, is interdepartmental conflict within organizations. Inter-group conflict exists between or among groups. Such conflicts can be traced to competing goals, competition for limited resources, cultural differences, power discrepancies and attempts to preserve the groups' separate identities.

4.6 Strategic way of Conflict Management

A fundamental conflict between environmental organizations and businesses that was once believed to be a zero-sum game, where one side had to win and the other had to lose.

It was thought that businesses could either act responsibly toward the environment and thus decrease profits (environmentalists win) or they could operate to increase profits at the expense of the environment (business wins).



Task: Can we make conflict as productive as possible?

4.7 How today organizations are handling conflict?

Organizations are handling conflicts by effective compromises or win-win outcomes.

Environmentalists have learned to work with businesses to develop more environmentally friendly practices rather than to protest and embarrass them.

At the same time, many businesses have come to view being environmentally responsible as a profitable business strategy.



For Example: Walmart

One of the largest purveyors of seafood, has developed a program of sustainable fishing practices to maintain commercial stocks of fish, which can become depleted.

4.8 Approaches to Conflict

We can divide approaches to conflict into two parts for better discussion i.e., Traditional and Modern approach.

1. Traditional Approach: Conflicts as avoidable

Managers considered conflicts as evil, outright wrong, destructive and negative. Managers wanted to avoid conflicts completely at their workstation. Conflicts bring demotivated workforce, less productivity and dysfunctional work.

2. Modern Approach: Conflict as Inevitable

Not all conflicts are beneficial and healthy. Only functional and constructive forms of conflict support the organization, while the dysfunctional or destructive forms of conflict should always be avoided.

Difference Between Traditional view and Modern View

| | Traditional Approach | Modern Approach |
|----------------------------------|--|--|
| Definition | Traditional approach on conflict is the earliest view on organizational conflicts. | Modern approach on conflicts is the contemporary view on organizational conflicts. |
| Conflicts | Avoidable | Inevitable |
| View on Conflicts | Destructive at all times | Favourable most of the time |
| Consequences | Demotivated employees, low productivity, violence | Self-evaluation, self-creativity, improved group performance |
| Task of Management | Eliminate conflicts | Manage the level of conflict and its resolution for optimal organization performance |
| Optimal Organization performance | Removal of performance | Required moderate level of conflict |

4.9 Conflict Process

Diagnosing the nature of conflict is aided by considering it as a sequence of conflict episodes. Regardless of the level of conflict, each conflict episode proceeds through one or more of five possible stages.

Stage 1: Potential Opposition or Incompatibility

Stage 2: Cognition and Personalization

Stage 3: Intentions

Stage 4: Behavior

Stage 5: Outcomes

1. Potential Opposition or Incompatibility:

The first step in the conflict process is the presence of conditions that create opportunities for conflict to arise. Individuals or groups may have power differences, compete for scarce resources, strive for autonomy, have different goals, or experience diverse role pressures. These differences are the genesis of disagreement and ultimately conflict.

Three general categories:

i. Communication

ii. Structure

iii. Personal Variables

Let's understand this with the help of situation.

1. Communication-

Sonia had worked in a supply chain management company in Delhi for three years. She enjoyed her work largely because her manager, Mr Khurana, was a great boss. Then Mr. Khurana was promoted and Mr. Rao took his place. 6 months later, Sonia says, her job is frustrating. Mr Khurana and I were on the same wavelength. It's not that way with Rao. He tells me something, and I do it. Then he tells me I did it wrong. I think, he means one thing, but says something else. It's been like this since the day he arrived. I don't think a day goes by when he isn't yelling at me for something. You know, there are some people you just find it easy to communicate with. Well, Rao isn't one of these.

What can you interpret from Sonia's comments?

- Communication can be a source of conflict.
- Her experience represents the opposing forces that arise from semantic difficulties, misunderstandings, and "noise" in the communication channel.

2. Structure-

The term structure in this context includes variables such as the size of the group, degree of specialization in tasks assigned to group members, many more.

- Geeta is a sales person and Pallavi is the company credit manager at a regional level Furniture Mart, a large discount retailer.
- The women have known each other for years and have much in common.
- They live two blocks apart, and their oldest daughters attend the same school and are best friends.
- If Geeta and Pallavi had different jobs, they might be friends.
- But they constantly disagree at work.
- Geeta's job is to sell furniture and she does it well.
- Most of her sales are made on credit.
- Because Pallavi's job is to minimize credit losses, she regularly has to turn down the credit applications of Geeta's customers.
- It's nothing personal between the women; the requirements of their jobs just bring them to conflict.

3. Personal Variables-

It includes personality, emotions and values.

Think of

Have you ever worked with someone you dislike?

2.Cognition and Personalization:

It can be explained with the help of Perceived conflict and Felt Conflict.

a. Perceived Conflict-

Awareness by one or more parties of the existence of conditions that create opportunities of conflicts to arise.

In this stage, (a) Differences of opinion are voiced. (b) Incompatible goals or values become apparent. (c) Individuals demean others or try to enact opposing actions.

b. Felt Conflict-

Emotional involvement in a conflict that creates anxiety, tenseness, frustration, or hostility. When one or more parties feel tense or anxious as a result of such disagreements or misunderstandings, conflict has moved beyond 'perceived' to 'felt' conflict. Here, the conflict becomes personalized to the individuals or groups involved: intentions intervene between people's perceptions and emotions and their overt behaviour.

3.Intentions:

Intentions intervene between people's perceptions and emotions, and their overt behavior. They are decisions to act in a given way.

There are two dimensions of conflict handling:

a. Assertiveness-

Degree to which one party attempts to satisfy his or her own concerns.

b. Cooperativeness-

Degree to which one party attempts to satisfy the other party's concerns.

Using the above-mentioned dimensions, five conflict handling intentions can be identified.

1. **Competing:** A desire to satisfy one's interests, regardless of the impact on the other party to the conflict.
2. **Collaborating:** A situation where the parties to a conflict desire to satisfy fully the concerns of all parties.
3. **Avoiding:** The desire to withdraw from or suppress a conflict.
4. **Accommodating:** The willingness of one party in a conflict to place the opponent's interests above his or her own interest.
5. **Compromising:** A situation in which each party to a conflict is willing to give up something.

4.Behavior:

The behaviour stage includes statements, actions and reactions made by conflicting parties. Usually as overt attempts to implement their own intentions. As a result of miscalculations or unskilled enactments, overt behaviours sometimes deviate from original intentions.



5.Outcomes:

The conflict episode ends with its aftermath, after the conflict has been managed and the resulting energy heightened, resolved or suppressed. If the conflict is resolved, the parties may experience a new reality as they adjust their perceptions. Unresolved conflict, which exists everywhere, simply sows the seeds for manifest conflict later. The process continues and is a normal part of organisational life.

There can be two types of outcomes: Functional and Dysfunctional outcomes.

4.10 What is Negotiation?

Negotiation is the process through which the parties to a conflict define what they are willing to give and accept in an exchange. Negotiation permeates the interactions of almost everyone in groups and organisations. If the conflict is complex, the negotiation process may incorporate different strategies for different issues: avoiding some, compromising on others, and so on.

Example:

- Managers negotiate with employees, peers and bosses.
- Sales people negotiate with customers.
- Purchasing agent negotiate with suppliers.

4.11 Approaches to Negotiation

There are two major negotiating approaches:

1. **Distributive Bargaining:** Distributive bargaining is an approach in which the goals of one party are in direct conflict with the goals of the other party. Each party wants to maximize its share of the limited resources. Distributive bargaining is a competitive or win-lose approach to negotiations.

Example:

- You see a used car advertised for sale online that looks great.
- You go see the car.
- It's perfect, and you want it.
- The owner tells you the asking price.
- You don't want to pay that much.
- The two of you negotiate.

This is Distributive Bargaining

2. **Integrative Negotiation:** Under this approach to negotiation, the parties' goals are not seen as mutually exclusive; the focus is on making it possible for both sides to achieve their objectives. Integrative negotiation focuses on the merits of the issues and is a win-win approach.

- Example:
Ethos is a 5-year old luxury boutique owned by Rizwan Ahmed and Mir Ali in Ahmedabad.
- In the early days of business, Rizwan and Mir moved merchandise worth crores of rupees from many up-and-coming designers.
- They developed such a good rapport that many designers would send allotments to Ethos without requiring advance payment.
- When the economy soured in 2008, Ethos had trouble selling inventory, and designers were not being paid for what they had shipped to the store.

- Despite fact that many designers were willing to work with the store on a delayed payment plan, Rizwan and Mir stopped returning calls.
- One designer said that he felt sad with Ethos facing a cash crunch and he would have liked to help, but Ethos stopped communication.

The designer's attitude shows the promise of integrative bargaining.

4.12 Process of Negotiation

There are steps in negotiating process:

1. Preparation and Planning
2. Definition of ground rules
3. Clarification and justification
4. Bargaining and Problem Solving
5. Closure and implementation

Step1: Preparation for negotiations should begin long before the formal negotiation begins. Each party gathers information about the other side – its history, likely behavior, previous interactions and previous agreements reached by the parties. Each party polls its members to determine their wishes, expectations, and preferences regarding a new agreement.

Example:

- If you are a supply manager at Dell computer.
- Your goal is to get a significant cost reduction from your keyboard supplier.
- Make sure that this goal stays paramount in discussions and does not get overshadowed by other issues.

Better equipped to counter arguments with facts and figures:

1. Assess the other party goals-

- What is he or she likely to ask?
- How entrenched is his or her position likely to be?
- What intangible and hidden interests may be important to him or her?
- On what might he or she be willing to settle?

2. Develop a strategy-

Determine your and the other side's best alternative to a negotiated agreement (BATNA)

Step2: In this step, Parties exchange their initial proposals or demands.

Such questions will be answered in this step:

- Who will do the negotiating?
- Where will it take place?
- What time constraints will apply?
- To what issues will negotiation be limited?

Step3: Explain, justify and clarify your original demands. Need not to be confrontational. Provide documentation that supports your position.

Step4: Essence of negotiation process: Actual give and take. Both parties need to make concessions.

Step5: Formalizing your agreement Developing procedures necessary for implementing and monitoring.



Did you know?

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Are some people better negotiators than others?



Task: Conflict-Handling Style

Indicate how often you rely on each of the following tactics by circling the number you feel is most appropriate. When I have a conflict at work, I do the following:

| | Not at All | | | | | Very Much | | | | |
|--|------------|---|---|---|---|-----------|--|--|--|--|
| 1. I give in to the wishes of the other party. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 2. I try to realize a middle-of-the-road solution. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 3. I push my own point of view. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 4. I examine issues until I find a solution that really satisfies me and the other party. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 5. I avoid a confrontation about our differences. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 6. I concur with the other party. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 7. I emphasize that we have to find a compromise solution. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 8. I search for gains. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 9. I stand for my own and the other party's goals and interests. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 10. I avoid differences of opinion as much as possible. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 11. I try to accommodate the other party. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 12. I insist we both give in a little. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 13. I fight for a good outcome for myself. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 14. I examine ideas from both sides to find a mutually optimal solution. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 15. I try to make differences loom less large. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 16. I adapt to the other party's goals and interests. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 17. I strive whenever possible toward a 50-50 compromise. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 18. I do everything to win. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 19. I work out a solution that serves my own as well as the other party's interests as well as possible. | 1 | 2 | 3 | 4 | 5 | | | | | |
| 20. I try to avoid a confrontation with the other party. | 1 | 2 | 3 | 4 | 5 | | | | | |

SCORING:

| Yielding | Compromising | Forcing | Problem solving | Avoiding |
|--------------|--------------|-----------|-----------------|-----------|
| 1. _____ | 2. _____ | 3. _____ | 4. _____ | 5. _____ |
| 6. _____ | 7. _____ | 8. _____ | 9. _____ | 10. _____ |
| 11. _____ | 12. _____ | 13. _____ | 14. _____ | 15. _____ |
| 16. _____ | 17. _____ | 18. _____ | 19. _____ | 20. _____ |
| Totals _____ | _____ | _____ | _____ | _____ |

INTERPRETATION:

- Your primary conflict-handling style is the category with the highest total.
- Your fallback intention is the category with the second-highest total.

4.13 What is Stress?

Stress can be defined as a feeling of tension that occurs when a person perceives that a situation is about to exceed her ability to cope and consequently could endanger her well-being.

According to J.C. Quick and J.D. Quick “Stress, or the stress response, is the unconscious preparation to fight or flee a person experiences when faced with any demand”.

According to Mikhail A. “Stress refers to a psychological and physiological state that results when certain features of an individual’s environment challenge that person, creating an actual or perceived imbalance between demand and capability to adjust that results in a non-specific response”.



Task: *Will your answer be YES or NO?*

“Am I in trouble/danger?”

“Can I successfully cope with this situation?”



Case Study: *Is it stressful situation?*

Consider a call-center representative who has a child in day care who must be picked up at 5:30 p.m. The representative has sole responsibility for picking up his child because his wife is out of town. At 4:58 p.m., as the representative is beginning to close down his station, his supervisor walks over and tells him that he must stay and work for another two hours. If the representative refuses to stay, he can be put on probation or even be fired, but he cannot think of anyone to call to pick up his child for him.

Define Stress: Acute or Chronic

1.Acute Stress: short-term reaction to an immediate threat.

For Example: An associate might experience acute stress when being reprimanded by a supervisor or when not able to meet a deadline.

2.Chronic Stress: results from ongoing situations.

For example:

It can result from living in fear of future layoffs or from having continuing problems with a supervisor.



Task: Stress is good for you or stress is bad for you.

4.14 Types of Stress

There are mainly two types of stress as Eustress and Distress.

1.Eustress- A form of stress having a beneficial effect on health, motivation, performance and well-being.

2.Distress- The type of stress we are referring to when we say stress. It is the form of stress with negative implications.

4.15 Antecedents of Stress: Stressors

The Sources of stress are found within the environment, the individual, and the interaction between the two. The stress experienced by a given individual is seldom traceable to a single source. Stress

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has become increasingly common in organisations, largely because individuals experience increased job complexity and increased economic pressures. In exploring the Sources of stress, it is important that a clear distinction be made between stress and the stressor (the source of the stress). It is confusing and technically incorrect to speak of a “stressful situation” as though anyone placed in that situation would experience stress.

For purposes of analysis and understanding, stressors are divided into two classes:

1. Those that lie within the individual, and
2. Those that are a part of the external environment.

Internal Stimuli for Stress:

The internal sources of stress are complex and difficult to isolate. There are three internal sources of stress. Each of these internal influences on stress is considered separately, although they function in continual interaction.

1. Inner Conflicts: For many people, stress is a constant companion regardless of how favourable or unfavourable external conditions may be. Non-specific fears, anxiety and guilt feelings maintain the body in a state of readiness for emergency action on a continuing basis.

2. Perceptual Influences: Perception is influenced by a number of internal factors. Certainly people with inner conflicts sufficient to cause stress are more likely than self-confident people to perceive environmental conditions as threatening. Because the environment is presumed to be full of danger, evidences of danger are perceived everywhere. They are selectively perceived in exaggerated form.

3. Thresholds of Stress: The threshold of stress is not independent of the two factors just discussed. People who have few internal conflicts and a minimum of perceptual distortion can withstand external conflict and pressure that weaker personalities would find intolerable. People who have high thresholds for stress have high levels of resistance to it.

4. Motivational Level: People who are ambitious and highly motivated to achieve are more likely to experience stress than those who are content with their career status. Persons whose self-expectations exceed their abilities and opportunities are especially stress prone.

Environmental Stressors:

Environmental and internal conditions that lie beyond an individual’s control are called environmental stressors. Such stressors can have a considerable impact on work performance and adjustment. We can organize environmental stressors into the following categories:

1. Task Demands: Task demands are factors related to a person’s job. They include the design of the individual’s job, working conditions, and the physical work layout. Changes and lack of control are two of the most stressful demands people face at work. Change leads to uncertainty, a lack of predictability in a person’s daily tasks and activities and may be caused by job insecurity related to difficult economic times. Technology and technological innovation also create change and uncertainty for many employees, requiring adjustments in training, education and skill development.

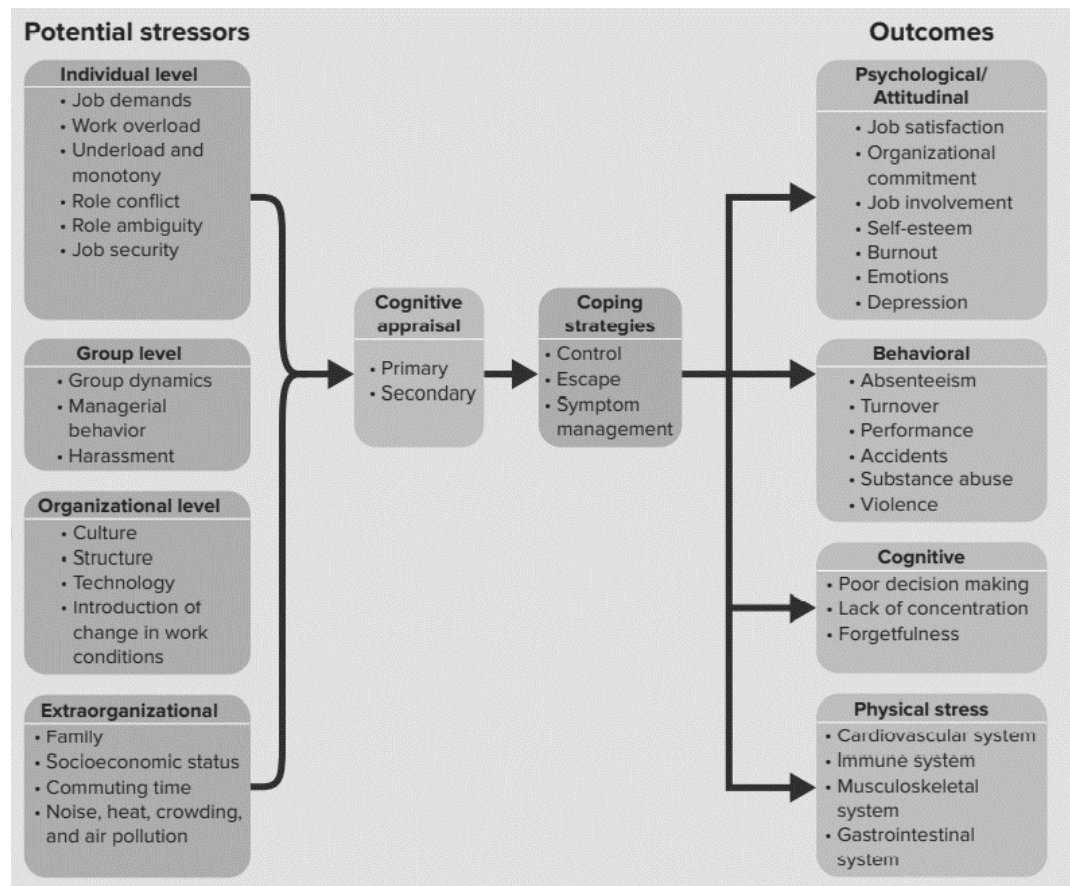
2. Role Demands: The social-psychological demands of the work environment may be every bit as stressful as task demands at work. Role demands relate to pressures placed on a person as a function of the particular role he or she plays in the organisation. Role conflicts create expectations that may be hard to reconcile or satisfy. Role conflict results from inconsistent or incompatible expectations communicated to a person. The conflict may be an inter-role, intra-role or person-role conflict.

3. Interpersonal Demands: These are pressures created by other employees. Lack of social support from colleagues and poor interpersonal relationships can cause considerable stress, especially among employees with a high social need. Abrasive personalities, sexual harassment and the leadership style in the organisation are interpersonal demands for people at work.

4. Physical Demands: Non-work demands create stress for people, which carry over into the work environment or vice versa. Workers subject to family demands related to marriage, child

rearing and parental care may create role conflicts or overloads that are difficult to manage. In addition to family demands, people have personal demands related to non-work organisational commitments such as religious and public service organisations. These demands become more or less stressful, depending on their compatibility with the person's work and family life and their capacity to provide alternative satisfactions for the person.

4.16 Stressors to Outcomes



1. Potential Stressors:

These are the stressors have been explained as antecedents of stress or stressors in the above section.

2. Cognitive Appraisal:

The process by which people evaluate the meaning of events and demands (e.g., stressors) for their own well-being.

1. Primary appraisals are perceptions of whether a stressor is irrelevant, positive, or negative
2. Secondary appraisals are perceptions of how able you are to deal or cope with a given demand.

3. Coping Strategies:

a. Control strategy:

It consists of using behaviors and cognitions to directly anticipate or solve problems.



Example: Talking to your professor or boss about workload if you feel overwhelmed with your responsibilities and confronting someone who is spreading negative rumors.

b. Escape strategy:

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Escape strategies are those in which you avoid or ignore stressors. These strategies can be beneficial if you have no control over the stressors or their causes.

c. Symptom management strategy:

Symptom management strategies, which focus on reducing the symptoms of stress, are the third type of strategy commonly used, such as relaxation, meditation, medication, or exercise to manage the symptoms of occupational stress.

4.Outcomes:

Stress has psychological/attitudinal, behavioral, cognitive, and physical health consequences or outcomes.

4.17 Models of Workplace Stress

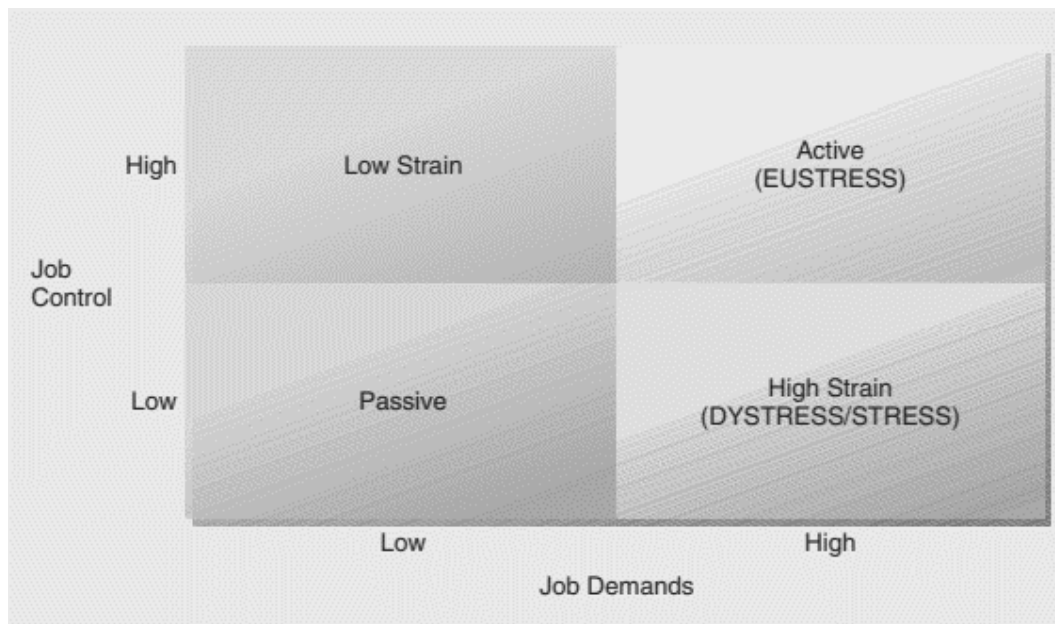
There are two models of workplace stress: Demand Control Model and Effort Reward Imbalance model.

1.Demand Control Model-

A model that suggests that experienced stress is a function of both job demands and job control. Stress is highest when demands are high but individuals have little control over the situation.

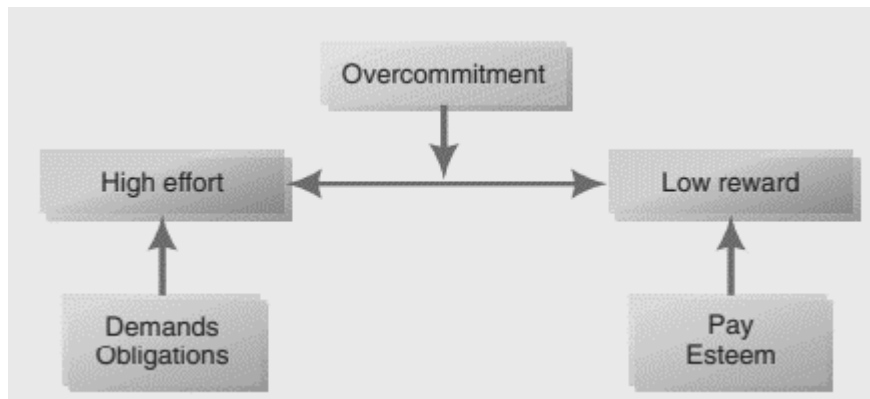


Example: Call-center associates who must try to sell a product to every caller— with no authority to decide whether a particular caller needs or can afford the product— operate in a state of high strain and consequently experience stress.



2.Employee-Reward Imbalance Model-

A model that suggests that experienced stress is a function of both required effort and rewards obtained. Stress is highest when required effort is high but rewards are low.



4.18 Workplace Related Stressors

1. **Role conflict:** A situation in which different roles lead to conflicting expectations.
2. **Role Ambiguity:** Refers to the situation in which jobholders are unclear about the goals, expectations, or requirements of their jobs.
3. **Work overload:** Overload can be quantitative (too much work) or qualitative (work is too complex). Research suggests that qualitative overload creates more stress than quantitative overload.
4. **Resource Inadequacy:** Having inadequate resources makes it difficult to accomplish tasks effectively and efficiently and can therefore increase job demands or lessen control.
5. **Working conditions:** The job environment includes both physical surroundings (lighting, temperature, noise, office arrangements, and so on) and psychological aspects (such as peer relationships, warmth, and perceived rewards). If the working conditions are unpleasant, they can be stressful.

4.19 Consequences of Stress

An individual who is experiencing a high level of stress may develop high blood pressure, ulcers, loss of appetite, etc. Stress shows itself in a number of ways. All the consequences need not be negative. The consequences of healthy, normal stress (called eustress, for "euphoria + stress") include a number of performance and health benefits to be added to the more commonly known costs of stress listed above known as distress.

Individual Consequences-

1. Psychological consequences:

Psychological responses to stress include anxiety, depression, low self-esteem, sleeplessness, frustration, family problems, and burnout.

2. Behavioral Consequences:

Behavioral consequences of stress include excessive smoking, substance abuse (alcohol, drugs), accident proneness, appetite disorders, and even violence.

3. Physiological Consequences:

Physiological reactions to stress include high blood pressure, muscle tension, headaches, ulcers, skin diseases, impaired immune systems, musculoskeletal disorders (such as back problems), and even more serious ailments, such as heart disease and cancer.

Organizational Consequences-

Organizational consequences include lower motivation, dissatisfaction, lower job performance, increased absenteeism, increased turnover, and lower quality of relationships at work. Stress-related illnesses cost companies millions of dollars in insurance and worker's compensation claims.

4.20 Stress Management

Stress is an inevitable feature of work and personal life. As organisations and their employees have come to perceive the consequences of stress as serious, they have tried to manage it. Some of these efforts have sought to limit the amount of stress employees experience; most are directed at improving employees' coping ability. Both kinds of efforts may be conducted at the individual level and at the organisational level.

Individual Approach-

1. Time Management:

Time Management: A practical way to manage stress is to better control your use of time. Many people manage their time poorly. The well-organised employee can often accomplish twice as much as the person who is poorly organised. The basic principle beyond time management is to decide what tasks are most important, then do those things first. So an understanding and utilization of basic time-management principles can help individuals better cope with tensions created by job demands.

Time-management principles:

1. making daily lists of activities to be accomplished,
2. prioritizing activities by importance and urgency,
3. scheduling activities according to the priorities set,
4. knowing your daily cycle and handling the most demanding parts of your job when you are most alert and productive, and
5. avoiding electronic distractions like frequently checking e-mail, which can limit attention and reduce efficiency.

2. Physical Exercise: Noncompetitive

Best way to deal with excessive stress levels: aerobics, walking, jogging, swimming, and riding a bicycle. These activities increase lung capacity, lower the at-rest heart rate, and provide a mental diversion from work pressures, effectively reducing work-related levels of stress.

3. Relaxation techniques

Individuals can also teach themselves to reduce tension through relaxation techniques such as meditation, hypnosis, and deep breathing. The objective is to reach a state of deep physical relaxation, in which you focus all your energy on release of muscle tension.



Example:

- A group of Chinese working women participate in a yoga class in Beijing as a way to deal with excessive stress levels caused by long working hours and trying to achieve a work/life balance.
- Working women in China have high levels of stress because in Chinese culture women are expected to take more responsibility for family matters than in other cultures.
- As an individual approach to managing stress, yoga is a noncompetitive physical exercise that combines stretching, mental imagery, breathing control, physical postures, and meditation.
- Yoga reduces stress, anxiety, and muscle tension, provides a mental diversion from work pressures, and promotes physical well-being by lowering blood pressure and heart rate.

4.Social Support Network

Friends, family, or work colleagues can provide an outlet when stress levels become excessive. Expanding your social support network provides someone to hear your problems and offer a more objective perspective on a stressful situation than your own.

Organizational Approach**1. Selection & Placement**

Individuals with little experience or an external locus of control tend to be more prone to stress. Management shouldn't restrict hiring to only experienced individuals with an internal locus, but such individuals may adapt better to high-stress jobs and perform those jobs more effectively. Selection and placement decisions should take these facts into consideration.

2. Training

Training can increase an individual's self-efficacy and thus lessen job strain.

3. Redesigning Jobs

Redesigning jobs to give employees more responsibility, more meaningful work, more autonomy, and increased feedback can reduce stress. Because these factors give employees greater control over work activities and lessen dependence on others.

4. Increasing Employee involvement

Giving employees a voice in the decisions that directly affect their job performance, management can increase employee control and reduce role stress. Thus, managers should consider increasing employee involvement in decision making.

5. Organizational Communication

Increasing formal organizational communication with employees reduces uncertainty by lessening role ambiguity and role conflict. Given the importance that perceptions play in moderating the stress-response relationship, management can also use effective communications as a means to shape employee perceptions.

6. Wellness programs

Organizationally supported programs that focus on the employee's total physical and mental condition. These typically provide workshops to help people quit smoking, control alcohol use, lose weight, eat better, and develop a regular exercise program.

Summary

Conflict management refers to the long-term management of intractable conflicts.

A conflict can be internal or external.

Conflict is inevitable and often good. Getting the most out of diversity means often contradictory values, perspectives and opinions.

Conflict helps to raise and address problems, energizes work to be on the most appropriate issues, helps people "be real learn how to recognize and benefit from their differences.

Conflict is a problem when it hampers productivity, lowers morale, causes more and continued conflicts or results in inappropriate behaviours.

There are many reasons for conflicts.

Similarly, there are many reasons to settle a conflict.

One must try to make only the positive use of a conflict and not vice versa.

Stress management is the need of the hour.

However hard we try to go beyond a stress situation, our work-life seems to find new ways of stressing us out and plaguing us with anxiety attacks.

Immediate disorders such as dizzy spells, anxiety attacks, tension, sleeplessness, nervousness and muscle cramps can all result in chronic health problems.

There are techniques like Naturopathy, Medication and Drugs, Lifestyle and Time Management Skills, Relaxation Techniques, etc., that make stress management quite easy.

Keywords

Conflict, Negotiation, Avoiding, Compromising, Accommodating, Distributive Bargaining, Integrative Bargaining, Functional Conflict, Dysfunctional Conflict, Task, Relationship and Process conflict, Stressor, Distress, Eustress, Workplace Stress.

Self Assessment

1. Some conflicts support the goals of the group and improve its performance. These arebetween two or more people
 - A. Functional disagreements
 - B. Constructive disagreements
 - C. Both Functional and Constructive Disagreements
 - D. None of the above

2. Conflict can occur when individuals or groups perceive they have mutually goals or values.
 - A. Inclusive
 - B. Integrated
 - C. Exclusive
 - D. Shared

3. Conflict among managers is often caused by the fact that there is agreement over goals.
 - A. Good
 - B. Bad
 - C. Shared
 - D. All of the above

4. Time pressure, like deadlines, can increase the performance of an individual or reduce the performance by triggering destructive emotional reactions
 - A. True
 - B. False

- 5..... is an unhealthy, destructive disagreement between two or more people.
 - A. Conflict
 - B. Functional conflict
 - C. Dysfunctional conflict
 - D. All of the above

6. conflict is an unhealthy, destructive disagreement between two or more people.
 - A. Conflict
 - B. Functional conflict
 - C. Dysfunctional conflict
 - D. All of the above

7. conflicts support the goals of the group and improve the performance of the group.
- A. Conflict
 - B. Functional conflict
 - C. Dysfunctional conflict
 - D. All of the above
8. Which conflict occurs between two people?
- A. Dyadic
 - B. Intragroup
 - C. Intergroup
 - D. Task
9. Which conflict occurs within a group or team?
- A. Dyadic
 - B. Intragroup
 - C. Intergroup
 - D. Task
10. The conflict episode ends with its aftermath, after the conflict has been managed and the resulting energy heightened, resolved or suppressed.
- A. True
 - B. False
11. Diagnosing the nature of conflict is aided by considering it as a sequence of conflict episodes.
- A. True
 - B. False
12. Which is not a stage of conflict process?
- A. Potential Opposition
 - B. Intentions
 - C. Outcomes
 - D. Integrative
13.negotiation seeks to achieve a win-win situation for both the parties.
- A. Integrative
 - B. Distributive
 - C. Equality
 - D. All of the above

Unit 04: Organizational Conflict & Negotiations and Stress

14. Negotiation does not permeate the interactions of almost everyone in groups and organizations.
- A. True
B. False
15. How many stages are in Negotiation process?
- A. Three
B. Four
C. Five
D. Six
16. Extreme fatigue, exhaustion and burnout are all signs of
- A. short-term stress
B. long-term stress
C. behavioural stress
D. emotional stress.
17. Josiah is a full-time student who is captain of the football team, and vice president of the biology club. He also works part-time. The primary stressor in his life would be _____.
- A. Exhaustion
B. Conflict
C. Eustress
D. Overload
18. The best way to protect the body from the harmful effects of stress is to
- A. learn how to avoid it
B. learn how to manage it
C. take your anger out on inanimate objects
D. take a long walk and bottle up your frustration.
19. What thoughts come to the mind when you are under negative stress
- A. You think that you can cope with the situation
B. You think that you cannot cope with the situation
C. You think that everything will be fine eventually
D. You think that you will get help immediately

Answers for Self Assessment

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

16. B 17. D 18. B 19. B

Review Questions

1. What are the various defense mechanisms that you would employ to overcome a conflicting boss? Remember, you don't have the option of leaving the organisation.
2. If the member with the highest performance says "no" to work with another team member with a low performance, how would you tackle the situation as a leader of such a team?
3. If the team of yours is not performing upto the mark because of some internal conflicts, though you know each is a great performer, how would you manage the conflict?
4. Have you ever engaged in a third-party negotiation? If yes, explain the experience, If no, think of such a situation and elucidate upon possible benefits.
5. Can the conflict also have positive consequences? Support your answer with reasons.
6. Conflict among managers is often caused by the fact that there is poor agreement over goals. What should be done to bring an alignment among them.
7. Explain various types of conflicts.
8. Discuss the negotiation process in detail with relevant situation.
9. What are the different approaches to negotiation? Which one is better in your terms?
10. Discuss the changing view of conflict.
11. What are the different sources of conflict?
12. In detail, explain the stages of conflict process.
13. How do analyse that you are under stress or not
14. A little stress is always welcome for better performance. Comment.
15. What do you suggest a person who is not able to maintain work life balance due to insurmountable odds in his personal life?



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Unit 05: Human Resource Management & Human Resource Planning

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Summary

Keywords

Self Assessment

Answers for Self Assessment

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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.
- Understand the objectives of human resource management.
- Understand the managerial function of human resource management.
- Understand the operative functions of human resource management.
- 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

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.

5.1 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.



Did you know?

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.

5.2 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.

5.3 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:

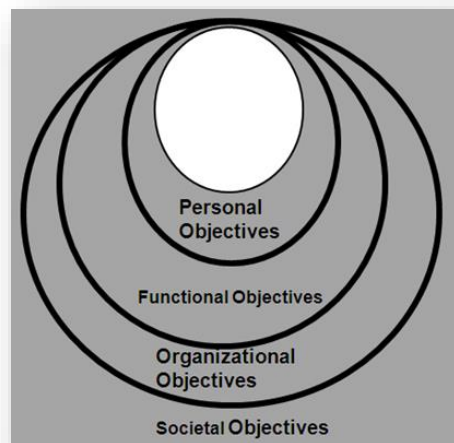
Industry characteristics affect HRM activities in different ways. Sectors such as manufacturing, retail, construction, food and health etc have to tailor the HR activities to suit their organisational need.

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.

5.4 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.

5.5 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-

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, various 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.

5.6 Human Resource Planning

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 organisation, to a large extent, depend upon the quality of people hired for the jobs. Therefore, before actually selecting the people required in an organisation, proper planning of human resources is considered as utmost important.

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.'

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.

5.7 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.

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.

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.

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.

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.

5.8 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.

5.9 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.

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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 organisation 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

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.

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.

Keywords

Human Resource Management, Human Resource Planning, Managerial functions, Operative functions, Levels of HRP.

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 source 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

Unit 05: Human Resource Management & Human Resource Planning

- B. Job Evaluation
 - C. Human Resource Planning
 - D. None of the above
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. _____ 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
12. Which is a need of human resource planning?
- A. Expansion plans
 - B. Technological changes
 - C. Labor Turnover
 - D. All of the above
13. 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
14. 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
15. 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
16. _____ 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
17. Foreseeing the human requirements of an organization and supply of human resources is a need of human resource planning.
- A. True
 - B. False
18. _____ 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
19. HRP at the departmental level looks at the manpower needs of a particular department in an organization.
- A. True
 - B. False
20. 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
21. 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
22. Which is a barrier to human resource planning?

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- A. Proper utilization of manpower
- B. Adequacy of information system
- C. Low rate of executive turnover
- D. Inappropriate HR information system

23. 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

24. The uncertainties make Human Resource Planning less reliable.

- A. True
- B. False

25. 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. D | 4. D | 5. A |
| 6. B | 7. A | 8. B | 9. B | 10. A |
| 11. A | 12. D | 13. B | 14. D | 15. D |
| 16. B | 17. A | 18. D | 19. A | 20. A |
| 21. C | 22. D | 23. A | 24. A | 25. 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. What do you understand by human resource management? Why is it needed?
7. What are the different forces affecting Human Resource Management?



Further Readings

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Unit 06: Job Analysis

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Summary

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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.

6.1 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.

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

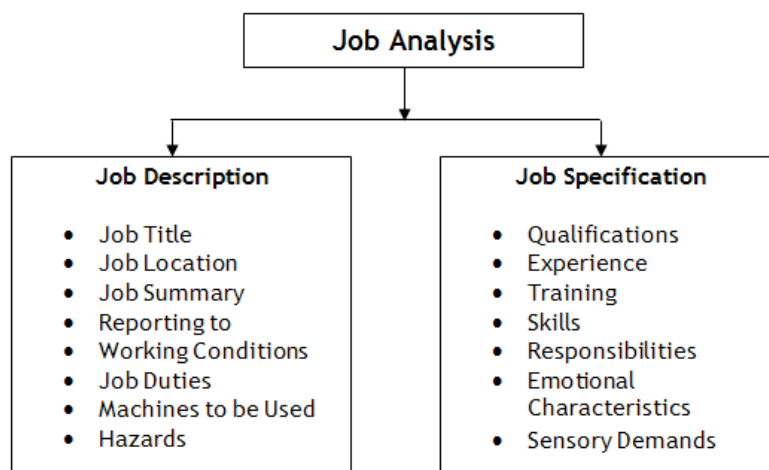
1. Physical Characteristics: which include health, strengths, endurance, age-range, body size, height, weight, vision, voice, poise eye, hand and foot coordination, motor coordination and color discrimination.

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



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:

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

6.2 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.

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:

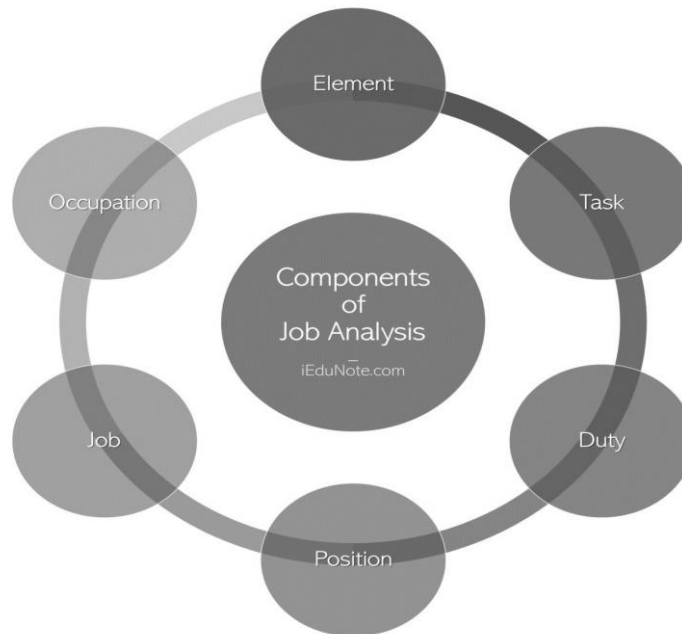
- All interviewees are asked the same questions in the same order.
- Interviewers record, compare and evaluate answers against standardized criteria.
- The interview process remains the same even if the interviewer changes.

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.

6.3 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.

6.4 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.

6.5 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.



Did you know?

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.

6.6 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 designs allows for adjustments for physically demanding jobs by minimizing the energy spent doing the job and by aligning the manpower requirements for the same.

6.7 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.

- **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.
- **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.
- **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.
- **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.

- **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.

- **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.

- **Autonomy-** Employees should work in an open environment rather than one that contains fear. It promotes creativity, independence and leads to increased efficiency.
- **Feedback-** Feedback should be an integral part of work. Each employee should receive proper feedback about his work performance.
- **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.
- **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.

6.8 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.

Self Assessment

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.
- 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 of Self Assessment

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. C | 2. A | 3. B | 4. D | 5. A |
| 6. A | 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

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Unit 07: Recruitment & Selection

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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
- Understand the concept of Selection
- Learn about difference between Selection & Recruitment.
- Learn about the steps in Selection Process.
- Understand the different barriers affecting selection process.
- Explore the selection challenges 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.

7.1 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.”

7.2 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.

7.3 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:

- I. Size of organization
- II. Recruiting policy
- III. Image of organization
- IV. Image of job

I. **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.

II. **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.

III. **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.

IV. **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.

- I. Demographic factors
- II. Labor Market

- III. Unemployment Rate
- IV. Labor Laws
- V. Legal Considerations
- VI. Competitors
 - I. **Demographic factors-** Demographic factors are associated to the features of possible employees such as their age, religion, literacy level, gender, occupation, economic status, etc.
 - II. **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.
 - III. **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.
 - IV. **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.
 - V. **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.
 - VI. **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.

7.4 Recruitment Process

The major steps of the recruitment process are stated here under:

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.

7.5 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.

7.6 Methods of Recruitment

Internal and external methods of recruitment are being used.

1. Internal Methods

I. Promotions and Transfers-

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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.

7.7 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.

7.8 Selection Process

Steps in the selection process are:

1.Initial Screening:

The selection process often begins with an initial screening of applicants to remove individuals who obviously do not meet the position requirements. At this stage, a few straightforward questions are asked. An applicant may obviously be unqualified to fill the advertised position but be well qualified to work in other open positions. The Purpose of Screening is to decrease the number of applicants being considered for selection.

2.Completion of the application form:

Application Blank is a formal record of an individual's application for employment. The next step in the selection process may involve having the prospective employee complete an application for employment. This application contains the candidate data such as age, qualification, experience, etc. This information helps the interviewer to get the fair idea about the candidate and formulate questions to get more information about him.

3.Employment Tests:

In order to check the mental ability and skill set of an individual, several tests are conducted. Such as intelligence tests, aptitude tests, interest tests, psychological tests, personality tests, etc. These tests are conducted to judge the suitability of the candidate for the job.

Types of tests-

I. Intelligence tests-

It is a mental ability test. They measure learning ability, ability to understand instructions and make judgment. They measure several abilities such as memory, vocabulary, verbal fluency, numerical ability, perception.

II. Achievement tests-

These tests are designed to measure what the applicant can do on the job currently. For example, typing test shows typing proficiency, a shorthand test measures the person's ability to take dictation.

III. Aptitude tests-

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These measure an individual's potential to learn certain skills-clerical, mechanical, mathematical. These tests indicate whether an individual has ability to learn a given job quickly and efficiently.

IV. Personality tests-

These measure an individual's personality factors and relationship between personality factors and actual job criteria. The personality aspects which are evaluated are as follows: motivation, emotional balance, self-confidence, interpersonal behavior.

V. Assessment Center-

It is an extended work sample. It uses groups and individual exercise. A batch of applicants is assessed by team of 6 to 8 trained assessors. Techniques: In baskets, Group Discussions, Business Games etc.

VI. Graphology tests-

Analysis of lines, loops, hooks, strokes, curves in a person's handwriting to assess the person's personality and emotional make up.

VII. Polygraph tests-

Also known as lie diction test, records physical changes in body such respiration, blood pressure and perspiration on a moving roll of paper while answering series of questions. Suitable for government agencies for filling security, police, fire and health positions.

VIII. Integrity tests-

To measure employee's honesty to predict those who are more likely to steal from an employer.

4. Job Interview:

An interview is a goal-oriented conversation in which the interviewer and applicant exchange information. The employment interview is especially significant because the applicants who reach this stage are the most promising candidates.

5. Background Investigation:

Once the candidates interview is over, the reference he had mentioned are checked by the personnel department. His old employers may be asked some quick questions on phone about the candidate's behavior with co-workers, management etc. Further his/her regularity at work and his character can also be inquired about from other references.

6. Medical Examination:

Physical strength and fitness of a candidate is must before they takes up the job. In spite of good performance in tests and interviews, candidates can be rejected on the basis of their ill health.

7. Permanent Job Offer:

At this step, the candidate is given the appointment letter to join the organization on a particular date. The appointment letter specifies the post, title, salary and terms of employment. Generally, initial appointment is on probation and after specific time period it becomes permanent.

7.9 Importance of Selection Process

1. Proper selection and placement of employees lead to growth and development of the company.
2. The hiring of talented and skilled employees results in the swift achievement of company goals.
3. Industrial accidents will drastically reduce in numbers when the right technical staff is employed for the right jobs.
4. When people get jobs they are good at, it creates a sense of satisfaction with them and thus their work efficiency and quality improves.
5. People who are satisfied with their jobs often tend to have high morale and motivation to perform better.

Summary

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

Selection is the process of matching the qualifications of applicants with job needs and choosing the most suitable one.

Following types of tests are used:

- i. Intelligence tests
- ii. Achievements tests
- iii. Aptitude tests
- iv. Personality tests

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.

Self Assessment

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

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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 benefit

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?



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Unit 08: Talent Management, Orientation, Induction & Placement**CONTENTS**

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Introduction

8.1 What is Talent?

8.2 Talent Management

8.3 Talent Management Process

8.4 What is Talent Retention?

8.5 Orientation

8.6 Strategic Choices

8.7 Induction

8.8 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 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.
- 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 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

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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.

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.

8.4 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.

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.

Think upon

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:

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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. Advertise 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.

8.5 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;

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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.

8.6 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 firms 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 becomes disjunctive.

Each option has its own advantages and pitfalls. Serial orientation maintains traditions and customs. 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 how 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.

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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.

8.7 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 is he 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.

8.8 Placement

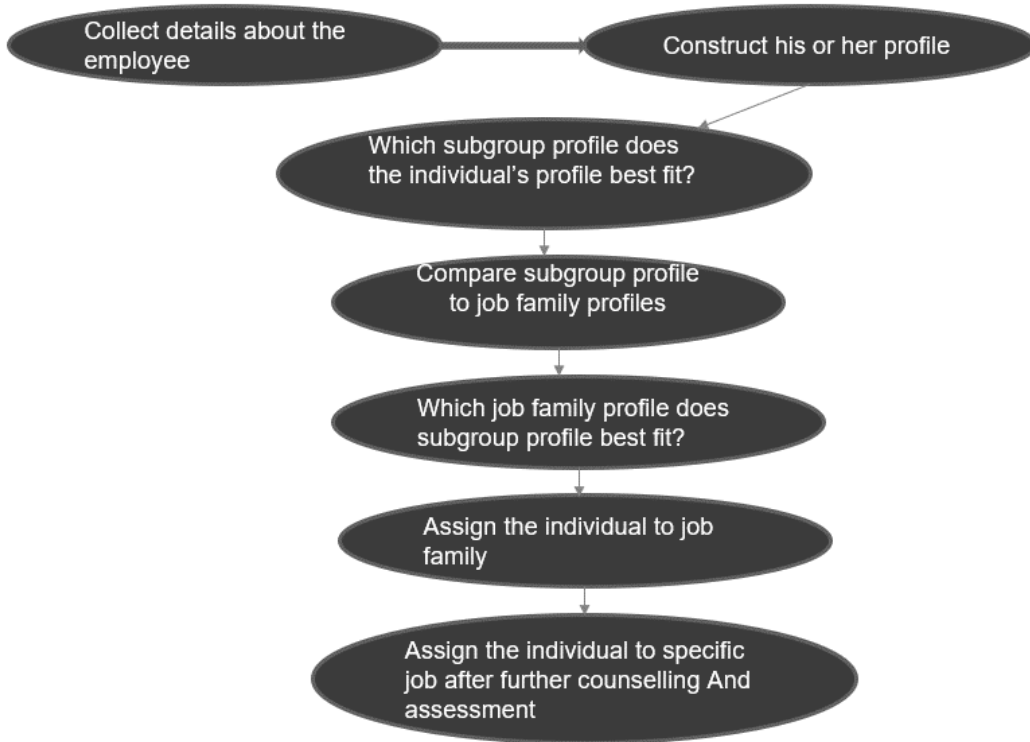
Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.

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

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.

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, Talent, Talent Management, Talent Acquisition.

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?

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- 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. When employees are selected properly, they do not need to be oriented. Do you agree or disagree? Why/Why not?
4. What do you mean by talent? What are the different types of talent?
5. Define talent management. Explain the significance of talent management.
6. Explain the steps in talent retention process.
7. What are the different elements of talent acquisition?



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Unit 09: Training and Development

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Summary

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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.

9.1 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."



Did you know?

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?

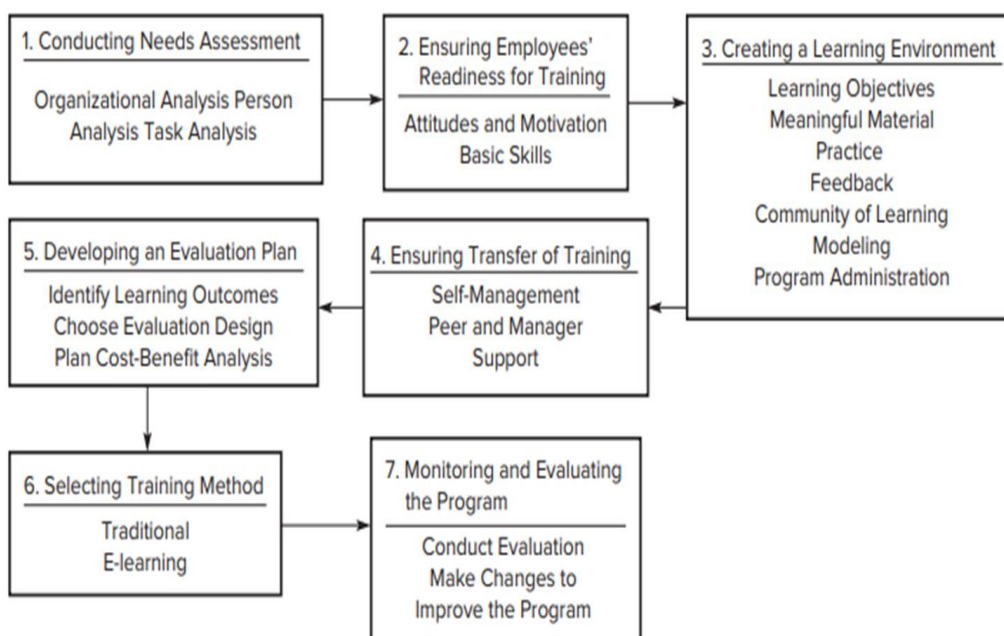
Answer:

- 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.

9.2 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



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.

9.3 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.

9.4 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

9.5 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 AlwaysOnprogram 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.

Unit 09: Training and Development

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.

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

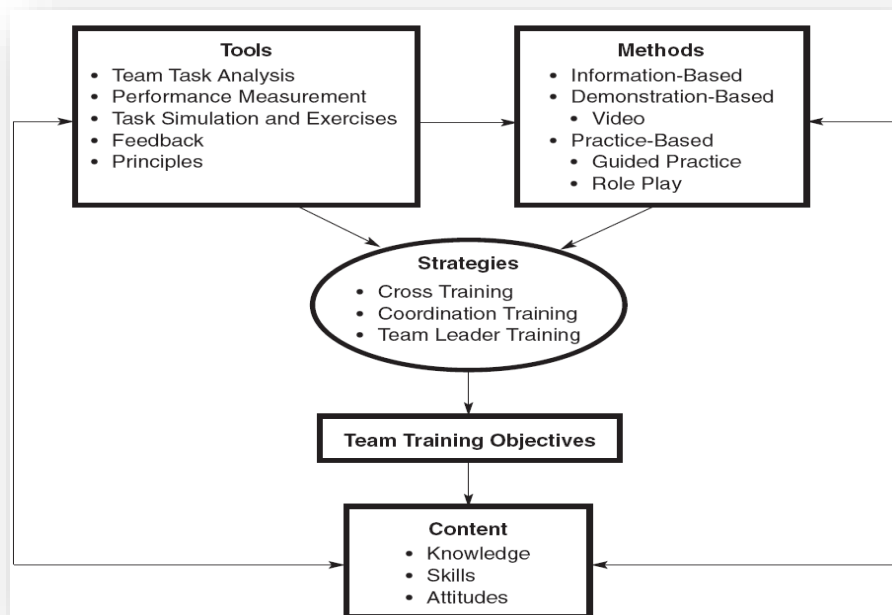
Reason,

- 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.

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.

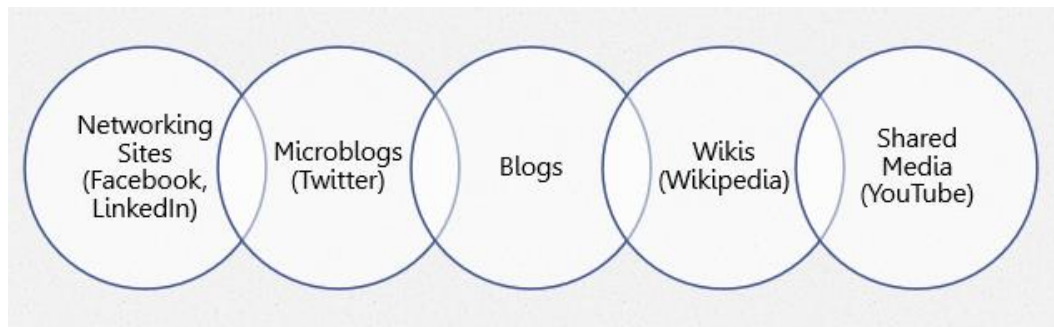
Elements of Team training:



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.

9.6 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.

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.

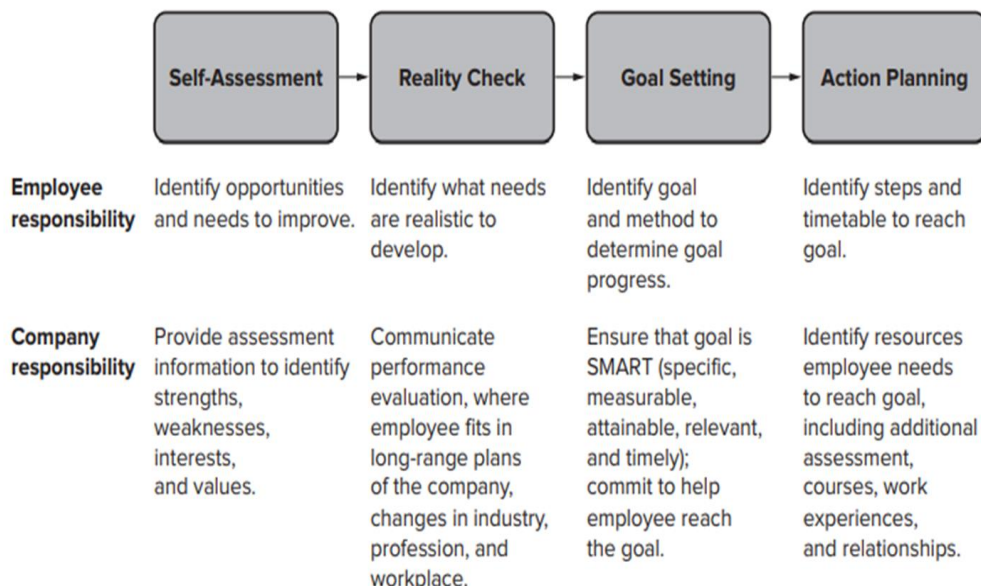
1. *Self-Assessment:*

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).

Development Planning Process



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.

9.7 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:

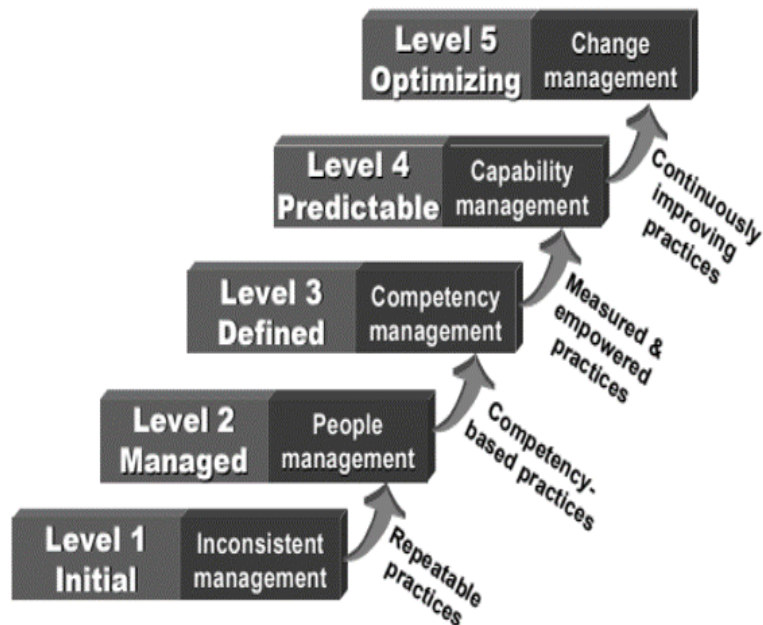
To improve the capability of the entire workforce.

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-intensive 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

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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 you 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?



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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.

10.1 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.”

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 or 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.

10.2 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.

10.3 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.

10.4 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.

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.

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;

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- 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.

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

Self Assessment

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

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

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- 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

Organisational Behaviour and Human Resource Dynamics

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?
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.

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11.2 Performance Planning

11.3 Performance Appraisal

11.4 Methods of Performance Appraisal

11.5 Errors in Performance Appraisal

11.6 Potential Appraisal

11.7 Employee feedback

11.8 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.

11.1 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'.



Did you know?

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 fulfils 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.

11.2 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: 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.

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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. Seeking 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.
- 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.

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- 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.

11.3 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. Appraisee – The person whose performance is going to be appraised by other person.
2. Appraiser – The person who is going to evaluate the performance of appraisee. 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:

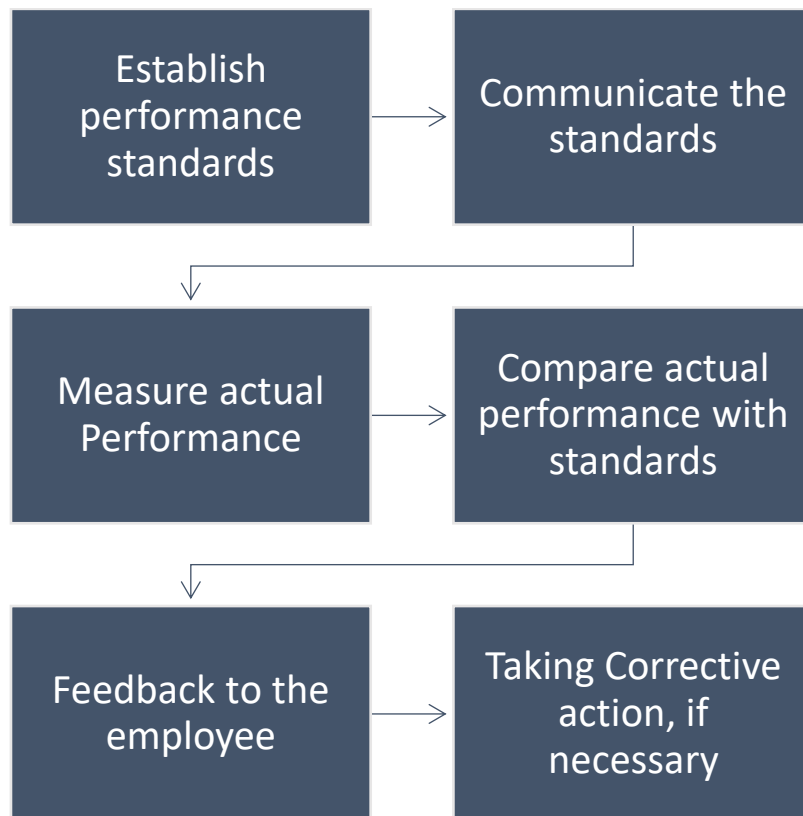
PA can inform employees about their progress and tell them what skills they need to develop to become eligible for pay raises or promotions or both.

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.

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 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:

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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

11.4 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: 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.

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7. Annual Confidential Report: ACR is mostly used in government deptts example IIT, 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 assesses 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.

11.5 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. Regency 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.

11.6 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 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.

11.7 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).

11.8 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 counsellor 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

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- 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
 - 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?



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Unit 12: Compensation Management

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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.

12.1 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 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-

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 laws at the central and as well as at the state levels. These legislations are for protection of employees 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 employees 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.
7. **Incentive providing:** Pay should motivate effective and productive work.

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:

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).

12.2 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

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.

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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.
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.

12.3 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.

12.4 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.

12.5 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, 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 organisation. 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.

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.

12.6 Employee Engagement

Employee Engagement as individual cognitive state and his positive behavior 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

12.7 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 personal obligations, 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.

Self Assessment

1. Which is not an internal factor that influence 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

Organisational Behaviour and Human Resource Dynamics

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
 - 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

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- 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.
- A. Employee Engagement
 - B. Employee Retention
 - C. Employee Recognition
 - D. All of the above
14. Job flexibility has no role in retaining employees in any organization.
- A. True
 - B. False
15. Which cannot be considered as a factor affecting employee retention?
- A. Skill recognition
 - B. Learning & Working climate
 - C. Training
 - D. 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

1. What benefits and services are most important to today's increasingly diverse workforce? Why?
2. If we pay predominantly for jobs rather than people, how can we reward the truly exceptional performing employee?
3. Discuss the factors influencing compensation management.
4. What are the different theories related to compensation.
5. Why fringe benefits are really required in any organization?
6. Write short notes on:
 - a. Employee retention
 - b. Employee Engagement.

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Unit 13: Managing Industrial Relations

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Summary

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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 a 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.

13.1 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.

13.2 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.

13.3 Objectives of Industrial relations

- i) Development and promotion of harmonious labor management relations.
- ii) 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.
- iii) Establish industrial democracy based on labor partnership in management.
- iv) To raise productivity level.
- v) To boost the discipline and morale of workers.
- vi) Industrial prosperity is largely dependent on good industrial relations
- vii) 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 means 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. *It ensures optimum use of scarce 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 a 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.

Actors 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.

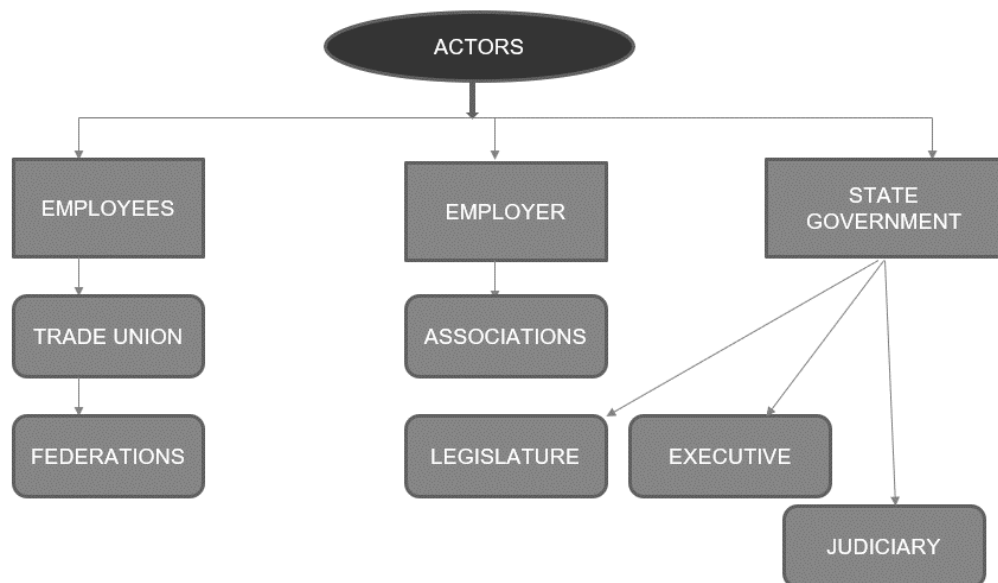
3. Government/State:

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 shareholders 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

13.4 Growth of Industrial Relations in India

The growth of Industrial Relations in India has gone through various phases. Let us discuss the different phases.

I. 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.

II. 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.

III. 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.

13.5 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.

13.6 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 Relation is 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 develops 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 behaviour, 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?

Is 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.

13.7 Meaning of Grievance

Grievances relate to problems of interpretation or perceived nonfulfillment 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 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."

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 himself. 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 almirah 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 are being 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:

Gripe 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.

13.8 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.

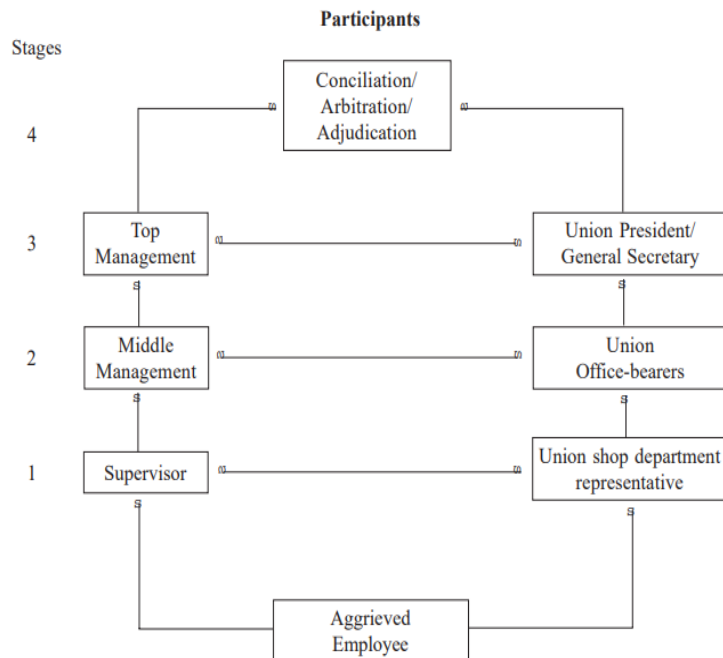
Objectives of Grievance Handling Procedure

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:

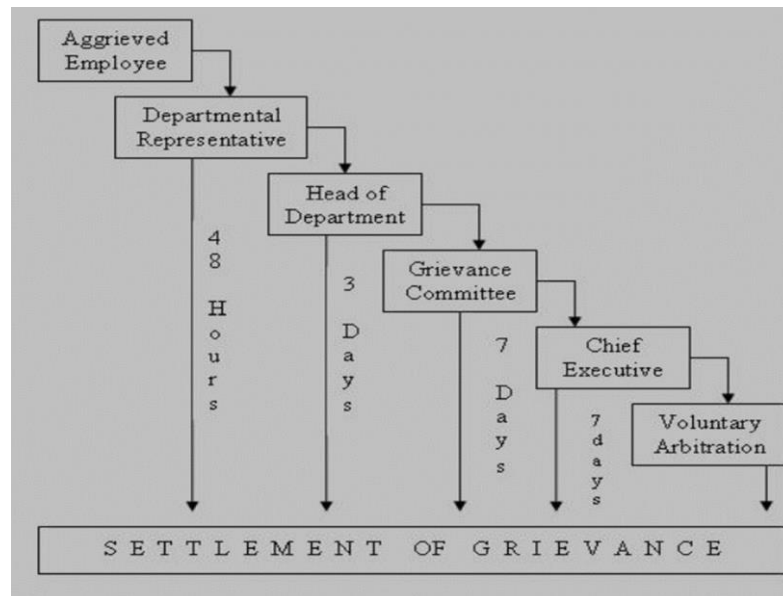
If the decision or suggestion of the grievance committee is not accepted by the grievant he may approach the management or the corporate executive

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

Organisational Behaviour and Human Resource Dynamics

- 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 are 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'
3. Discuss the model grievance procedure that is applicable in India.
4. What do you mean by Industrial Relation? Explain the significance of Industrial Relation.
5. Explain the growth of Industrial Relations in India.
6. What are the different approaches of Industrial Relations?

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Unit 14: Industrial Disputes

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Summary

Keywords

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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.

14.1 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 employees 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 n picketing, and the psychological and physical consequences of forced idleness. The threat of loss of employment in case of failure to settle the dispute.

14.2 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**i. Economic Strike:**

This strike is done by the workers to fulfil their economic demands like the raise in their wages, salary or bonus.

ii. Sympathetic Strike:

This strike is done by the employees to express their sympathy regarding the injustice being done to any member of the union.

iii. 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.

iv. 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.

v. 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.

14.3 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 has been raising their voice for raising the wages, salaries, 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.

14.4 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.

14.5 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 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.

14.6 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.

14.7 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 organised 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 unionisation.
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, was 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 was 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 liberalisation 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 and 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 organised 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

Unit 14: Industrial Disputes

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?



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